

ELECTRIC

DIGITAL

CIRCULAR



NEXT
LEVEL
MOBILITY

BMW GROUP REPORT 2022

On the path to electric and digitalised mobility in a sustainable circular economy. Report on the economic performance of the BMW Group and its environmental and social contribution.

[➤ Link to the online report](#)

BMW GROUP REPORT 2022

The BMW Group firmly asserted itself in a highly volatile environment in the 2022 reporting year. The continued strong performance figures show that we are on track in the transformation – despite the many challenges. Flexibility and resilience are the foundation of our business. The ramp-up of electromobility is gaining momentum. We just recently proved our digital expertise with the presentation of the BMW i Vision Dee. And the goal of a circular economy in the BMW Group is taking shape. As a technology platform, the NEUE KLASSE will deepen these focus areas and set new standards for electromobility, digitalisation and sustainability.

You can find more information in the following report.

KEY PERFORMANCE INDICATORS

GROUP PROFIT/LOSS BEFORE TAX

in € million

23,509

Significant increase over previous year ↑

EBIT MARGIN IN THE AUTOMOTIVE SEGMENT

in %

8.6

Within the corridor of 8 to 10 %

EBIT MARGIN IN THE MOTORCYCLES SEGMENT

in %

8.1

Within the corridor of 8 to 10 %

RoE IN THE FINANCIAL SERVICES SEGMENT

in %

17.9

Within the corridor of 17 to 20 %

GROUP WORKFORCE

at year-end

149,475

Significant increase over previous year ↑

DELIVERIES IN THE AUTOMOTIVE SEGMENT

in units

2,399,632

Slight decrease from previous year ↘

DELIVERIES IN THE MOTORCYCLES SEGMENT

in units

202,895

Slight increase over previous year ↗

SHARE OF ELECTRIFIED VEHICLES IN DELIVERIES

in %

18.1

Significant increase over previous year ↑

This is a simplified presentation of the data. Detailed information on the performance figures as well as the identification of the depth of the audit can be found in the respective chapters.

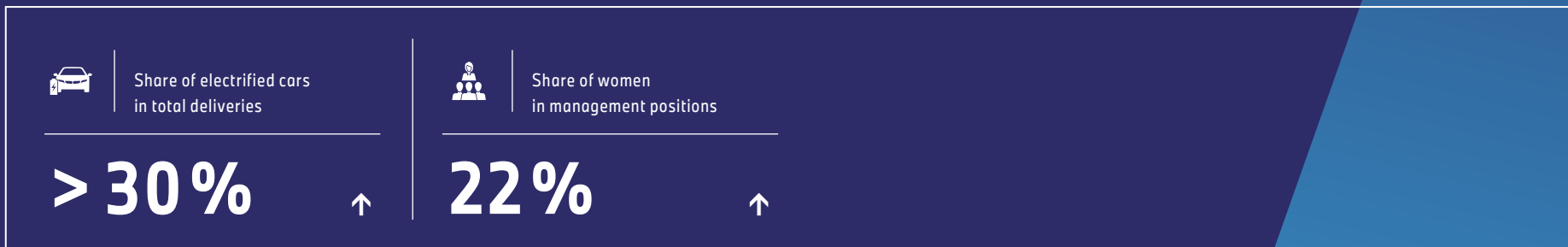
[LINK TO CHAPTER](#)
BMW Group in Figures

THE BMW GROUP'S STRATEGIC GOALS

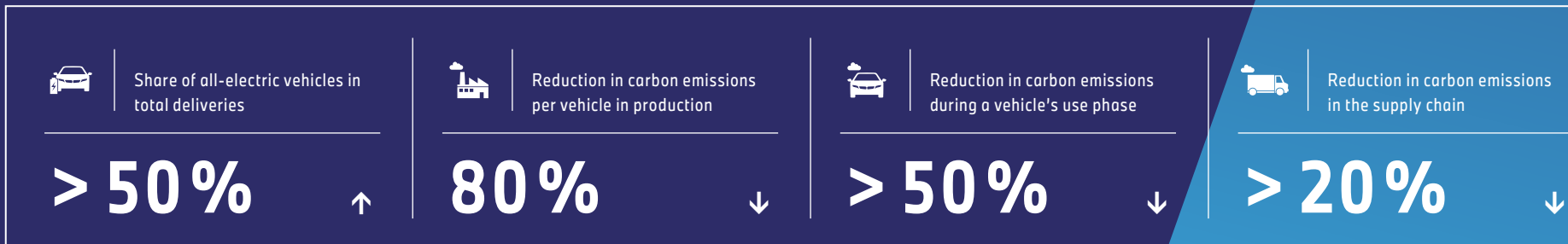
FINANCIAL GOALS



TARGETS FOR THE PERIOD UP TO 2025



TARGETS FOR THE PERIOD UP TO 2030



This is a simplified presentation of the data. Detailed information on the performance figures as well as the identification of the depth of the audit can be found in the respective chapters.

[LINK TO CHAPTER](#)
BMW Group Integrated Strategy



5 About This Report *

1 — TO OUR STAKEHOLDERS

9 BMW Group in Figures

12 Report of the Supervisory Board

20 Statement of the Chairman of the Board of Management

26 The Board of Management

27 Composition of the Board of Management and Supervisory Board

31 Dialogue with Stakeholders

34 BMW Group and Capital Markets

4 — RESPONSIBILITY STATEMENT AND AUDITOR'S REPORT

247 Responsibility Statement by the Company's Legal Representatives

248 Independent Auditor's Report

256 Independent Practitioner's Report

2 — COMBINED MANAGEMENT REPORT

37 Overview of the BMW Group

41 BMW Group Integrated Strategy

51 Financial Performance

79 EU Taxonomy

90 Products

103 Production and Supplier Network

114 Employees and Society

123 Outlook

127 Appropriateness and Effectiveness of the Internal Control System and Risk Management System

128 Risks and Opportunities

143 Compliance and Human Rights

147 Internal Control System

148 Disclosures Relevant for Takeovers and Explanatory Comments

5 — REMUNERATION REPORT

260 Remuneration Report

260 Review of the Past Financial Year from a Remuneration Perspective

262 Remuneration of the Members of the Board of Management

300 Remuneration of the Members of the Supervisory Board

304 Comparison of Change in Remuneration and Earnings pursuant to § 162 (1) Sentence 2 No. 2 of the German Stock Corporation Act (AktG)

308 Other Considerations

308 Outlook for the 2023 Financial Year

309 Auditor's Report

3 — GROUP FINANCIAL STATEMENTS

153 Income Statement for Group and Segments

154 Statement of Comprehensive Income for Group

155 Balance Sheet for Group and Segments at 31 December 2022

157 Cash Flow Statement for Group and Segments

159 Statement of Changes in Equity for Group

161 Notes to the Group Financial Statements

6 — OTHER INFORMATION

311 Further GRI Information

322 SASB Index

325 TCFD Index

329 NFS Index

330 Consumption and Carbon Disclosures

333 BMW Group Ten-year Comparison

335 Glossary and Explanation of Key Figures*

341 Financial Calendar

342 Contacts

* Part of the Combined Management Report

CONTENTS

ABOUT THIS REPORT*

REPORTING CONCEPT

Integrated reporting and corporate strategy

The BMW Group regards its balance of economic, ecological and social interests as the basis for its commercial success. This report is intended to provide qualified insight into the BMW Group and explain our activities in a transparent, comprehensible and measurable manner. We are keen to demonstrate to our stakeholders how economic, ecological and social issues complement one another and are often mutually dependent, and to identify the general external conditions that influence the Company. For these reasons, we explain [the BMW Group's integrated strategy](#) as well as the latest developments and the way in which the business is managed on the basis of key financial and non-financial targets. [Dashboard](#)

On 7 March 2023, the Financial Statements of BMW AG were prepared and the Group Financial Statements were approved for publication by the Board of Management. The BMW Group Report (hereinafter also "the Report") combines the management reports of Bayerische Motoren Werke Aktiengesellschaft (BMW AG) and the BMW Group in a Combined Management Report.

The report is divided into the following sections:

- [1 — To Our Stakeholders](#)
- [2 — Combined Management Report](#)
- [3 — Group Financial Statements](#)
- [4 — Responsibility Statement and Auditor's Report](#)
- [5 — Remuneration Report](#)
- [6 — Other Information](#)

Changes in reporting and outlook for reporting requirements

In light of recent and prospective changes in non-financial disclosure requirements, in particular the standards of the ISSB and CSRD at the EU level, the pace of change within the reporting environment will continue to gather momentum and increase the extent to which non-financial and financial disclosures need to be presented on an integrated basis. The BMW Group is preparing itself for these new trends by continually developing its Internal Control System to ensure that select non-financial performance indicators are monitored to the same degree as financial performance indicators. With this BMW Group Report, we also fulfil the disclosure requirements set out by the [EU Taxonomy](#).

[GRI Index: 2-4](#)

FRAMEWORKS APPLIED

The BMW Group Report is based on the following reporting and accounting standards.

Combined Management Report

The Combined Management Report is based on the following legal frameworks:

- German Commercial Code (HGB) (among other relevant legislation)
 - Content of the Management Report in accordance with §§ 289 and 315 HGB
 - Combined Non-Financial Statement (NFS) at Group and Company level in accordance with § 289 b and § 315 b HGB ([NFS Index](#))
 - German Accounting Standards (GAS 20) underpinning HGB requirements
- German Stock Corporation Act (AktG)
- 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)

The Combined Management Report is also based on:

- Guidelines on Alternative Performance Measures issued by the European Securities and Markets Authority (ESMA)
- German Corporate Governance Code (CGCG)

Furthermore, the Combined Management Report makes reference to the following reporting standards and transparency requirements:

- GRI Standards 2021 of the Global Reporting Initiative (GRI) ([↗ GRI Index](#))
- SASB Standards according to the Sustainable Accounting Standards Board ([↗ SASB Index](#))
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) ([↗ TCFD Index](#))
- UN Global Compact Progress Report: see references in GRI requirements ([↗ GRI Index](#))

Group Financial Statements

The Group Financial Statements of Bayerische Motoren Werke Aktiengesellschaft for the year ended 31 December 2022 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and the supplementary requirements of § 315 e HGB.

ADDITIONAL INFORMATION ON THE REPORT

Publication and scope

The BMW Group Report is published annually to coincide with the BMW Group Annual Conference – most recently held on 15 March 2022 – and is subsequently available in both German and English on the BMW Group website. The [↗ GRI Index](#) is also available on the website as a separate document. The reporting period covers the financial year from 1 January to 31 December 2022. The statements made in the report relate to the BMW Group reporting entity. Any deviations are marked accordingly. The structure of the BMW Group changed significantly on 11 February 2022 due to the BMW Group's increased stake in the former joint venture BMW Brilliance Automotive Ltd. (BMW Brilliance) and its subsequent inclusion in the BMW Group reporting entity. Further information on the first-time consolidation is available in [↗ note 3](#) to the Group Financial Statements. The BMW Group Report 2023 will be published on 20 March 2024.

[↗ GRI Index: 2-2, 2-3, 2-4](#)

External audit

The entire report of BMW AG, comprising the Combined Management Report, the Group Financial Statements and the further GRI Information, is subjected to an annual independent audit by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("PwC" or "Auditor"). Unaudited sections are marked accordingly. The external audit serves to underpin the reliability and trustworthiness of the information contained therein for the public. The external audit supports the Supervisory Board of BMW AG in fulfilling its auditing duties. Any links and disclosures that refer to information outside the BMW Group Report and the GRI Index

are not part of the audit. The [↗ Remuneration Report](#) 2022 was prepared in accordance with the requirements of § 162 of the German Stock Corporation Act (AktG) and its content audited by PwC.

PwC has audited the Group Financial Statements and the Combined Management Report for the year under report and issued an unqualified audit opinion thereupon. Further information is provided in the [↗ Independent Auditor's Report](#) and the [↗ Independent Practitioner's Report](#) on Non-financial Disclosures.

The contents of the NFS, in accordance with § 289 b and § 315 b HGB, were subjected to an audit to obtain limited assurance and are denoted with the symbol [\[! ... !\]](#). The section [↗ Dialogue with Stakeholders](#) and the additional information provided in the section [↗ Further GRI Information](#) were also subjected to a limited assurance engagement. Certain individual parts of the [↗ NFS](#) as well as the remainder of the Combined Management Report were subjected to a reasonable assurance engagement. Information provided in the [↗ SASB Index](#) is subjected to a limited assurance review on a voluntary basis. The [↗ TCFD Index](#) indicates the sections in which the depth of the audit is identified.

Materiality analysis

The BMW Group carried out a materiality analysis in 2022 in accordance with § 289 c and § 315 c HGB. This three-step process involved the preparation of a long list of topics that are internally and externally relevant for the BMW Group. These topics were then prioritised in consultation with external stakeholders and in consideration of competition analyses and rating requirements. The topics that were ultimately categorised as material were those where the actions of the BMW Group may have a significant sustainability impact on the environment and society (inside-out) and which may be of high business relevance to the BMW Group (outside-in). The findings were subsequently validated in an internal management workshop. As a result, our focus is on alternative drive systems [↗ Electromobility](#), Decarbonisation along the value chain [↗ Carbon emissions](#), responsible sourcing [↗ Purchasing and Supplier Network](#), resource management in line with the principle of the [↗ circular economy](#) as well as compliance [↗ and Compliance and Human Rights](#). Employee diversity and equal opportunity [↗ Diversity, Equal Opportunity and Inclusion](#) as well as an attractive workplace [↗ Employer Attractiveness and Employee Development](#) are also given high priority within the BMW Group. In accordance with the Corporate Sustainability Reporting Directive (CSRD), which must be applied from financial year 2024, topics are material when they (may) have a significant sustainability impact or be of high business relevance. The additional topics in this context are responsible digitalisation [↗ Innovation, Digitalisation and Customer Orientation](#), Product and Road Safety, [↗ Product Quality and Safety](#), [↗ Health and Performance](#), and Sustainable Governance [↗ Performance Management](#). The GRI reporting refers to topics that are relevant pursuant to the CSRD.

Connection to figures in the Group Financial Statements

For each topic, an assessment was carried out to identify figures reported in the financial statements that enable a better understanding of the NFS, and which therefore need to be disclosed and explained.

Sustainable Development Goals

With its business operations, the BMW Group is in a position to contribute directly to the achievement of Sustainable Development Goals (SDGs), in particular [↗ SDG 3, 8, 9, 12 and 13](#). Icons will be used at the start of each section to provide a visual reference to these SDGs.^{1]}

Forward-looking statements

This report contains various forward-looking statements concerning future developments that are based on the current status of the BMW Group's assumptions and forecasts. These statements are therefore subject to a variety of predictable and unpredictable risks, uncertainties and other factors, which means that the actual outcome, including that of the BMW Group's net assets, financial position and results of operations, its development or performance, could differ considerably from those statements.

Statement on Corporate Governance

The Board of Management and the Supervisory Board of BMW AG prepare a yearly combined Statement on Corporate Governance in accordance with § 289 f and § 315 d HGB to report on corporate governance within the Company and the BMW Group. The Statement on Corporate Governance is published on BMW AG's website at [↗ www.bmwgroup.com/ezu](http://www.bmwgroup.com/ezu). It also includes the Declaration of Compliance pursuant to § 161 AktG.

Editorial comments

The key figures included in the BMW Group Report have been rounded in accordance with standard commercial practice. In individual cases, this may mean that figures do not add up exactly to the stated total and that percentages cannot be derived from the values shown.

The BMW Group Report uses the simplified term "carbon" or the abbreviation CO₂ instead of CO₂e; see the glossary under [↗ CO₂e/CO₂ equivalents](#). Summarised disclosures of fuel consumption, carbon emissions and electricity consumption are provided in the section [↗ Consumption and Carbon Disclosures](#).



9	BMW Group in Figures
12	Report of the Supervisory Board
20	Statement of the Chairman of the Board of Management
26	The Board of Management
27	Composition of the Board of Management and Supervisory Board
31	Dialogue with Stakeholders
34	BMW Group and Capital Markets

1 – TO OUR STAKEHOLDERS

BMW GROUP IN FIGURES

KEY PERFORMANCE INDICATORS

	2018 ¹	2019	2020	2021	2022	Change in %
GROUP						
Profit/loss before tax in € million	9,627	7,118	5,222	16,060	23,509	46.4
Employees at year-end ²	134,682	126,016	120,726	118,909	149,475	25.7
Share of women in management positions in the BMW Group (in %) ³	17.2	17.2	17.8	18.8	20.2	7.4
AUTOMOTIVE SEGMENT						
EBIT margin in %	7.2	4.9	2.7	10.3	8.6	-16.5
RoCE in % ⁴	49.8	29.0	12.7	24.0	18.1	-24.6
Deliveries ⁵	2,486,149	2,537,504	2,325,179	2,521,514	2,399,632	-4.8
Share of electrified vehicles in deliveries (in %)	5.7	5.8	8.3	13.0	18.1	39.2
CO ₂ emissions of the EU new vehicle fleet (in g/km) ^{6,7,8}	127.5	127.0	99.1 (135.0) ⁹	115.9	105.0	-9.4
CO ₂ emissions per vehicle produced (in tonnes) ^{10,11,12}	0.40	0.40	0.35	0.33	0.32	-3.0
MOTORCYCLES SEGMENT						
EBIT margin in %	8.1	8.2	4.5	8.3	8.1	-2.4
RoCE in % ¹³	28.4	29.4	15.0	21.9	24.9	13.7
Deliveries to customers	165,566	175,162	169,272	194,261	202,895	4.4
FINANCIAL SERVICES SEGMENT						
RoE in %	14.8	15.0	11.2	22.6	17.9	-20.8

¹ The figures for 2018 were adjusted due to the change in accounting policy in conjunction with the adoption of IFRS 16 (see Annual Report 2019, Note [6] to the Group Financial Statements).

² The term "employee" has been redefined with effect from the reporting year 2020 (for definition, see Glossary). The figure for 2019 was restated accordingly for comparison purposes (2019 before adjustment: 133,778 employees). For the period 2018 and earlier, the share of employees that are no longer reflected in reporting is between 7.5% and 8.0%.

³ The new definition of the term "employee" (see footnote 1) also has an impact on disclosures relating to the percentage of female employees. The 2019 figure was adjusted accordingly for comparison purposes (2019 before adjustment: 17.5%).

⁴ The term "RoCE" has been redefined with effect from the reporting year 2022 (for definition, see Glossary). The 2021 figure was adjusted accordingly for comparison purposes (2021 before adjustment: 59.9%).

⁵ Deliveries including BMW Brilliance Automotive Ltd., also for the period prior to full consolidation in the Group Financial Statements of the BMW Group (2018: 455,581 units, 2019: 538,612 units, 2020: 602,247 units, 2021: 651,236 units, 1 January to 10 February 2022: 96,133 units).

⁶ EU-27 countries including Norway and Iceland; with effect from 2021, values are calculated on a converted basis in line with WLTP (Worldwide Harmonised Light Vehicles Test Procedure). Values for 2018 to 2020 were calculated based on the New European Driving Cycle (NEDC).

⁷ This is a preliminary internal calculation with a potential variation of +/- 0.5 g CO₂/km, as official registration figures from the authorities are not available for all EU states. Figures officially published by the EU Commission are not expected to be available until November of the following year.

⁸ Including an allowance for eco-innovations (amounts of clearly minor significance).

⁹ To improve comparability, the 2020 NEDC figures were converted to WLTP after adjusting for permissible flexibilities - specifically from 99 g CO₂/km according to NEDC (including 5 g CO₂/km phase-in, 7.5 g CO₂/km supercredits and 2.4 g CO₂/km eco-innovations) to 135 g CO₂/km according to WLTP (excluding flexibilities). In 2020, a phase-in regulation was accepted, as was the recognition of supercredits, which ceased in 2021.

¹⁰ Efficiency ratio calculated on the basis of Scope 1 and Scope 2 carbon emissions (i.e. a market-based method according to GHG Protocol Scope 2 guidance; mainly based on the use of emissions factors for electricity, district heating and fuels of the VDA (each in the most current valid version: 12/2022) and occasionally using local emissions factors; excluding climate-changing gases other than carbon dioxide from vehicle production (BMW Group manufacturing sites including the BMW Brilliance Automotive Ltd. joint venture and Motorrad, but excluding partner plants and contract manufacturers), as well as BMW Group non-manufacturing sites (e.g. research centres, sales centres, office buildings) divided by the number of vehicles produced (BMW Group manufacturing sites including the BMW Brilliance Automotive Ltd. joint venture and partner plants, but excluding contract manufacturers).

¹¹ From 2019, this indicator includes the carbon emissions of all other BMW Group locations in addition to the carbon emissions generated by production. The figure for 2018 cannot be compared directly.

¹² The 2018 figure was audited on the basis of a limited assurance engagement.

¹³ The term "RoCE" has been redefined with effect from the reporting year 2022 (for definition, see Glossary). The 2021 figure was adjusted accordingly for comparison purposes (2021 before adjustment: 35.9%).

OTHER FINANCIAL PERFORMANCE FIGURES

in € million	2018	2019	2020	2021	2022	Change in %
Total capital expenditure¹	8,013	7,784	6,222	7,518	10,610	41.1
Depreciation and amortisation	5,113	6,017	6,143	6,495	8,566	31.9
Free cash flow Automotive segment	2,713	2,567	3,395	6,354	11,071	74.2
Group revenues²	96,855	104,210	98,990	111,239	142,610	28.2
Automotive	85,846	91,682	80,853	95,476	123,602	29.5
Motorcycles	2,173	2,368	2,284	2,748	3,176	15.6
Financial Services ²	27,705	29,598	30,044	32,867	35,122	6.9
Other Entities	6	5	3	5	8	60.0
Eliminations ²	- 18,875	- 19,443	- 14,194	- 19,857	- 19,298	- 2.8
Group profit/loss before financial result (EBIT)²	8,933	7,411	4,830	13,400	13,999	4.5
Automotive	6,182	4,499	2,162	9,870	10,635	7.8
Motorcycles	175	194	103	227	257	13.2
Financial Services ²	2,172	2,312	1,721	3,701	3,163	- 14.5
Other Entities	- 27	29	36	- 8	- 203	-
Eliminations ²	431	377	808	- 390	147	-
Group profit/loss before tax (EBT)²	9,627	7,118	5,222	16,060	23,509	46.4
Automotive	6,977	4,467	2,722	11,805	18,918	60.3
Motorcycles	169	187	100	228	269	18.0
Financial Services ²	2,143	2,272	1,725	3,753	3,205	- 14.6
Other Entities	- 45	- 96	- 235	531	995	87.4
Eliminations ²	383	288	910	- 257	122	-
Group income taxes²	- 2,530	- 2,140	- 1,365	- 3,597	- 4,927	37.0
Profit/loss from continuing operations²	7,097	4,978	3,857	12,463	18,582	49.1
Profit/ loss from discontinued operations	- 33	44	-	-	-	-
Group net profit/loss²	7,064	5,022	3,857	12,463	18,582	49.1
Earnings in € per share of common stock/preferred stock²	10.60/10.62	7.47/7.49	5.73/5.75	18.77/18.79	27.31/27.33	45.5/45.5
Pre-tax return on sales^{2,3} in %	9.9	6.8	5.3	14.4	16.5	14.6

¹ Expenditure for capitalised development costs, other intangible assets and property, plant and equipment.

² The figures for 2018 were adjusted due to the change in accounting policy in conjunction with the adoption of IFRS 16 ([Annual Report 2019, Note \[6\]](#) to the Group Financial Statements).

³ Group profit/loss before tax as a percentage of Group revenues.

OTHER NON-FINANCIAL PERFORMANCE FIGURES

	2018	2019	2020	2021	2022	Change in %
GROUP						
Spending on employee training and development (in € million) ¹	373	370	279	389	416	6.9
AUTOMOTIVE SEGMENT						
Deliveries by brand						
BMW ²	2,117,854	2,184,939	2,028,841	2,213,790	2,100,689	- 5.1
MINI	364,101	347,465	292,582	302,138	292,922	- 3.1
Rolls-Royce	4,194	5,100	3,756	5,586	6,021	7.8
Total²	2,486,149	2,537,504	2,325,179	2,521,514	2,399,632	- 4.8
Production by brand						
BMW ³	2,168,496	2,205,841	1,980,740	2,166,644	2,089,801	- 3.5
MINI	368,685	352,729	271,121	288,713	286,265	- 0.8
Rolls-Royce	4,353	5,455	3,776	5,912	6,239	5.5
Total³	2,541,534	2,564,025	2,255,637	2,461,269	2,382,305	- 3.2
Energy consumption per vehicle produced (in MWh) ^{4,5}	2.12	2.04	2.12	2.10	2.13	1.4
MOTORCYCLES SEGMENT						
Production						
BMW	162,687	187,116	168,104	187,500	215,932	15.2
FINANCIAL SERVICES SEGMENT						
New contracts with retail customers	1,908,640	2,003,782	1,845,271	1,956,514	1,545,490	- 21.0

¹ Training for BMW Group employees and temporary staff at consolidated companies worldwide. Data is collated on the basis of direct input by participants and, to a small extent, by extrapolation. Data also includes e-learning formats.

² Deliveries including BMW Brilliance Automotive Ltd. also for the period prior to full consolidation in the Group Financial Statements of the BMW Group (2018: 455,581 units, 2019: 538,612 units, 2020: 602,247 units, 2021: 651,236 units, 1 January to 10 February 2022: 96,133 units).

³ Production including BMW Brilliance Automotive Ltd. also for the period prior to full consolidation in the Group Financial Statements of the BMW Group (2018: 491,872 units, 2019: 536,509 units, 2020: 602,935 units, 2021: 700,777 units, 1 January to 10 February 2022: 58,507 units).

⁴ Efficiency indicator calculated from the absolute energy consumption (adjusted for CHP losses) of automobile production (BMW Group plants including BMW Brilliance Automotive Ltd., excluding partner plants and contract manufacturing) divided by the number of units produced (BMW Group plants including BMW Brilliance Automotive Ltd. and partner plants, excluding contract manufacturing).

⁵ The figure for 2018 has been audited with limited assurance.



Norbert Reithofer
Chairman of the Supervisory Board

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

The year 2022 was a challenging, but nonetheless successful one for the BMW Group. The ongoing war in Ukraine is a human tragedy that moves us all deeply. In economic terms, too, the conflict has had a massive impact, with severe repercussions for vital supply chains. The general situation was also exacerbated by repeated lockdowns in China and numerous bottlenecks affecting semiconductor availability. However, despite these adverse geopolitical and macroeconomic circumstances, the BMW Group performed well in 2022 within the competitive environment. With around 2.4 million vehicles sold and the production of all-electric vehicles making good progress, the BMW Group has clearly demonstrated that a strong product portfolio is the best response to a challenging environment.

We got off to a flying start in 2023 with the unveiling of the BMW i Vision Dee at the Consumer Electronics Show in Las Vegas. "Dee" stands for Digital Emotional Experience, a new form of interaction between people and their cars in which genuine driving pleasure and the virtual world merge seamlessly. With this vehicle, BMW has already arrived in the future in terms of digitalisation!

For 2023, we intend to maintain our firm course of profitable growth and press ahead with the ramping up of electric mobility. We are convinced that the future of the BMW Group is electric, digital and circular – and it has already begun!

Focus of Supervisory Board activities during the past financial year

The Supervisory Board performed the duties incumbent upon it with the utmost diligence throughout the financial year 2022.

Based on in-depth reports presented by the Board of Management, in our capacity as a supervisory body we assiduously monitored the governance of the BMW Group and advised the Board of Management on matters relating to the management and strategic development of the Group. We focused in particular on the progressive electrification of the Group's product portfolio and on implementing the corporate strategies adopted in the fields of digitalisation and sustainability. At each of the five plenary sessions of the Supervisory Board (including two two-day meetings), we held detailed discussions with the Board of Management regarding the Group's situation, addressing a variety of topics, including the risks associated with the ongoing global uncertainty and risk management. The Board of Management also kept the Supervisory Board well informed of any matters of significance outside the framework of formal meetings. I also discussed key current matters personally with the Chairman of the Board of Management between meetings on a regular basis. In addition to scheduled meetings, the Chairman of the Audit Committee was also in direct contact with the Board of Management member responsible for Finance as well as with the external auditor's representatives. Furthermore, we regularly dealt with personnel-related matters as well as internal Supervisory Board issues without the presence of the Board of Management.

Within the Supervisory Board and its committees, dialogues were always conducted in an open and constructive spirit, both internally and together with members of the Board of Management. Detailed documents distributed in a timely manner prior to meetings enabled members to prepare appropriately for the topics up for discussion. In addition, separate preliminary meetings of the shareholder and employee representatives were held on a regular basis prior to Supervisory Board meetings.

In its **reports on the BMW Group's position**, the Board of Management kept us well informed at each meeting regarding current developments and the Group's overall performance. A regular topic of discussion was the development of current sales trends based on figures analysed by brand, segment and market region for both the BMW Group and its competitors, with a keen focus on electrified vehicles. An overview of key financial indicators and the liquidity situation of the BMW Group was also an integral part of these reports. In view of the far-reaching consequences of the war in Ukraine, including the impact on business in Russia and the recurrent coronavirus-related lockdowns in China, we were provided with up-to-date information on current developments, risks to business performance

and risk management measures on a regular basis. The latest developments in the semiconductor supply situation were also discussed at each meeting.

The monitoring of **corporate strategy** also remained high on the Supervisory Board's agenda. The Board of Management provided an in-depth account of its strategies, focusing on the automotive sector's transformation in the fields of electrification, digitalisation and the circular economy and emphasising the importance of the NEUE KLASSE as a huge leap in terms of product features. The latest purchasing strategies in place were also explained to us in great depth. Growing challenges in relation to supply chain management and the ongoing trend towards technology clusters were both discussed at considerable length. Particular attention was paid to the Catena-X platform, a cross-company network designed to improve supply security and carbon emissions management throughout the supply chain using standardised data exchange systems. The overall market situation as well as the outlook for automated driving were also subjects of the Board of Management's reports. In conjunction with the information provided on the topic of sustainability, the Board of Management reaffirmed the BMW Group's ambitious decarbonisation targets for the year 2030.

At each meeting, the Board of Management updated us on the current status of its strategy- and project-related work as well as the progress being made in implementing its declared strategy of environmental sustainability. These updates also included current events such as the opening of the Lydia plant in China, which is fully geared to e-mobility production, the start of production of fuel cell systems at the BMW Group's in-house competence centre for hydrogen in Munich, the market launch of the all-electric BMW iX1 as well as the founding of the "Circular Republic" initiative in collaboration with UnternehmerTUM GmbH on all aspects of the circular economy.

Moreover, the Board of Management reported to us on other current topics, such as the highly successful presentation of the new BMW 7 Series in Palm Springs, USA, the activities surrounding the 100th anniversary of the BMW plant and the 50th anniversary of the BMW Group's "Vierzylinder" tower in Munich, the unveiling of the Spectre, the first all-electric Rolls-Royce, and the eight IQS Quality Awards received for five of our vehicle models as well as three of the BMW Group's plants.

On several occasions we deliberated on major changes affecting the legal framework and/or regulatory projects that are of significance to the BMW Group, in particular the EU's regulations regarding fleet carbon emissions in conjunction with the EU's "Fit for 55" package and the Euro 7 emissions standards.

Furthermore, the Supervisory Board closely monitored **developments relating to major strategic cooperations**. In 2022, the focus was particularly on the Chinese market, with respect to both the BMW Brilliance Automotive joint venture, in which the BMW Group was able to increase its share to 75 % with effect from 11 February 2022, and the cooperation with Great Wall Motors for the local production of an all-electric MINI. The Board of Management updated us on the current status of these projects at each meeting. In light of the sale of SHARE NOW, we were also kept informed of strategic developments at YOUR NOW as well as the strengthening of the BMW Group's luxury segment product range through the acquisition of the ALPINA brand.

The **development of the BMW Group's equity** and considerations undertaken by the Board of Management regarding the possible implementation of a share buyback programme were further key items on our agenda. Based on the rationale provided by the Board of Management, we approved the resolution proposed to the Annual General Meeting to authorise the acquisition of treasury shares. At the same time, the Supervisory Board stipulated a requirement to obtain the Supervisory Board's approval in certain cases of share buybacks and assigned responsibility for deciding on such approval to the Audit Committee.

The Supervisory Board reviewed the targeted, maximum and expected level of Board of Management **remuneration** for the financial year 2022 in light of the BMW Group's business performance as well as the multi-year remuneration trend of its senior executives and employees within Germany. Based on a comparative study conducted by an external independent remuneration consultant and subsequent oral advice, we concluded that both the remuneration paid to Board of Management members for the financial year 2021 and the target remuneration for 2022 are appropriate. In December 2022, following thorough preparation by the Personnel Committee, we adopted the variable remuneration targets applicable to Board of Management members for the financial year 2023, taking into account the budget for 2023, the long-term business plan and the Group's corporate strategy. Detailed information on Board of Management remuneration for the financial year 2022 is provided in the Remuneration Report.

In addition, we deliberated upon **key issues arising within the Board of Management's various key areas of responsibility** in the course of our work. We carefully considered the planned realignment of the BMW Group's retail operations in specified regions to an agency model based on a presentation explaining the objectives, implementation steps and plans for individual European markets. The European market as a whole was also the subject of an in-depth sales report.

The fundamental structures of the BMW Group's risk management system as well as the key elements of its risk strategy were clearly set out for us in the detailed Risk Report. In addition, various scenarios and risk mitigation measures were discussed regarding a range of topics of current relevance for the key areas Development, Purchasing, Production and Sales. The Board of Management also reported to us on the strategy, performance, sector-specific risk profile and current projects of the Financial Services line of business. Key topics relating to the Group's financing system were also discussed at length.

During the year under report, we reviewed the strategies pursued by Human Resources, including maintaining the attractiveness of the BMW Group as an employer. The Board of Management also brought us up to date on the current status of the diversity concepts developed by the Group and the extent to which targets have been achieved regarding the proportion of women employed at various levels.

We also gave thorough consideration to the current status, maturity and evolution of the Group's compliance management system. In his annual report, the Chief Compliance Officer presented the key stages of development that have been defined for this system and provided an insight into a number of individual projects, including in particular the implementation of the German Supply Chain Due Diligence Act.

In December 2021, the Supervisory Board agreed to the initial plan to hold the 2022 Annual General Meeting on a virtual basis in the wake of the Covid-19 pandemic and in March 2022, the detailed concept proposed by the Board of Management was approved. In December 2022, the Supervisory Board also agreed to hold the 2023 Annual General Meeting on a virtual basis, particularly in view of the higher level of planning certainty and the lower consumption of resources. In this context, it will be ensured that shareholders can exercise their rights on an equivalent basis to an AGM held in person.

I personally hold discussions with investor representatives on topics specific to the Supervisory Board on a regular basis. Key topics discussed during the past financial year included corporate-governance-relevant issues such as targets for the composition of the Supervisory Board, the Remuneration Report and arrangements for the Annual General Meeting. Another topic of these discussions was the Supervisory Board's dealing with the corporate strategy, in particular with regard to sustainability targets set by the BMW Group.



The BMW Group's **long-term business plan** was subjected to comprehensive examination. Focusing on the transformation towards sustainable mobility, the Board of Management presented its forecasts for the various segments as well as ambitious long-term targets set for the Group. The key targets of profitable growth across all segments and sales growth of all-electric models were both reaffirmed. The Board of Management also reported on financial planning as well as opportunity and risk scenarios pertaining to the Automotive segment. Following thorough examination, the Supervisory Board approved the long-term business plan drawn up by the Board of Management.

In December, the Board of Management presented the **budget** for the financial year 2023. After detailed discussion with the Board of Management, including the particular challenges in view of the uncertain and volatile overall situation, we gave our approval to this document as well.

Based on the new version of the German Corporate Governance Code, we have continued to develop the BMW Group's system of **corporate governance**, including a revision of the competence profile stipulated for the Supervisory Board as one particular contribution. A qualification matrix showing each individual Supervisory Board member's areas of expertise is provided in the Statement of Corporate Governance on the BMW Group website. Based on a self-assessment, we concluded that the composition of the Supervisory Board at 31 December 2022 fully meets the targets stipulated in the diversity concept and the competency profile.

In light of the major significance attached to sustainability-related topics, the tasks assigned to the Audit Committee and the Presiding Board in this respect have now been delineated more clearly in our Rules of Procedure.

In the Declaration of Compliance with the German Corporate Governance Code issued in December 2022, the Board of Management and the Supervisory Board confirmed that they have complied with the recommendations of the Code as amended on 16 December 2019 without exception. Moreover, we have fully complied with the recommendations contained in the latest version of the Code dated 28 April 2022 and intend to continue doing so going forward.

With BMW AG's support, Supervisory Board members received further training on various topics during 2022. In March, for instance, in training sessions with representatives of the auditor, PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft (PwC), we took an in-depth look at current and future frameworks applicable for non-financial reporting and familiarised ourselves with EU Taxonomy regulations. At our two-day meeting held in July, our agenda also gave us the opportunity to gain an insight into digital, AI-supported factory planning ("BMW iFACTORY") at the Dingolfing plant, the BMW Group's largest production location in Europe. In this context, we were informed about the key aspects of the "Lean, Green, Digital" concept for sustainable, digital production systems.

In September, motivated in part by a keynote speech made by an external speaker on the future of e-mobility from the perspective of an energy company and grid operator, we looked at the challenges arising relating to the availability of energy supplies on the one hand and the expansion of charging infrastructure in Germany on the other. Furthermore, the Supervisory Board members had the opportunity to test-drive various vehicles with different drive systems at the BMW and MINI Driving Academy in Maisach near Munich. In addition, we were given a preview of the architecture, design, display and operating concept of the NEUE KLASSE, including a whole host of innovative features. Last but not least, in December we discussed the perception of the BMW Group on the capital market with an external capital market expert familiar with the automotive sector.

The **onboarding programme** for new Supervisory Board members was continued in 2022, with representatives of the Group's specialist departments taking the time to provide useful insights into the key business areas as well as the planning processes deployed at the BMW Group. New members were also introduced to the ongoing work of the Supervisory Board.

Towards the end of 2022, we reviewed the **effectiveness of the work of the Supervisory Board** and its committees with the aid of a questionnaire, the results of which were discussed at the meeting. Cooperation, within the Supervisory Board itself and with the Board of Management, was unanimously assessed as being constructive and fruitful. We are already planning to follow up on a number of suggestions in 2023 with a view to increasing our understanding of specific topics, in particular individual aspects of the BMW Group's sustainability strategy, such as hydrogen technology and sustainable energy generation at a BMW site.



The Supervisory Board is careful to avoid any conflicts of interest in the course of its deliberations and decision-making processes. No conflicts of interest were either reported or identified during the financial year 2022.

Description of Presiding Board activities and committee work

The Supervisory Board has established a Presiding Board and four committees. The Chairman of the Audit Committee, Dr Bock, and myself reported in detail on the work of the Presiding Committee as well as the committees at each of the subsequent Supervisory Board meetings. Further information on the duties, composition and working methods of the Presiding Board as well as the committees is provided in the Statement of Corporate Governance on our website.

Unless a particular committee was responsible, the **Presiding Board** prepared the content of the topics for the plenary meetings at its four meetings in cooperation with the Board of Management and senior heads of department and made suggestions for topics to be reported on at Supervisory Board meetings.

The **Audit Committee** convened eight times in total.

In February and March 2022, the focus was on preparing the Supervisory Board meeting at which the financial statements for the financial year 2021 were discussed and examined. After considering the matter of independence, the Audit Committee recommended to the Supervisory Board that PwC be proposed for election as auditor at the 2022 Annual General Meeting. There were no indications of conflicts of interest, grounds for exclusion or lack of independence on the part of the auditor.

The Audit Committee concluded that PwC's fee proposal for the audit of the Company and Group Financial Statements and the BMW Group Report 2022 as well as for the review of the Half-Year Report 2022 was appropriate in light of the scope of its tasks and issued the corresponding contracts to PwC following their election at the Annual General Meeting in May 2022. The Audit Committee also specified supplementary audit focus areas. Moreover, it approved the scope of the non-audit services to be performed by PwC, the progress of which was reported to us on a regular basis. At its meetings, the Audit Committee discussed the quality of the audit in depth on several occasions. In particular, it requested the relevant department to report on the Group's perception of the audits of the financial statements for the financial year 2021 as well as on the results of the survey conducted within the Group in this context. Based on this report, the auditor's description of the quality assurance measures undertaken and the Audit Committee's own experience with the auditor, the audit was found to be of good quality.

We also examined the combined Non-financial Statement of BMW AG and the BMW Group for the financial year 2021, which is part of the BMW Group Report. Here, too, the representatives of PwC reported to us on the findings of their audit. We have again engaged PwC to conduct a "limited assurance" audit of the Non-financial (Group) Statement for the financial year 2022, to the extent that it relates to parts of the management report that are not subject to a "reasonable assurance" audit. Going beyond the formal review required by law, the Audit Committee also engaged PwC to audit the contents of the Remuneration Report for the financial year 2022.

The Quarterly Statements were presented by the Board of Management and discussed with the Audit Committee prior to their publication. Representatives of the external auditors were present when the Half-Year Financial Report was discussed at the beginning of August 2022.

Furthermore, the Audit Committee considered the development of the BMW Group's equity and the share buyback programme 2022/2023 proposed by the Board of Management. Based on the responsibility vested in it by the Supervisory Board, the Audit Committee gave its approval to the programme in June.

The Audit Committee considered the effectiveness and appropriateness of the BMW Group's internal control system (including the Corporate Audit function and the compliance management system) as well as of the risk management system, focusing in particular on the current risk situation and the assessment of risk scenarios. We regularly monitor developments in the internal control system for non-financial reporting, with regard to the Group's sustainability-related targets. We also had Corporate Audit reports on the key findings of internal audits and the status of both ongoing and planned audits explained to us. The Chief Compliance Officer of the BMW Group reported on changes in the BMW Group's compliance management system in terms of strategic focus as well as on the implementation of operational measures and further planning. We also received a report on the status of the Tax and Customs Control System from the relevant head of department. The in-house General Counsel provided us with detailed information regarding major legal disputes and proceedings. We also requested information on important product quality issues.

In its report on the audit of over-the-counter derivatives entered into by BMW AG during the financial year 2021, the external auditor confirmed to the Audit Committee the effectiveness of the system in place at BMW AG in complying with the regulatory requirements of the European Market Infrastructure Regulation.

The Audit Committee concurred with the decision of the Board of Management to raise the Company's share capital in accordance with Article 4 (5) of the Articles of Incorporation (Authorised Capital 2019) by € 1,439,975 and issue a corresponding number of new non-voting bearer shares of preferred stock in conjunction with the Employee Share Programme.

Within its role as a preparatory body, in its four meetings the **Personnel Committee** focused on the remuneration of, and succession planning for, the Board of Management. The appropriateness of Board of Management remuneration for the financial years 2021 and 2022 was reviewed, including rigorous scrutiny of the determination of the corporate earnings and performance factors applicable for Board of Management remuneration during those two years. In addition, the Personnel Committee deliberated on targets for the financial year 2023. Apart from these matters, it prepared one reappointment and one new appointment. The committee also adopted a resolution to approve loans granted by and transactions concluded by BMW Bank with members of the representative bodies of BMW AG, and prepared for a change in the BMW Group's external remuneration consultant.

The **Nomination Committee** convened once during the financial year 2022. Taking into account the German Corporate Governance Code and the composition requirements resolved by the Supervisory Board, the Nomination Committee discussed the composition of the Supervisory Board regarding shareholder representatives and issued a recommendation regarding the Supervisory Board's election proposal to the 2023 Annual General Meeting.

The **Mediation Committee**, which is prescribed by law, did not need to convene during the financial year 2022.

Composition of the Board of Management

The composition of the Board of Management did not change during the financial year 2022. However, the Supervisory Board resolved to extend the term of office of one member.

Composition of the Supervisory Board, the Presiding Board and the Supervisory Board's committees

There were no changes to the composition of the Supervisory Board during the financial year 2022 on the shareholder representative side. The Annual General Meeting elected Dr Heinrich Hiesinger to the Supervisory Board for a further term of office of approximately four years.

With regard to the employee representatives, Mr Werner Zierer retired from the Supervisory Board with effect from 31 March 2022 as well as Dr Thomas Wittig (as representative of the executive employees) with effect from 31 May 2022, in each case due to retirement. We wish to thank both gentlemen for their outstanding cooperation. We would also like to thank Mr Zierer for his dedicated work over a period of more than 20 years, and Dr Wittig for his knowledgeable support as an expert in the field of finance. André Mandl, Chairman of the Works Council of the Regensburg plant, was appointed as successor to Mr Zierer and Mr Gerhard Kurz, Head of Purchasing, Quality Management Drive at BMW AG, was appointed as successor for Dr Wittig, each for the remaining term of office and by court order.

In addition, at the end of 2022, the long-serving First Deputy Chairman of our Supervisory Board and Chairman of the General Works Council of BMW AG, Mr Manfred Schoch, stepped down from the Supervisory Board to enjoy his well-earned retirement. Mr Schoch had been a member of the Supervisory Board since 1988 and, over this long period of time, had a decisive influence on the work of the Supervisory Board thanks to his entrepreneurial far-sightedness, professional competence and overall commitment to championing the best interests of the BMW Group and its employees. We wish to give Manfred Schoch a special vote of thanks for his life's work.

In September 2022, the Audit Committee was enlarged following the election of Rachel Empey and Dr Dominique Mohabeer, thereby improving the Committee's level of financial expertise and diversity as well as the Committee's independence. An overview of the composition of the Supervisory Board and its committees is provided in the Statement of Corporate Governance which is available on our website together with the curricula vitae of Supervisory Board members.

Disclosure of attendance at meetings by individual members

The attendance rate at Supervisory Board meetings was 100 %, and 97 % for the meetings held by the various committees and the Presiding Board. The meetings were held on a face-to-face basis, with individual members participating virtually only in justified exceptional cases. Three meetings of the Audit Committee dealing with the quarterly reports

were held as hybrid meetings, with individual members connected by either telephone or video call as planned. The table below shows attendance by individual members:

Members of the Supervisory Board	Meetings		Attendance		Attendance in %	
	Plenum	Presiding Board/ Committees	Plenum	Presiding Board/ Committees	Plenum	Presiding Board/ Committees
Norbert Reithofer	5	17	5	14	100	82 ⁸
Manfred Schoch ⁷	5	16	5	16	100	100
Stefan Quandt	5	17	5	17	100	100
Stefan Schmid	5	16	5	16	100	100
Kurt Bock	5	17	5	17	100	100
Christiane Benner	5	-	5	-	100	-
Marc Bitzer	5	-	5	-	100	-
Bernhard Ebner	5	-	5	-	100	-
Rachel Empey ⁶	5	2	5	2	100	100
Heinrich Hiesinger	5	-	5	-	100	-
Johann Horn	5	-	5	-	100	-
Susanne Klatten	5	1	5	1	100	100
Jens Köhler	5	-	5	-	100	-
Gerhard Kurz ⁵	3	-	3	-	100	-
André Mandl ³	4	-	4	-	100	-
Dominique Mohabeer ⁶	5	2	5	2	100	100
Anke Schäferkordt	5	-	5	-	100	-
Christoph M. Schmidt	5	-	5	-	100	-
Vishal Sikka	5	-	5	-	100	-
Sibylle Wankel ¹	5	-	5	-	100	-
Thomas Wittig ⁴	2	-	2	-	100	-
Werner Zierer ²	1	-	1	-	100	-

¹ Member of the Supervisory Board since 4 January 2022.

² Member of the Supervisory Board until 31 March 2022.

³ Member of the Supervisory Board since 4 April 2022.

⁴ Member of the Supervisory Board until 31 May 2022.

⁵ Member of the Supervisory Board since 11 July 2022.

⁶ Member of the Audit Committee since 1 October 2022.

⁷ Member of the Supervisory Board until 31 December 2022.

⁸ Prevented from attending a three-session day due to illness.

Examination of financial statements and the profit distribution proposal

PwC was appointed as external auditor for the financial year 2022. PwC initially conducted a review of the condensed Interim Group Financial Statements and the Interim Group Management Report for the first half of 2022 and presented its findings to the Audit Committee. No issues were identified that might indicate that the condensed Interim Group Financial Statements and Interim Group Management Report had not been prepared in accordance with the applicable provisions in all material respects.

The Company Financial Statements and the Group Financial Statements of BMW AG for the financial year 2022, including the Combined Management Report, on which PwC has issued unqualified audit opinions, were authorised by the Board of Management on 7 March 2023. These audit opinions were signed for the fourth consecutive financial year by Petra Justenhoven as independent auditor (Wirtschaftsprüferin) and, for the first time, by Michael Popp (Wirtschaftsprüfer) as the auditor responsible for the performance of the engagement.

At its meeting held on 1 March 2023, the Audit Committee initially gave in-depth consideration to the preliminary version of the Company and Group Financial Statements and the Combined Management Report (including the combined Non-financial (Group) Statement and the information on EU Taxonomy) as well as the draft version of the auditor's long-form reports.

Immediately after authorising their issue, the Board of Management submitted the Company and Group Financial Statements for the financial year 2022 and the Combined Management Report (including the Combined Non-financial (Group) Statement) to the Supervisory Board. The auditor's long-form audit reports were also submitted to the Supervisory Board in a prompt manner. In order to facilitate preparations, drafts of these documents had already been made available to the Supervisory Board in advance.

At its meeting held on 8 March 2023, the Audit Committee diligently examined and deliberated on these documents before they were considered in detail at the plenary session of the Supervisory Board on 9 March 2023.

At the two respective meetings, the Board of Management provided a detailed explanation of the reporting documents to the Audit Committee and the Supervisory Board. The representatives of the external auditor reported on the main findings of their audit and answered questions put to them by members of the Audit Committee and the Supervisory Board,



partially without the members of the Board of Management being present. Both the Audit Committee and the Supervisory Board gave meticulous consideration to the key audit matters and the related audit procedures.

The representatives of the external auditors confirmed that the risk management system established by the Board of Management is capable of identifying any developments that might threaten the Company's going-concern status at an early stage. They also confirmed that no material weaknesses in the internal control system and risk management system were identified with regard to the financial reporting process. In the course of their audit work, they did not identify any facts inconsistent with the contents of the Declaration of Compliance pursuant to § 161 of the German Stock Corporation Act (AktG) jointly issued by the Board of Management and the Supervisory Board.

Based on a thorough examination conducted by the Audit Committee and the Supervisory Board, we concurred with the results of the external audit. In accordance with the final result of this examination, no objections were raised. At our meeting held on 9 March 2023, we accordingly approved the Group and Company Financial Statements of BMW AG for the financial year 2022. The Company Financial Statements for the year ended 31 December 2022 have therefore been adopted.

Furthermore, in both the Audit Committee and the full Supervisory Board, we examined the Board of Management's proposal to use the unappropriated profit to pay a dividend of € 8.50 for each share of common stock entitled to receive a dividend and € 8.52 for each share of preferred stock entitled to receive a dividend and to transfer the remaining amount to other revenue reserves. We consider the proposal appropriate and have therefore approved it.

Based on the preparatory work of the Audit Committee, the Supervisory Board and the Board of Management jointly prepared the Remuneration Report for the financial year 2022 in accordance with § 162 AktG. At the request of the Audit Committee, PwC reviewed the contents of the Remuneration Report, reported to both the Audit Committee and the Supervisory Board on the results of the review, and confirmed that the Remuneration Report complies with the financial reporting provisions contained in § 162 AktG in all material respects.

The Audit Committee and the Supervisory Board also carefully examined the combined Non-financial (Group) Statement for the year ended 31 December 2022. Following an in-depth explanation of the statement by the Board of Management, representatives of PwC

presented the key findings of their audit and answered additional questions posed by the members of the Supervisory Board. Based on the "limited assurance" audit performed by PwC on those parts of the Management Report and certain sustainability disclosures in the BMW Group Report 2022 that were not subject to a reasonable assurance engagement, PwC issued an unqualified opinion, signed for the first time by Michael Popp (Wirtschaftsprüfer) and for the second time by Nicolette Behncke (Wirtschaftsprüferin). The Supervisory Board acknowledged and approved the combined Non-financial (Group) Statement drawn up by the Board of Management. Following a preparatory review conducted by the Presiding Board as well as a further review at Supervisory Board level, the Statement on Corporate Governance drawn up by the Board of Management was also approved by the Supervisory Board.

Expression of appreciation by the Supervisory Board

In a year again marked by a set of particularly challenging circumstances, the Board of Management and the entire workforce can be proud of their achievements, which have helped take the BMW Group further along its path of automotive transformation. We therefore wish to express our deep thanks and appreciation to the members of the Board of Management and every single employee of the BMW Group worldwide.

We are confident that the Board of Management and the BMW Group's workforce – motivated by their determination to perform at an outstanding level and in a true spirit of innovation – will continue to help extend the BMW Group's competitive lead in the field of sustainable and digital mobility.

Munich, March 2023

On behalf of the Supervisory Board

Norbert Reithofer

Chairman of the Supervisory Board



STATEMENT OF THE CHAIRMAN OF THE BOARD OF MANAGEMENT

**DEAR SHAREHOLDERS,
LADIES AND GENTLEMEN:**

At the BMW Group – we move body, heart and mind.

Last year, I introduced you to our “North Star” – which defines our identity and our direction, and answers the question: “Why do we exist as a company?” We move body, heart and mind. This idea also encapsulates our impact on society as a value-based, value-creating company. We deliver on our promises. You can continue to expect this from your Company in the future. It is what makes us special. In the first part of my statement, I will explain our mission through five hypotheses. In part two, I will show how your Company is setting itself up for the future and what our plans are.

This is, of course, a priority for you, since you want the BMW Group to remain an attractive and future-oriented investment.



Oliver Zipse
Chairman of the Board
of Management



First: You are investing in a company that is achieving profitable growth and gaining market share.

The BMW Group remains on track for success, as you would expect from your Company. This held true once again in 2022, when we were able to sell a total of around 2.4 million vehicles. Even though the numbers are down slightly on the previous year, this is still an excellent result. Despite the geopolitical challenges and supply chain bottlenecks, BMW and MINI's global market share remained stable at 3.4 %. Our Rolls-Royce and BMW Motorrad brands posted new all-time highs, with more than 6,000 luxury motor cars and almost 203,000 motorcycles and scooters delivered to customers. BMW Motorrad thus earned the number-one spot in the global premium segment. To mark its 50th anniversary, our BMW M GmbH also celebrated a record year – with the all-electric BMW i4 M50 as the best-selling BMW M model.

Ramping up the all-electric vehicles in our product range is critical for us. We sold around 216,000 BEVs in 2022 – more than twice as many as in the previous year, as promised. This also signals our determination to the competition: BMW continues to lead the global premium segment! We have succeeded in lowering the WLTP CO₂ emissions of our EU new vehicle fleet by 9.4 % compared to the previous year to 105.0 grams of CO₂ per kilometre and even outperformed the EU27+2 fleet target limit by 22.5 grams per kilometre.

Your Company has a robust capital structure; it is profitable, even in a volatile environment, and therefore able to invest in its own future. Our Automotive EBIT margin for financial year 2022 was within our long-term target range of 8 – 10 %. Following our acquisition of a majority stake in BMW Brilliance Automotive Ltd., the joint venture was fully consolidated into the Group Financial Statements for the first time last year – taking your Company's revenues and workforce to a whole new level. We now have around 150,000 employees, who collectively embody the BMW Spirit – with production at 31 locations on six continents, research and development in 17 countries, and 41 sales subsidiaries and financial services locations.

Second: You are investing in a company that is becoming even more resilient in the face of complex challenges.

A year in task-force mode would be one way of describing much of 2022. Our environment was dominated by unexpected events and profound challenges – each with the potential to jeopardise our goals. As so often in our history, we trusted in our inner strength – learning from crises and emerging from them stronger than ever.

Today, we can state with confidence that our Company weathered the global pandemic by relying on its sound judgement. As a result, we are now even better equipped to deal with possible future events. Maximum flexibility and a strong relationship with our suppliers have guided us through the recent supply difficulties around semiconductors and wiring harnesses. We are also using scenario planning to prepare for the difficult energy situation. We know we can handle complexity and are capable of pivoting quickly if the situation requires. The many different challenges we have faced have ultimately made your Company more resilient and strengthened our internal cohesion. It is nevertheless very important that we remain focused at all times on our course for the future.

Your Company is characterised by its ability to combine short-time adjustments with long-term consistency in our strategic direction and performance.

“The many different challenges we have faced have ultimately made your Company more resilient. We are learning from crises and are emerging from them stronger than ever.”

Third: You are investing in a company that is boldly implementing breakthrough innovations and constantly reinventing itself.

Time and again, the BMW Group has taken individual mobility to a new dimension with its ground-breaking innovations. It is also evolving from the ground up. In other words, transformation is deeply rooted within our experience. Consider the three major tipping points in BMW history: the shift from engine producer, which put the first BMW motorcycle on the roads exactly a hundred years ago, to development of our unmistakable, style-defining cars of the 1930s and, last but not least, the rediscovery of the sporty mid-range car in the early 60s. Each of these milestones moved your Company a decisive step forward – and defines and underpins the BMW Group to this day.

In 2025, we will be taking a further leap with the introduction of the NEUE KLASSE. This tipping point heralds another typical BMW shift – towards a new product offering, a new mindset, a new company. Our Vision Vehicles already provide a glimpse of this, as we make individual mobility electric, digital and circular. What this means for us is NEXT LEVEL MOBILITY.

The BMW i Vision Circular showcases the possibilities of the circular economy. At the beginning of January 2023, we revealed the BMW i Vision Dee at the CES in Las Vegas. This Vision Vehicle was a big hit with the global media and digital natives alike – and not just for its dazzling array of 32 exterior colours, courtesy of E-Ink technology. Real driving pleasure and augmented reality are seamlessly merged in a revolutionary full-windscreen head-up display. Yet this new experience of mobility is not science fiction: a standard-production version of this technology will soon be available in the vehicles of the NEUE KLASSE as the "BMW Panoramic Vision". Stay tuned!

Fourth: You are investing in a company that takes the long view and always charts its own course.

As shareholders, you provide us with the strength we need to stay the long-term course. We are implementing this approach systematically, step by step, with our continuous corporate strategy development and long-range planning. The same applies to the milestones we have announced on the road to climate neutrality for our vehicles, production and the supply chain. We have our progress measured and evaluated in a transparent manner and at regular intervals by independent bodies.

We do not chase after every new trend or let headwinds blow us off course. We can do this with a clear conscience – because our actions are based on facts, knowledge gains and scientific expertise. Our open approach to technology in the debate over the drivetrain of the future reflects this – because this is what delivers the fastest, most effective climate impact. At the same time, regions and individual markets will continue to develop at different rates for the foreseeable future. And last but not least: Those who rely solely on a single drive technology risk falling into new dependencies – for example, around the raw materials needed for batteries. The new BMW 7 Series, including the all-electric BMW i7, and the new BMW X1, including the BMW iX1, are good examples of how we are realising customer interests through technology. Both have won comparative tests; both have been widely praised by media and experts; and both are in high demand.

Fifth: You are investing in a company that acts independently and possesses a unique culture.

We consider our ability to operate independently and make decisions from a long-term perspective to be valuable assets. In uncertain times, more than ever, this not only gives us additional stability; it even becomes a competitive advantage. Herbert Quandt laid the foundation for this at our Company. In keeping with his spirit, the Company and employee representatives work together to find solutions. Together, we foster a culture of solidarity and mutual respect that is reflected not only in our interactions within the Company, but also in how we work with our partners and suppliers. This is all part of Herbert Quandt's legacy, to which his children and the Company are equally committed.

Dear Shareholders, on behalf of our entire Board of Management and our global team, I would like to say a sincere thank you for your support!

Our business model is focused on individual mobility, which finds itself in the midst of a transformation and is, for that very reason, brimming with opportunity. The current decade will be decisive in this respect. Forecasts expect global new vehicle registrations to continue to increase up until 2030. Individual mobility remains a vibrant business segment – not least because "being mobile" is one of our basic human needs. So, stay at our side!



“Freude forever” is the core of our BMW brand. We are transforming mobility into a personalised all-round experience for our customers that appeals to all the senses, with digital features that provide the driver with optimal, individual assistance – making the car the ultimate companion.

Dear Shareholders, what matters most to you is the forward view – which leads into the second part of my statement: how is your Company setting itself up for the future?

Our product line-up across all brands and drivetrains is fresh and more attractive than ever.

The way I see it: We have outstanding vehicles fresh on the market or about to be released. We are exploiting potential across all segments and all drivetrains to the full. In autumn 2022, all members of the Board of Management headed to Palm Springs, USA, to present the new BMW 7 Series, the BMW X7 and the BMW XM, which are now available, to the international media. These will be followed this spring by the update to our successful BMW X5 and BMW X6 models.

However, more than anything, 2023 will be dominated for the BMW brand by the new BMW 5 Series. It will, of course, also be released onto the market as an all-electric variant: the BMW i5 – expanding our BEV offering in all the segments we serve.

“The mobility of the future also needs at least one more leg to stand on. In addition to battery-electric drivetrains we see hydrogen-electric vehicles as a meaningful complement to e-mobility.”

MINI and Rolls-Royce are well on their way to becoming all-electric brands by the early 2030s. Already today, one out of five MINIs sold is an electric car. In April 2023, the release of exactly 999 MINI Cooper SE Convertibles is sure to excite our fans. This will be the world's first all-electric premium convertible in the compact-car segment. We have an entirely new MINI family in the starting blocks – which will be a major milestone for the brand on its journey into the future. At our highly profitable luxury brand, Rolls-Royce, the Spectre is also ushering in the electric age. Strong pre-orders show how much customers appreciate this move.

BMW Motorrad will celebrate its centenary this year with a raft of amazing new models. I can already reveal that this will also include several for those who prefer an all-electric ride.

Exponential growth in e-mobility.

We are setting ourselves clear goals for exponential growth in our all-electric models: starting this year, the BEV share of total sales will be a KPI for the steering of our Company. All-electric vehicles are expected to account for 15 % of our global deliveries this year – substantially more than in 2022 and the highest absolute increase we have targeted to date. We have already left our established competitors behind – not to mention many of the BEV-only manufacturers. We are confident that more than half the vehicles we sell worldwide will be fully electric before 2030. This is not only because demand for our current models is highly dynamic, but also because our BEVs are winning a lot of new customers.

Hydrogen: Our world is full of diversity and individuality – why should mobility be any different?

No one can stand on one leg for an extended period of time – never mind trying to walk like that. We firmly believe that the mobility of the future also needs at least one more leg to stand on, in addition to battery-electric drivetrains. We see hydrogen-electric vehicles as a meaningful complement to e-mobility – albeit with something of a time lag. We have long been paving the way for this: in March 2023, a small test series of our BMW iX5 Hydrogen will head to selected markets, including Korea, Japan, China, the US and Europe. With just under 100 of these vehicles, we aim to demonstrate the maturity and everyday practicality of hydrogen fuel cell technology. The widespread interest in these vehicles gives us cause for optimism.

Mega project NEUE KLASSE: The countdown has begun.

Our preparations for the NEUE KLASSE are in full swing. In just a year and a half, pre-series production will get underway at our new plant in Debrecen, Hungary – which, incidentally, will also be the world's most advanced car plant, using no fossil fuels at all. In 2026, production of the NEUE KLASSE will also ramp up at our main plant in Munich. An area the size of nine football pitches will be remodelled there over the coming years. This will be followed in 2027 by our Mexican plant in San Luis Potosí. As you can see, we have tremendous momentum driving us forwards. But the NEUE KLASSE will already be given a face this year – something you can look forward to at the IAA MOBILITY in Munich in September!

BMW iFACTORY and “local for local”.

We are gearing our entire production network towards e-mobility and the NEUE KLASSE, which will significantly speed up growth in our all-electric models yet again. By the end of 2022, 12 BEV engine variants came off production lines in eight different BEV models at our locations worldwide. Our plants are gradually becoming the BMW iFACTORY: Plant Debrecen, for instance, was planned entirely virtually.

The BMW Group is a global company – highly flexible, with a presence in all regions. However, the main regions of the world are increasingly setting their own priorities and developing in different ways when it comes to technology, legislation and customer preferences. In response to this situation, we are sharpening our global positioning by strengthening our local market presence. We call this “local for local”. We are thus securing our BEV ramp-up in individual regions to reduce one-sided geopolitical dependencies. Today, our high-voltage batteries for e-mobility are being manufactured in Germany and at the Shenyang facility in China. Going forward, we will also produce them at separate assembly sites in Debrecen, San Luis Potosí in Mexico and in Spartanburg in the US.

Global companies like the BMW Group depend on global free trade. We respond very precisely to customer demand, targeting opportunities that open up in individual markets. Through our entrepreneurial commitment and cooperation in the markets, we ourselves are constantly building bridges. At the same time, we are adapting to a world in which poli-

tics intervenes more and more in our business model – as exemplified by the Inflation Reduction Act 2022 in the US and the European Union's Euro 7 plans. We are strongly campaigning for a viable Euro 7, in terms of both timing and provisions for testing conditions.

Making 2023 our year of digital expertise.

Behind a thoroughly digital product like BMW i Vision Dee stands a digital company. 2023 will be a key year for us, as we give our vehicles and our Company as a whole a real digital boost. Our “Digital Process & Impact” initiative will massively speed up digitalisation of our internal processes and operations, exploiting digital potential in all areas. This will be accompanied by the launch of the Company's largest-ever training programme for all managers, non-production functions and the Board of Management. AI, cybersecurity, the metaverse – our digitalisation push comes at exactly the right time. It also helps us to focus even more on customers in our sales activities. To this end, we will be using a direct sales model in Europe in the future, starting in 2024 with MINI. BMW will follow in 2026. We've received great support from our dealers, in part also because we have involved them cooperatively as partners. A win-win situation for everyone – our customers get the best mobility experience, our retailers get an attractive business model and we get direct customer access.

“We are gearing our entire production network towards e-mobility and the NEUE KLASSE. Our plants are becoming the BMW iFACTORY.”

“Individual mobility finds itself in the midst of a transformation and is, for that very reason, brimming with opportunity.”

Dear Shareholders, in 2022, we dealt with short-term demands, while at the same time moving our future projects forwards.

I would like to thank all our customers, our associates, our entire retail organisation and our suppliers! Together, you all continue to write your Company's success story.

With regard to financial year 2023: our ambitious BEV ramp-up, our balanced global presence and our technology approach for different customer needs and, not least, sustained profitability all make your Company resilient and strong – and ensure it remains a worthwhile and, most certainly, a unique investment for you.



Oliver Zipse

Chairman of the Board of Management



From left to right:

Pieter Nota

Member of the Board of Management,
Customer, Brands, Sales

Ilka Horstmeier

Member of the Board of Management,
People and Real Estate

Joachim Post

Member of the Board of Management,
Purchasing and Supplier Network

From left to right:

Frank Weber

Member of the Board of Management,
Development

Milan Nedeljković

Member of the Board of Management,
Production



From left to right:

Nicolas Peter

Member of the Board of Management,
Finance

Oliver Zipse

Chairman of the Board of Management

THE BOARD OF MANAGEMENT





COMPOSITION OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

MEMBERS OF THE BOARD OF MANAGEMENT

OLIVER ZIPSE (b. 1964)
Member since 2015
Chairman (since 2019)

ILKA HORSTMEIER (b. 1969)
Member since 2019
People and Real Estate,
Labour Relations Director

DR-ING MILAN NEDELJKOVIĆ (b. 1969)
Member since 2019
Production

Mandates

- BMW (South Africa) (Pty) Ltd. ^{*,**}, Chairman
- BMW Motoren GmbH ^{*,**}, Chairman

PIETER NOTA (b. 1964)
Member since 2018
Customer, Brands, Sales

Mandates

- Rolls-Royce Motor Cars Limited ^{*,**}, Chairman

DR NICOLAS PETER (b. 1962)
Member since 2017
Finance

Mandates

- BMW Brilliance Automotive Ltd. ^{*,**},
Chairman (Deputy Chairman until 10 February 2022)

DR-ING JOACHIM POST (b. 1971)
Member since 2022
Purchasing and Supplier Network

FRANK WEBER (b. 1966)
Member since 2020
Development

General counsel:
DR ANDREAS LIEPE

* Not listed on the stock exchange.

** Group mandate.

— Memberships of other statutory supervisory boards.

— Memberships of comparable boards in Germany and abroad.

MEMBERS OF THE SUPERVISORY BOARD

DR-ING DR-ING Eh NORBERT REITHOFER (b. 1956)

Member since 2015, elected until the AGM 2025

Chairman of the Supervisory Board

Former Chairman of the Board of Management of BMW AG

Mandates

- Siemens Aktiengesellschaft (until 9 February 2023)
- Henkel Management AG*
- Henkel AG & Co. KGaA (Shareholders' Committee)

MANFRED SCHOCH¹ (b. 1955)

Member from 1988 to 31 December 2022

Deputy Chairman of the Supervisory Board (until 31 December 2022)

Former Chairman of the European and General Works Council and of the Works Council Munich of BMW AG
Industrial Engineer

DR MARTIN KIMMICH¹ (b. 1972)

Member since 18 January 2023, appointed until the AGM 2024

Deputy Chairman of the Supervisory Board (since 23 January 2023)

Chairman of the General Works Council and of the Works Council Munich of BMW AG

STEFAN QUANDT (b. 1966)

Member since 1997, elected until the AGM 2024

Deputy Chairman of the Supervisory Board

Entrepreneur

Mandates

- DELTON Health AG^{*,**}, Chairman
- DELTON Technology SE^{*,**}, Chairman
- Frankfurter Allgemeine Zeitung GmbH*
- AQTON SE^{*,**}, Chairman
- Entrust Corp.^{*,**}
- SOLARWATT GmbH^{*,**}

Note: Mr. Quandt is the sole shareholder of DELTON Health AG, DELTON Technology SE and AQTON SE and holds majority interests in Entrust Corp. and SOLARWATT GmbH.

STEFAN SCHMID¹ (b. 1965)

Member since 2007, elected until the AGM 2024

Deputy Chairman of the Supervisory Board

Chairman of the BMW AG Works Council Dingolfing

DR KURT BOCK (b. 1958)

Member since 2018, elected until the AGM 2023

Deputy Chairman of the Supervisory Board

Chairman of the Supervisory Board of BASF SE

Mandates

- BASF SE, Chairman
- FUCHS PETROLUB SE, Chairman (until 3 May 2022)

CHRISTIANE BENNER² (b. 1968)

Member since 2014, elected until the AGM 2024

Deputy Chair of IG Metall

Mandates

- Continental AG, Deputy Chairwoman

DR MARC BITZER (b. 1965)

Member since 2021, elected until the AGM 2025

Chairman and Chief Executive Officer of Whirlpool Corporation

Mandates

- Simex Trading AG*
- Whirlpool Corporation^{**}, Chairman

¹ Employee of the enterprise.

² Union representative.

³ Executive employee of the enterprise.

* Not listed on the stock exchange.

** Group mandate.

— Memberships of other statutory supervisory boards.

— Memberships of comparable boards in Germany and abroad.

BERNHARD EBNER¹ (b. 1978)

Member since 2021, appointed until the AGM 2024
Chairman of the BMW AG Works Council Landshut

RACHEL EMPEY (b. 1976)

Member since 2021, elected until the AGM 2025
Member of supervisory boards

Mandates

- Fresenius Kabi AG^{*,**}, Deputy Chairwoman (until 31 August 2022)
- Fresenius Medical Care Management AG^{*,**} (until 31 August 2022)
- ZF Friedrichshafen AG^{*} (since 15 March 2023)

DR-ING HEINRICH HIESINGER (b. 1960)

Member since 2017, elected until the AGM 2026
Chairman of the Supervisory Board of ZF Friedrichshafen AG

Mandates

- Deutsche Post AG
- Fresenius Management SE^{*}
- ZF Friedrichshafen AG^{*}, Chairman

JOHANN HORN² (b. 1958)

Member since 2021, appointed until the AGM 2024
Head of Bavaria Region, IG Metall

Mandates

- Siemens Healthcare GmbH^{*}

DR Hc SUSANNE KLATTEN (b. 1962)

Member since 1997, elected until the AGM 2024
Entrepreneur

Mandates

- ALTANA AG^{*,**}, Deputy Chairwoman
- SGL Carbon SE, Chairwoman (until 9 May 2023)
- SprinD GmbH^{*}
- UnternehmerTUM GmbH^{*}, Chairwoman

Note: Dr h.c. Klatten is the sole shareholder of ALTANA AG and holds a significant non-controlling interest in SGL Carbon SE. The mandates at SprinD GmbH and UnternehmerTUM GmbH are primarily an expression of her corporate citizenship.

JENS KÖHLER¹ (b. 1964)

Member since 2021, appointed until the AGM 2024
Chairman of the BMW AG Works Council Leipzig

GERHARD KURZ³ (b. 1963)

Member since 11 July 2022, appointed until the AGM 2024
Head of Purchasing, Quality Management Powertrain at BMW AG

ANDRÉ MANDL¹ (b. 1984)

Member since 4 April 2022, appointed until the AGM 2024
Chairman of the BMW AG Works Council Regensburg/Wackersdorf

DR DOMINIQUE MOHABEER¹ (b. 1963)

Member since 2012, elected until the AGM 2024
Member of the BMW AG Works Council Munich

ANKE SCHÄFERKORDT (b. 1962)

Member since 2020, elected until the AGM 2025
Member of supervisory boards

Mandates

- BASF SE (until 29 April 2022)
- Serviceplan Group Management SE^{*}
- Wayfair Inc.

¹ Employee of the enterprise.

² Union representative.

³ Executive employee of the enterprise.

^{*} Not listed on the stock exchange.

^{**} Group mandate.

— Memberships of other statutory supervisory boards.

— Memberships of comparable boards in Germany and abroad.

**PROF DR DR Hc CHRISTOPH M. SCHMIDT** (b. 1962)

Member since 2021, elected until the AGM 2025

President of the RWI – Leibniz Institute for Economic Research
Essen, University Professor

Mandates

- Basalt-Actien-Gesellschaft *
- Thyssen Vermögensverwaltung GmbH *

DR VISHAL SIKKA (b. 1967)

Member since 2019, elected until the AGM 2024

CEO & Founder, Vianai Systems, Inc.

Mandates

- GSK plc (since 18 July 2022)
- Oracle Corporation

SIBYLLE WANKEL² (b. 1964)

Member since 4 January 2022, appointed until the AGM 2024

First Authorised Representative and Head of IG Metall's
Munich Office

Mandates

- KraussMaffei Group GmbH *, Deputy Chairwoman
- MAN Truck & Bus SE * (since 2 September 2022)

DR THOMAS WITTIG³ (b. 1960)

Member from 2019 to 31 May 2022

Former Senior Vice President Financial Services

Mandates

- BMW Bank GmbH *, **, Chairman (until 29 April 2022)
- BMW Automotive Finance (China) Co. Ltd. *, **, Chairman (until 30 April 2022)

WERNER ZIERER¹ (b. 1959)

Member from 2001 to 31 March 2022

Former Chairman of the BMW AG Works Council Regensburg/
Wackersdorf

¹ Employee of the enterprise.

² Union representative.

³ Executive employee of the enterprise.

* Not listed on the stock exchange.

** Group mandate.

— Memberships of other statutory supervisory boards.

— Memberships of comparable boards in Germany and abroad.

DIALOGUE WITH STAKEHOLDERS

Stakeholder engagement

The BMW Group operates within a highly interconnected world. Its business activities have a major impact on the environment in which it operates, and can have both a direct and an indirect bearing on the interests of a wide variety of stakeholders. Conversely, societal trends and developments can influence many aspects of the Group's business activities. Against this backdrop, the BMW Group maintains a continuous dialogue with its stakeholders worldwide. Its dialogue objectives and criteria for identifying and prioritising stakeholders are set out in the [BMW Group Stakeholder Engagement Policy](#). A variety of suitable dialogue formats are described in internal guidelines. Key topics and formats are summarised below. [GRI Index: 2-29](#)

Key topics in 2022

The BMW Group's interaction with stakeholders includes topics brought to its attention by stakeholders as well as those in which it proactively engages in dialogue. This combination results in a comprehensive spectrum of interconnected topics:

- The Paris Climate Agreement and climate neutrality goal of the BMW Group
- Ensuring emissions limits without excluding individual drive-train technologies and vehicle concepts
- Hydrogen as an additional option for electric drive systems
- Sustainability through technological innovations
- Circular design and use of secondary materials (particularly in relation to battery recycling)
- Continued development of the regulatory framework for automated driving and digital networks
- Crisis management regarding geopolitical issues and energy supplies
- Ensuring the supply of critical raw materials

- Environmental and social standards and respect for human rights in the supply chain, particularly regarding the procurement of raw materials for electric mobility applications
- Sustainable financing, EU Taxonomy and sustainability reporting standards
- Social responsibility for employees

BMW Group Xchange

BMW Group Xchange encompasses all well-established forms of events such as the [BMW Group Dialogues](#), the rad°hub and the FUTURE FORUM, providing suitable platforms to engage in dialogue with a variety of target groups.

The formats selected usually take place several times a year. The results of these stakeholder dialogues are documented and incorporated in the Group's strategic considerations.

[GRI Index: 2-12](#)

Participation in public policy development and work in associations

The BMW Group maintains an active, open and transparent 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. The BMW Group is a member of numerous associations in various countries. As a rule, membership and commitment are voluntary. In certain cases, however, participation may also be based on statutory requirements.

The BMW Group's involvement in associations ranges from board memberships in association bodies to active participation in working groups as well as simple observer status. Our goal is to coordinate our approach with the respective associations on positions regarding relevant strategic issues. If the BMW Group identifies discrepancies between association and Company positions, we work with the association concerned to bring our positions closer together. The BMW Group sees its role as sharing its corporate opinions as part of the associations' policy-forming process. In this way, we are able to participate in discussions on key strategic issues such as climate protection, human rights, the circular economy, decarbonisation with a view to achieving the Paris climate targets, and transparent supply chain management.

In January 2021, Oliver Zipse, Chairman of the Board of Management AG, assumed the presidency of the European Automobile Manufacturers Association (ACEA) and held this position until 31 December 2022. The president of the ACEA is elected for a term of one year and may be re-elected once before the position is passed on to the CEO of another company.

In its [Climate Commitment Report](#) the BMW Group presents its stakeholders with a concise overview of its key climate policy positions and related activities.

Financial market player with sustainability credentials

Regular, in-depth communication with capital market players has always been given a high priority within the BMW Group. Against the background of the Paris Climate Agreement, policymakers in Europe are also increasingly addressing the issues of climate protection and sustainability. For example, the EU Action Plan for Sustainable Finance aims to direct capital flows towards sustainable economic activities. A key element of the EU Action Plan is the introduction of a standardised system to classify what is sustainable and what is not. [EU Taxonomy](#)

In 2022, the focus was on measuring the carbon footprint of the BMW Group's pension plan assets in the UK and Germany, and validating the data available for this purpose. The [TCFD Report](#) was created for the UK BOPS Plan. The target to achieve carbon neutrality for the scheme's asset portfolio by 2050 remains unchanged.

In recent years, some of the traditional benchmarks used for investing have been replaced by ESG-optimised capital market indices. As a result, asset managers are now increasingly looking for ways to further reduce carbon emission exposures in their bond portfolios.

The volume of non-liquid pension plan assets invested in our various impact funds continues to grow according to schedule, with several new subscriptions exercised in the form of fund-based investments. The investments made to date in this area relate not only to climate protection, but also to other Sustainable Development Goals (SDGs) set out by the UN. Investments that have a beneficial effect on the climate are at the forefront of the impact funds.

Outlook

The BMW Group will continue to interact closely with its stakeholders and develop existing dialogue opportunities in 2023.

We continue to maintain a highly active dialogue with capital market players such as investors, investor initiatives, financial analysts and rating agencies. As in 2022, our activities will include direct dialogue as well as participation in ESG conferences.

Moreover, plans are in place for the coming year to expand the scope of recording the carbon emissions associated with those investments, with the primary aim of reliably assessing and transparently documenting the compatibility of our investments with the climate goals enshrined in the Paris Agreement. To the extent possible, our aim is to take account of non-liquid investments in the Group's reporting on sustainability, or at least for all such investments to be reviewed from a sustainability perspective.

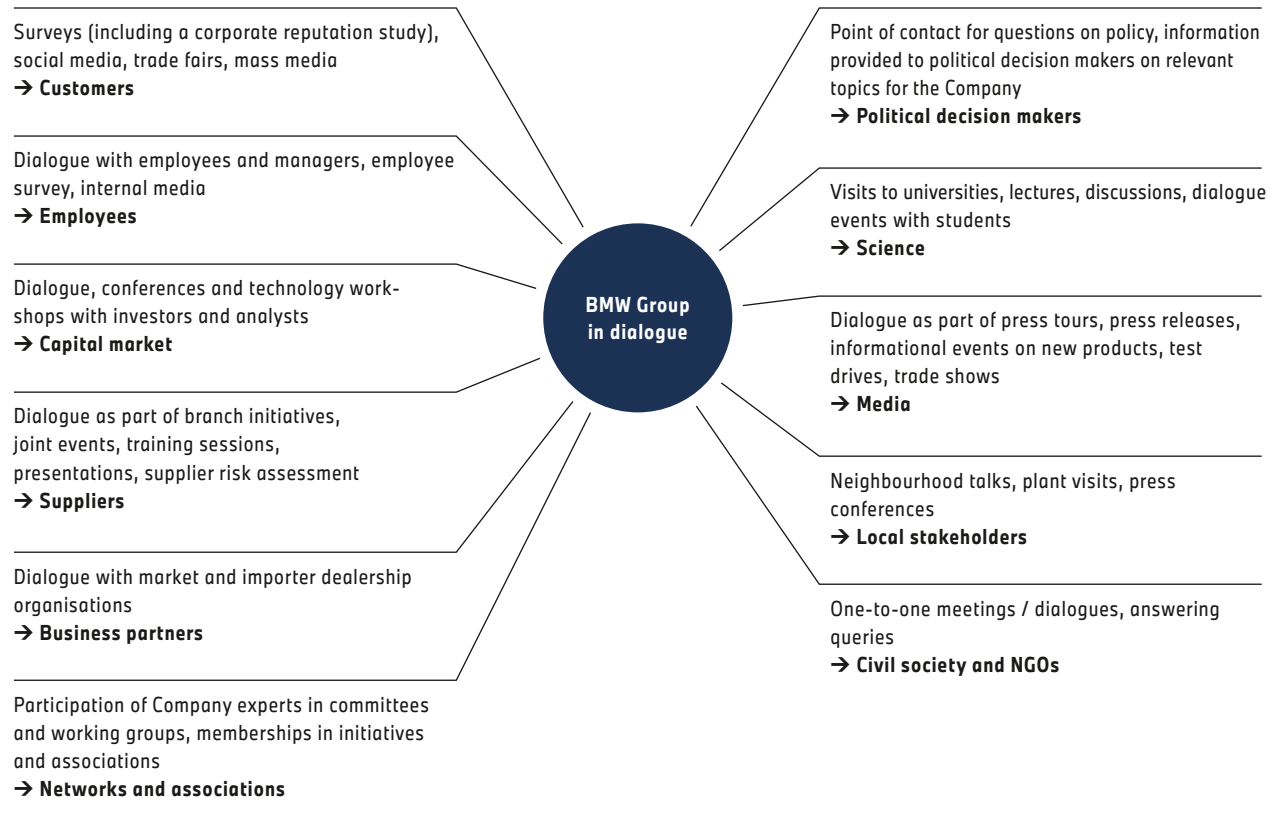
Role of the highest governance body in overseeing the management of impacts

The Board of Management is made aware of stakeholder feedback and positions through a variety of channels, for example in regular Board meetings, in direct dialogue with stakeholder groups (such as investors or political decision makers) and, last but not least, through briefings conducted by BMW Group specialist departments, especially prior to attending major events such as OECD conferences or the Group's Annual General Meetings. The Chairman of the Supervisory Board in particular maintains contact with stakeholders (e.g. investors). The members of the Supervisory Board attend the Annual General Meeting, and many of them also interact with stakeholders as part of their other activities and mandates.

Approach taken to engage stakeholders

The BMW Group continuously communicates with a large number of different stakeholder groups at all locations and in all markets. Stakeholders are identified on the basis of guidelines set out in the relevant AA1000 Standard. Depending on the situation, different forms and methods of engagement are applied.

Stakeholder groups and forms of dialogue



↗ GRI Index: 2-29



BMW GROUP AND CAPITAL MARKETS

RATINGS REMAIN AT HIGH LEVEL

BMW AG continues to enjoy the best ratings among Europe's automobile manufacturers. In 2022, the rating agencies Moody's and Standard & Poor's (S&P) both confirmed BMW AG's high credit ratings within a challenging market environment. Moody's long-term rating remains at "A2 with stable outlook", while the short-term rating is unchanged at "P-1". S&P's long-term rating remains at "A with stable outlook", with a short-term rating of "A-1".

These credit ratings are based on a variety of factors, including the popularity of the BMW Group's attractive product portfolio and its high number of new vehicle launches. Excellent price penetration across all regions as well as a continued strong operating performance, profitability and cash inflow were also taken into account. Other factors supporting the credit ratings are the BMW Group's solid capital structure, risk-conscious financial profile and robust liquidity position. Moreover, the increasing proportion of Group sales of all-electric vehicles is seen as a

positive factor. With this profile, the rating agencies view BMW AG as well prepared to master the numerous challenges arising in conjunction with the transformation of the automotive industry (e.g. future investments, research and development, dynamic competitive environment) and in terms of future macroeconomic developments (e.g. commodity prices, supply bottlenecks, geopolitical upheavals, inflation).

These above-average credit ratings are testimony to BMW AG's excellent creditworthiness. Accordingly, BMW AG enjoys good access to international capital markets and benefits from highly attractive refinancing conditions.

Company rating	Moody's ¹	Standard & Poor's ²
Long-term debt	A2	A
Short-term debt	P-1	A-1
Outlook	stable	stable

¹ Moody's scale for long-term ratings: Aaa to C. Moody's scale for short-term ratings: P-1 (Prime-1) to NP (Not Prime).

² S&P scale for long-term ratings: AAA to D. S&P scale for short-term ratings: A-1 to D.

GOOD PLACEMENT IN SUSTAINABILITY RATINGS

The BMW Group again achieved a good ranking in prestigious sustainability ratings in 2022, confirming its strong position in this respect. For instance, the BMW Group is represented in the MSCI ESG, MSCI Implied Temperature Rise, Sustainalytics and ISS ESG indexes and holds leading positions across the sector. Due to its transparent reporting of carbon emissions, the BMW Group again ranked highly in the CDP rating list (A-List).

DIVIDEND

The Board of Management and the Supervisory Board will propose to the Annual General Meeting that the unappropriated profit of BMW AG amounting to € 5,481 million (2021: € 3,827 million) be used to pay a dividend of € 8.50 for each share of common stock entitled to receive a dividend (2021: € 5.80) and a dividend of € 8.52 for each share of preferred stock entitled to receive a dividend (2021: € 5.82). The 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) for 2022 therefore stands at 30.6 % (2021: 30.9 %¹).

BMW AG STOCK

	2022	2021	2020	2019	2018
COMMON STOCK					
Number of issued shares in 1,000	601,995	601,995	601,995	601,995	601,995
Shares bought back as of reporting date in 1,000	15,312	-	-	-	-
Stock exchange price in € ²					
Year-end closing price	83.38	88.49	72.23	73.14	70.70
High	99.32	95.89	76.68	77.75	96.26
Low	69.13	68.34	37.66	58.70	69.86
PREFERRED STOCK					
Number of issued shares in 1,000	60,844	59,404	57,689	56,867	56,127
Shares bought back as of reporting date in 1,000	1,449	-	-	-	-
Stock exchange price in € ²					
Year-end closing price	79.55	73.30	55.20	55.05	62.10
High	85.20	82.00	57.60	67.85	85.50
Low	58.85	51.60	32.50	47.54	60.70
KEY DATA PER SHARE IN €					
Dividend					
Common stock	8.50 ³	5.80	1.90	2.50	3.50
Preferred stock	8.52 ³	5.82	1.92	2.50	3.52
Earnings per share of common stock ⁴	27.31	18.77	5.73	7.47	10.60 ⁶
Earnings per share of preferred stock ⁵	27.33	18.79	5.75	7.49	10.62 ⁶
Free cash flow Automotive segment ⁷	17.14	9.61	5.15	3.90	4.12
Equity ^{7,8}	134.85	113.60	93.26	90.92	88.26 ⁶

¹ Previous year's figure adjusted. Up to financial year 2021, the payout ratio was defined as the unappropriated profit of BMW AG in accordance with HGB in relation to the Group net profit in accordance with IFRS. The value for 2021 before adjustment is 30.7 %.

² Xetra closing prices.

³ Proposed by management.

⁴ Weighted average number of shares for the year.

⁵ Stock weighted according to dividend entitlements.

⁶ The 2018 figures were adjusted due to the change in accounting policy in conjunction with the adoption of IFRS 16 (see [Annual Report 2019, Note 6](#) to the Group Financial Statements).

⁷ The key figure is calculated without the repurchased shares.

⁸ From the 2022 financial year, the equity of BMW AG shareholders will be used for the calculation.

**37 Overview of the BMW Group**

37 Organisation and Business Model

38 Segments

38 Locations

41 BMW Group Integrated Strategy

41 Environmental Analysis and Megatrends

42 Strategy Process

46 Performance Indicators and Performance Management

51 Financial Performance

51 General and Sector-specific Environment

55 Overall Assessment by Management of the Financial Year

56 Comparison of Forecasts with Actual Outcomes

57 Financial Position

67 Course of Business and Segments

75 Comments on the Financial Statements of BMW AG

79 EU Taxonomy**90 Products**

90 Innovation, Digitalisation and Customer Orientation

95 Product Quality and Safety

97 Carbon Emissions

100 Electromobility

103 Production and Supplier Network

103 Production Network

106 Circular Economy, Resource Efficiency and Renewable Energy

110 Purchasing and Supplier Network

114 Employees and Society

114 Employer Attractiveness and Employee Development

117 Health and Performance

119 Diversity, Equal Opportunity and Inclusion

121 Corporate Citizenship

123 Outlook**127 Appropriateness and Effectiveness of the Internal Control System and Risk Management System****128 Risks and Opportunities**

128 Risk and Opportunity Management

131 Material Short-term Risks and Opportunities

138 Climate-related Risks and Opportunities

142 Summary and Outlook

143 Compliance and Human Rights**147 Internal Control System****148 Disclosures Relevant for Takeovers and Explanatory Comments**

2 — COMBINED MANAGEMENT REPORT



OVERVIEW OF THE BMW GROUP

ORGANISATION AND BUSINESS MODEL

The BMW Group develops and manufactures innovative premium automobiles and motorcycles on a worldwide basis. It is committed to individual mobility and occupies a leading market position in the premium automobiles and motorcycles segment, as well as in the financial services segment. BMW, MINI, Rolls-Royce and BMW Motorrad are among the best-known brands in the world. At 31 December 2022, the BMW Group employed a workforce of 149,475 people worldwide.

The BMW Group is shaping the transformation of the automotive industry from its leading position – efficiently, sustainably and digitally. This requires versatility, resilience and a holistic approach. The BMW Group and its brands are undergoing a rapid technological and structural transformation. The objective is achievement of individual mobility that is sustainable and climate-neutral.

Bayerische Motoren Werke Aktiengesellschaft (BMW AG), based in Munich, Germany, is the parent company of the BMW Group, which comprises BMW AG itself and all subsidiaries over which BMW AG has either direct or indirect control. [↗ List of Investments](#)

The structure of the BMW Group changed significantly at the beginning of the reporting year due to the BMW Group's majority acquisition of the joint venture BMW Brilliance Automotive Ltd., Shenyang (BMW Brilliance). Further information on the consolidation of BMW Brilliance is provided in [↗ Note \[3\]](#) to the Group Financial Statements. The BMW Group is subdivided into the [↗ Automotive, Motorcycles and Financial Services](#) segments and the Other Entities segment. [↗ Presentation of segments](#) BMW AG assumes central responsibility for management of the Automotive, Motorcycles and Financial Services operating segments.



SEGMENTS

Automotive segment

The BMW, MINI and Rolls-Royce brands cater to a wide variety of customer requirements. The range of models offered under the BMW brand includes automobiles ranging from the premium compact class to the luxury class. In addition to all-electric models, various drive systems including modern plug-in hybrids and highly efficient combustion engines are available. The BMW M rounds off the range of models offered with innovative high-performance automobiles in the high-performance class.

The MINI brand promises driving pleasure in the premium compact segment, while it also offers the entire range of modern drive technologies. The all-electric MINI Cooper SE* was the best-selling model in the MINI family in the year under report. The MINI Concept Aceman concept vehicle, introduced in 2022, shows how MINI is reinventing itself and what the brand stands

for: an all-electric future and digital features that create an experience with a focus on a minimal environmental footprint. The MINI brand is expected to be completely converted to all-electric drives by 2031.

With a history stretching back well over a century, Rolls-Royce is the ultimate marque in the ultra-luxury class. Rolls-Royce Motor Cars specialises in providing bespoke customer specifications and offers the utmost in terms of service. From 2023, the luxury brand will offer an all-electric model – Spectre* – for the first time in its history, with its entire product range set to be all-electric by 2030. The Spectre* model is therefore an integral element of the brand's sustainable transformation process.

The global sales network of the BMW Group's automobile business currently comprises more than 3,600 BMW, 1,600 MINI and 150 Rolls-Royce dealerships. [↗ Automotive segment](#)

Motorcycles segment

The BMW Group's motorcycle business also focuses on the premium segment. This also includes a consistent electrification strategy and its model range of motorcycles and scooters in the Sport, Tour, Roadster, Heritage, Adventure and Urban Mobility categories. Currently, BMW motorcycles are sold by more than 1,200 dealerships and importers in over 90 countries worldwide.

[↗ Motorcycles segment](#)

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 Financial Services segment's main line of business comprises credit financing and the leasing of BMW Group brand automobiles and motorcycles to retail customers.

Operating under the brand name Alphabet, the BMW Group is a partner in the international multi-brand fleet business. Its services consist mostly of vehicle fleet financing for large customers and comprehensive management services for corporate car fleets, including support of customers' sustainable and environmentally friendly fleet management. [↗ Financial Services segment](#)

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 United Kingdom (UK), as well as in the USA and China.



* [↗ 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



■ 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 Potosi, Mexico
- BMW Group plant Spartanburg, USA
- BMW Brilliance Automotive, China (3 plants)

□ 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 Designworks, Newbury Park, USA
- BMW Group Technology Office USA, Mountain View, USA
- BMW Group Engineering and Emission Test Center, Oxnard, USA
- BMW Group Design, Technology and ConnectedDrive Lab China, 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 Development, 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 Ltd., Shenyang

41

Sales subsidiaries and Financial Services locations worldwide

31

Production and assembly plants

17

Countries with research and development locations



LOCATIONS IN EUROPE

- Sales subsidiaries and Financial Services

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

- Partner plants in Europe

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

- ▲ 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 Centre, 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 INTEGRATED STRATEGY

41 Environmental Analysis and Megatrends

42 Strategy Process

46 Performance Indicators and Performance Management

BMW GROUP INTEGRATED STRATEGY

The BMW Group operates at the area of tension with challenging, increasingly complex and differentiated influencing factors around the world. Along with macroeconomic factors such as inflation and the level of interest rates, this also includes the increasing uncertainty and volatility of the general situation:

- Geopolitical challenges that affect business activities and global supply chains
- Increased competitive dynamics
- Megatrends such as electrification and connectivity
- A capital market focused on profitability and growth
- Sustainability and circularity
- Societal expectations in the face of climate change
- Demographic change

We constantly refine our corporate strategy and align our strategic targets with these influencing factors and their dynamic rate of change as important input parameters.

The BMW Group's integrated strategy is based on fundamental values and elements such as the integrity of our actions and takes account of the increasing pace of change in an ongoing process. [↗ Compliance and Human Rights](#) Its starting point is the analysis of the global megatrends that are of crucial importance for the transformation of the automotive industry. Its core components are the integrated, continuous strategy process, the target system and [↗ Performance Management](#).

ENVIRONMENTAL ANALYSIS AND MEGATRENDS

A company's success depends to a large extent on its ability to recognise changes in its environment early on, plan for different scenarios, effectively manage risks and take advantage of opportunities that may arise from such changes [↗ Risks and Opportunities](#). To this end, we continuously monitor the business environment in our key regions, using available data to analyse the trends and developments that could affect our business in the future. Regular [↗ Dialogue with Stakeholders](#) within the scope of the BMW Group XChange formats completes the picture from the analysis of external and environmental factors.

The most important megatrends with long-term implications for the BMW Group's business model are currently mobility patterns in society, climate change as well as the reduction of carbon dioxide (CO₂) emissions and resource consumption, electromobility, digitalisation and connectivity – including automated and autonomous driving.



Mobility patterns

Individual mobility remains a fundamental human need, though vehicle ownership depends to a large extent on income, household size and location. On-demand mobility (ODM) services remain relevant, especially in urban areas, but are mainly used as a supplementary option.

Climate change and CO₂ reduction

We see the consequences of climate change as a major challenge for the future. As governments around the world work to transpose the goals of the Paris Climate Agreement into national laws, investors are increasingly evaluating companies and their business models according to ESG criteria. ↗ [BMW Group and capital market](#) Within the EU, the adopted ↗ [EU Taxonomy](#) aims to classify a company's business activities according to sustainability criteria.

Electromobility and drive technologies

In the transport sector, a swift transition to electromobility is an important prerequisite on the road to climate neutrality. By 2030, a complete array electric vehicles in terms of both product diversity and range will be offered. Growing demand is additionally strengthened by the benefits of lower running costs and framework conditions such as government subsidies. ↗ [Electromobility](#)

Digitalisation and connectivity

The modern vehicle is already one of the most complex digital items owned by consumers. The implementation of software increasingly makes vehicles products which are expected to have corresponding digital functions. These are expected to provide reliable help and support in everyday life, offer additional options and fit seamlessly into a customer's personal environment. Accordingly, customer expectations are advancing worldwide and are an important factor in purchasing decisions.

↗ [Innovation, Digitalisation and Customer Orientation](#)

Beyond vehicle digitalisation, connectivity offers further potential along the value chain. To this end, the BMW Group founded the virtual platform Catena-X Automotive Network, together with other manufacturers, system suppliers and technology partners. Catena-X connects global players to entire value chains with the aim of exchanging data securely on a standardised basis. ↗ [Production and Supplier Network](#)

Automated/autonomous driving

Alongside digitalisation, development of automated/autonomous driving remains a key expectation for the future of mobility. Due to the importance of this topic for the automotive industry and the complexity of the technologies and required expertise, extensive funding is being channelled into development in this area worldwide.

Concrete requirements and regulations for autonomous driving are likely to be in place in some individual countries and regions by 2025. The aim of all regulators is presumably to authorise autonomous driving systems in the medium term. ↗ [Products](#)

STRATEGY PROCESS

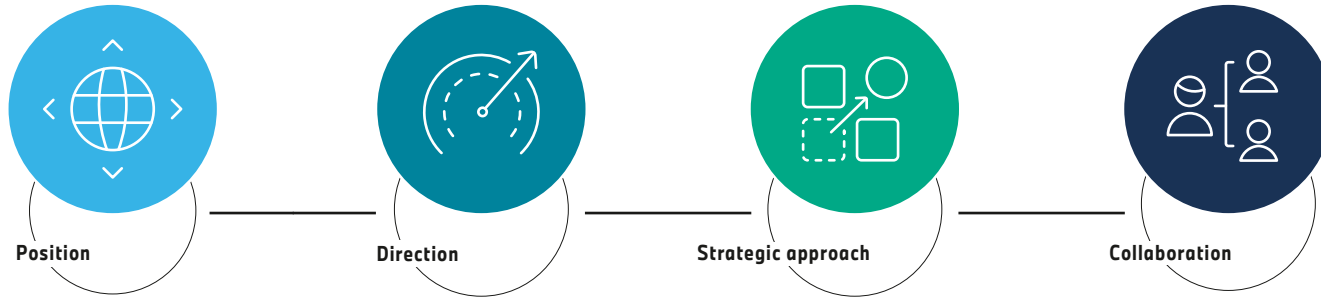
The BMW Group regards the strategy process as a continuous task. The Board of Management therefore regularly addresses strategic issues. The assumptions underpinning our strategy are regularly reviewed based on our environmental analysis. The BMW Group's corporate strategy, including its product strategy and its strategic goals, are the starting point for business departments to define concrete approaches and the corresponding measures. This process takes place via a closed-loop planning and management system. The strategy is integrated into longer-range corporate planning that is revised annually. Its implementation is monitored by a target system that is comprised of the aspects of finance, customers, processes, learning and development. ↗ [Performance Indicators and Performance Management](#). The strategy process allows plans to be drawn up for different scenarios to account for increasingly volatile and challenging environmental conditions, thereby ensuring flexibility and responsiveness.

Corporate strategy

The BMW Group's strategy is oriented to its corporate purpose. It is the driving force, the guiding principle and the orientation for our employees, and our commitment to our active role in society: "The BMW Group exists to move body, heart and mind."

With this in mind, the BMW Group's corporate strategy, referred to as the "BMW Group strategy", defines the strategic framework and lays the foundation for the Company to maintain a consistent and market-oriented focus on profitability, growth and sustainability, even in an increasingly dynamic environment. The BMW Group strategy outlines targets in four areas: position, direction, strategic approach and collaboration.

BMW Group Strategy



Position – What does the BMW Group stand for?

The BMW Group is committed to first-class individual mobility and contributes to sustainable development. It aims to find the right balance between business, the environment and society, and combines pleasure and responsibility without compromise. The BMW Group is committed to the Paris Climate Agreement and to providing a verifiable track record of continuous improvement. To achieve this, the BMW Group promotes the reduction of CO₂ emissions throughout the whole life cycle of its products as well as the principles of the circular economy – from the supply chain to production, the use phase and the recycling of its products. For this reason, the BMW Group has laid out measurable, science-based targets to be reached by 2030; these are firmly established across the Company (base year 2019). CO₂ emissions are to be reduced as follows:

1. An average of 80 % carbon reduction at our own production sites and locations (Scope 1 and 2) per vehicle produced ([↗ Reduce carbon emissions at the locations](#))
2. Carbon reduction during the vehicle's use phase (Scope 3 downstream) by an average of at least 50 % per kilometre driven. Increased efficiency in our electrified models and

the new generation of combustion engine technology will make this possible. An additional driving force for this is the dynamic growth in demand for our electrified vehicles ([↗ Electromobility](#), [↗ Automotive segment](#))

3. An average of at least 20 %* carbon reduction in the supply chain (Scope 3 upstream) per vehicle produced ([↗ Carbon emissions in the supply chain](#))

We have joined the Science-Based Targets Initiative (SBTi) for this purpose. This will enable us to guarantee transparency and comparability in the validation and measurement of our targets and, at the same time, ensure they are in line with the latest scientific findings. ([↗ Carbon emissions](#))

[↗ Control parameters](#) such as [↗ carbon emissions](#) over the entire product life cycle are important [↗ Performance indicators](#) during the development phase of our vehicle projects. The Board of Management receives and discusses a status report on sustainability every quarter and derives appropriate measures as required.

The BMW Group is actively working on numerous projects and initiatives to improve the framework conditions for electromobility, including the expansion of charging infrastructure on a broad basis. The ambitious goals of the Paris Climate Agreement are

designed to tackle climate change in the transport sector, requiring a combination of modern drive technologies that are closely aligned with customer needs and different mobility requirements around the world. In addition to all-electric models, plug-in hybrids and modern combustion engine technologies also make an important contribution to the reduction of global CO₂ emissions. The BMW Group is also continuously forging ahead with its work with hydrogen. ([↗ Products](#))

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 an international sustainability network.



Direction – What drives the BMW Group?

The BMW Group offers exciting products for current and future generations and secures its independence as a company by maintaining a high level of profitability. The BMW Group is shaping the future of sustainable mobility with its passion and strong capacity for innovation. Thanks to its exciting products, the BMW Group is able to achieve maximum customer satisfaction and brand strength, and thus grow its market share.

Economic performance is a very important aspect of our corporate management system. To underline the importance of the BMW Group's profitability, our ambitious financial targets are tied to the following strategic key performance indicators: EBIT margin in the Automotive segment (between 8 and 10 %), RoCE in the Automotive segment (at least 18 %) and Group EBT margin (more than 10 %). ([↗ Performance Indicators and Performance Management](#))

* For the sake of simplicity, this figure has been rounded. The target validated under SBTi is 22 %.

As part of our focus on efficiency, we regularly assess ways to utilise synergies and efficiencies across the Company. In this way, we reduce the complexities that arise from increasingly strict and heterogeneous regulatory requirements. Faster, digitalised processes in lean structures are fundamental to systematically leveraging efficiencies.



Strategic approach – Where is the BMW Group heading?

The BMW Group is focused on its customers worldwide and on meeting their different requirements. It does so by understanding the needs of its current and future customers and exceeding their expectations. It combines groundbreaking technologies, emotional products and individual customer care to create a unique overall experience. The topics of electrification, digitalisation and circularity are of particular importance.

We recognised the importance of electromobility early on and have been working resolutely to implement this transformation in the Company. The BMW Group invests in both the renovation of existing plants and the development of employee skills, with the view that continuous training guarantees jobs worldwide. [↗ Employees and Society](#) The restructuring of our main plant in Munich, set to be completed by 2026, demonstrates how the BMW Group is successfully shaping the transformation of an entire plant – including engine production – during ongoing production, from combustion engine technology to 100 % electromobility. In this context, the BMW Group is making considerable investments to also drive this continuous transformation in all aspects of sustainability (ESG criteria). [↗ Production and Supplier Network](#), [↗ Employees and Society](#)

The BMW Group is making customer experience the focus of all its marketing and sales activities. The aim is to offer the industry's best premium customer experience. In an increasingly digital environment with changing customer needs, the Company relies on a future-oriented sales structure with a focus on the digitalisation of the customer interface and direct customer access. In this context, the My BMW App and MINI App play a significant role with almost ten million users at present. More than two million customers access the apps every day. Using their smartphones, they interact with their BMW or MINI vehicles, the BMW Group itself and the BMW and MINI dealerships and also receive personalised offers. The relationship with the customer thus becomes even closer.

In the future, direct sales with agents as sales representatives in Europe and China will become a further essential element of the realigned sales structure. MINI will be the first Group brand to implement the new sales model in Europe and China, and the BMW brand will follow suit in Europe in 2026. This is how the BMW Group is decisively driving forward with its online sale of vehicles.

Customers are free to choose whether they would like to order their vehicle from agents or online. They also have the option to seamlessly switch between both worlds. At the same time, we aim to achieve consistent prices across all sales channels, providing a beneficial transparency for our customers. The trading partners will be closely involved in the implementation. The new sales structure offers an attractive and sustainable business model for these partners, and they will continue to be the face for customers in the future, where they can focus on providing the best advice and support. In turn, the BMW Group is improving customer access through direct sales, a basic requirement when aiming to offer the best customer experience in the industry. In the

Financial Services segment, we are also continually expanding our services to include digital and modular services. The aim is for our products to be accessible to all customer groups across all channels within our strategic orientation in the Financial Services segment. [↗ Financial Services segment](#)



Collaboration – How does the BMW Group achieve this?

The BMW Group constantly strives for the best results, supporting its employees with the discovery and development of their potential so they are able to remain productive. We support and challenge strong teams with complementary strengths who work together to achieve the best solutions in a complex environment. We see diversity as an important element of our competitiveness. [↗ Employees and Society](#) The diversity metric defines the share of women in management positions as a key performance indicator and a strategic target variable. The aim is to increase the share of women in management positions at the BMW Group to 22 % by 2025. [↗ Performance Indicators and Performance Management](#)

BMW Group employees not only work closely together within the Company, but also with external partners. The stable relationships that have grown in our partner networks over time are based on the same values as those at the BMW Group. They allow us to maximise our effectiveness and work together to lead the Company to success. This has proven effective in the crisis years, most recently in 2022: our [↗ Supply Chains](#) held up and our dealer network remained strong, despite challenging conditions including the shortage of semiconductor components, pandemic-related lockdowns in China and additional supply bottlenecks resulting from the war in Ukraine.

Catena-X

As a co-founder and member of Catena-X, the BMW Group is part of a collaborative, open data ecosystem that connects suppliers, automobile manufacturers and recycling companies digitally. Catena-X aims to facilitate a cohesive digital flow of information across the entire value chain. Catena-X users are connected using a data-driven approach based on European values and principles (GAIA-X and IDSA) and common standards, enabling different applications along the entire automotive value chain for the first time. The sovereign exchange of data allows each company to retain control of its own data.

Catena-X is currently focused on the circular economy, resilience, profitability and customer experience. A database is being created to ensure the transparency of sustainability and regulatory requirements such as the carbon footprint. Uniform standards and processes will make it possible to gradually take on additional partners for cross-company collaborations, regardless of their size. Membership in the Catena-X network could play a larger role in the supplier nomination process in the future in order to ensure consistency in the supply chain. The Catena-X network currently has 133 members (status: 1 January 2023).

Together with our cooperation partners, we realise potential by accessing more expertise and improving our profitability and technology footprint. We continuously expand our collaborations to unlock additional potential for value creation in the Group. [➤ Innovation, Digitalisation and Customer Orientation](#)

Product strategy and the electric future with the NEUE KLASSE

The BMW Group is consistently implementing the transformation towards all-electric, connected mobility. As early as 2013, the Company pioneered e-mobility by developing the technology for "project i" and putting it into series production in the BMW i3 and BMW i8.

The all-electric vehicle model initiative was launched in 2020, and by the end of 2022, seven models had been launched: the BMW iX3¹, the BMW iX1, the BMW i4¹, the BMW i7¹, the BMW iX11, the long-wheelbase version of the BMW 3 Series for the Chinese market and the MINI Cooper SE¹. With 215,752² fully electrified vehicles, the number of deliveries more than doubled in reporting year 2022 (2021: 103,854² vehicles/+107.7%). BMW M is also working on various forms of electrification. In 2021, the brand launched a performance automobile with an all-electric drive system, the BMW i4 M50¹, followed by the BMW iX M60¹ in 2022.

The BMW i5 sedan and the long-wheelbase version of the BMW iX1 for the Chinese market will be available for sale in 2023. Rolls-Royce, the world's leading brand in the luxury class, will launch its first all-electric vehicle, the Spectre¹. [➤ Automotive segment](#) This means the BMW Group will have at least one all-electric model in nearly all major model series on the roads in 2023. The share of electrified vehicles in total deliveries is expected to exceed 30 % by as early as 2025. Intelligent vehicle architecture and the highly flexible [➤ Production Network](#) are the basis of this initiative.

BMW Motorrad continued to pursue its electrification strategy with the successful launch of the BMW CE 04 electric scooter in March 2022. Furthermore, the all-electric BMW CE 02 concept vehicle provides an outlook on additional offerings in urban mobility. [➤ Motorcycles segment](#)

In addition to delivering product substance, we also offer customers a 360° approach with an appropriate charging ecosystem. Customers can charge their vehicles at home, at work and in public places, and can also use our BMW Charging and MINI Charging stations. [➤ Electromobility](#)

Beginning in 2025, we will take the next step in our transformation process with the NEUE KLASSE, which is expected to set standards in electrification, digitalisation and circularity.

The NEUE KLASSE is distinguished by its new cluster architecture (NCAR), which is entirely focused on BEVs (battery electric vehicles). The sixth generation of our electric drivetrain features a completely new high-voltage storage concept, optimised cell design and improved cell chemistry. These developments result in a roughly 30 % longer range, an up to 30 % shorter charging time, and about 50 % lower manufacturing costs. The new generation of drives will consist of highly scalable modules that can cover the entire range of our products. The BEV-focused vehicle architecture and the new generation of drives and batteries are expected to provide significant gains in efficiency in the NEUE KLASSE.

¹ [➤ Consumption and Carbon Disclosures.](#)

² Includes BMW Brilliance Automotive Ltd.



As part of the revolutionary user experience concept for the NEUE KLASSE, the BMW Panoramic Vision introduces a new generation of head-up displays that provide customers with a projection of comprehensive, relevant information across the entire windshield. This reinterpretation of driver orientation creates a new user interface and increases safety on the road by the “eyes on the road and hands on the wheel” approach. The NEUE KLASSE also features a newly defined electric/electronic architecture for hardware and software and a new module system for automated driving. This is expected to establish the basis for generation of an increasing proportion of sales through individually configurable and bookable features over the vehicle's life cycle.

Another aim of the NEUE KLASSE is to achieve a new level of sustainability across the entire vehicle life cycle. To this end, the BMW Group focuses on the concept of circularity, using an increasing proportion of secondary materials. [↗ Closing material cycles](#)

Production of vehicles for the NEUE KLASSE will get underway in 2025 at the newly constructed BMW Group plant in Debrecen and then be expanded to the BMW Group plant in Munich from 2026 onwards. Additional volumes will be achieved by integrating NEUE KLASSE into the BMW Group plant in San Luis Potosí from 2027. All-electric vehicles are expected to make up more than half of the BMW Group's total deliveries by 2030. The Rolls-Royce brand is set to become fully electric by 2030, and the MINI brand will follow suit by 2031. [↗ Electromobility](#)

PERFORMANCE INDICATORS AND PERFORMANCE MANAGEMENT

The BMW Group's strategic targets are derived from the findings of the [↗ Environmental Analysis and Megatrends](#) in an ongoing [↗ Strategy Process](#) and subsequently translated into a system for measuring performance. 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. [↗ 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. [↗ Performance Management](#)

Group

- Profit before tax (EBT)
- Number of employees at the end of the year
- Share of women in management positions (in %)

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 electrified vehicles in deliveries (in %; until 2022)
- Share of all-electric vehicles in deliveries (in %; from 2023, see [↗ Performance Management](#))
- CO₂ emissions EU new vehicle fleet (in g CO₂/km)
- CO₂ emissions per vehicle produced (in tonnes)

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

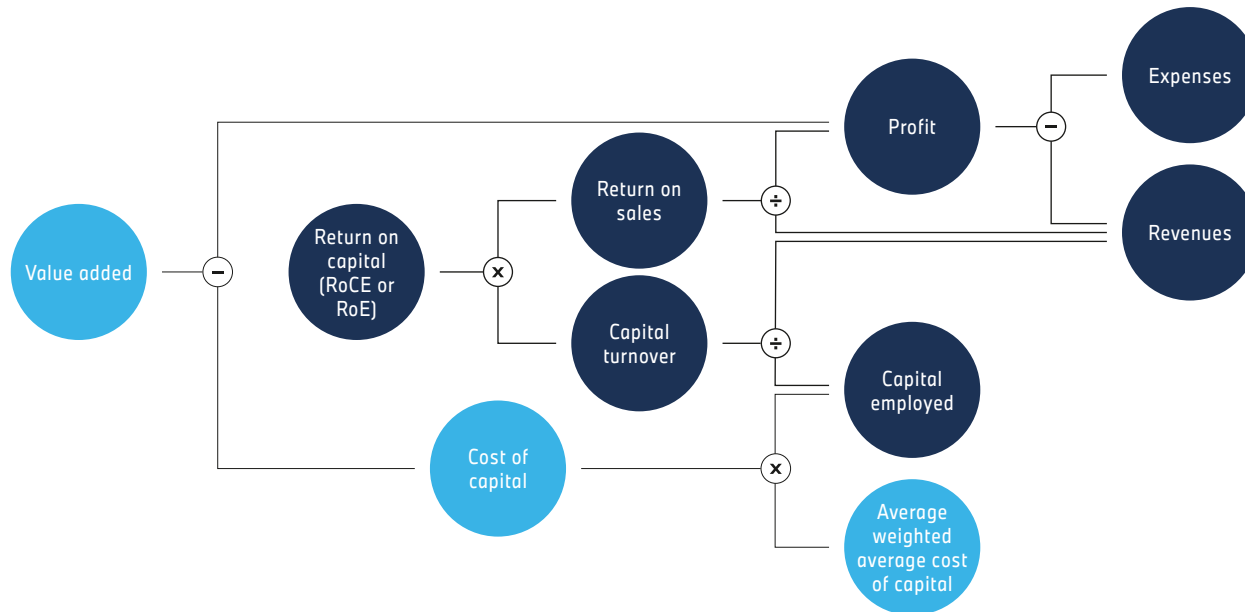
- Return on equity (RoE; in %)

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 protection 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 multilayered 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 strategy is determined by the Board of Management. Responsibility for implementing the Group's sustainability goals also lies with the full Board. Significant decisions are therefore also 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 which has been implemented for each of the Board members' areas of responsibility. The BMW Group has set itself the target of decarbonising its vehicle fleet by an average of 40 % overall over the entire life cycle by 2030, compared to the base year 2019. In this context, specific targets have been set for the scope of the vehicle's use phase, production and supply chain (**↗ Position, ↗ Carbon emissions**). Based on these targets, specific carbon requirements for each vehicle project are derived, digitally managed and monitored.

An integrated approach to target management ensures that the BMW Group's vehicle projects make a positive contribution towards achieving the sustainability targets that have been set. Furthermore, the BMW Group will increase targets for the use of secondary raw materials in the long term. Non-financial performance indicators such as carbon emissions and, in future, secondary raw materials quotas are therefore key performance indicators for all new vehicle projects. The overall result is a cohesive management model across all aspects of the business. This ensures that financial aspects are taken into consideration and the most effective measures are prioritised for implementation in all areas. **↗ GRI Index: 2-13**

Managing operational performance at segment level

At segment level, operational performance is managed using an aggregated approach based on returns on capital. Depending on the business model, the segments are measured on the basis of return on total capital 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 as compared to 2021 in light of the acquisition of further shares in BMW Brilliance and the resulting full consolidation of that entity in the BMW Group Financial Statements from 11 February 2022. 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 %. Value is enhanced for BMW AG shareholders when the RoCE exceeds the cost of capital.

Return on capital employed (Automotive segment)¹

	Profit before financial result in € million		Average capital employed in € million		Return on capital employed in %	
	2022	2021	2022	2021	2022	2021
Automotive	10,635	9,870	58,728	41,064	18.1	24.0

Due to the special significance of the RoCE for the BMW Group, additional key figures are used to manage the Automotive Segment which have a considerable influence on the return on investment and subsequently on the success of the segment as a whole. 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. In this context, it also reports on the share of electrified vehicles in total deliveries. [↗ Performance Indicators](#) 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. [↗ Managing sustainability](#) Starting with the financial year 2023, the performance indicator "share of electrified vehicles in deliveries" will be replaced by the indicator "share of fully electric vehicles in deliveries". The reason for the adjustment is the BMW Group's

increasing focus on fully electric vehicles and their increasing importance for the Company's ambitious CO₂ targets. [↗ Outlook](#)

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

Motorcycles segment

The Motorcycles segment is largely managed according to 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.

Return on capital employed (Motorcycles segment)²

	Profit before financial result in € million		Average capital employed in € million		Return on capital employed in %	
	2022	2021	2022	2021	2022	2021
Motorcycles	257	227	1,031	1,034	24.9	21.9

¹ The term "RoCE" has been redefined with effect from the reporting year 2022 (for definition, see [↗ Glossary](#)). The 2021 figure was adjusted accordingly for comparison purposes (2021 before adjustment: 59.9 %).

² The term "RoCE" has been redefined with effect from the reporting year 2022 (for definition, see [↗ Glossary](#)). The 2021 figure was adjusted accordingly for comparison purposes (2021 before adjustment: 35.9 %).

Return on equity (Financial Services segment)

	Profit before tax in € million		Average equity capital in € million		Return on equity in %	
	2022	2021	2022	2021	2022	2021
Financial Services	3,205	3,753	17,891	16,586	17.9	22.6

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 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 %.

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

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.

$$\text{Value added Group} = \text{earnings amount} - \text{cost of capital}$$

$$= \text{earnings amount} - (\text{cost of capital rate} \times \text{capital employed})$$

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%. [↗ Strategy Process](#)

Value added Group

	Earnings amount		Cost of capital (equity + debt capital)		Value added Group	
in € million	2022	2021	2022	2021	2022	2021
BMW Group	23,730	16,289	11,194	8,938	12,536	7,351



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 average weighted cost of capital for the BMW Group in 2022 was 12 %, unchanged from the previous year.

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 %	2022	2021
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](#).

FINANCIAL PERFORMANCE

51	General and Sector-specific Environment
55	Overall Assessment by Management of the Financial Year
56	Comparison of Forecasts with Actual Outcomes
57	Financial Position
67	Course of Business and Segments
75	Comments on the Financial Statements of BMW AG

FINANCIAL PERFORMANCE

GENERAL AND SECTOR-SPECIFIC ENVIRONMENT

The extent to which the global economy recovered in 2022 from the disruptive impact of the coronavirus pandemic was significantly less pronounced than had been generally expected at the beginning of the year. According to the provisional calculations of the International Monetary Fund (IMF), global gross domestic product (GDP) grew by 3.4 % in 2022.

The eurozone economy as a whole grew by 3.5 % in 2022, influenced by the war in Ukraine and the rise in interest rates as a result of high inflation. With a growth rate of 1.8 %, Germany recorded the lowest increase in economic activity, mainly reflecting the impact of supply bottlenecks and higher energy prices, both of which hit the export-oriented German economy harder than others. By contrast, the economies of France (+ 2.6 %), Italy (+ 3.9 %) and Spain (+ 5.5 %) all managed to grow faster in 2022.

GDP grew in the UK by 4.0 % in 2022. In the USA, the economy grew by 2.1 % in the reporting period, reflecting the impact of interest rate hikes already made or expected to be made by the US Reserve Bank (Fed) to combat the very high rate of inflation still prevailing in the USA. China's economy grew by 3.0 % in 2022 and therefore at a significantly slower pace than one year earlier, mainly due to the recurrent coronavirus-induced lockdowns in a number of cities in light of the Chinese government's zero-Covid strategy. The Japanese economy recovered only slightly during the year under report. The growth rate of 1.1 % was due to weaker demand, particularly from private households.

Currency markets and international interest rate environment

Supply chain bottlenecks and significantly higher energy prices contributed to rising inflation in the world's major economies in 2022. In response to this development, many central banks tightened their monetary policies markedly over the course of the year.

In view of the war in Ukraine and the energy crisis, the euro came under pressure against the US dollar, falling sharply to a 20-year low of 0.95 US dollars to the euro in September, before recovering slightly in the following weeks. In 2022, the US currency fluctuated between 1.13 and 0.95 US dollars to the euro, culminating in an average exchange rate of 1.05 US dollars to the euro for the year. In light of high inflation rates, both the European Central

Bank (ECB) and the Fed tightened their monetary policy during the period under report and raised their benchmark interest rates significantly in a series of steps.

Throughout 2022, the British pound remained at the lower level to which it had fallen following the Brexit referendum in 2016. It fluctuated between 0.87 and 0.83 pounds to the euro, ultimately

recording an average rate for the year of 0.85 pounds to the euro and was therefore marginally stronger than in the preceding years. In response to high inflation, the Bank of England (BoE) also raised its benchmark interest rate significantly.

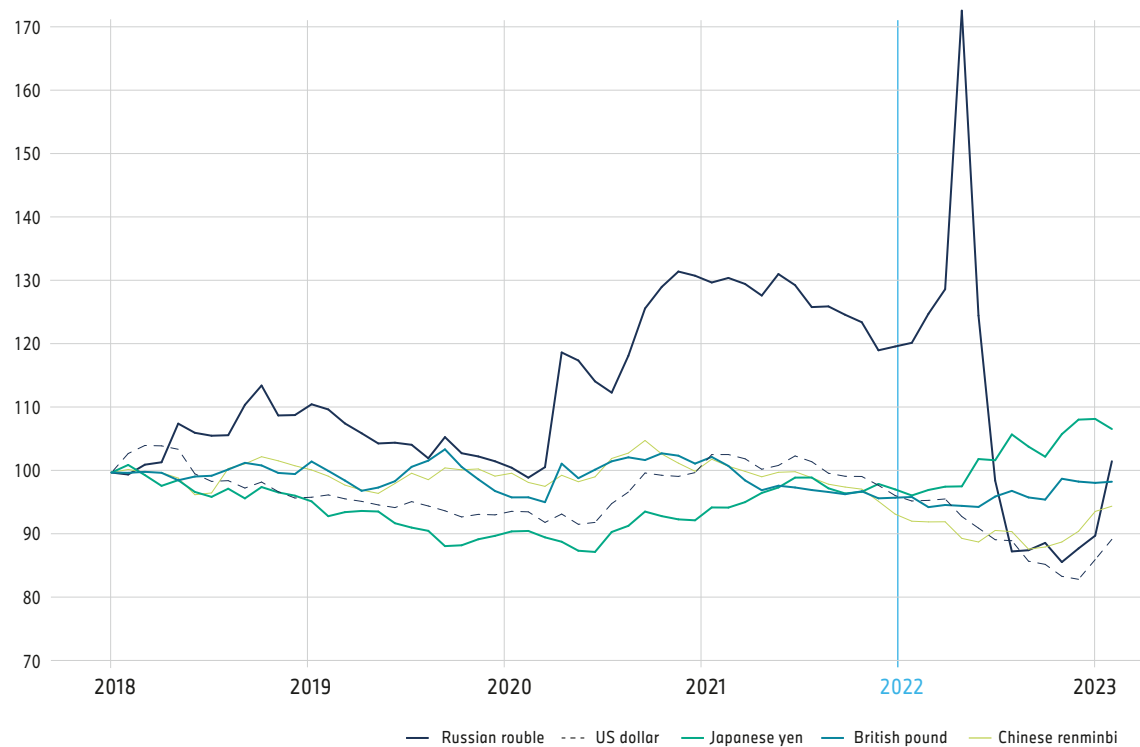
High inflation levels worldwide in combination with a weakening global economy in 2022 caused the value of the Chinese renminbi to fall continually, resulting in an average exchange rate for the year of 7.1 renminbi to the euro.

The Japanese yen fluctuated between 145 and 129 yen to the euro during 2022. Based on an average exchange rate of 138 yen, the Japanese currency fell in value against the euro compared to the previous year.

The currencies of major emerging markets appreciated during 2022, in some cases significantly, due to the sharp rise in raw materials prices. While the average value of the Indian rupee went up by around 6 % against the euro, the South African rand fell by 2 % and the Brazilian real by 14 % against the euro. Due to the rise in energy prices, the Russian rouble also appreciated significantly by 16 %.

Exchange rates compared to the euro

Index: December 2017 = 100



Source: Bloomberg



Energy and raw materials prices

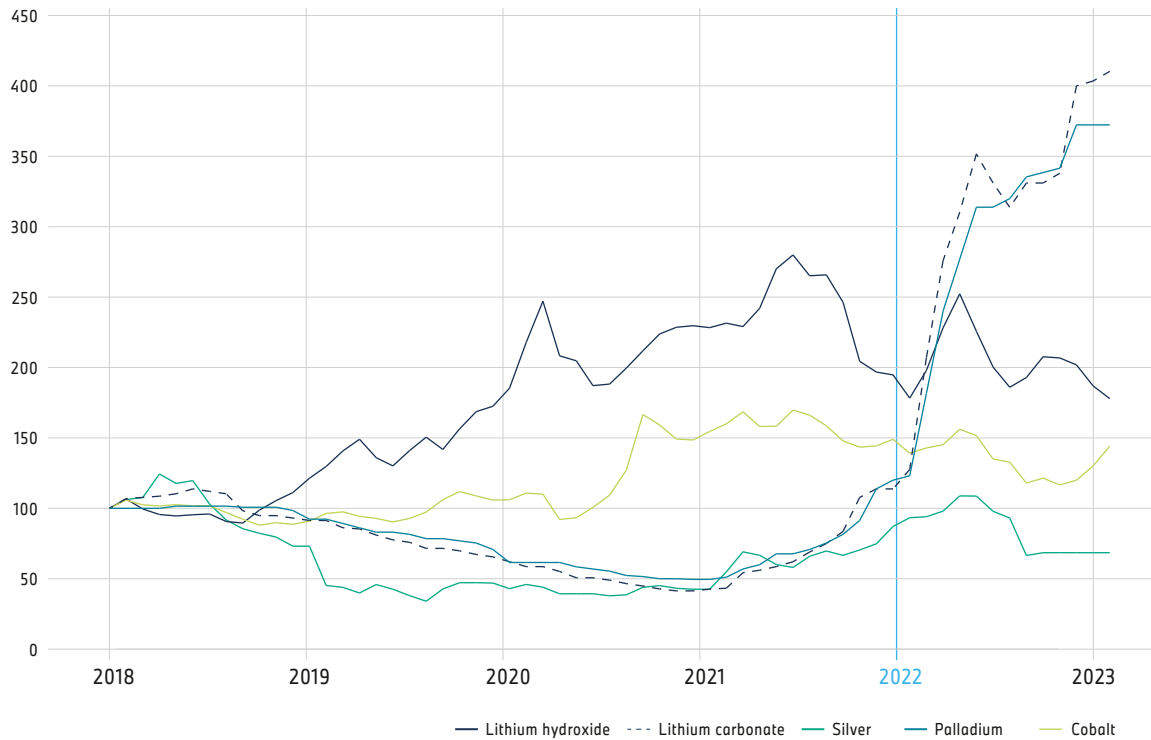
As a result of global supply bottlenecks and the war in Ukraine, the year under report was also marked by significantly higher energy and raw materials prices. Prices for natural gas in Europe, for instance, had effectively tripled by autumn 2022. The prices of aluminium and steel also rose by 30 % and 50 % respectively at the beginning of 2022. In the meantime, however, prices have returned to their previous year's levels.

Precious and non-ferrous metals also followed a similar trend. After rising sharply through to mid-2022, prices fell again during the second half of the year, particularly those of rhodium and palladium.

Prices for battery-related raw materials continued to rise, mainly due to the growing demand for electric vehicles. While cobalt declined significantly, lithium prices continued to rise through to the end of the year, effectively tripling in price year-on-year.

Development of metal prices

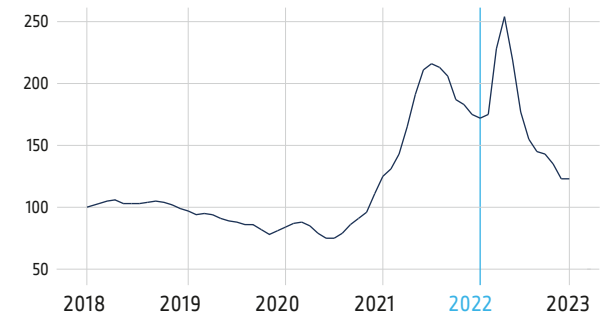
Index: December 2017 = 100



Source: Bloomberg

Steel price trend

Index: January 2018 = 100



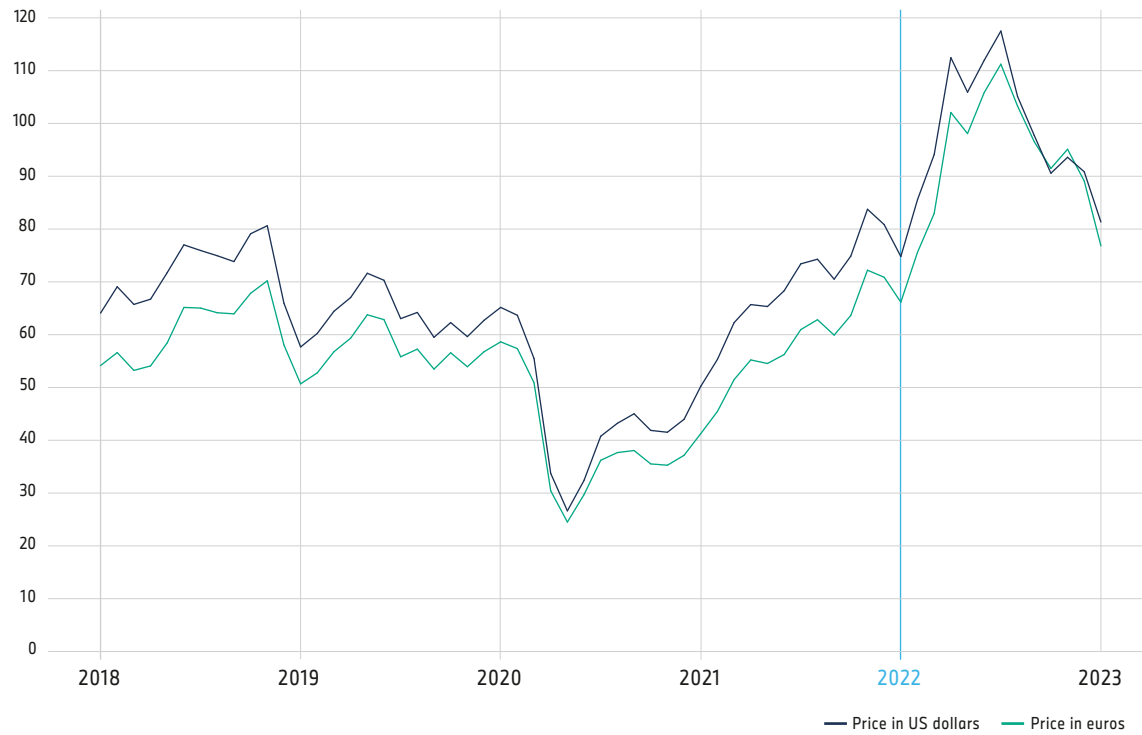
Source: Working Group for the Iron and Metal Processing Industry



The price of crude oil rose significantly in 2022. During the period under report, US WTI crude was temporarily quoted at over 120 US dollars and Brent crude at more than 125 US dollars per barrel. Prices fell again substantially towards the end of 2022, but remained above prior-year levels.

Oil price trend

Price per barrel of Brent Crude



Source: Bloomberg

International automobile markets

Due to the combined impact of ongoing supply bottlenecks, war in Ukraine and coronavirus-related measures in China, international automobile markets contracted slightly in 2022, despite stable demand. Worldwide, the number of new registrations fell by 4.3 % to 71.2 million units.

International automobile markets

	Change compared to previous year in %
Europe	- 4.2
thereof Germany	+ 1.1
thereof France	- 7.8
thereof Italy	- 9.5
thereof Spain	- 5.4
thereof UK	- 2.0
USA	- 7.3
China	+ 12.0
Japan	- 4.7
South Korea	- 2.8
Total	- 4.3

International motorcycle markets

Motorcycle markets in the 250 cc plus class declined slightly in 2022, with worldwide registrations 2.1 % down on the previous year. European markets also contracted slightly overall (-1.4 %), with motorcycle registrations falling slightly in Spain (-1.2 %) and moderately in Germany (-5.2 %) and France (-6.7 %), while Italy recorded a slight increase (+0.7 %). Registration figures in the USA fell slightly (-3.7 %). In Asia, registrations were significantly below the previous year's figures (-14.6 %), especially in China as a result of the strict measures to curb the coronavirus. Brazil saw only a slight decline of 1.3 %.

Registration figures on international motorcycle markets developed as follows in the year under report:

International motorcycle markets

	Change compared to previous year in %
Europe	- 1.4
thereof Germany	- 5.2
thereof France	- 6.7
thereof Italy	+ 0.7
thereof Spain	- 1.2
Americas	- 3.0
thereof USA	- 3.7
thereof Brazil	- 1.3
Asia	- 14.6
thereof China	- 14.6
Total	- 2.1

OVERALL ASSESSMENT BY MANAGEMENT OF THE FINANCIAL YEAR

The year 2022 was dominated by a number of ongoing global challenges, in particular semiconductor supply shortages, pandemic-related lockdowns in China and the impact of the war in Ukraine. Despite the resulting volatile business environment, however, the BMW Group can be satisfied with the overall positive course of business during the financial year 2022.

The BMW AG's solid financial condition is reflected in the results of operations, financial position and net assets reported for the financial year 2022. Business developed in line with management's revised expectations. This assessment also takes into account events after the end of the reporting period.

COMPARISON OF FORECASTS WITH ACTUAL OUTCOMES

The BMW Group's performance in 2022 was impacted in particular by the tight global supply situation for semiconductor components, the war in Ukraine and higher energy prices. Strict coronavirus-related measures in China also affected the course of business, with lockdowns resulting in a noticeable slowdown in economic growth, the repercussions of which were also felt globally. These negative factors had the effect of holding down the BMW Group's overall positive business performance compared to expectations at the beginning of the year.

The following table summarises the development of the BMW Group's key performance indicators as a whole as well as those of the Automotive, Motorcycles and Financial Services segments in the financial year 2022 compared to the forecasts made in the BMW Group Report 2021.

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. Changes in the key performance indicators used for the Automotive, Motorcycles and Financial Services segments are explained in the respective sections on the segments.

BMW Group: comparison of the forecast for 2022 with actual outcomes in 2022

	Forecast for 2022 in 2021 Group Report	Forecast revision during the year	Actual outcome in 2022
GROUP			
Profit before tax	Significant increase		23,509 (+ 46.4 %) Significant increase
Workforce at year-end	Significant increase		149,475 (+ 25.7 %) Significant increase
Share of women in management positions in the BMW Group	Slight increase		20.2 (+ 7.4 %) Solid increase
AUTOMOTIVE SEGMENT			
Deliveries ¹	In line with last year's level	Q2: slight decrease	2,399,632 (- 4.8 %) Slight decrease
Share of electrified vehicles in deliveries	Significant increase		18.1 (+ 39.2 %) Significant increase
CO ₂ emissions EU new vehicle fleet ^{2,3,4}	Slight reduction	Q3: moderate reduction	105.0 (- 9.4 %) Moderate reduction
CO ₂ emissions per vehicle produced ⁵	Slight reduction		0.32 (- 3.0 %) Slight reduction
EBIT margin	Between 7 and 9		8.6 (- 1.7 % points)
Return on capital employed (RoCE)	Between 14 and 19		18.1 (- 5.9 % points)
MOTORCYCLES SEGMENT			
Deliveries to customers	Slight increase		202,895 (+ 4.4 %) Slight increase
EBIT margin	Between 8 and 10		8.1 (- 0.2 % points)
Return on capital employed (RoCE)	Between 19 and 24		24.9 (+ 3.0 % points)
FINANCIAL SERVICES SEGMENT			
Return on equity (RoE)	Between 14 and 17	Q2: 17 to 20	17.9 (- 4.7 % points)

¹ Includes BMW Brilliance Automotive Ltd. for the full year 2022, including the period prior to that entity's full consolidation in the BMW Group Financial Statements (1 January to 10 February 2022: 96,133 units).

² EU-27 countries including Norway and Iceland; with effect from 2021, values are calculated on a converted basis in line with WLTP (Worldwide Harmonised Light Vehicles Test Procedure).

³ This is a preliminary internal calculation with a potential variation of +/- 0.5 g CO₂/km, as official registration figures from the authorities are not available for all EU states. Figures officially published by the EU Commission are not expected to be available until November of the following year.

⁴ Including an allowance for eco-innovations (amounts of minor significance).

⁵ Efficiency ratio calculated on the basis of Scope 1 and Scope 2 carbon emissions (i.e. a market-based method according to GHG Protocol Scope 2 guidance; mainly based on the use of emissions factors for electricity, district heating and fuels of the VDA, each in the most current valid version: 12/2022) and occasionally using local emissions factors; excluding climate-changing gases other than carbon dioxide from vehicle production (BMW Group manufacturing sites including the BMW Brilliance Automotive Ltd. joint venture and Motorrad, but excluding partner plants and contract manufacturers), as well as BMW Group non-manufacturing sites (e.g. research centres, sales centres, offices) divided by the number of vehicles produced (BMW Group manufacturing sites including the BMW Brilliance Automotive Ltd. joint venture and partner plants, but excluding contract manufacturers).



FINANCIAL POSITION

EARNINGS PERFORMANCE OF THE BMW GROUP

BMW Group Condensed Income Statement

in € million	2022	2021	Change in %
Revenues	142,610	111,239	28.2
Cost of sales	- 118,042	- 89,253	- 32.3
Gross profit	24,568	21,986	11.7
Selling and administrative expenses	- 10,616	- 9,233	- 15.0
Other operating income and expenses	47	647	- 92.7
Earnings before financial result	13,999	13,400	4.5
Financial result	9,510	2,660	-
Profit before tax	23,509	16,060	46.4
Income taxes	- 4,927	- 3,597	37.0
Net profit	18,582	12,463	49.1
Earnings per share of common stock in €	27.31	18.77	45.5
Earnings per share of preferred stock in €	27.33	18.79	45.5

in %	2022	2021	Change in % points
Gross profit margin ¹	17.2	19.8	- 2.6
Pre-tax return on sales ²	16.5	14.4	2.1
Post-tax return on sales ³	13.0	11.2	1.8
Effective tax rate ⁴	21.0	22.4	- 1.4

¹ Gross profit as a percentage of Group revenues.² Group profit/loss 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 %	2022	2021
Europe	36.1	42.4
Asia	38.3	32.5
Americas	23.6	22.8
Other regions	2.0	2.3
Group	100.0	100.0

BMW Group cost of sales

in € million	2022	2021	Change in %
Manufacturing costs*	76,760	50,345	52.5
Cost of sales relating to financial services business	27,517	26,409	4.2
thereof interest expense relating to financial services business	2,114	1,643	28.7
Research and development expenses	6,624	6,299	5.2
thereof amortisation of capitalised development costs	2,265	1,935	17.1
Service contracts, telematics and roadside assistance*	2,775	2,607	6.4
Warranty expenditure	3,209	2,192	46.4
Other cost of sales	1,157	1,401	-17.4
Cost of sales	118,042	89,253	32.3

* Previous year's figure adjusted.

The first-time consolidation of BMW Brilliance as of 11 February 2022 has had a significant impact on the key performance indicators presented for the Group and the Automotive segment. Further information on the effect of the full consolidation is provided in [note 3](#) to the Group Financial Statements.

Supply bottlenecks for semiconductor components, the limited availability of wiring harnesses due to the war in Ukraine and pandemic-related lockdowns in China led collectively to worldwide production cutbacks during the financial year under report. Whereas the supply situation for wiring harnesses eased during the second quarter 2022, the limited availability of semiconductor components and numerous lockdowns in China in particular continued to cause problems for global supply chains and hence production. Towards the end of the third quarter, the supply situation for semiconductor components began to ease perceptibly, only for renewed pandemic-related lockdowns to take their toll in the form of production cutbacks and dealership closures in China during the fourth quarter. For the financial year as a whole, sales volumes were therefore slightly down on the previous year due to production-related factors.

Nevertheless, the Group revenues were significantly higher than one year earlier (2022: € 142,610 million; 2021: € 111,239 million/+ 28.2%), mainly due to the revenue impact of fully consolidating BMW Brilliance. Favourable pricing and product mix effects as well as the higher volume of business with spare parts and accessories also contributed to revenue growth, despite the decline in sales volumes. The favourable situation on pre-owned vehicle markets, particularly in the USA and Germany, enabled the BMW Group to achieve higher selling prices on lease returns during the financial year under report. Exchange rate factors also had a positive effect on revenues.

As with revenues, the fact that BMW Brilliance is now fully consolidated contributed significantly to the increase in cost of sales. The impact of a number of first-time consolidation-related expenses such as depreciation and amortisation arising on the purchase price allocation (€ 1.8 billion) and the elimination of intragroup profits (€ 1.3 billion) also drove up segment cost of sales. Increasing costs for materials and logistics as well as higher warranty expenses in 2022 had a corresponding negative impact on the cost of sales, particularly due to the limited availability of semiconductors, supply chain disruptions and higher

prices for raw materials and energy. Expenses arising on the sale of lease returns, a rise in financing costs due to higher interest rates, higher expenses for loan provisions and a larger share of electrified vehicles in total deliveries were further factors that drove up cost of sales. However, with residual values remaining high on pre-owned automobile markets, positive outcomes arising on the resale of lease returns had a dampening effect on cost of sales. The ongoing transformation towards electric mobility and the associated short- and medium-term impact on the product portfolio require a regular review of the useful lives of items of property, plant and equipment subject to systematic depreciation. Some useful lives were revised during the financial year and extended accordingly, giving rise to a positive effect of € 524 million, which also contributed to a reduction in the cost of sales. Further information is provided in [note 23](#) to the Group Financial Statements.

In the previous financial year, the changeover effects resulting from the modernisation of the pension plan model in Germany had a total positive impact of € 562 million on Group cost of sales as well as selling and administrative expenses. 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 € 8,566 million (2021: € 6,495 million).

The BMW Group's research and development expenditure was moderately higher than one year earlier. By contrast, the research and development ratio went down year-on-year due to the higher level of revenues reported. A substantial portion of research and development expenditure relates to new models, the [NEUE KLASSE](#), and within this context, the sixth generation of electric drives, the digitalisation of the vehicle fleet, and automated driving.

The net amount of other operating income and expenses decreased significantly year-on-year, primarily due to the partial reversal of the provision relating to the antitrust proceedings conducted by the EU Commission in the second quarter 2021.

Due to the various factors affecting gross profit, as described above, profit before financial result edged up to € 13,999 million (2021: € 13,400 million).

The financial result improved significantly compared to the previous year at € 9,510 million (2021: € 2,660 million), whereby the main contributing factor was the gain of € 7.7 billion arising in conjunction with the remeasurement of the BMW Group's previous at-equity interest in BMW Brilliance at the date of the business combination. The result from at-equity accounted investments came in at a net negative amount of € 100 million, and therefore significantly lower than one year earlier (2021: net positive amount of € 1,520 million), reflecting the fact that the Group's at-equity share of earnings in the BMW Brilliance joint venture in China was only included in this line item until 10 February 2022.

The favourable fair value development of interest rate hedges contributed to the increase in other financial result in 2022, thanks in particular to significant upturns in yield curves, mainly in the USA, the UK and the eurozone. The net interest result was impacted by interest income earned on bank balances and income in connection with the measurement of provisions due to changes in interest rates.

As forecast most recently in the quarterly statement to 30 September 2022, Group profit before tax amounting to € 23,509 million was significantly higher than one year earlier (2021: € 16,060 million).

Group income tax expense for the year rose to € 4,927 million (2021: € 3,597 million; + 37.0 %), mainly due to the tax expense arising at the level of BMW Brilliance being reported in this line item with effect from the date of full consolidation. The effective tax rate for the 12-month period was 21.0 % (2021: 22.4 %). The tax-neutral gain recognised in conjunction with the remeasurement of the BMW Group's previous at-equity interest in BMW Brilliance reduced the effective tax rate.

The size of the workforce increased significantly to 149,475 employees compared to one year earlier and was therefore in line with expectations (2021: 118,909 employees; + 25.7 %).

BMW Group research and development expenses

in € million	2022	2021
Research and development expenditure	7,178	6,870
Capitalised development costs	- 2,819	- 2,506
Amortisation	2,265	1,935
Research and development expenses	6,624	6,299

BMW Group performance indicators relating to research and development expenses

in %	2022	2021	Change in % points
Research and development expenditure ratio ¹	5.0	6.2	- 1.2
Capitalisation rate ²	39.3	36.5	2.8

¹ Research and development expenditure as a percentage of Group revenues.

² Capitalised development costs as a percentage of research and development expenditure.

³ Further information is provided in [note 32](#) to the Group Financial Statements.

Share buyback programme

At the Annual General Meeting of BMW AG 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 and to withdraw those shares from circulation without any further action required by the Annual General Meeting. The buyback authorisation remains valid until 10 May 2027. BMW AG resolved to initiate a share buyback programme on the basis of this authorisation. The programme has 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 is scheduled to be completed by no later than 31 December 2023. During the period from 1 July 2022 to 31 December 2022, BMW AG repurchased 15,312,007 shares of common stock for € 1,172 million and 1,448,950 shares of preferred stock for € 106 million, all of which are now reported as treasury shares. At 31 December 2022, BMW AG therefore held a total of 16,760,957 treasury shares, corresponding to a nominal amount of € 16,760,957 or 2.53 % of the Company's share capital.

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 financial years 2022 and 2021, 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.

The decrease in new credit financing and leasing business with retail customers resulted in lower levels of leased products and receivables from sales financing and hence to a positive impact on cash inflows from operating activities. The decrease in retail customer financing was partially offset by an increase in dealership financing, mainly due to improved vehicle availability towards the end of the year under report and higher selling prices. The increase in trade receivables caused working capital to rise significantly, whereby the impact was partially offset by the higher level of trade payables. The year-on-year change in provisions was mainly due to the partial reversal of the provision relating to the EU antitrust proceedings in the previous year.

Higher investments in property, plant and equipment and intangible assets, attributable in particular to the launch of new vehicle models as well as the full consolidation of BMW Brilliance, resulted in higher cash outflows from investing activities year-on-year. This was offset by a positive effect of € 3,587 million arising on the first-time consolidation of BMW Brilliance (see [note 3](#) to the Group Financial Statements). In addition, the lower net amount reported for cash flows from investing activities was influenced by cash inflows arising on the sale of marketable securities.

The increase in the net outflow amount reported for cash flows from financing activities was mainly due to higher repayments of financial liabilities. Cash flows from financing activities were also impacted by higher dividend payments (2022: € 5,282 million, 2021: € 1,277 million) as well as payments in conjunction with the share buyback programme at the level of BMW AG amounting to € 1,278 million (2021: € 0 million).

BMW Group cash flows

in € million	2022	2021	Change
Cash inflow (+) / outflow (-) from operating activities*	23,523	15,914	7,609
Cash inflow (+) / outflow (-) from investing activities*	- 4,772	- 6,400	1,628
Cash inflow (+) / outflow (-) from financing activities	- 17,984	- 6,735	- 11,249
Effects of exchange rate and changes in composition of segment	94	- 307	401
Change in cash and cash equivalents	861	2,472	- 1,611

* Previous year's figure adjusted.

Free cash flow for the Automotive segment was as follows:

Free cash flow Automotive segment

in € million	2022	2021	Change
Cash inflow (+) / outflow (-) from operating activities	14,782	12,583	2,199
Cash inflow (+) / outflow (-) from investing activities	- 3,179	- 6,208	3,029
Adjustment for net investment in marketable securities and investment funds	- 532	- 21	- 511
Free cash flow Automotive segment	11,071	6,354	4,717

The Automotive segment's free cash flow includes operating cash flows from the fully consolidated entity BMW Brilliance with effect from 11 February 2022. The segment's free cash flow came in at a record level of € 11,071 million at 31 December 2022. The main reason for the year-on-year increase was the reduction in cash flows from investing activities, whereby higher cash outflows for intangible assets and property, plant and equipment were more than offset by the cash acquired of € 5,011 million resulting from the full consolidation of BMW Brilliance (see [note 3](#) to the Group Financial Statements).

The change in working capital was affected positively by the decrease in inventories and negatively by the increase in trade receivables. At the same time, trade payables increased by a less pronounced amount in 2022 as a consequence of production cutbacks caused by supply bottlenecks for semiconductor components, the limited availability of wiring harnesses and pandemic-related lockdowns, resulting in a lower offsetting impact. Liabilities for advance payments received and dealership bonus liabilities were also lower than at the end of the previous year, influenced in part by pandemic-related dealership closures in China during the fourth quarter 2022. The net cash inflow from operating activities was also negatively impacted by the significantly higher level of income taxes paid, reflecting higher earnings and the fact that BMW Brilliance is now fully consolidated.

The decrease in the net cash outflow from investing activities was mainly attributable to the changes described in the Group Cash Flow Statement.

In the Automotive segment, net financial assets comprised the following:

Net financial assets Automotive segment

in € million	31.12.2022	31.12.2021	Change
Cash and cash equivalents	13,109	12,009	1,100
Marketable securities and investment funds	3,031	3,767	- 736
Intercompany net financial receivables	11,197	9,111	2,086
Financial assets	27,337	24,887	2,450
Less: external financial liabilities ¹	- 2,734	- 2,525	- 209
Net financial assets Automotive segment	24,603	22,362	2,241

¹ Excluding derivative financial instruments.

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

Cash flows Financial Services segment

in € million	2022	2021	Change
Cash inflow (+) / outflow (-) from operating activities ²	9,145	3,270	5,875
Cash inflow (+) / outflow (-) from investing activities ²	- 50	63	- 113
Cash inflow (+) / outflow (-) from financing activities	- 9,042	- 2,629	- 6,413
Effects of exchange rate and changes in composition of segment	6	- 96	102
Change in cash and cash equivalents	59	608	- 549

² Previous year's figure adjusted.

The higher net cash inflow from operating activities mainly reflected a decrease in leased products during the year under report. Receivables from sales financing (primarily retail customer financing) were also reduced, whereby the resulting increase in cash inflows was partially offset by the impact of higher dealership financing. The change in the net cash outflow from financing activities was attributable to higher cash outflows relating to intragroup refinancing on the one hand and the repayment of external financial liabilities on the other.

REFINANCING

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 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 imminent liquidity risk for 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 within the chapter [↗ Risks and opportunities](#).

Focused capital market management, good ratings and the high level of acceptance enjoyed by the BMW Group on those markets enabled it to refinance itself on the world's debt capital markets at favourable conditions during the 12-month period under report. In addition to bonds, the BMW Group also issued commercial paper in 2022. Moreover, retail customer and dealership financing receivables as well as rights and obligations from leasing contracts were securitised in the form of asset-backed securities (ABS) financing arrangements. Specific banking instruments, such as the customer deposits used by the Group's own banks in Germany and the USA, were also deployed for refinancing purposes. In addition, loans were taken from international banks.

In 2022, the BMW Group issued bonds totalling approximately € 4.4 billion. The Group refinanced itself by means of 144A transactions with a total volume of 2.0 billion US dollars on the US capital market and by means of so-called Panda bonds with a volume of 4.0 billion Chinese renminbi on the Chinese capital market. Activities on international capital markets were rounded off by a euro benchmark bond amounting to € 2.0 billion. ABS transactions with a total financing volume equivalent to € 11.1 billion were executed in 2022, including both new and rolled-over ABS transactions. During the year under report, 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 2022 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	24.3
Commercial paper	13.0	1.7

* Measured at the year-end exchange rate.

The BMW Group continued to deploy robust liquidity-related measures throughout 2022 to ensure its ability to act flexibly and independently at all times. At 31 December 2022, liquidity on hand totalled € 20.3 billion and was therefore similar to the previous year's corresponding figure of € 20.2 billion.

The BMW Group also has access to a syndicated credit line, which was renegotiated in July 2017. The term of the syndicated credit line amounting to € 8 billion ends in July 2024 and is being made available by a consortium of 44 international banks.

The credit line was not being utilised at 31 December 2022. 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	2022	2021	Change in %	Currency-adjusted change ¹ in %	Proportion of balance sheet total in % 2022
ASSETS					
Intangible assets	21,776	12,980	67.8	67.5	8.8
Property, plant and equipment	32,126	22,390	43.5	42.1	13.0
Leased products	42,820	44,700	- 4.2	- 6.0	17.3
Investments accounted for using the equity method	420	5,112	- 91.8	- 91.8	0.2
Other investments	1,351	1,241	8.9	5.3	0.5
Receivables from sales financing	85,708	87,417	- 2.0	- 2.0	34.7
Financial assets	8,237	7,515	9.6	9.1	3.3
Deferred and current tax	2,854	3,731	- 23.5	- 24.6	1.2
Other assets	10,632	10,243	3.8	2.9	4.3
Inventories	20,005	15,928	25.6	24.7	8.1
Trade receivables	4,127	2,261	82.5	82.8	1.7
Cash and cash equivalents	16,870	16,009	5.4	5.1	6.8
Total assets	246,926	229,527	7.6	6.9	100.0
EQUITY AND LIABILITIES					
Equity	91,288	75,132	21.5	21.6	37.0
Pension provisions	339	1,247	- 72.8	- 72.7	0.1
Other provisions	15,761	13,954	12.9	11.6	6.4
Deferred and current tax	3,989	2,379	67.7	67.5	1.6
Financial liabilities	94,196	103,463	- 9.0	- 9.9	38.1
Trade payables	14,120	10,932	29.2	28.5	5.7
Other liabilities	27,233	22,420	21.5	20.3	11.0
Total equity and liabilities	246,926	229,527	7.6	6.9	100.0

¹ The adjustment for exchange rate factors is calculated by applying the relevant current exchange rates to the prior-year figures.

² Further information on the full consolidation of BMW Brilliance is provided in [note 3](#) to the Group Financial Statements.

The BMW Group's balance sheet total showed a solid year-on-year rise both before and after adjustment for currency effects, including in particular those relating to the US dollar and the Chinese renminbi.¹ The main factor influencing the increase in the balance sheet total was the first-time consolidation of BMW Brilliance with effect from 11 February 2022.²

Intangible assets, adjusted for currency fluctuations, increased significantly compared to 31 December 2021, mainly due to the recognition of reacquired rights and dealership relationships in conjunction with the first-time full consolidation of BMW Brilliance.

Adjusted for currency effects, property, plant and equipment went up by 42.1% year-on-year, driven by the inclusion of BMW Brilliance, in particular its land, buildings and production facilities. Higher investments for the fifth generation of electric drive systems and for new vehicle projects such as the new BMW 7 Series and the BMW X1 also contributed to the increase. The ongoing transformation towards electric mobility and the associated short- and medium-term impact on the product portfolio require a regular review of the useful lives of items of property, plant and equipment subject to systematic depreciation. Some useful lives were revised during the financial year and extended accordingly, giving rise to a positive effect of € 524 million.

Based on constant currencies, leased products were moderately down over the 12-month period. The size of the contract portfolio under management also decreased compared with one year earlier. This development arose against the backdrop of the lower level of new business, mainly in the USA, offset to some extent by a higher average financing volume per vehicle in light of favourable product mix and price penetration effects.

Investments accounted for using the equity method (adjusted for currency effects) decreased significantly, reflecting BMW Brilliance's derecognition as an equity-accounted investment and its full consolidation in February 2022, as described above.

Receivables from sales financing (also adjusted for currency effects) went down compared to 31 December 2021, primarily due to the lower volume of retail customer financing, particularly in China, where competition remained strong and sales volumes shrank during the year under report. An increase in dealership financing, particularly in the USA and Germany, had an offsetting effect.

The number of contracts in place with dealerships and retail customers fell by 5.7% to 3,705,225 contracts.

The main factors for the rise in inventories were the full consolidation of BMW Brilliance on the one hand and higher levels of raw materials and supplies on the other.

The increases in trade receivables and payables were mainly attributable to the full consolidation of BMW Brilliance.

Group equity climbed to € 91,288 million, driven primarily by the Group net profit amounting to € 18,582 million. The first-time recognition of the non-controlling interest in BMW Brilliance also contributed to the increase.

Equity attributable to shareholders of BMW AG rose to € 87,125 million, mainly due to the net profit for the year attributable to shareholders of BMW AG amounting to € 17,941 million.

The dividend payout amounting to € 3,827 million reduced Group equity and, to an equal extent, equity attributable to shareholders of BMW AG.

Pension obligations decreased significantly to € 339 million, mainly due to actuarial gains resulting from the higher discount rate applied.

Financial liabilities decreased over the 12-month period due to the repayment of bonds in light of lower demand in the Financial Services segment.

BMW Group equity ratio

in %	31.12.2022	31.12.2021	Change in % points
Group	37.0	32.7	4.3
Automotive segment	45.7	41.5	4.2
Financial Services segment	11.9	11.3	0.6

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 remaining proportion 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 rose sharply in 2022 due to the year-on-year improvement in earnings.

BMW Group value added statement

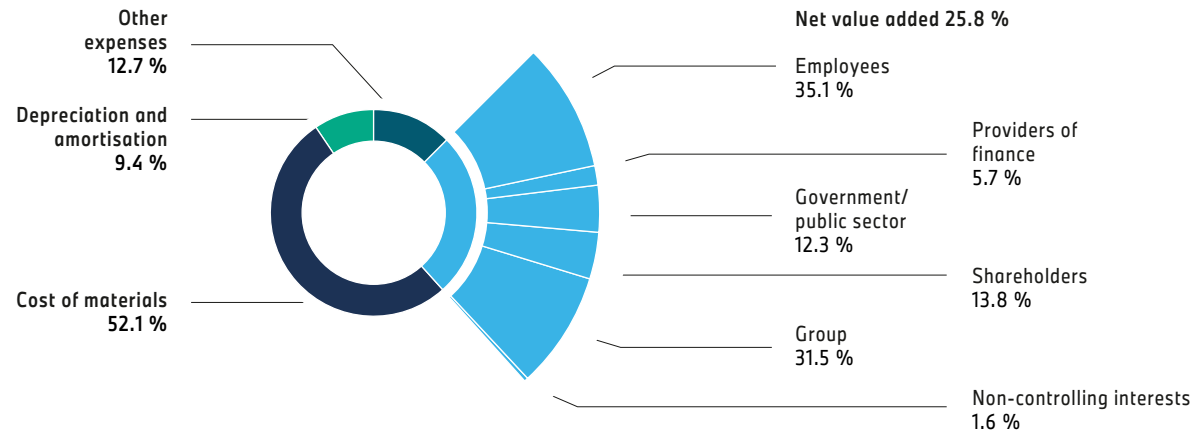
	2022 in € million	2022 in %	2021 in € million	2021 in %	Change in %
WORK PERFORMED					
Revenues	142,610	92.7	111,239	96.0	28.2
Financial income	9,783	6.4	2,904	2.5	-
Other income	1,377	0.9	1,702	1.5	- 19.1
Total output	153,770	100.0	115,845	100.0	32.7
Cost of materials *	80,181	52.1	60,173	51.9	33.3
Other expenses	19,479	12.7	13,599	11.8	43.2
Bought-in costs	99,660	64.8	73,772	63.7	35.1
Gross value added	54,110	35.2	42,073	36.3	28.6
Depreciation and amortisation of total tangible, intangible and investment assets	14,456	9.4	11,758	10.1	22.9
Net value added	39,654	25.8	30,315	26.2	30.8
ALLOCATION					
Employees	13,932	35.1	12,286	40.5	13.4
Providers of finance	2,274	5.7	1,808	6.0	25.8
Government/public sector	4,866	12.3	3,758	12.4	29.5
Shareholders	5,481	13.8	3,827	12.6	43.2
Group	12,460	31.5	8,555	28.2	45.6
Non-controlling interests	641	1.6	81	0.3	691.4
Net value added	39,654	100.0	30,315	100.0	30.8

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



BMW Group value added 2022

in %



COURSE OF BUSINESS AND SEGMENTS

SALES FIGURES FOR DELIVERIES¹

The preparation of BMW Group's retail vehicle delivery data involves a variety of estimates and judgements, some of which are complex and all of which are inherently subjective, and is subject to other uncertainties. In addition, as BMW Group continues to enhance its policies and procedures regarding retail vehicle delivery data, it may not always be practicable for BMW Group to adjust prior-period data (and any such adjustments would be of a de minimis nature without any material impact on the comparability of periods). Examples of the foregoing include:

- The vast majority of deliveries of vehicles are carried out by independent dealerships or other third parties, and BMW Group is reliant on such third parties to correctly report relevant data to BMW Group.
- The definition of deliveries includes vehicles delivered in the United States and Canada if the relevant dealers designate such vehicles as service loaner vehicles or demonstrator vehicles.

Retail vehicle deliveries during a given reporting period do not correlate directly to the revenue that BMW Group recognises in respect of such reporting period.

AUTOMOTIVE SEGMENT

Strong market presence despite challenging environment

On the back of its strong market presence, business developed positively overall for the BMW Group in the financial year 2022. The Group's attractive range of products helped generate brisk customer demand, which was reflected in high order book levels throughout the year. However, due to the prevailing tight supply situation for semiconductor components, the high demand for BMW, MINI and Rolls-Royce brand automobiles could not be fully met in 2022. The situation was further exacerbated by the impact of the coronavirus pandemic, particularly in the form of local lockdowns in China. Despite these various global challenges, the BMW Group delivered a total of 2,399,632² vehicles to customers in 2022. In line with expectations, deliveries were therefore slightly down on the previous year (2021: 2,521,514² units; – 4.8 %).

During the 12-month period under report, a total of 2,100,689 BMW brand (2021: 2,213,790² units; – 5.1 %) and 292,922 MINI brand vehicles (2021: 302,138 units; – 3.1 %) were delivered. The ultra-luxury Rolls-Royce marque achieved a new sales volume record in 2022, with deliveries climbing to 6,021 units (2021: 5,586 units; + 7.8 %).

Deliveries of all-electric vehicles more than doubled

The systematic electrification of its products, with a wide range of attractive models, is proving to be a key success factor for the BMW Group. High demand for BMW and MINI brand all-electric vehicles gave rise to dynamic sales growth in this area in 2022. Overall, the BMW Group delivered a total of 215,752³ all-electric vehicles to customers, more than doubling the number achieved one year earlier (2021: 103,854³ units; + 107.7 %). The innovative BMW iX⁴ and BMW i4⁴ in particular played a major role in this development, with both models generating an extremely positive response. The BMW iX⁴ and the MINI Cooper SE⁴ also continued to meet with an unchanged high level of demand in their various markets. Towards the end of 2022, the BMW Group's ever-growing product range was added to with the launch of two

further all-electric models, the BMW i7⁴ luxury sedan and the all-electric BMW iX1⁴. Sales of battery electric (BEV) and plug-in electric (PHEV) vehicles in 2022 totalled 433,792³ units (2021: 328,314³ units; + 32.1 %). The share of electrified automobiles in total deliveries during the 12-month period under report rose to 18.1 % (2021: 13.0 %; + 39.2 %). At the same time, the higher share enabled further progress to be made in reducing fleet emissions. ↗ [Carbon emissions](#)

BMW Group deliveries of electrified models

in units	2022	2021	Change in %
BEV	215,752	103,854	107.7
BMW	172,008	69,003	149.3
MINI	43,744	34,851	25.5
PHEV	218,040	224,460	– 2.9
BMW	200,945	206,069	– 2.5
MINI	17,095	18,391	– 7.0
Total³	433,792	328,314	32.1

¹ See ↗ [Glossary](#) for definition of deliveries.

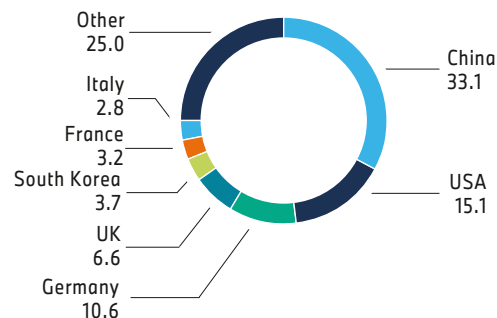
² Includes BMW Brilliance Automotive Ltd. for the full year, i.e. including the period prior to that entity's full consolidation in the BMW Group Financial Statements (1 January to 10 February 2022: 96,133 units, 2021: 651,236 units).

³ Including BMW Brilliance Automotive Ltd.

⁴ ↗ [Consumption and Carbon Disclosures](#).

BMW Group largest automobile markets in 2022

in % of sales



Review of performance by sales market

Against the backdrop of a tight global supply situation for vehicle components and pandemic-related lockdowns in China, deliveries in the major regions of the world declined overall. In Europe, automobile sales decreased moderately to 878,515 units (2021: 949,124 units; –7.4%). However, the contraction in Germany was less pronounced, with deliveries down slightly to 254,292 units (2021: 266,818 units; –4.7%). In the UK, deliveries fell on a similar scale to 157,329 units (2021: 164,344 units; –4.3%).

A slight decrease was also recorded in the Americas, with 441,471 units (2021: 451,747 units; –2.3%), including 363,541 units delivered in the USA (2021: 368,032 units; –1.2%), where the market remained relatively firm.

BMW Group deliveries of vehicles by region and market

in 1,000 units	2022	2021	2020	2019	2018
Europe	878.5	949.1	913.6	1,081.6	1,097.4
thereof Germany	254.3	266.8	285.0	330.5	310.6
thereof UK	157.3	164.3	163.2	233.8	236.8
Americas	441.5	451.7	379.7	472.9	457.1
thereof USA	363.5	368.0	307.9	375.7	355.4
Asia ¹	1,031.0	1,067.9	986.5	930.8	871.8
thereof China ¹	793.5	847.9	778.4	724.7	635.8
Other markets	48.6	52.8	45.4	52.2	59.9
Total¹	2,399.6	2,521.5	2,325.2	2,537.5	2,486.1

The coronavirus-related measures taken in China, including strict lockdowns, had a noticeable impact on the development of sales in Asia. Deliveries of BMW Group vehicles in this region totalled 1,030,987¹ units, slightly down on the previous year (2021: 1,067,914¹ units; –3.5%). Against the backdrop of pandemic-related measures, deliveries in China fell to 793,520¹ units (2021: 847,935² units; –6.4%), somewhat more pronounced than for the region as a whole.

BMW retains top spot in premium segment

The core BMW brand delivered a total of 2,100,689¹ units to customers during the year under report (2021: 2,213,790¹ units; –5.1%). Dynamic growth was recorded in particular for the brand's all-electric models. Sales of all-electric BMW brand vehicles more than doubled to 172,008² units (2021: 69,003² units; +149.3%). The X family also continued to enjoy great popularity among customers. The successful BMW X3 and BMW X4 models as well as the top-range classes of the X models, such as the new BMW X7³, accounted for a major share of the sales growth recorded.

¹ Includes BMW Brilliance Automotive Ltd. for the full year, i.e. including the period prior to that entity's full consolidation in the BMW Group Financial Statements (1 January to 10 February 2022: 96,133 units, 2021: 651,236 units).

² Includes BMW Brilliance Automotive Ltd.

³ ↗ Consumption and Carbon Disclosures.

Deliveries of BMW vehicles by model series¹

in units	2022	2021	Change in %	Share of BMW deliveries 2022 in %
BMW 1 Series/BMW 2 Series	205,971	265,964	-22.6	9.8
BMW 3 Series/BMW 4 Series	478,932	490,969	-2.5	22.8
BMW 5 Series/BMW 6 Series	315,590	326,212	-3.3	15.0
BMW 7 Series/BMW 8 Series	48,708	62,628	-22.2	2.3
BMW Z4	12,029	14,778	-18.6	0.5
BMW X1/X2	242,189	311,928	-22.4	11.5
BMW X3/X4	400,898	414,671	-3.3	19.1
BMW X5/X6	277,057	240,504	15.2	13.2
BMW X7	57,905	54,957	5.4	2.8
BMW iX	39,130	2,638	1,383.3	1.9
BMW i3/i8	22,280	28,541	-21.9	1.1
BMW total	2,100,689	2,213,790	-5.1	100.0
thereof BEV	172,008	69,003	149.3	8.2
thereof PHEV	200,945	206,069	-2.5	9.6

**New BMW brand products**

The BMW brand presented an array of outstanding new products during the year under report. Firstly, the new BMW 2 Series Active Tourer was launched at the beginning of the year. This was followed in the summer by the model revisions of the BMW X7², the BMW 3 Series Sedan and the BMW 3 Series Touring. The new version of the BMW Z4² Roadster was presented towards the end of 2022. The fully electric BMW i7² was also launched as part of the new BMW 7 Series. This all-electric luxury sedan became available towards the end of the year under report. The new fully electric BMW iX1² also celebrated its market launch at the end of the year.

BMW M achieves record sales in anniversary year

BMW M can look back on a particularly successful year. In the year of its 50th anniversary, BMW M delivered a record number of its high-performance vehicles, with sales up by 8.4 % year-on-year to 177,258 units (2021: 163,541 units). A key factor for this excellent performance was the initial electrification of the BMW M model range, with the all-electric BMW i4 M50² finishing the year as the best-selling BMW M automobile of 2022.

BMW M celebrated its 50th anniversary with a variety of new products. Alongside the BMW i4 M50², the beginning of the era of electrification within the high-performance class was marked by the launch of the BMW iX M60², the brand's first all-electric Sports Activity Vehicle. This was followed in the spring of 2022 by new versions of the BMW M8 and the BMW M8 Competition, and by the launch of the first BMW M3 Touring in the summer. The BMW XM², which was unveiled in autumn, gave customers a preview of likely developments in the coming year. The first BMW M plug-in hybrid powered by a high-performance engine will go on sale worldwide in the course of 2023.

¹ Includes BMW Brilliance Automotive Ltd. for the full year i.e. including the period prior to that entity's full consolidation in the BMW Group Financial Statements (1 January to 10 February 2022: 96,133 units, 2021: 651,236 units).

² ↗ Consumption and Carbon Disclosures.

Deliveries of MINI vehicles by model variant

in units	2022	2021	Change in %	Share of MINI deliveries 2022 in %
MINI Hatch (3- and 5-door)	163,929	164,270	- 0.2	56.0
MINI Convertible	24,423	25,120	- 2.8	8.3
MINI Clubman	27,870	30,385	- 8.3	9.5
MINI Countryman	76,700	82,363	- 6.9	26.2
MINI total	292,922	302,138	- 3.1	100.0

MINI: electrified and packed with driving fun

In total, 292,922 MINI brand vehicles were delivered to customers during the year under report (2021: 302,138 units; - 3.1%). The most popular vehicle model in the MINI family in 2022 was the all-electric MINI Cooper SE*, sales of which rose by 25.5% to 43,744 units (2021: 34,851 units). Together with the MINI Countryman Plug-in Hybrid*, it accounted for 20.8% of the brand's total deliveries in 2022, which means that approximately every fifth MINI delivered in 2022 was electrified. With the unveiling of the MINI Concept Aceman concept car in 2022, MINI gave the world a glimpse into the future of electrification within the premium compact segment.

Moreover, new edition models of the MINI 3-door, the MINI 5-door and the MINI Convertible were presented during the year under report. In early 2023, MINI intends to celebrate the 30th anniversary of its convertible with a special model.

Rolls-Royce achieves best figures to date

The Rolls-Royce marque can look back on a highly successful year, during which it delivered a total of 6,021 ultra-luxury vehicles to its customers (2021: 5,586 units; + 7.8%), thereby exceeding the 6,000 mark for the first time. This excellent result was driven in particular by sales of the Rolls-Royce Cullinan* and the Rolls-Royce Ghost*. A similarly successful performance was achieved with the Bespoke programme which enables buyers to customise their Rolls-Royce according to their individual wishes.



Deliveries of Rolls-Royce vehicles by model variant

in units	2022	2021	Change in %
Phantom	418	427	- 2.1
Ghost	2,015	1,909	5.6
Wraith/Dawn	328	828	- 60.4
Cullinan	3,260	2,422	34.6
Rolls-Royce total	6,021	5,586	7.8

With the presentation of the Rolls-Royce Spectre* in 2022, the marque reached an important milestone on the road to electrifying its product range. The first all-electric ultra-luxury coupé will become available towards the end of 2023.



* ↗ Consumption and Carbon Disclosures.

Results of operations of the Automotive segment

Automotive segment revenues amounted to € 123,602 million (2021: € 95,476 million; + 29.5 %, currency-adjusted: + 24.1 %) and were therefore significantly higher than one year earlier. The main reason for the revenue growth reported was the full consolidation of BMW Brilliance (see [note 3](#) to the Group Financial Statements). As already described in the section on the Group's earnings performance, automobile sales were in fact down on the previous year due to production factors, the impact of which was offset by the renewed increased volume of high-revenue vehicles sold, favourable price penetration effects and the continuing positive trend on pre-owned vehicle markets, the latter being reflected in improved residual values. Growth in spare parts and accessories business as well as favourable currency effects also contributed to the rise in revenues.

Segment cost of sales amounted to € 104,324 million and was therefore significantly higher than one year earlier (2021: € 78,637 million; + 32.7 %). As with revenues, the fact that BMW Brilliance is now fully consolidated contributed significantly to the increase in cost of sales. The impact of a number of first-time consolidation-related expenses such as depreciation and amortisation arising on the purchase price allocation (€ 1.8 billion) and the elimination of intragroup profits (€ 1.3 billion) also drove up segment cost of sales. Significantly rising costs for materials and logistics also had a negative impact on the segment's cost of sales during the financial year, particularly due to the limited availability of semiconductors, supply chain disruptions and higher prices for raw materials and energy. A larger proportion of electrified vehicles and higher warranty expenses due to the exhaust gas recirculation cooler, BMW Brilliance's first-time consolidation, and climbing inflation also had the effect of increasing segment cost of sales.

In the previous financial year, the changeover effects arising from the modernisation of the pension model in Germany had a total positive impact of € 542 million on Automotive segment cost of

sales as well as selling and administrative expenses. Cost of sales benefited from the extension of useful lives as described above in the amount of € 524 million.

The net amount of other operating income and expenses decreased significantly year-on-year primarily due to the partial reversal of the provision relating to the antitrust proceedings conducted by the EU Commission in the second quarter 2021.

Profit before financial result for the year amounted to € 10,635 million, representing a solid improvement over the previous year (2021: € 9,870 million).

The EBIT margin came in at 8.6 % (2021: 10.3 %; – 1.7 percentage points) for the segment. As forecast in the Quarterly Statement to 30 September 2022, the EBIT margin was within the target range of between 7.0 and 9.0 % and therefore in line with expectations.

At € 8,283 million, the Automotive segment's financial result was significantly up on the previous year (2021: € 1,935 million). The sharp increase in the year under report was primarily due

to the gain of € 7.7 billion arising on the remeasurement of the segment's previous at-equity interest in BMW Brilliance, which is reported within other financial result. The result from equity-accounted investments went down to a net negative amount of € 100 million (2021: net positive amount of € 1,520 million). The deterioration reflects the fact that the segment's at-equity share of earnings in BMW Brilliance was only included in this line item until 10 February 2022. The net interest result was impacted by income arising on the change in interest rates in connection with the measurement of provisions as well as by interest income earned on positive bank balances.

Profit before tax for the year amounted to € 18,918 million, a significant improvement year-on-year (2021: € 11,805 million).

In line with the forecast, the Automotive segment's RoCE for 2022 finished at 18.1% and therefore within the target range of 14 to 19 % (2021: 24 %; – 5.9 percentage points). The deterioration was mainly due to the increase in capital employed resulting from the addition of the net assets identified in BMW Brilliance and the impact of fair value adjustments arising on the purchase price allocation.

BMW GROUP MARGINS BY SEGMENT

in %	2022	2021	Change in % points
AUTOMOTIVE			
Gross profit margin ¹	15.6	17.6	- 2.0
EBIT margin ²	8.6	10.3	- 1.7
MOTORCYCLES			
Gross profit margin ¹	17.3	17.8	- 0.5
EBIT margin ²	8.1	8.3	- 0.2

¹ Gross profit as a percentage of segment revenues.

² Profit before financial result as a percentage of segment revenues.

MOTORCYCLES SEGMENT

Sales volume growth for BMW Motorrad

The Motorcycles segment also felt the tangible dual impact of semiconductor component supply issues and the coronavirus pandemic. Despite these negative factors, sales volume continued to grow in 2022, rising to a new record of 202,895 units (2021: 194,261 units; + 4.4 %).

Deliveries worldwide: significant growth achieved in the Americas

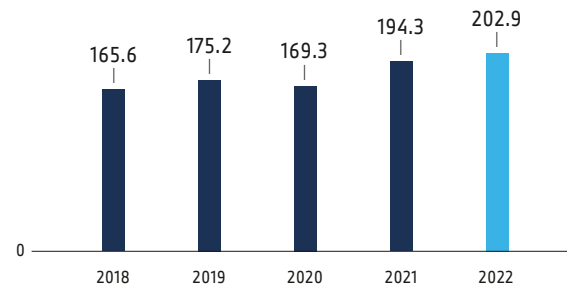
A total of 110,788 units were delivered to customers in European markets in 2022, similar to the level recorded one year earlier (2021: 111,126 units; – 0.3 %). Solid growth was reported for France, with deliveries up by 6.7 % to 21,223 units (2021: 19,887 units), while Italy finished the year slightly down at a total of 15,668 units (2021: 16,034 units; – 2.3 %). Spain performed at the previous year's level (2021: 12,616 units; – 0.9 %). Within a contracting market, deliveries in Germany decreased on a moderate scale to 24,129 units (2021: 25,972 units; – 7.1 %).

In the Americas region, the number of motorcycles delivered rose sharply to a total of 45,775 units (2021: 40,010 units; + 14.4 %), with double-digit growth recorded both in the USA (2022: 17,690 units; 2021: 16,030 units; + 10.4 %) and in Brazil (2022: 13,051 units; 2021: 11,150 units; + 17.0 %).

Despite the impact of strict coronavirus-related measures in China, deliveries on that market grew by a solid 7.7 % to 15,404 units (2021: 14,309 units).

Deliveries of BMW motorcycles

in 1,000 units



Market launches in 2022

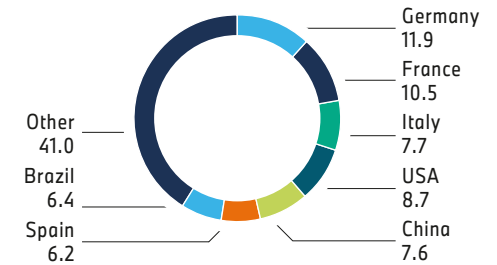
A key aspect of the year 2022 for BMW Motorrad was the continuing process of electrification. In March, a new chapter in two-wheeled urban mobility was opened with the market launch of the BMW CE 04 electric scooter (Urban Mobility segment). This new model, together with the BMW CE 02 concept vehicle previously presented, provides a valuable insight into BMW Motorrad's electrification initiative. Also in March, the model revisions of the 6-cylinder K 1600 GT, the K 1600 GTL and the K 1600 B luxury tourers (Touring segment) went on sale.

New products unveiled by BMW Motorrad

BMW Motorrad presented one new model and four model revisions during the year under report. Two model revisions from the Sports segment were announced in the form of the S 1000 RR (in September) and the M 1000 RR (in October), the market launches of which are both scheduled for 2023. Following the presentation of the BMW M 1000 R in October, BMW Motorrad unveiled an additional M model, this time in the form of a highly dynamic roadster.

BMW Group largest motorcycle markets 2022

in % of sales



The two revisions of boxer models showcased during the year – the BMW R 1250 R in October and the BMW R 1250 RS in November – are expected to generate momentum in the Roadster and Sports segments.

In 2023, BMW Motorrad will be celebrating its centenary as a motorcycle manufacturer. As a preview to the centenary year, special models of the BMW R nine T and the R 18 were presented to the public in December 2022.



Results of operations of the Motorcycles segment

The Motorcycles segment EBIT margin (profit before financial result as a percentage of revenues) came in at 8.1% (2021: 8.3%; –0.2 percentage points) and thus within the forecast target range of between 8 and 10%.

Profit before tax for the year was significantly higher at € 269 million (2021: € 228 million; +18.0%), mostly driven by higher sales volumes as well as favourable pricing and product mix effects. Both materials and logistics also became more expensive for the Motorcycles segment in 2022, with a corresponding negative impact on segment earnings.

The RoCE for the Motorcycles segment in 2022 was 24.9% and therefore above the target range of between 19 and 24% (2021: 21.9%; +3 percentage points), mainly due to the improved EBIT performance year-on-year.

FINANCIAL SERVICES SEGMENT

Financial Services segment earnings significantly down on previous year

Profit before tax reported by the Financial Services segment for the financial year 2022 amounted to € 3,205 million (2021: € 3,753 million; –14.6%), significantly down on the previous year, when earnings had benefited from an exceptionally favourable risk profile. The combination of geopolitical uncertainties and a weaker macroeconomic outlook resulted in a higher credit risk provisioning expense in 2022. Rising inflation and the general increase in interest rates also made conditions for consumers more challenging. However, despite these adverse factors, credit losses remained at a historically low level. At the same time, earnings continued to benefit from high remarketing proceeds from lease returns.

In balance sheet terms, business volume decreased slightly compared to one year earlier to stand at € 135,689 million at the end of the reporting period (2021: € 139,530 million; –2.8%).

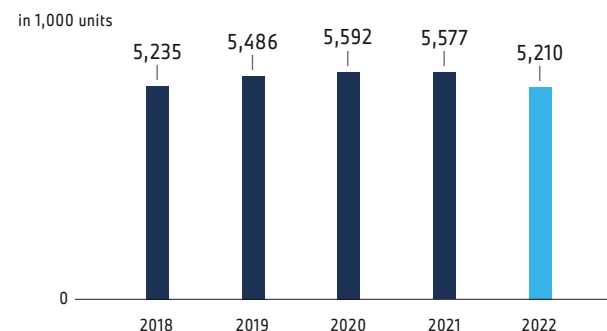
Results of operations of the Financial Services segment

Return on equity finished at 17.9% and therefore below the prior-year level (2021: 22.6%; –4.7 percentage points), mainly due to the year-on-year decrease in profit before tax. The RoE for 2022 was therefore in line with the revised forecast of between 17 and 20%. Originally, an RoE within a range of 14 to 17% was predicted for 2022 in the BMW Group Report 2021.

Lower volume of new business with retail customers

Credit financing and leasing business with retail customers decreased sharply during the year under report, with a total of 1,545,490 new contracts signed (2021: 1,956,514 contracts; –21.0%), mainly reflecting the impact of higher interest rates and related price increases. Further exacerbating factors were the

Retail customer contract portfolio in Financial Services segment



high level of competition within the financial services sector and the general limited availability of new vehicles.

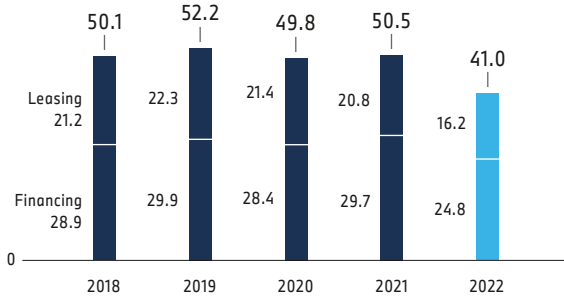
Burdened by these circumstances, the volume of new leasing and credit financing business fell by 23.1% and 20.0% respectively. In 2022, leasing accounted for 30.9% and credit financing for 69.1% of new business.

New contracts signed included 321,535 credit financing and leasing contracts relating to pre-owned BMW and MINI brand vehicles (2021: 411,520 contracts; –21.9%).

Higher selling prices achieved by the Automotive segment in combination with an improved product mix gave rise to a higher average financing volume per vehicle in the Financial Services segment during the period under report, partially offsetting the impact of the lower overall number of new contracts signed. Favourable currency effects also helped to cushion the impact of the decrease. The total volume of new credit financing and leasing contracts with

New BMW Group vehicles leased or financed by the Financial Services segment¹

in %



retail customers fell by 12.6 % to € 55,449 million (2021: € 63,414 million) year-on-year.

The share of new BMW Group vehicles either leased or financed by the Financial Services segment stood at 41.0 %³ (2021: 50.5 %; – 9.5 percentage points).

At 31 December 2022, a total of 5,210,246 credit financing and leasing contracts were in place with retail customers (31 December 2021: 5,577,011 contracts; – 6.6 %). The contract portfolio finished at the previous year's level (–0.4 %) for the Asia/Pacific region, slightly down for the Europe/Middle East/Africa region (–3.9 %) and moderately down for the EU Bank² (–6.2 %). Significant decreases were recorded for the Americas (–10.1 %) and China (–11.1 %) regions.

Fleet business at previous year's level

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. At the end of the reporting period, the fleet contract portfolio stood at 701,470 contracts, similar to its level one year earlier (2021: 696,393 contracts; + 0.7 %).

Dealership financing up on previous year

At 31 December 2022, the total volume of dealership financing stood at € 15,209 million, up sharply compared to the end of the previous financial year (2021: € 13,149 million; + 15.7 %), reflecting the impact of improved vehicle availability in the latter part of the year and higher selling prices for automobiles.

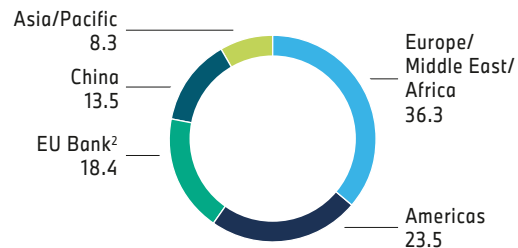
OTHER ENTITIES SEGMENT / ELIMINATIONS

The Other Entities segment recorded a profit before tax of € 995 million (2021: € 531 million). The main reason for the improvement was the level of fair value measurement gains recognised within the line item "Other financial result" on interest rate hedges as a result of significant interest rate increases in the USA, the UK and the eurozone.

At the level of profit before tax, eliminations increased to a positive amount of € 122 million (2021: € –257 million), due to positive effects from eliminations required for leasing and credit financing business.

Contract portfolio retail customer financing of Financial Services segment 2022

in % per region



¹ The values have been adjusted retrospectively due to the adjustment of the delivery figures. ² Glossary

² EU Bank comprises BMW Bank GmbH with its branches in Italy, Spain and Portugal.

³ The calculation only includes automobile markets in which the Financial Services segment is represented by a consolidated entity.

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 is defined as the 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 (2021: unappropriated profit of BMW AG in accordance with HGB in relation to the Group net profit in accordance with IFRS; the definition was changed in light of the acquisition of shares in BMW Brilliance Automotive Ltd., Shenyang). The key non-financial performance indicators are essentially identical and concurrent with those of the BMW Group. These are described in detail in the [Financial Performance](#) section of the Combined Management Report.

Differences in accounting treatments based on HGB (used for the Company Financial Statements) and IFRS (used for the Group Financial Statements) are mainly to be found in connection with the capitalisation of intangible assets, the creation of valuation units, the recognition and measurement of financial instruments and provisions as well as the recognition of deferred tax assets. 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 essentially the same as that of the BMW Group and is described in the [Financial Performance](#) 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 and importers. Automobile deliveries decreased by 52,292 units to 2,385,299 units in the financial year 2022. This figure includes 641,794 units relating to series sets supplied to BMW Brilliance Automotive Ltd., Shenyang, a decrease of 33,201 units compared with the previous year.

At 31 December 2022, BMW AG employed a workforce of 87,183 people (31 December 2021: 83,308 people).

The year 2022 was dominated by a number of ongoing global challenges, in particular semiconductor supply shortages, pandemic-related lockdowns in China and the impact of the war in Ukraine. Despite the resulting volatile business environment, however, BMW AG can be satisfied with the overall positive course of business during the financial year 2022.

BMW AG's solid financial condition is reflected in the results of operations, financial position and net assets reported for the financial year 2022. Business developed in line with management's revised expectations. This assessment also takes into account events after the end of the reporting period.

Results of operations

BMW AG Income Statement

in € million	2022	2021
Revenues	98,807	88,526
Cost of sales	-81,653	-72,283
Gross profit	17,154	16,243
Selling expenses	-4,058	-3,858
Administrative expenses	-3,624	-3,243
Research and development expenses	-6,782	-6,451
Other operating income	2,529	2,199
Other operating expenses	-2,889	-1,460
Result on investments	8,520	2,991
Financial result	-2,926	-426
Income tax	-1,594	-1,068
Profit after income tax	6,330	4,927
Other taxes	-19	-17
Net profit	6,311	4,910
Transfer to revenue reserves	-830	-1,083
Unappropriated profit	5,481	3,827

Revenues increased by € 10,281 million compared to the previous year, whereby favourable pricing and product mix effects as well as the higher volume of business with spare parts and accessories more than offset the decline in sales volumes. Exchange rate factors also had a positive effect on revenues. In geographical terms, most of the increase in revenues was generated in the USA and Rest of Europe regions. Revenues totalled € 98,807 million (2021: € 88,526 million), of which Group internal revenues accounted for € 77,843 million (2021: € 60,373 million) or 78.8 % (2021: 68.2 %).

Production costs went up by 13.0 % to € 81,653 million, mostly due to higher costs for materials and logistics.

Gross profit rose by € 911 million to € 17,154 million.

Overall, selling expenses increased solidly and general administrative expenses significantly.

A large proportion of research and development expenses was related to new vehicle models (including the all-electric BMW i7* and BMW iX1* models and the electrified BMW 7 Series,

BMW XM* and BMW X1 models) as well as the development of digital products, automated driving and the [NEUE KLASSE](#). In line with the ramp-up of vehicles and kits in connection with the electrification initiative, research and development expenses rose by 5.1 % year-on-year.

Other operating income increased to € 2,529 million (2021: € 2,199 million), mainly due to higher gains arising on financial transactions. Income from the reversal of other provisions was down.

Other operating expenses increased significantly to € 2,889 million (2021: € 1,460 million) and, as in the previous year, mainly comprised 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, rose significantly. The increase mainly reflected the substantially higher level of profit transferred by BMW INTEC Beteiligungs GmbH, Munich, made possible largely by improved returns on investments received by that entity.

The financial result deteriorated significantly by € 2,500 million year-on-year, mainly due to losses arising in conjunction with the fair value measurement of designated plan assets offset against pension obligations.

The expense for income taxes related primarily to current tax for the financial year 2022.

After deducting the expense for taxes, the Company reported a net profit of € 6,311 million, compared to € 4,910 million in the previous year.

* [Consumption and Carbon Disclosures](#).

Subject to the shareholders' approval of the appropriation of results at the Annual General Meeting, the unappropriated profit available for distribution amounts to € 5,481 million (2021: € 3,827 million). As a percentage of Group net profit attributable to shareholders of BMW AG in accordance with IFRS (2021: unappropriated profit of BMW AG in accordance with HGB as a percentage of Group net profit in accordance with IFRS), this corresponds to a payout ratio of 30.6%. The payout ratio for 2021

was 30.7% based on the previous definition (or 30.9% based on the new definition) and therefore within the forecast corridor of 30 to 40%.

The payout ratio takes into account the number of shares entitled to dividends at 31 December 2022 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	2022	2021	in € million	2022	2021
ASSETS			EQUITY AND LIABILITIES		
Intangible assets	1,444	704	Subscribed capital	663	662
Property, plant and equipment	14,004	12,740	Nominal amount of own shares	- 17	-
Investments	12,093	5,067	Capital reserves	2,426	2,342
Tangible, intangible and investment assets	27,541	18,511	Revenue reserves	11,665	12,096
Inventories	7,523	7,287	Unappropriated profit	5,481	3,827
Trade receivables	1,161	758	Equity	20,218	18,927
Receivables from subsidiaries	24,510	21,019	Registered profit-sharing certificates	25	26
Other receivables and other assets	2,281	4,071	Pension provisions	2,871	422
Marketable securities	2,904	3,077	Other provisions	11,686	9,995
Cash and cash equivalents	6,207	8,824	Provisions	14,557	10,417
Current assets	44,586	45,036	Liabilities to banks	1	1
Deferred income	116	72	Trade payables	6,786	6,531
Surplus of pension and similar plan assets over liabilities	-	1,086	Liabilities to subsidiaries	25,703	24,462
			Other liabilities	902	462
			Liabilities	33,392	31,456
			Deferred income	4,051	3,879
Total assets	72,243	64,705	Total equity and liabilities	72,243	64,705

Capital expenditure on intangible assets and property, plant and equipment in the year under report totalled € 4,498 million (2021: € 3,304 million), up by 36.1% compared to the previous year. Depreciation and amortisation amounted to € 2,452 million (2021: € 2,846 million).

Investment assets increased by € 7,044 million to € 12,093 million (2021: € 5,067 million) mainly due to a contribution in kind recorded in capital reserves at the level of BMW INTEC Beteiligungs GmbH, Munich. Inventories increased to € 7,523 million (2021: € 7,287 million), mainly due to higher levels of raw materials and supplies.

Receivables from subsidiaries climbed to € 24,510 million (2021: € 21,019 million), mainly due to the higher level of inter-company trade receivables reported following the reclassification of receivables from BMW Brilliance Automotive Ltd., Shenyang, as a consequence of the acquisition of further shares in that entity.

The decrease in other receivables and other assets to € 2,281 million (2021: € 4,071 million) was mainly attributable to lower receivables from companies in which an investment is held, following the acquisition of further shares in BMW Brilliance Automotive Ltd., Shenyang.

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 decreased by € 2,617 million to € 6,207 million, mainly due to the net cash outflow from financing activities, offset in part by the higher net cash inflow from operating activities.

Equity increased by € 1,291 million to € 20,218 million due to the higher unappropriated profit recorded in 2022 compared with the dividend paid out for the financial year 2021. The reduction in other revenue reserves in conjunction with the ongoing share buyback programme had an offsetting effect. The equity ratio changed from 29.3% to 28.0%.

In order to secure pension obligations, cash funds totalling € 382 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 are offset against the related guaranteed obligations. In the previous year, a surplus of assets over liabilities arose which was reported in the BMW AG balance sheet on the line item Surplus of pension and similar plan assets over liabilities.

After offsetting pension plan assets against pension obligations, provisions for pensions increased from € 422 million to € 2,871 million.

Other provisions increased sharply from € 9,995 million to € 11,686 million, mainly due to additions to provisions for statutory and non-statutory warranty and product guarantee obligations as well as for liability risks.

Payables to subsidiaries rose to € 25,703 million (2021: € 24,462 million), mainly reflecting the higher level of inter-company trade payables.

Deferred income went up by € 172 million to € 4,051 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 2023, 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), and therefore within the targeted range of between 30 and 40% (2022: 30.6%).

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 Company Register, the Company Financial Statements of BMW AG for the financial year 2022 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.

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. Its key objectives are to increase transparency and provide an objective benchmark for capital market participants in order to channel capital flows towards environmentally sustainable economic activities.

The EU Taxonomy is a classification system that defines economic activities as environmentally sustainable based on fulfilment of predetermined technical screening criteria.

Essentially, 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

This contribution is based on fulfilment of specific predetermined requirements. Moreover, no other environmental objective may be significantly harmed as a result of performing the activity and the Company involved must observe minimum safeguards, among them compliance with human rights.

On the basis of the phased introduction of the EU Taxonomy in the Delegated Acts, companies such as the BMW Group were required to report the Taxonomy-eligible proportion of their revenues, capital expenditures and operating expenditures for Environmental Objectives I and II for the first time in the previous year. Since reporting year 2022, the reporting requirements have been expanded to include Taxonomy-aligned proportions for both these environmental objectives. The reporting scope is expected to be expanded to the environmental objectives III to VI starting with the reporting year 2024.

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. As a company aspiring to achieve net zero across its entire value chain by no later than 2050, we welcome all initiatives that serve this objective. As part of this commitment, the BMW Group had already set ambitious, science-based targets for all three scopes in 2020, which it aims to achieve by 2030 (base year 2019). These goals were validated by the Science Based Targets initiative (SBTi). Each year, the BMW Group Report informs about the level of progress. [↗ Strategy](#)

In the coming years, the significant growth in electromobility will imply that the majority of carbon emissions will be generated within the upstream value chain, rather than primarily in the use phase. Without the anticipated set of measures to reduce carbon emissions generated within the BMW Group supply chain, these emissions would already exceed actual carbon emissions in the use phase prior to 2030. [↗ Strategy](#), [↗ Production and Supplier Network](#), [↗ Carbon emissions](#) Accordingly, the BMW Group is taking a holistic approach to achieving its sustainability-related targets and is committed to considering carbon emissions over the entire life cycle of the vehicles produced. [↗ Carbon emissions](#) 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-emissions (until 2025) and emissions-free drive 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 in 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. The deficit of this approach is shown by the example that increasing the energy efficiency of paint shop processes also reduces carbon emissions in in-house production when a conventionally powered vehicle is painted. In light of the BMW Group's selected economic activities, its sustainability efforts in this regard are not, or are only partially, taken into account in the EU Taxonomy. [1\]](#)

[Explanatory comments on reporting procedures

Explanatory comments on reporting procedures for the reporting year 2022, we are reporting on Taxonomy alignment for the first time in relation to Environmental Objective I "Climate change mitigation" and Environmental Objective II "Climate change adaptation", in addition to reporting on Taxonomy eligibility. Taxonomy eligibility is an initial indicator of the maximum environmental sustainability potential of economic activities as defined by the EU Taxonomy. Taxonomy alignment, on the other hand, serves as an indicator of an organisation's transformation towards environmentally sustainable economic activities.

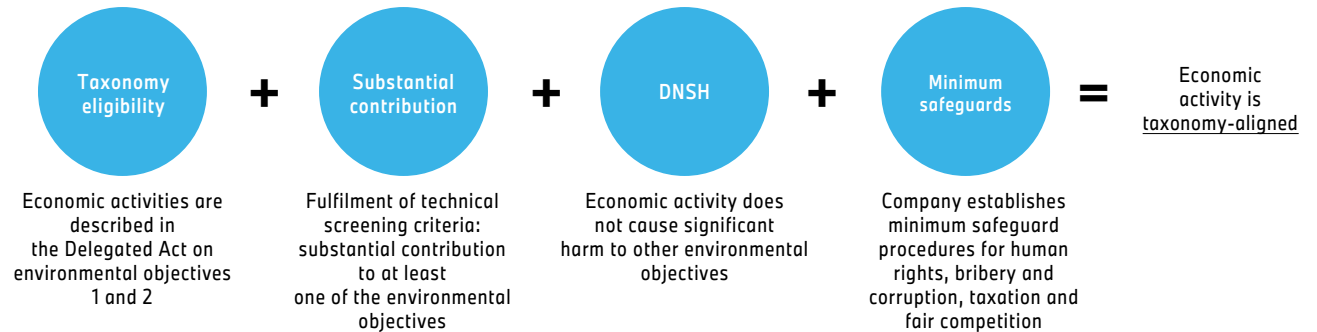
An economic activity is to be seen as Taxonomy-eligible if it is described in the Delegated Acts relating to one of the six environmental objectives, regardless of whether that economic activity meets the technical screening criteria stipulated in those Delegated Acts. Following an analysis, the BMW Group's business activities can best be summarised under the following economic activities¹:

- Economic activity 3.3 "Manufacture of low carbon technologies for transport" including the production of passenger cars and motorcycles.
- Economic activity 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles" including the acquisition, financing, lease and operation of automobiles and motorcycles.

Based on the descriptions of the two economic activities listed for Environmental Objective I "Climate change mitigation" and in consideration of the additional clarification by the EU Commission regarding the Taxonomy eligibility of vehicles with combustion engines under economic activity 3.3, a large part of the BMW Group's business model falls within the scope of the EU Taxonomy Annex.²

Only the sale of parts and components, such as after-sales business excluding the provision of repair services, the supply of components for production to BMW Brilliance up to and including

[Explanatory comments on reporting procedures



10 February 2022³ and/or to other third parties, and banking and insurance services performed by our non-automotive Financial Services segment, are not described as economic activities in the Delegated Regulation and are therefore not Taxonomy-eligible.

Consequently, in order to determine the Taxonomy alignment of the two aforementioned economic activities in the reporting year, they must be reviewed against the technical screening criteria relevant to them:

- 1) They make a substantial contribution to the fulfilment of the environmental objective based on the specific carbon emissions for the vehicles in question.
- 2) They do not cause any significant harm to other environmental objectives based on the specific requirements for each relevant economic activity ("Do no significant harm" or "DNSH").

It must also be ensured that the organisation carrying out the economic activities has established minimum safeguards aimed at guaranteeing compliance with human rights in particular and also minimum safeguards relating to bribery, corruption, taxation and fair competition.

Substantial contribution

The BMW Group has reviewed its contribution to the environmental objectives "Climate change mitigation" and "Climate change adaptation" for the reporting year. Economic activity 3.3 and economic activity 6.5 both make a substantial contribution to the achievement of Environmental Objective I "Climate change mitigation" due to the manufacture, financing and leasing of low-emissions (PHEV < 50 g CO₂/km WLTP until 2025) and zero-emissions vehicles (BEV and motorcycles with 0g CO₂/km). The contribution of the two economic activities to the second environmental objective "Climate change adaptation" was subsumed under environmental objective I "Climate change mitigation" for reasons of materiality.^{1]}

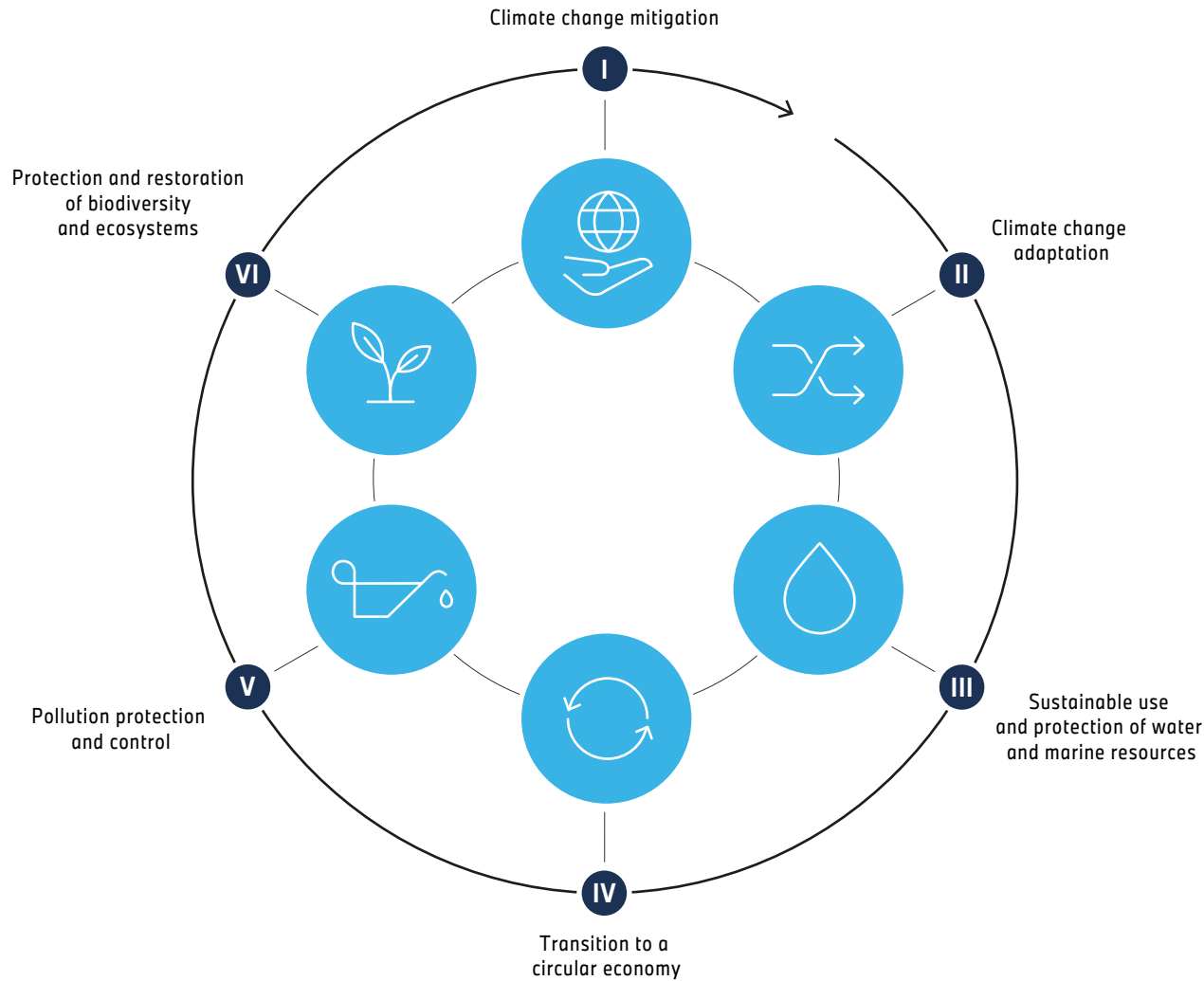
¹ The additional economic activities specified in Delegated Regulation (EU) 2022/1214 of 9 March 2022 (in particular with regard to nuclear energy and gaseous fossil fuels) are not relevant to the BMW Group. Accordingly, specific reporting tables for these activities are not included.

² It should be noted that the relevant Delegated Act describes the economic activity "Manufacture of low carbon technologies for transport" differently for Environmental Objective I "Climate change mitigation" and Environmental Objective II "Climate change adaptation". For the purposes of consistent reporting on the Taxonomy eligibility of vehicle production, the BMW Group follows the description given for Environmental Objective I, given that Taxonomy-eligible vehicle production as listed for Environmental Objective II is a subset of Taxonomy-eligible vehicle production for Environmental Objective I.

³ Further information on the consolidation of BMW Brilliance is provided in [Note \[3\]](#) to the Group Financial Statements.



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 (USA, China, etc.), assumptions were made based on the worst-case value for that vehicle model, even though these emissions may have been lower in reality.

Avoidance of significant harm

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 for economic activity 3.3 "Manufacture of low carbon technologies for transport" and economic activity 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles".

The vehicle portfolio for economic activity 6.5 includes BMW Group vehicles and vehicles from other manufacturers. 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 vehicles are not currently reported as Taxonomy-aligned.



Climate change adaptation

A robust climate risk and vulnerability assessment is required for both economic activity 3.3 and economic activity 6.5 to determine that they do not cause significant harm to Environmental Objective II. It considers the physical climate risks at all key BMW Group production sites as well as any potential damage that may occur as a result of climate change based on long-term climate projection scenarios* up to 2034 and 2050. 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 []

* SSP1-2.6, SSP2-4.5, SSP5-8.5.

the results of this risk analysis and in consultation with site representatives. For further information, see [Climate-related Risks and Opportunities](#).

The DNSH requirements for Environmental Objective II are fulfilled for economic activities 3.3 and 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 resources for economic activity 3.3 (in both cases, not relevant for economic activity 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 in accordance with ISO 14001 has been implemented at all BMW Group production sites and all local legal requirements are met. [Resource Management at all locations](#)

The DNSH requirements for Environmental Objectives III and VI are fulfilled for economic activity 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 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 as well as registering substances of concern systematically along the entire supply chain. With regard to the use phase and recycling of BMW Group vehicles (economic activity 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 [Transition to a circular economy](#).

The DNSH requirements for Environmental Objective IV are fulfilled for economic activities 3.3 and 6.5.



Pollution prevention and control

The requirements to do no significant harm to Environmental Objective V differ considerably for economic activity 3.3 and economic activity 6.5.

With regard to economic activity 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 vehicle level. All substances used by the BMW Group are in compliance with national and European laws. The use of any other substances, such as those classified under the CLP Regulation which go beyond current prohibitions established in applicable legislation (including the REACH

Regulation), is reviewed. Substitutes are sought for substances if their use cannot be avoided owing to current societal needs, taking into account factors such as economic and technical requirements.

Never the less, it is not possible to meet all criteria to do no significant harm to Environmental Objective V in the case of economic activity 6.5. Current PHEV models under 50 g CO₂/km WLTP offered by the BMW Group and other manufacturers may make a significant contribution as defined by the EU Taxonomy. However, manufacturer specifications for air pollutant emissions in real driving conditions (real driving emissions, RDE) cannot be declared as 80 % of the limit as required by the EU Taxonomy with reference to table 2 in the notes to the Clean Vehicles Directive, due to potentially extreme driving situations. All PHEVs in the vehicle portfolio for economic activity 6.5 must therefore be considered as not Taxonomy-aligned, even if they meet these specifications in everyday driving situations.

For the remaining BEV in the BMW Group's vehicle portfolio, further deductions have to be made in the context of economic activity 6.5. In the case of individual models 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 3.3; however, not all are fulfilled for economic activity 6.5. [1\]](#)

Minimum safeguards

In addition to making sure that no significant harm is caused to the other environmental objectives, it must also be ensured that the organisation carrying out the economic activities has established minimum safeguards. These require the implementation of processes to ensure compliance with due diligence obligations both within an organisation and in the 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 environment-related 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 and human rights](#)

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. [Glossary](#)

The proportion of 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. Only Taxonomy-eligible revenues, capital expenditure and operating expenditure as listed for Environmental Objective I "Climate change mitigation" are disclosed, given that Taxonomy-eligible revenues, capital expenditure and operating

expenditure for Environmental Objective II "Climate change adaptation" are a subset of the values for 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, all Taxonomy-eligible expenditure is allocated to the two economic activities 3.3 and 6.5. 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, the allocator is based on long-term Taxonomy-aligned revenues generated from the automobile and motorcycle business for economic activity 3.3 and on the Taxonomy-aligned financing volume for new customers in the current financial year for economic activity 6.5:

- Allocator for economic activity 3.3: (BEV + PHEV (<50g)) x Automotive segment revenues (2023–2028)
- Allocator for economic activity 6.5: (DNSH alignment factor x BEV) x proportion of financing volume attributable to new customer contracts (2022)

For capital expenditure, 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 allocator is used for capital expenditure on property, plant and equipment (including right-of-use assets), intangible assets and expenditure on research and development for economic activity 3.3, and for capital expenditure on leased products for economic activity 6.5. For operating expenditure, the formula is also applied to non-capitalised development costs.

For other operating expenditure (non-capitalised right-of-use assets (lessee), maintenance/repair expenses) relating to economic activity 3.3, the allocator is based on the Taxonomy-aligned revenues generated from the automobile and motorcycle business in the reporting period.

Interpretation of the performance indicators for reporting year 2022

The following overview tables summarise the performance indicators revenues, capital expenditure and operating expenditure resulting from Taxonomy-eligible and Taxonomy-aligned economic activities of the BMW Group.

— BMW Group perspective

Taxonomy-aligned revenues of the BMW Group amounted to € 15,705 million, corresponding to 11 % of total Group revenues. The Taxonomy-aligned share of capital expenditure was 21 % (€ 5,100 million). Operating expenditure incurred for Taxonomy-aligned economic activities amounted to € 1,661 million, corresponding to almost 29 % of Taxonomy-eligible operating expenditure.

— Economic activity 3.3, "Manufacture of low carbon technologies for transport"

The Taxonomy-aligned share of revenues generated by the Automotive and Motorcycle segments corresponded to 10.7 % (economic activity 3.3 "Manufacture of low-carbon technologies for transport") of total Group revenues. As a percentage of external revenues of the two segments, the Taxonomy-aligned share rises to 14 %. [Segment information 1](#)

ⓘ Additions to intangible assets and property, plant and equipment of the BMW Group were more than 19 % Taxonomy-aligned. This proportion more than doubles to 43 % in relation to additions recorded by the Automotive and Motorcycle segments. The latter highlights the high proportion of Taxonomy-aligned capital expenditure of the Automotive segment. ⓘ

— Economic activity 6.5, "Transport by motorbikes, passenger cars and light commercial vehicles"

The Taxonomy-aligned shares for the three performance indicators were at a low single-digit level for the Financial Services segment. This was due to the fact that – compared to the Automotive segment – there is a time lag before the effects of the vehicle fleet electrification ramp-up are felt in the financing and leasing lines of business. A further reason is the stricter DNSH requirements for economic activity 6.5, in particular those relating to environmental objective V "Pollution prevention and control", which lead to the exclusion of all PHEV and a significant restriction in the recognition of BEV in the scope of EU Taxonomy reporting (for details see Section "Avoidance of significant harm"). In addition, with economic activity 6.5, third-party brands can only be included in the vehicle portfolio under restrictive conditions, such as for the purpose of assigning tyre categories or WLTP emissions values as part of the process of testing compliance with the DNSH criteria. As a result, no specific deductions can be allocated, with the consequence that the models concerned must be excluded from the scope of reporting on Taxonomy alignment.

The growing share of zero-emissions vehicles, the development and production methods used, and – where applicable – contributions made to other environmental objectives as yet to be defined are expected to lead to an increase in Taxonomy-aligned revenues, capital expenditure and operating expenditure. Due to the high level of investment in the transformation of our business activities, for example in the electrification of our vehicles and research into alternative drivetrains, these economic activities have the potential to become Taxonomy-aligned over time. Overall, we anticipate that the proportion of Taxonomy-aligned economic activities will steadily rise as a result of the increasing electrification of our product portfolio. ↗ [Strategy](#)

The contribution of the two economic activities considered for Environmental Objective II is subsumed in the contribution reported for Environmental Objective I. Regardless of the taxonomy criteria, the BMW Group regularly and comprehensively addresses risks arising from climate change and their potential impact on its locations and supply chains.

↗ [DNSH adaptation to climate change](#), ↗ [TCFD climate risks](#)

As the overview tables from Delegated Regulation (EU) 2021/2178 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 for both economic activities. ⓘ

ⓘ Voluntary additional information on the Taxonomy-aligned share per economic activity*

	in € million	in € million	in %
Revenues 2022	by activity	of which Taxonomy-aligned	Proportion
Manufacture of low carbon technologies for transport (3.3)	109,029	15,264	14.0
Transport by motorbikes, passenger cars and light commercial vehicles (6.5)	33,581	441	1.3
Total	142,610	15,705	11.0
Capital expenditure 2022	by activity	of which Taxonomy-aligned	Proportion
Manufacture of low carbon technologies for transport (3.3)	10,659	4,596	43.1
Transport by motorbikes, passenger cars and light commercial vehicles (6.5)	13,452	504	3.7
Total	24,111	5,100	21.2
Operating expenditure 2022	by activity	of which Taxonomy-aligned	Proportion
Manufacture of low carbon technologies for transport (3.3)	5,584	1,655	29.6
Transport by motorbikes, passenger cars and light commercial vehicles (6.5)	232	6	2.5
Total	5,816	1,661	28.6 ⓘ

* Taxonomy-aligned share calculated with denominator as the sum of Taxonomy-aligned, non-Taxonomy-aligned and Taxonomy-capable values of the respective economic activity.

Contextual KPI information related to Taxonomy-aligned economic activities

in € million

Revenues	2022
Sales of products, related goods and revenue of service contracts	15,264
Revenues related to financial services	441
Total	15,705
Capital expenditure	
2022	
Economic activity 3.3	
Property, plant and equipment ¹	3,554
Development costs	1,042
Leased products	0
Total	4,595
Economic activity 6.5	
Property, plant and equipment ¹	1
Development costs	0
Leased products	503
Total	504
Total	5,100
Operating expenditure	
2022	
Economic activity 3.3	
Development costs – not capitalised ²	1,485
Right-of-use assets (lessee) – not capitalised	14
Maintenance/repair expenses	156
Total	1,655
Economic activity 6.5	
Development costs – not capitalised ²	3
Right-of-use assets (lessee) – not capitalised	0
Maintenance/repair expenses	3
Total	6
Total	1,661

[Revenue includes 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.]

¹ Including intangible assets and right-of-use assets from lessee relationships.

² Including Spotlight Automotive Ltd.

[t 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 (2022–2028). The CapEx plan covers capital expenditure and operating expenditure for the reporting year and planned capital expenditure and operating expenditure (only non-capi-

talised development costs) for 2023–2028 for economic activities 3.3 and 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 € 55,989 million for economic activity 3.3 (with € 6,081 million attributable to financial year 2022) and € 16,520 million for economic activity 6.5 (with € 507 million attributable to financial year 2022).^{1]}

[t CapEx plan for transformation into or expansion of Taxonomy-aligned economic activities

in € million	Code(s)	2022	2023–2028	Total
Economic activities				
Manufacture of low carbon technologies for transport	3.3	6,081	49,908	55,989
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	507	16,013	16,520
Total		6,588	65,921	72,509

The following tables provide an overview of the three performance indicators for EU Taxonomy in the 2022 reporting year:

Revenues

	Code(s) ¹	Substantial contribution criteria ²								DNSH criteria ("Do no significantly harm")								Taxonomy-aligned prop. of turnover year N-1	Category (Enabling activity)	Category (Transitional activity)	
		Absolute turnover	Proportion of turnover	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention and control	Biodiversity and ecosystems	Climate change mitigation	Climate change adaptation	Water and marine resources	Circular economy	Pollution prevention and control	Biodiversity and ecosystems	Minimum safeguards					
Economic activities		in € million	%	%	%	%	%	%	%	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Taxonomy-aligned prop. of turnover year N-3	%	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																					
A.1 Environmentally sustainable activities (Taxonomy-aligned)																					
Manufacture of low carbon technologies for transport	3.3	15,264	10.7	100.0	0	n/a	n/a	n/a	n/a		Y	Y	Y	Y	Y	Y	10.7	n/a		E	
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	441	0.3	100.0	0	n/a	n/a	n/a	n/a		Y	Y	Y	Y	Y	Y	0.3	n/a			
Turnover of environmentally sustainable activities (Taxonomy-aligned)		15,705	11.0	100.0	0	n/a	n/a	n/a	n/a		Y	Y	Y	Y	Y	Y	11.0	n/a			
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																					
Manufacture of low carbon technologies for transport	3.3	81,945	57.5																		
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	32,603	22.9																		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		114,548	80.3																n/a		
Total A.1 + A.2		130,253	91.3														11.0				
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																					
Turnover of Taxonomy-non-eligible activities (B)		12,356	8.7																		
Total (A+B)		142,610	100.0																		

¹ With reference to ANNEX I of Delegated Regulation (EU) of 4 June 2021 (EU 2021/2139).

² Environmental objectives III-VI not applicable to financial year 2022.

³ Taxonomy-aligned share of turnover per economic activity amounts to 14.0 % for 3.3 and 1.3 % for 6.5. Voluntary additional information on Taxonomy-aligned share per economic activity.

Capital expenditure

	Code(s) ¹	Absolute capital expenditure in € million	Proportion of capital expenditure %	Substantial contribution criteria ²						DNSH criteria ("Do no significantly harm")						Taxonomy-aligned capital expenditure year N-1 %	Taxonomy-aligned capital expenditure year N-1 %	Category (Enabling activity) E	Category (Transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution prevention and control %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution prevention and control Y/N	Biodiversity and ecosystems Y/N				
Economic activities																			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies for transport	3.3	4,595	19.1	100.0	0	n/a	n/a	n/a	n/a		Y	Y	Y	Y	Y	Y	19.1	n/a	E
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	504	2.1	100.0	0	n/a	n/a	n/a	n/a		Y	Y	Y	Y	Y	Y	2.1	n/a	
Capital expenditure of environmentally sustainable activities (Taxonomy-aligned)		5,100	21.2	100.0	0	n/a	n/a	n/a	n/a		Y	Y	Y	Y	Y	Y	21.2	n/a	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low carbon technologies for transport	3.3	6,032	25.0																
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	12,948	53.7																
Capital expenditure of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		18,980	78.7															n/a	
Total A.1 + A.2		24,080	99.9														21.2		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Capital expenditure of Taxonomy-non-eligible activities (B)		31	0.1																
Total (A+B)		24,111	100.0																

¹ With reference to ANNEX I of Delegated Regulation (EU) of 4 June 2021 (EU 2021/2139).

² Environmental objectives III-VI not applicable to financial year 2022.

³ Taxonomy-aligned share of capital expenditure per economic activity amounts to 43.1 % for 3.3 and 3.7 % for 6.5 ³ Voluntary additional information on Taxonomy-aligned share per economic activity.



Operating expenditure

	Code(s) ¹	Absolute operating expenditure in € million	Proportion of operating expenditure %	Substantial contribution criteria ²							DNSH criteria ("Do no significantly harm")						Taxonomy-aligned operating expenditure year N-1 %	Category (Enabling activity) E	Category (Transitional activity) T
				Climate change mitigation %	Climate change adaptation %	Water and marine resources %	Circular economy %	Pollution prevention and control %	Biodiversity and ecosystems %	Climate change mitigation Y/N	Climate change adaptation Y/N	Water and marine resources Y/N	Circular economy Y/N	Pollution prevention and control Y/N	Biodiversity and ecosystems Y/N	Minimum safeguards Y/N			
Economic activities																			
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies for transport	3.3	1,655	28.5	100.0	0	n/a	n/a	n/a	n/a		Y	Y	Y	Y	Y	Y	28.5	n/a	E
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	6	0.1	100.0	0	n/a	n/a	n/a	n/a		Y	Y	Y	Y	Y	Y	0.1	n/a	
Operating expenditure of environmentally sustainable activities (Taxonomy-aligned)		1,661	28.6	100.0	0	n/a	n/a	n/a	n/a		Y	Y	Y	Y	Y	Y	28.6	n/a	
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
Manufacture of low carbon technologies for transport	3.3	3,929	67.6																
Transport by motorbikes, passenger cars and light commercial vehicles	6.5	226	3.9																
Operating expenditure of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)		4,155	71.4															n/a	
Total A.1 + A.2		5,816	100.0														28.6		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Operating expenditure of Taxonomy-non-eligible activities (B)		0	0																
Total (A+B)		5,816	100.0																

¹ With reference to ANNEX I of Delegated Regulation (EU) of 4 June 2021 (EU 2021/2139).

² Environmental objectives III-VI not applicable to financial year 2022.

³ Taxonomy-aligned share of operating expenditure per economic activity amounts to 29.6 % for 3.3 and 2.5 % for 6.5 ³ Voluntary additional information on Taxonomy-aligned share per economic activity.

PRODUCTS

90 Innovation, Digitalisation and Customer Orientation

95 Product Quality and Safety

97 Carbon Emissions

100 Electromobility

PRODUCTS

INNOVATION, DIGITALISATION AND CUSTOMER ORIENTATION

The BMW Group's innovations are characterised by their consistent orientation towards customer needs and the use of digital solutions. During the year under report, numerous innovations again resulted in processes being optimised, products improved and new technologies introduced to make everyday life easier for our customers.

Vision UI/UX: user interaction and the user interface of the future

With its BMW i Vision Dee concept vehicle, the BMW Group is demonstrating how interaction between people and automobiles could look like going forward. "Dee" is a sporty, elegant mid-size sedan that epitomises the core values of the BMW brand in a new, reduced design language. It is the most recent affirmation of our digital expertise and stands for Digital Emotional Experience. "Dee" is yet another milestone on the road to the NEUE KLASSE and forms an innovative link between everyday reality and the virtual world. As of 2025, with the NEUE KLASSE the BMW Group will be taking a major technological leap forward and creating innovative drivetrain and digital modules for all relevant classes of vehicle across the BMW model range. Electrification, digitalisation and circularity are the key elements that signify the transformation currently taking place within the automotive

industry, which is being driven forward at a considerable pace with this new generation of vehicles. The BMW Group has already demonstrated the great potential of the circular economy principle with its BMW i Vision Circular. The BMW i Vision Dee now illustrates the impact that digital technology will have on driving pleasure in years to come.

MINI Concept Aceman

The Concept Aceman marks the dawn of a new era for the MINI brand. The crossover model is a preview of a completely new type of vehicle that is destined to occupy the position between the MINI Cooper and the MINI Countryman in the model family going forward. This concept vehicle reflects how MINI is reinventing itself to be part of an all-electric future and what the brand stands for by creating an electrified go-kart feeling, digital features for all the senses and a keen focus on minimising its ecological footprint.

"Charismatic Simplicity" – the new design language – pares back the look of the MINI models of the future to the essentials. The exterior of the MINI Concept Aceman features a prominent front end with an octagonal, closed, illuminated radiator grille element, an athletic shoulder section and a powerful rear fitted with vertically arranged taillights. The interior is greatly reduced and focuses on a round OLED display that enables the driver to personalise the sound, interaction, projection and light via three "Experience Modes". Like all future MINI models, the MINI Concept Aceman is designed completely without leather, is practically chrome-free and features a variety of sustainable materials.]





[[Digitalisation – an opportunity for innovation and customer orientation

Digitalisation is a key factor when it comes to keeping the vehicle “fresh” and therefore up to date throughout its life cycle. Since the launch of Operating System 7 in 2018, a Remote Software Upgrade (i.e. updating the vehicle's software remotely) has been available for BMW vehicles. In addition to its remote software upgrades, the Group is continually releasing new functions and features. Since autumn 2022, for example, a service for conveniently paying parking fees has been available in BMW vehicles with Operating Systems 7 and 8 in Germany and Austria – and other countries are set to follow. Upon arriving in a parking zone, the vehicle automatically detects whether the service is available at that location and displays the payment option accordingly.

With “Functions-on-Demand”, additional functions can also be bought in, long after the vehicle has been purchased, or even booked for a specific period.

The vehicle as a digital experience

In 2021, the BMW Group launched its Operating System 8, featuring a new display and control system. Since then, every new BMW model has been equipped with this flexible, scalable infotainment operating system. Currently, the latest BMW 7 Series is presenting the full capabilities of Operating System 8, ranging from “Augmented View” in the information display to a genuine cinema experience with the “BMW Theatre Screen”. The “My Modes” function can be used to create a holistic user experience within the vehicle by changing vehicle features as well as displays and interior ambience, depending on the “My Mode” selected. The My Mode “Digital Art” feature brings digital art to the BMW Curved Display for the first time.

One key advantage of BMW Operating System 8 is its scalability across all classes of vehicle. Since its launch, the system has been rolled out across the compact, mid-size and luxury classes and systematically enhanced in line with customer demand. The focus is on new entertainment offerings such as the integration of AirConsole and the expansion to include third-party apps via the Faurecia Aptoide app store.

Digitalisation also enables innovations, simplifications and advances outside the vehicle. With the My BMW App and the MINI App, which are now being used by over nine million customers worldwide on their smartphones, it is possible, for example, to plan travel routes, request information on the vehicle's condition, or control the charging process.

Software expertise at the BMW Group

Twenty years ago, the BMW Group began developing its own software with the founding of BMW Car IT. Since then, the Company has continued to expand its teams of developers to form a global network. Beginning with the Ulm site in southern Germany, its software expertise has been bolstered by the joint ventures]]



Remote software upgrades*

The software architecture, which has been successively developed over the last 15 years, enables BMW to install software on all control units in the vehicle's electrical system within a matter of minutes. Over 30 BMW models worldwide can now be upgraded using this method. The last remote software upgrade in 2022 was already accessible to 3.8 million BMW Group vehicles. The free upgrades include improvements and feature enhancements in the areas of infotainment, driving, drivetrain, driver assistance, convenience and safety.

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



BMW Theatre Screen

The BMW Theatre Screen is much more than just a screen fitted in the rear of the new BMW 7 Series: it raises the bar in terms of in-car entertainment and creates a cinema-like entertainment experience for back-seat passengers. During a journey, the 31.3-inch (79.5 cm) display can stream popular apps via the vehicle's 5G connectivity and pre-installed Amazon Fire TV (depending on the country-specific Fire TV offering; in China, Huawei and Iqiyi).

Critical TechWorks in Portugal and BA TechWorks in China. Overall, the BMW Group employs more than 8,500 people in IT and software development.

Range of innovative mobility services

Together with the Mercedes-Benz Group, the BMW Group offers mobility services via the YOUR NOW joint venture, which was established in 2019. The range of services provides customers with access to various modes of transport other than their own vehicle.

As Europe's largest multimodal mobility platform, FREE NOW combines the entire range of various forms of mobility in one app, enabling registered users in European cities to reach their destination both swiftly and according to their needs. 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. Moreover, FREE NOW consistently promotes the electrification of the current fleet. By 2025, the share of electrically powered trips is projected to increase to 50 % and users are set to travel fully electrically as of 2030. During the year under report, YOUR NOW Holding sold the car-sharing provider SHARE NOW to Stellantis. Car-sharing services from various providers will continue to be offered via FREE NOW.

Since July 2022, the BMW Group's range of mobility services has been enlarged to include the BMW Add-On Mobility app in cooperation with SIXT. Among other benefits, the app gives BMW and MINI customers prioritised access to rental vehicles in Germany, Belgium and Luxembourg. Furthermore, the BMW Group offers its business customers and fleet operators individualised mobility solutions with a focus on flexible, keyless vehicle use and based on digital, data-driven vehicle management that boosts process efficiency and enhances the customer experience.

The BMW Group's range of services also includes comprehensive charging solutions for the home, the workplace and on the road.

➤ Expanding charging infrastructure and enabling faster charging

Digital connectivity and automation

Automated functions and digitally connected vehicles can help cut emissions, reduce the risk of accidents and ease traffic congestion. The BMW Group is therefore firmly committed to making further progress in this area – with a clear focus on customer convenience and safety.

The BMW Group has been pooling the development of assistance and automation functions at its Autonomous Driving Campus north of Munich since 2017. It also operates research facilities in both China and the USA, enabling it to include its two largest markets in terms of traffic-related as well as traffic law specifics right from the outset. In order to take the diverse demands placed on automated driving systems into account from the beginning, the BMW Group also has a globally unique driving simulation centre in Munich, making it possible to test driver assistance systems and automated driving functions in a realistic setting.

One of the many successes to come from our development work is the innovative technology toolkit, which is integrated in the BMW iX¹ as well as in the new BMW 7 Series and is being rolled out successively across the entire range of vehicles. The toolkit excels in terms of its computing power, its highly efficient sensor technology, the continuous improvement of the software via data-driven development and the use of artificial intelligence (AI). It also forms the basis for our upcoming automated features, including a highly automated Level 3 function for the new BMW 7 Series.

When it comes to developing the next generation of software solutions for automated driving, the BMW Group has been collaborating with Qualcomm Technologies and Arriver since 2022. Together, we aim to develop technologies ranging from New Car Assessment Program (NCAP) solutions to advanced Level 2 driving assistance systems and the Level 3 functionalities of highly automated driving. Since 2021, the BMW Group has also been involved in the Munich-based research project TEMPUS², which explores questions of technical feasibility.

Safety of automated smart systems

The BMW Group's highest priority is to ensure that its automated systems operate in a safe, secure manner. It is therefore promoting the development of an industry-wide ISO standard for highly and fully automated driving functions, a project it has been involved in right from an early stage. The work has culminated in an ISO Technical Report, which is due to be published as an ISO Technical Specification in the course of 2023, and sets out uniform technical standards for safe automated driving.

Drivetrain technologies of the future

When developing drivetrain technologies, the BMW Group focuses on the needs of its customers worldwide. For this reason we are constantly developing existing drivetrain technologies in the interests of efficiency, decarbonisation and resource conservation. At the same time, we continue to research new drivetrain technologies with the ultimate aim of developing them for series production.

New generation of battery cells

High-performance, innovative and sustainably produced battery cells are the key to success for individual electric mobility. With its NEUE KLASSE models, the BMW Group will be entering a new era of e-mobility as of 2025, using newly developed round battery cells for the first time that are ideally suited to the new architecture.

The sixth generation of our lithium-ion cells represents a giant technological leap forward compared with the previous generation, effectively increasing energy density by more than 20 %, charging speed by up to 30 % and range by around 30 %. The carbon emissions generated by cell production will be reduced by up to 60 %.

The BMW Group has placed orders worth a double-digit billion euro amount prior to the production of the new BMW battery cells. [1](#)

¹ ↗ Consumption and Carbon Disclosures.

² Munich test site – pilot test of automated driving in urban traffic.

Benefiting from the extensive in-house expertise gained from the Group's own Cell Manufacturing Competence Centre, the team consisting of Development, Production and Purchasing has succeeded in significantly cutting the total cost of the high-voltage storage system, thanks to the new battery cell and the innovative integration concept for the storage technology developed by the BMW Group. Based on current market assumptions, the cost can potentially be reduced by up to 50 % compared to the current fifth generation.

Hydrogen fuel cell technology

During the period under report, we began testing the BMW iX5 Hydrogen with its hydrogen fuel cell drive system under everyday conditions. We aim to test the interaction between the CO₂-free drivetrain, the chassis technology and the electronic systems in realistic situations. In order to gain further experience, a pilot fleet of the all-electric model has been in production since the end of 2022.

Hydrogen fuel cell technology has the potential to become a sustainable complement to battery-powered e-drive systems. The technology really comes into its own when a comprehensive electric charging infrastructure is not available; it could also be deployed for long-distance use or in larger classes of vehicle. Depending on market requirements and developments, we intend to offer the model as a series production vehicle in the second half of this decade.

The BMW iX5 Hydrogen is equipped with fuel cells developed in collaboration with the Toyota Motor Corporation. The fuel cell stack and the overall drive system have both been developed in-house. The collaboration project has been in place since 2013 and aims to optimise the technology's suitability for everyday use in each company's own series production vehicles.

The BMW Group is supporting initiatives across Europe with the aim of establishing an efficient, hydrogen-based economy and promoting the production of green [Hydrogen](#).

Inspiration and cooperation

Good ideas often emerge when different partners work together. According to this principle, we are focusing on cooperations in which the strengths of the BMW Group complement those of established partners as well as innovation drivers such as start-ups, enabling us to continue developing our innovative strengths.

The global network of BMW Group Technology Offices is also making an essential contribution to maintaining the Group's leading role in terms of innovation.

These 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 the mobility of the future, these Technology Offices are driving forward innovations that benefit the Group in all its lines of business.]

[

Metaverse

The virtual worlds of the Metaverse are a catalyst for digitalisation for the BMW Group, as the use of X-Reality (VR/AR/MR) technologies and Web 3.0 generates benefits across all areas of the value chain. Our holistic activities comprise the following three pillars:

1. Corporate Metaverse (virtualisation of internal processes: virtual working platform for collaboration and interaction, training and recruiting)
2. Commercial Metaverse (in the "digital brand" context, the new potential for interaction becomes possible for brands and customers alike)
3. In-Car Metaverse (offers customers new options for information management, increased productivity, communication and all-round entertainment within the vehicle)

Using the mixed reality approach, which was introduced during the year under report, a team of engineers from BMW M GmbH has developed an immersive driving experience for the BMW M2. Using XR goggles, drivers can immerse themselves in a virtual

world to master high-rev challenges, similar to a racing game. Integrated gaming elements, such as avoiding obstacles or collecting virtual coins, enhance the immersive in-car experience. The system takes all the BMW M2's axes of motion and rotation into account. The vehicle itself becomes the controller, in this case the fastest controller in the world.



]]

¶ The trend research conducted by its Technology Offices helps the BMW Group to predict tomorrow's technological developments. The results are now publicly available in the [Trend Radar](#). Scientific institutions, start-ups and even potential partners can make use of these. ¶]

Worldwide culture of innovation

Global dialogue with start-ups is an important means for the BMW Group to gain impetus. This is based on three pillars, comprising [BMW i Ventures](#) (through which we invest in technology start-ups), the MINI brand-initiated start-up [Accelerator URBAN-X](#) that focuses on urban living and the [BMW Startup Garage](#) (which serves as the BMW Group's venture client unit and searches 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.

¶ Shaping the future of mobility

The BMW Group is involved in numerous research and implementation projects for developing new mobility concepts. The main focus is on pilot projects that improve the quality of life and promote more sustainable urban mobility.

For example, the BMW Group is working with the city of Munich to develop urban projects with the involvement of the local population. Among other things, this entails making more efficient use of the available road space, establishing new on-demand services, and promoting parking space management. Moreover, in the Berlin project ["New Mobility Berlin"](#) we are jointly developing solutions to meet people's changing mobility needs and address the shortage of space in a growing city. The project is helping to create shared spaces in order to provide, for example, mobility stations for car sharing or rental bikes. Based on a long-term cooperation with the City of Rotterdam, we are also working on numerous pilot projects; from the better networking of different modes of transport (intermodality) to the more efficient use of charging infrastructure.

Vehicles as part of the power grid

The BMW Group is conducting its own research and development work to integrate electrified vehicles in the power grid, thereby contributing to the energy transition, grid stability, and the carbon-free operation of electrified vehicles. The focus is on technologies such as smart charging, a key component of the [BMW ChargeForward](#) service, which enables customers in numerous states of the USA to synchronise their charging behaviour with the current grid load and the use of renewable energy. Another cross-sector initiative is the so-called [Bidirectional Charging Management \(BCM\)](#) research project, which is being subsidised by the German Federal Ministry for Economic Affairs and Climate Action. BCM transforms electric vehicles into mobile energy storage devices and thus into a part of the energy grid in that their batteries can not only absorb electricity, but at the same time feed it in the opposite direction into the grid operator's power supply. In the V2G (Vehicle to Grid) project together with the City of Rotterdam, the BMW Group is also conducting research into using the batteries of electrified vehicles to store surplus renewable energy – with a positive impact on the environment and energy efficiency as well as cutting costs for customers. ¶]

Worldwide cooperations and partnerships

To ensure its long-term success, the BMW Group enters into targeted cooperations and partnerships with companies from various industries with the aim of pooling expertise and implementing innovations as swiftly as possible. Several of the Group's largest collaborations and investments are listed below:

At the beginning of 2022, the BMW Group, Qualcomm Technologies and Arriver Software jointly entered into a long-term cooperation to develop solutions for next-generation automated driving and signed an agreement to that effect. The three companies aim to develop technologies ranging from New Car Assessment Program (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, more than 1,400 specialists will work together at various locations worldwide, including sites in Germany, the USA, Sweden, China, Romania and the BMW AD Test Centre Sokolov in the Czech Republic.

Since the joint acquisition of the HERE mapping service by the BMW Group, the Mercedes-Benz Group and Audi in 2015, the three partners have been working on high-precision digital maps that can be linked to real-time vehicle data. These maps will form the foundation for the next generation of location-based services and are also the basis for new assistance systems. As an independent platform, HERE remains accessible for the automotive industry as well as other partners. In the year under report, the location data and technology platform had nine direct and indirect shareholders: Audi, Bosch, the BMW Group, Continental, Intel, Mitsubishi, the Mercedes-Benz Group, Nippon Telegraph and Telephone, and Pioneer. In November 2022, the BMW Group and HERE Technologies jointly announced that HERE HD Live Map – HERE's high-resolution road map – will be used for automated driving functions.



The BMW Group is a founding partner of the IONITY joint venture, which aims to establish a high-power charging network for electric vehicles right across Europe. This is an important step in ensuring that electric mobility is convenient to use, even over long distances. The founding partners, i.e. the BMW Group, the Mercedes-Benz Group, the Ford Motor Company and Porsche, together with Volkswagen and Audi, all participated in equal measure. In 2019, the Hyundai Motor Group with its Hyundai and Kia brands joined IONITY as an additional shareholder. In April 2022, BlackRock became a further investor, enabling IONITY to continue investing in the densification and expansion of the high-power charging network. [↗ Expanding charging infrastructure and enabling faster charging](#)

In collaboration with Amazon Web Services (AWS), the BMW Group is developing innovative cloud technologies for processing vehicle data. The two companies are also working together to develop commercial standard cloud solutions for the secure handling of vehicle data. The agreement is a continuation of the partnership between BMW and AWS in the field of vehicle data that began back in 2015. As in all previous collaborations with AWS, the BMW Group retains full and exclusive control over the data and complies with the data protection regulations applicable in its respective markets.

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 will be based on Amazon's Alexa technology, thus enabling an even more natural dialogue between driver and vehicle.

Information on the overall scope of the BMW Group's research and development activities is available in the section on the Group's results of operations. [↗ Financial performance](#)

PRODUCT QUALITY AND SAFETY

[All BMW Group products and services are required to meet the highest standards in terms of quality and safety, which are ensured by the Group's comprehensive quality management system. All measures taken reflect the BMW Group's constant focus on human safety.

Effective safety systems

The BMW Group regards the safety of its vehicle's occupants and road users in general as its foremost priority when developing its products. Optimum chassis tuning, highly effective braking systems and stable passenger compartments are key factors in this context. Moreover, BMW Group vehicles are equipped with state-of-the-art safety systems that reduce the risk of accidents and injuries (active safety systems such as collision warning or lane departure warning systems) as well as mitigate the consequences in the event of an accident (passive safety systems such as airbags or seat belts).

We work continuously to further improve the safety of our vehicles. For example, since 2021 the BMW iX* has been setting new standards in this field with its active safety systems. These latest-generation safety features are currently being transferred to other models, including the BMW 7 Series and the BMW X1. The sustained high safety level of BMW Group vehicles was again confirmed externally by the European New Car Assessment Programme (Euro NCAP) in the course of 2022. Following the BMW iX*, which was awarded 5 stars in the previous year, the BMW 2 Series Active Tourer and the BMW X1 also earned this maximum rating in the year under report. These results also underpin the BMW Group's premium aspiration in terms of vehicle safety. [↗ GRI Index: 416-1](#)

Quality management

Product safety is an essential part of the BMW Group's comprehensive quality management system, which is in place to ensure that its products are safe, of excellent quality and legally compliant. From the development stage to manufacturing, the Group's products are therefore subject to strict testing procedures. However, in our view, quality management goes much further. Any information from customers regarding potential deviations from quality standards are systematically followed up. The BMW Group informs the relevant authorities without delay if required to do so for market-related reasons. This is especially true for safety-related and compliance-relevant aspects.

If a safety risk or a compliance-related defect is found, the BMW Group implements all the measures required to remedy the issue in close coordination with the responsible authorities. Safety- and compliance-related technical actions affected around 3.4 million vehicles during the year under report. These actions were all of a voluntary nature and carried out in close coordination with the authorities. The BMW Group works according to the principle of prevention. To avoid technical actions of this type going forward, the BMW Group has developed a comprehensive programme that is in place as of 2023.

Pollutants management

The BMW Group aspires to comply with all legal requirements regarding the use and handling of pollutants at every link in the value chain and also insists on corresponding requirements throughout its entire supply chain. To the extent possible, the use of problematic substances is ruled out right from the vehicle design stage. In this respect we use the [↗ Global Automotive Declarable Substance List \(GADSL\)](#) as a guideline. At the same time, we are working to reduce pollutant emissions in the interior of our vehicles to an absolute minimum. All BMW, MINI and Rolls-Royce brand vehicles are equipped as standard with interior air filters **1]**

* [↗ Consumption and Carbon Disclosures.](#)

that prevent exterior pollutants and particles such as dust or pollen from entering the vehicle. Since 2020, the BMW Group has been using air filters equipped with nanofibre technology that are specially designed to prevent certain microbial particles and allergens as well as ultra-fine particulate matter from entering the vehicle.

Sensitising and empowering customers

The BMW Group provides its customers with a broad range of information regarding the proper use of its products and services. Information on safety, the correct operation of vehicles, and health protection is available in both printed and digital form (online or via app). The information is supplemented by detailed notes and background information on the services, accessories and components pertaining to each individual vehicle.

With the [BMW M Driving Experience](#), the BMW Group offers driver and rider safety training for BMW, MINI and BMW Motorrad brand vehicles in 25 countries. In addition to the product experience itself, participants learn how to handle their vehicles in a safe manner and are made aware of potentially dangerous situations when using public roads. In 2022, more than 100,000 customers worldwide took part in these training courses.

Customer data protection

In view of the increasing scale of digitalisation and the higher level of IT risks, the BMW Group regards data protection as a key responsibility. Strict data protection requirements are therefore taken into account at an early stage when developing functions and services. Any personal data required in the course of contact with our customers are only collected, processed or used to the extent legally permitted and with the active consent of the data subject. The BMW Group deploys an individually configurable data protection menu to ensure transparency, informational self-determination and thus data sovereignty for all its customers.

In order to ensure the protection of customer data, despite the challenge posed by the growing number of digitalised services, we are constantly developing our data management systems and respond promptly to any information received regarding data protection risks. During the year under report, we additionally improved customer data protection by tightening customer data governance. If customers have any queries regarding the processing of their personal data, they are welcome to contact the Customer Interaction Centre or the Data Protection Officer in their respective market.

At the same time, we work continuously to maintain our high level of data protection and regularly check all applications deployed for processing customer data to ensure they comply with all currently applicable and appropriate IT security measures. Our specialised teams search specifically for weak points in applications. We also translate any new findings into binding, Group-wide standards if the need arises.

The BMW Group collaborates closely with the relevant data protection supervisory authorities, particularly regarding fundamental data protection issues such as the increasing connectivity of vehicles. [GRI Index: 3-3, 418-1](#)

Secure connectivity

The BMW Group's responsibility for its products includes the secure transmission of vehicle data to third parties. For example, Group vehicles are not directly connected to the Internet, but communicate directly and exclusively with the BMW Connected-Drive back-end facilities via a secure connection within a virtual private network. The strategy enables the BMW Group to minimise the risk of unauthorised third parties accessing either the vehicle itself or any of its sensitive data. The access point to the Internet is controlled via a gateway. We see this extended vehicle copytext approach in accordance with ISO 20078 as the best solution to providing outstanding data security and data protection and meeting statutory cybersecurity requirements (e.g. UN R155).

[CarData](#) provides BMW and MINI customers with transparency and sovereignty over the transfer of data to authorised third parties. With the introduction of the service in Germany and Europe in 2017 and the USA in 2020, the BMW Group is fully implementing the current requirements of the EU General Data Protection Regulation (EU GDPR) and the California Consumer Privacy Act (CCPA). The BMW Group deploys state-of-the-art technologies to prevent vehicle theft. In the BMW iX* for example, ultra-wide-band technology further enhances the level of vehicle security. [1\]](#)

* [Consumption and Carbon Disclosures](#).

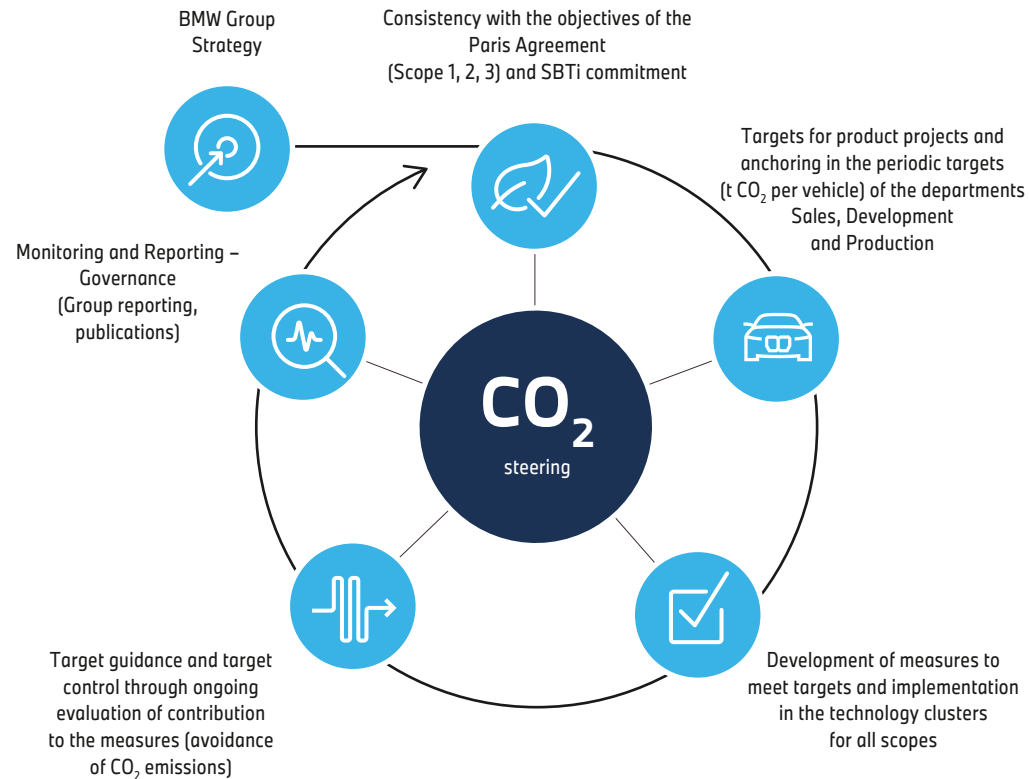
CARBON EMISSIONS

The BMW Group is fully committed to the climate protection targets set out in the Paris Agreement. We are taking ambitious steps to contribute to progressive decarbonisation. At its base is our holistic carbon reduction strategy. By 2050 at the latest, we intend to achieve net zero in terms of our carbon emissions across the entire value chain.

By holistic, we mean reducing the carbon emissions of our vehicles not only during the use phase, but over their entire life cycle. With this approach we aim to achieve substantial improvements that stretch across all our vehicle generations. This point is particularly important in view of the increasing electrification of entire fleets: although the strategy reduces the carbon emissions generated during the **Use phase**, at the same time, however, they increase, particularly in the supply chain, mainly due to the carbon-intensive production of components such as high-voltage batteries. Reducing carbon emissions is therefore one of the key criteria we apply when awarding contracts to partners within our supplier network. Via this strategy, the BMW Group is simultaneously promoting cross-sector decarbonisation, particularly for energy-intensive primary materials such as steel, light metals and plastics. **Carbon emissions in the supply chain**

The BMW Group's ambitious decarbonisation targets are part of its integrated corporate target system. They are in line with the climate protection targets set out in the Paris Agreement and validated by the Science Based Targets initiative (SBTi). These targets are being implemented under the responsibility of the Board of Management in the BMW Group's various departments and thus consistently throughout the organisation. **Performance indicators and management** The BMW Group derives its specific decarbonisation targets for each vehicle project from its overarching goals. The responsibility for achieving these goals lies with defined specialist units in the management areas of Development, Purchasing and Supplier Network as well as Production. Internal control and reporting systems take into account the various stag-]

CO₂ steering



ties along the value chain, comprising the supply chain, development, production and the use phase of the vehicles. Among other factors, emissions targets at component level form the basis for the Group's carbon reduction measures. Target management and the monitoring of target achievement are performed at vehicle level and subsequently aggregated for various purposes, including reporting at Group level.

We explain how the BMW Group manages the topic of sustainability across the organisation in the chapter [Strategy](#). We also report on the management of climate-related opportunities and risks, such as the stricter regulation of carbon emissions, in the chapters [Outlook](#) and [Risks and Opportunities](#).

Carbon reduction targets across the value chain in detail

For now, efforts to reduce the BMW Group's carbon emissions are based on measurable, science-based targets set to 2030. In this context, we joined the SBTi in 2020.

With these targets in mind, we are moving forward along a pathway in line with the Paris Agreement set to limit global warming. On this basis, we also became the first German automobile manufacturer to join the [Business Ambition for 1.5°C initiative](#) of the SBTi in 2021. The BMW Group is therefore also part of the international [Race to Zero Campaign](#) initiated by the United Nations. With this strategy, we are also seeking to motivate other companies to take ambitious steps to protect the climate. [1\]](#)

We have set ourselves the following SBTi-validated carbon reduction targets¹ by 2030 (base year 2019 for each scope):

- Carbon reduction by an average of 80 % per vehicle produced at our own plants and sites (Scope 1 and 2)². These targets can be achieved by for example reducing our energy requirements and simultaneously increasing the use of renewable energy.³ [Carbon emissions at BMW Group sites](#)
- Carbon reduction in the use phase⁴ of the vehicle (Scope 3 downstream⁵) by an average of more than 50 % per kilometre driven. To accomplish this target, we are driving forward the electrification of the entire product portfolio and deploying new, efficiency-enhancing technologies. [Efficient Dynamics technologies](#)
- Carbon reduction by more than 20 % on average⁶ per vehicle in the supply chain (Scope 3 upstream⁷). Thus we also have a scientifically tested and confirmed target for reducing carbon emissions in the supply chain. In particular, the use of renewable energy sources³ as a criterion for awarding contracts to suppliers and a continuously rising secondary raw materials ratio will contribute to achieving the target. [Carbon emissions in the supply chain.](#)

Over the entire life cycle⁸ of a vehicle, the individual targets mentioned above will result in an average carbon reduction of more than 40 % by 2030. In order to achieve this, we rely on measures to reduce carbon emissions, such as the use of renewable energies³, in both our own operations and those of our suppliers. Accordingly, compensation measures are not included. In particular, the significant increase in the [sale of electrified vehicles](#), efficiency improvements in all drivetrain technologies and effective measures to [reduce carbon emissions in the supply chain](#) are expected to help achieve the targets. The BMW Group will continuously review and further develop its carbon reduction targets with the aim of continuing to meet its high standards for decarbonising its business model going forward.

[1\]](#) Absolute carbon emissions decreased by 4.2 % to around 117.4 million tonnes during the year under report (2021: 122.5 million tonnes), the main driver being the increasing electrification of the product portfolio. We provide comprehensive information on the BMW Group's carbon footprint in the chapter [Further GRI Information.](#) [1\]](#)

¹ Scope 3 emissions (upstream) in the supply chain and transport logistics, as well as well-to-tank emissions from the supply of fuel in the use phase, take into account not only carbon but also other climate-impacting greenhouse gases such as methane and are stated in carbon equivalents (CO₂e). The measurement of Scope 1 and Scope 2 emissions, as well as the additional Scope 3 emissions, does not include climate-impacting gases other than carbon dioxide. [Glossary](#)

² In addition to production emissions, CO₂ Scope 1 and 2 emissions also include those generated at sites not allocated to production.

³ In-house generation, direct purchase or Energy Attributes Certificates (e.g. certificates of origin).

⁴ Takes into account an additional 10 % in line with SBTi to cover possible differences between WLTP figures and actual emissions. The upstream supply chain emissions generated by various energy sources (fossil fuels and electricity) according to the well-to-wheel approach are also included. The assumed average mileage is 200,000 km (in accordance with VDA 900-100). For definition and further information, see [Glossary](#) (carbon emissions of the new vehicle fleet worldwide including upstream supply chain emissions).

⁵ Categories included under Scope 3 downstream according to the Greenhouse Gas Protocol; Category 11: Use phase. [Further information](#) (carbon footprint).

⁶ For the sake of simplicity, this figure has been rounded. The target validated under SBTi is 22 %.

⁷ Categories included under Scope 3 upstream according to the Greenhouse Gas Protocol: Category 1: Purchased goods and services; Category 4: Transportation and distribution. [Further information](#) (carbon footprint).

⁸ Not including carbon emissions generated through waste disposal.



Statutory carbon limits again achieved in the use phase

Carbon emissions generated in the use phase are not only an important metric in our life cycle assessment, but also subject to numerous regulatory requirements. The BMW Group aims not only to meet the statutory carbon emissions limits, but to undercut them. Within the EU¹, average carbon fleet emissions, taking into account regulatory requirements² and in accordance with WLTP³, were 105.0 g CO₂/km⁴. We have thus reduced the carbon emissions of the new vehicle fleet EU⁵ by a further 10.9 g compared to the previous year (2021: 115.9 g CO₂/km⁴). We remained significantly below the limit of 127.5 g CO₂/km⁴ applicable to the BMW Group in the year under report by 22.5 g CO₂/km, continuing the trend seen in recent decades, driven by the electrification of the vehicle fleet and the fleet-wide deployment of innovative [Efficient Dynamics technologies](#). On this basis, we shall continue to work on reducing greenhouse gas emissions going forward.

Regulatory GHG fleet consumption targets were met in the US market during the year under report.⁶ In the USA, GHG fleet emissions⁷ averaged 137.3 g CO₂/km for model year (MY) 2022 for the Passenger Cars category (MY 2021: 134.0 g CO₂/km) and 154.9 g CO₂/km (MY 2021: 150.1 g CO₂/km) for the Light Truck category. Volume-weighted fleet carbon emissions averaged 145.9 g CO₂/km in the USA (MY 2021: 140.9 g CO₂/km).⁸ Despite higher sales of all-electric vehicles in the US market, GHG fleet emissions increased slightly year-on-year, as significantly more vehicles from higher segments with correspondingly higher emissions were also sold during the year under report. In China, average fleet carbon emissions were 150.6 g CO₂/km⁹ in accordance with the WLTC test cycle (2021: 163.0 g CO₂/km WLTC). Thus we also met the regulatory CAFC fleet consumption requirements applicable in that country during the year under report.¹⁰

The BMW Group's worldwide carbon fleet emissions¹¹ averaged 193.7 g CO₂/km¹² (2021: 197.9 g CO₂/km) in the year under report. These figures correspond to a decrease of 11.4 % compared to the base year 2019 (2019: 218.5 g CO₂/km). When calculating the emissions figure, the BMW Group takes into account the average

carbon fleet emissions (including upstream emissions for fuel and electric charging) in the EU, the USA and China and standardises them in accordance with 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 carbon fleet emissions.

The BMW Group is paying close attention to carbon emissions legislation in its various markets. Current developments during the year under report included the EU's agreement on new fleet emissions targets for the years 2030 and 2035 and the tightening of national fleet consumption targets in the USA. At state level, the California Environmental Protection Agency (CARB) also adopted a new Zero Emission Vehicle (ZEV) mandate in 2022 that calls for a ZEV quota of 100 % by 2035, which is expected to be adopted by several states. In principle, the BMW Group supports the development of harmonized regulations – both nationally and internationally. Comparable specifications in major markets create reliable, predictable framework conditions and make an important contribution to combating climate change as well as improving air quality. We provide information on the BMW Group's most important climate policy positions and activities in our [Climate Commitment Report](#).

Making conventional drivetrains more efficient and generating fewer emissions

From the BMW Group's point of view, modern, efficient combustion engines also continue to play an important role. This perspective will continue to apply as long as unrestricted access to charging infrastructure cannot yet be guaranteed across all regions and for every customer. For this reason, the BMW Group will continue to work on improving the efficiency of its conventional drivetrain systems as part of its Efficient Dynamics strategy. Efficient Dynamics is a technology package comprising various coordinated measures to reduce fuel consumption in the fields of engine technology, aerodynamics and lightweight construction that has been in use across the fleet since 2007. [1](#)

¹ EU-27 countries including Norway and Iceland.

² Including an allowance for eco-innovations (amounts of minor significance).

³ Average carbon 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. Since 2021, this metric has been used by the EU Commission as the basis for calculating carbon fleet emissions.

⁴ This is a preliminary internal calculation with a potential variation of +/- 0.5 g CO₂/km, as official registration figures from the authorities are not available for all EU 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 retrospectively adjusted.

⁵ [↗ Glossary](#)

⁶ In the US market, manufacturers receive positive credits for undercutting regulatory GHG (Greenhouse Gas) fleet limits. Failure to remain below the regulatory limits results in negative credits. 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 offset by undercutting them in a previous year. Moreover, it is possible to purchase credits from other manufacturers. In the year under report, the BMW Group used this type of flexibility to meet regulatory GHG requirements on the US market. As of 2023, the BMW Group will no longer purchase credits from other manufacturers, but meet the requirements without exception using credits it generates itself.

⁷ Converted from g/mi to g/km for comparison purposes.

⁸ Average volume-weighted fleet emissions, including regulatory allowable crediting factors (EV multipliers, credits for advanced technologies) in accordance with USC (United States Combined). Preliminary internal calculation.

⁹ Average volume-weighted fleet emissions, including regulatory allowable crediting factors (off-cycle technologies, NEV multipliers, phase-in) in accordance with WLTC (Worldwide Harmonized Test Cycle under China-specific test boundary conditions). Preliminary internal calculation.

¹⁰ On the Chinese market, manufacturers receive positive credits for undercutting regulatory CAFC (Corporate Average Fuel Consumption) fleet limits. Failure to remain below the regulatory limits results in negative credits. In addition, manufacturers receive positive credits for meeting or undercutting the ZEV quota specifications (Zero Emission 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 five years on the Chinese market, a short-term failure to meet fleet limit targets in one year can be offset by undercutting them in a previous year. Moreover, it is possible to purchase credits from other manufacturers. In the year under report, the BMW Group used this type of flexibility to meet regulatory CAFC and ZEV requirements on the Chinese market. As of 2023, the BMW Group will no longer purchase credits from other manufacturers, but meet the requirements without exception using credits it generates itself. A balance between CAFC and ZEV remains in place.

¹¹ For definition, see [↗ Glossary](#) (carbon emissions generated by the new vehicle fleet worldwide, including upstream supply chain emissions).

¹² Takes into account an additional 10 % in line with SBTi to cover possible differences between WLTP figures and actual emissions. The upstream supply chain emissions generated by various energy sources (fossil fuels and electricity) according to the well-to-wheel approach are also included. The assumed average mileage is 200,000 km (in accordance with VDA 900-100). For definition and further information, see [↗ Glossary](#) (carbon emissions of the new vehicle fleet worldwide including upstream supply chain emissions).

A key component in this respect is currently the extended use of 48-volt technology. 48-volt recuperation systems use the energy recovered from the braking process to supply the vehicle's electrical system and generate additional propulsion. The technology helps reduce fuel consumption and thus also carbon emissions. In Europe, in addition to its all-electric models and plug-in hybrids, we offer numerous new model series that feature a 48-volt recuperation system. Since 2022, our modular engines have been fitted with the second, even more efficient, generation of 48-volt technology. The further development of energy management in BMW Group vehicles, alongside other measures such as switching to highly efficient tyres, is designed to ensure additional efficiency and optimised consumption figures.

Further reduction in pollutant emissions

Since the early 1990s, the BMW Group has significantly reduced the regulated pollutant emissions of its vehicles, such as nitrogen oxides (NOx), carbon monoxide (CO) and particulate matter (PM)¹ by deploying new technologies and further developing existing ones. In Europe alone, we have reduced the relevant exhaust emissions of our new vehicle fleets for diesel-powered passenger cars in line with the limits of the Euro 1 to Euro 6d emissions standards by well over 90 % from 1992 to 2021 compared with levels measured prior to the introduction of the Euro emissions standards. All BMW Group vehicles offered during the year under report meet the current Euro 6d emissions standard applicable within the European Union as well as comparable regulations in Switzerland, Norway, the UK and Iceland.

The level of nitrogen oxides is a crucial factor for air quality in cities. For this reason, since mid-2018 the BMW Group has been using a highly effective combination of NOx storage catalytic converters (NSC) and selective catalytic reduction (SCR) systems that include urea injection (AdBlue) in all BMW 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 6-cylinder diesel

engines and will be rolled out across the entire product portfolio in the coming years. There have already been signs of a reduction in NOx pollution in German 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. ↗ [GRI-Index: 305-7](#)

ELECTROMOBILITY

Electric mobility is among the major topics driving the ongoing transformation in the automotive industry. The BMW Group is systematically continuing to electrify its model range as a key component of its product strategy. Our electrified vehicles are playing a major role in reducing fleet emissions and thus achieving our ambitious strategic [carbon reduction targets](#).^{1]}

Growing demand for electrified vehicles

With our constantly expanding range of all-electric, battery-powered vehicles (BEV²) and plug-in hybrid models (PHEV³), we are serving a rapidly growing demand. In 2022, the BMW Group delivered a total of 433,792⁴ units to customers, i.e. significantly more electrified vehicles than in the previous year (2021: 328,314⁴ units; + 32.1 %). On this basis, the share of electrified vehicles had also increased significantly to 18.1 % by the end of the year under report (2021: 13.0 %). To date, the BMW Group has therefore handed over a total of more than 1.4 million vehicles with either all-electric or plug-in hybrid drive systems to customers. ↗ [Automotive segment](#)

The share of electrified vehicles in total deliveries might exceed 30 % by as early as 2025. In our view, the [NEUE KLASSE](#) has the potential to additionally accelerate the market penetration of electric mobility, and thus a 50 % share of all-electric vehicles in the BMW Group's global unit sales could be achieved even earlier than 2030. Under these conditions, the BMW Group aims to surpass the mark of ten million all-electric vehicles delivered to customers in total by 2030. This positive expectation for future sales



will also play a key role in the review of our carbon emissions reduction targets scheduled to take place in 2023.

↗ [Carbon emissions reduction targets across the value chain in detail](#)

Both the MINI and the Rolls-Royce brands are also firmly on track towards an electrified future. Based on their respective typical user profiles, the model ranges of the two brands are set to be exclusively all-electric by the early 2030s.

¹ Particulate matter.

² Battery Electric Vehicle.

³ Plug-in Hybrid Electric Vehicle.

⁴ Including BMW Brilliance Automotive Ltd.

⁵ ↗ [Consumption and Carbon Disclosures](#).

Model range consistently focused on customer needs

The BMW Group's product range not only serves the growing demand for electrified models, but also reflects varying framework conditions and customer needs in its individual markets. Our customers can therefore continue to choose between all-electric vehicles, plug-in hybrids and efficient internal combustion engines. We make this customer-oriented offering possible by means of our [flexible production systems](#) and the scalable modular system of our vehicles. The diversity of the range is embodied in particular by the BMW X1, BMW X3, BMW 3 and 4 Series and BMW 7 Series models, each of which is available with all three types of drivetrain. This will also apply to the BMW 5 Series as of 2023.

At the end of the reporting period, the BMW Group had a total of 12 BEV motor variants in eight different models available to order. New additions include the BMW i7¹, the BMW iX1¹ and the extended-wheelbase version of the BMW 3 Series for the Chinese market, deliveries of which began in 2022. The existing, all-electric product portfolio will be expanded to include the BMW iX3¹, BMW i4¹, BMW iX¹ and the MINI Cooper SE¹. The inclusion of these variants in the range means that at least one all-electric model will be available in each of the high-yield model series. Over the next two years, vehicles such as the BMW i5 and the all-electric variant of the MINI Countryman are set to follow. As of 2025, the Group will take its core BMW brand into a new, consistently all-electric dimension with the [NEUE KLASSE](#).

Moreover, in the course of 2022, the BMW Group either launched or revised seven different PHEV engine variants. At the end of 2022, a total of 19 PHEV engine variants¹ in a total of 13 models were available to order worldwide. With offers such as the BMW eDrive Zone, attractive electricity tariffs for driving, charging equipment and increased ranges, we are helping drivers of plug-in hybrids to drive electrically as frequently and over as long a distance as possible. For instance, the BMW 2 Series Active Tourer Plug-in Hybrid¹ from the compact segment can cover up to 93 kilometres (WLTP²) solely on battery power.

Increasing range in line with customer needs

The BMW Group assesses the increase in the electric ranges of its vehicles from various points of view. Basically, we are not aiming to achieve the greatest technically possible range across all vehicle segments, but see it as important to optimally adapt ranges to the intended use of the respective vehicle. At the same time, we also take into account the environmental impact, as greater range also means deploying larger and therefore heavier high-voltage batteries. This relationship has a direct effect on resource consumption, the environmental footprint of the supply chain and, of course, vehicle weight, which in turn has a significant impact on electricity consumption.

With these points in mind, the MINI Cooper SE¹ has a range of more than 200 kilometres (WLTP²), which is fully in line with customer requirements for urban areas. On the other hand, the BMW iX¹, the BMW i4¹ and the BMW i7¹ are designed to cover long distances of around 600 kilometres (WLTP²) on one charge.

Thinking holistically about electric mobility

The BMW Group's electrified vehicles are characterised by high efficiency and thus low consumption when driving. However, the BMW Group has greater aspirations: its vehicles need to be as eco-friendly as possible, not only during their locally carbon-free use phase, but also in terms of their overall footprint, including the supply chain and production. [CO₂ steering](#) With battery-powered automobiles in particular, the environmental impacts are predominantly in the upstream value chain, where the purchase of raw materials to make battery cells and the carbon-intensive production of batteries have a significant impact.

The BMW Group therefore attributes great importance to including environmental and social aspects when producing components such as electric motors, high-voltage storage units and battery cells. [Carbon emissions in the supply chain](#) [Social and ecological responsibility](#) Other approaches to mitigating the environmental impacts include recycling and reusing high-voltage storage units from our BEV and PHEV models. The BMW Group

already offers all customers who purchase its battery-powered vehicles the opportunity to take back their high-voltage batteries free of charge.

Expanding charging infrastructure and enabling faster charging

An expanded, customer-friendly charging infrastructure will pave the way for the rapid and widespread use of electric mobility. This relationship is supported, for example, by market data collected within the EU – both at the level of member states and in a comparison of different regions. A prerequisite for the swift development of an efficient charging infrastructure is a high level of willingness on the part of all stakeholders. This applies in particular to the expansion of charging and hydrogen refuelling infrastructure within the EU – a key factor in achieving the ambitious fleet carbon reduction targets adopted in 2022. The BMW Group continues to advocate for standardised framework conditions and creates offers that enable customer-friendly charging on a broad basis.^{1]}

¹ [Consumption and Carbon Disclosures](#).

² Range calculated based on the new WLTP test cycle (Worldwide Harmonized Light Vehicles Test Procedure). However, the actual range possible depends on a variety of factors, particularly variables such as personal driving style, route conditions, outside temperatures, heating, air conditioning and pre-heating. Preliminary figure.

Reliable charging opportunities

With BMW and MINI Charging, the BMW Group is offering its customers attractive electricity tariffs for driving as well as convenient charging solutions whether on the road, at home or at work. Customers can access a large number of public charging points via their BMW or MINI Charging Card and the My BMW or MINI App. Digital Charging Services GmbH (DCS) provides broad access to various charging networks throughout Europe. As a joint venture of the BMW Group, the Mercedes-Benz Group and bp, DCS is among Europe's leading providers of digital charging solutions.

A total of almost 900,000 charging points is available to BMW and MINI customers worldwide. In Europe alone, BMW customers have easy access to a network with over 360,000 charging points, including fast-charging stations with a capacity of up to 350 kilowatts (kW). These are all part of IONITY's European high-power charging services initiated by the BMW Group, which can be used via BMW and MINI Charging. IONITY currently operates 430 stations with 1,900 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. Furthermore, they are all powered by 100 % green electricity.

Beyond the public charging service, BMW and MINI Charging provide a standard charging solution both for homes and on the road in the form of the Flexible Fast Charger and other charging products. We also offer charging solutions for corporate customers in cooperation with our partners. The BMW Group itself operates one of the largest company charging networks in Germany.

Digital, innovative and more eco-friendly charging solutions

Charging should be as easy as conventional refuelling and we are working on digital solutions in particular to meet this demand. These include Connected Charging – an application that can be accessed from the vehicle as well as via an app. Via the service, drivers not only receive up-to-date charging information, since 2022 they have also been able to control the charging process at the touch of a button. The eRoute function also enables customers to plan their charging stops on long-distance trips. In the course of 2023, the first BMW models will also be equipped with a Plug&Charge function, in which both authentication and billing will be done 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.

We also promote the use of renewable energy. Since 2022, for each charging process conducted via BMW and MINI Charging, the equivalent amount of energy consumed is fed into the power grid as green electricity, which is certified via Energy Attribute Certificates (EACs) as recognised proofs of origin. Moreover, we are continuously working on integrating electric vehicles with their high-voltage storage systems in the energy grid. [Vehicles as part of the power grid](#)

Advancing hydrogen technology

Customer-oriented technological diversity also includes the further development of fuel cell technology. Depending on the segment, we see hydrogen-powered electric vehicles as an important complement to electric mobility with batteries and thus as an opportunity to reduce carbon emissions even more quickly. Following the presentation of the first [BMW iX5 Hydrogen](#) at the IAA Mobility in 2021, at the end of August 2022 we began producing fuel cells for a pilot fleet of these vehicles. In December, this was followed by the start of production of these vehicles at the pilot plant of the Research and Innovation Centre in Munich.

We are also driving hydrogen technology forward at a higher level and thus are involved in global organisations and associations such as the [Hydrogen Council](#). As an associated partner of [H2 Mobility Deutschland GmbH](#), the BMW Group is supporting the development of hydrogen infrastructure in Germany. In this context, the BMW Group welcomes the requirement under the EU's Fit for 55 legislative package to establish a basic infrastructure of 700-bar hydrogen filling stations. [1\]](#)



PRODUCTION AND SUPPLIER NETWORK

103 Production Network

106 Circular Economy, Resource Efficiency and Renewable Energy

110 Purchasing and Supplier Network

PRODUCTION AND SUPPLIER NETWORK

PRODUCTION NETWORK

The BMW Group's production network features a high level of expertise in terms of integration. Its plants are capable of manufacturing vehicles with both all-electric and plug-in hybrid drive systems as well as conventional combustion engines – all on one single line. The Group's entire production facilities are geared towards electrification, profitability, sustainability and digitalisation. The strategic aims of the BMW iFACTORY form the framework – lean, green and digital. "Lean" stands for efficiency, precision, maximum flexibility and an outstanding ability to integrate. "Green" involves the use of state-of-the-art technologies to systemise production with the lowest possible use of resources. "Digital" focuses on data science, AI, virtual planning and development.

Electric mobility globally integrated

The share of electric mobility in total sales is steadily growing and further milestones were reached in the course of 2022. With the start of production of the BMW iX1* in Regensburg, the BMW Group achieved its aim of producing at least one all-electric model at each of its German vehicle plants by 2022. Moreover, the first BMW i7* was manufactured at the BMW Group's Dingolfing plant. Production also began in Lydia, an extension of the BMW Brilliance plant in Tiexi, China, where the all-electric long-wheelbase version of the BMW 3 Series is being manufactured for the Chinese market.

We produce units with electrified drivetrains in our production network at 13 [↗ locations](#) worldwide. Fully electric units roll off the production line in Dingolfing, Leipzig, Munich, Regensburg, Oxford and Shenyang. As of 2025, the [↗ NEUE KLASSE](#) will also feature a vehicle architecture systematically geared to suit electric drive systems. The vehicle is due to be manufactured initially at the new Debrecen plant in Hungary as well as in Munich as of 2026. We aim to gradually transfer the new vehicle architecture to the global production network in the years that follow. It also plans to produce all-electric vehicles at the plant in Spartanburg (USA) and at least six all-electric X models are scheduled to be manufactured there by 2030.

Integrated component production for electrified vehicles

The BMW Group's production network also manufactures the systems required for the electric drivetrain. The competence centre for e-drive production in Dingolfing plays a leading role in this respect, as battery modules, high-voltage batteries and fifth-generation electric motors are all produced at the site. High-voltage batteries and their components are also made at BMW Group production plants in Leipzig and Regensburg, as well as in Spartanburg (USA) and Shenyang (China).

At the same time, the Group is preparing its network to produce the next generation of electric drivetrains. The Steyr engine manufacturing plant in Austria is also being expanded to develop and produce the BMW Group's sixth generation of e-drive systems

* [↗ Consumption and Carbon Disclosures.](#)

in addition to the diesel and petrol engines already being manufactured at the site. The next generation of high-voltage batteries will be assembled nearby the plant. A new assembly centre for high-voltage batteries is also due to be established close to the Spartanburg plant for this purpose. A corresponding announcement concerning the Debrecen plant in Hungary was made in 2022.

The Cell Manufacturing Competence Centre (CMCC) in Parsdorf near Munich, which went into operation in 2022, is making a vital contribution to the next generation of e-drive systems. Starting with the pilot production line in Parsdorf, the BMW Group intends to continue optimising the manufacturing processes of battery cells in terms of quality, performance and costs. The CMCC complements the Battery Cell Competence Centre in Munich, which focuses primarily on the battery cell as a product.

Production sites in key markets

The BMW Group always aims to strike a good balance between production and deliveries in the various regions of the world where it operates. Group plants in Europe, South Africa, the USA and Mexico serve the global market. The BMW Brilliance plants in China mainly manufacture for the local market. During the year under report, expansion and extension measures were completed at the Chinese plants and further models integrated in our production processes. The BMW Group's automotive partner plants in Jakarta (Indonesia), Cairo (Egypt), Kulim (Malaysia) and, since 2022, Chu Lai (Vietnam) primarily serve their respective regional markets, producing both BMW and MINI brand models. The same applies to the BMW Group plants in Araquari (Brazil), Rayong (Thailand) and Chennai (India). The 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 5 Series Sedan and the BMW Z4* in Graz (Austria). VDL Nedcar in Born (the Netherlands) manufactured the MINI Convertible and the MINI Countryman as well as the BMW X1 until summer 2022.

The BMW Group manufactures BMW motorcycles and scooters 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), Munich (Germany), Steyr (Austria) and Shenyang (China), as well as component plants at sites in Eisenach, Landshut and Wackersdorf (Germany) and Swindon (UK). The production network thus comprises a total of 31 plants in 15 countries.

BMW Group vehicle plants

Location	Country	Production programme 2022	Electrification portfolio
Araquari	Brazil	BMW 3 Series, BMW X1, BMW X3, BMW X4	
Berlin	Germany	BMW motorcycles	BEV
Chennai	India	BMW 2 Series, BMW 3 Series, BMW 5 Series, BMW 6 Series, BMW 7 Series, BMW X1, BMW X3, BMW X4, BMW X5, BMW X7, MINI Countryman	
Dingolfing	Germany	BMW 4 Series, BMW 5 Series, BMW 6 Series, BMW 7 Series, BMW 8 Series, BMW M, BMW i7*, BMW iX*	BEV, PHEV
Leipzig	Germany	BMW 1 Series, BMW 2 Series, BMW i3	BEV, PHEV
Manaus	Brazil	BMW motorcycles	
Munich	Germany	BMW 3 Series, BMW 4 Series, BMW i4*, BMW M	BEV, PHEV
Oxford	UK	MINI, MINI Clubman, MINI Cooper SE*	BEV
Rayong	Thailand	BMW 2 Series, BMW 3 Series, BMW 5 Series, BMW 7 Series, BMW X1, BMW X3, BMW X5, BMW X6, BMW X7	PHEV
Regensburg	Germany	BMW 1 Series, BMW 2 Series, BMW X1, BMW iX1*, BMW X2	BEV, PHEV
Rossllyn	South Africa	BMW X3	
San Luis Potosí	Mexico	BMW 2 Series, BMW 3 Series, BMW M	PHEV
Spartanburg	USA	BMW X3, BMW X4, BMW X5, BMW X6, BMW X7, BMW XM*, BMW M	PHEV
Rolls-Royce Manufacturing Plant, Goodwood, UK	UK	Rolls-Royce Cullinan*, Dawn*, Ghost*, Phantom*, Wraith*	BEV from 2023

* ↗ Consumption and Carbon Disclosures.

BMW Brilliance Automotive (vehicle plants)¹

Location	Country	Production programme 2022	Electrification portfolio
Dadong (Shenyang)	China	BMW 5 Series, BMW X3, BMW X5, BMW iX3 ²	BEV, PHEV
Tiexi (Shenyang)	China	BMW 1 Series, BMW 3 Series, BMW X1, BMW X2, BMW i3 (extended-wheelbase version of BMW 3 Series)	PHEV

Stable production volume despite challenging environment

The coronavirus pandemic and the ongoing limited availability of semiconductor components again led to adjustments in the production programme during the year under report.

↗ Supply security

Despite these challenges, the BMW Group achieved a production volume of 2,382,305³ BMW, MINI and Rolls-Royce brand vehicles during the period under report (2021: 2,461,269³ automobiles; –3.2%). BMW brand models accounted for 2,089,801³ vehicles (2021: 2,166,644³ vehicles; –3.5%), MINI for 286,265 units (2021: 288,713 units; –0.8%), and Rolls-Royce Motor Cars for a record 6,239 units (2021: 5,912 units; +5.5%). Production of electrified vehicles increased to a new high level of 462,396 units (2021: 341,097 units; +35.6%), of which 252,077

were all-electric (2021: 119,010 units; +111.8%). The production of motorcycles by BMW Motorrad rose by 15.2% to 215,932 units (2021: 187,500 units).

BMW Group automobile production by plant

in units	2022	2021	Change in %
Spartanburg	416,301	433,810	–4.0
Dingolfing	282,661	244,734	15.5
Regensburg	143,654	183,485	–21.7
Leipzig	151,949	191,604	–20.7
Oxford	186,301	186,883	–0.3
Munich	201,323	151,154	33.2
Rossllyn	61,609	61,580	0.0
Rayong	12,912	24,624	–47.6
Chennai	9,960	8,472	17.6
Araquari	8,208	10,104	–18.8
Goodwood	6,239	5,912	5.5
San Luis Potosí	63,600	69,149	–8.0
Tiexi (BMW Brilliance) ⁴	279,645	335,311	–16.6
Dadong (BMW Brilliance) ⁴	395,021	365,466	8.1
Born (VDL Nedcar) ⁵	99,126	105,214	–5.8
Graz (Magna Steyr) ⁵	45,184	54,547	–17.2
Partner plants	18,612	29,220	–36.3
Total	2,382,305	2,461,269	–3.2

¹ Due to the increase in the BMW Group's shareholding in the joint venture BMW Brilliance Automotive Ltd. (BMW Brilliance) at the beginning of the financial year 2022, BMW Brilliance was included in the Group reporting entity. Further information on the first-time consolidation is available in [note 3](#) to the Consolidated Financial Statements.

² ↗ Consumption and Carbon Disclosures.

³ Includes vehicles produced by BMW Brilliance Automotive Ltd. for the period prior to full consolidation in the consolidated financial statements of the BMW Group (1 January to 10 February 2022): 58,507 automobiles (2021: 700,777 automobiles).

⁴ BMW Brilliance Automotive Ltd., Shenyang.

⁵ Contract manufacturing.

CIRCULAR ECONOMY, RESOURCE EFFICIENCY AND RENEWABLE ENERGY

Against a backdrop of rising raw materials prices and the growing scarcity of resources, the BMW Group is taking further steps to increase the proportion of reused materials in its vehicles and thus promote the circular economy. The circularity approach requires a holistic strategy – beginning at the product design stage and including the broader use of secondary materials in the supply chain as well as the recycling of end-of-life vehicles. The strategy also reduces dependence on primary raw materials at the same time. At all levels of in-house production, we remain committed to systematically conserving resources, continuously improving energy efficiency and further reducing carbon emissions.

Closing material cycles

In order to reduce the use of primary materials in the automotive value chain, the BMW Group endeavours to close cycles within the production chain and therefore returns selected production residues to its suppliers of material. The recovery of essential groups of materials at the end of a product's life cycle can be significantly increased by focusing on recycling-compatible concepts at the development stage, thereby enabling materials to be recovered and recycled for use in new production processes. Going forward, the cobalt, lithium and nickel used by cell manufacturers to produce battery cells for the BMW Group's [NEUE KLASSE](#) will include a proportion of secondary materials. This approach reduces the need for primary materials and thus the sourcing of potentially critical raw materials.

[Average distribution of materials in BMW Group vehicles](#)

Already today, BMW Group vehicles are manufactured to a certain extent from recycled and reused materials. In line with the "Secondary First" approach, we aim to maximise the use of secondary materials going forward, taking both technical feasibility and availability into account. For this reason, within the framework of selected product, material and supplier requirements, we clearly specify that secondary materials will be given preference in future vehicles. The BMW i Vision Circular is symbolic of our ambitions in this respect, by showing that it is possible to build a vehicle entirely out of recycled or renewable raw materials.

We encourage the return of end-of-life vehicles, components and materials for reuse as a secondary source of raw materials in order to drive the circular economy. Together with its national sales companies, the BMW Group has already organised the return of end-of-life vehicles in 30 countries and offers environmentally friendly recycling at more than 2,800 points of return.

[GRI Index: 301-3, 301-3, SASB Index](#)

Secondary materials also generate fewer carbon emissions compared with primary materials – for example, in the amount of up to 80 % for aluminium and up to 70 % for steel.* At the same time, this strategy avoids the need to extract natural resources and critical raw materials. The circularity principle therefore also contributes to a more effective mitigation of the risks associated with the extraction of primary materials, ranging from potential availability issues in light of market or political developments through to risks connected with environmental and social standards.

[Purchasing and supplier network](#)

Any secondary materials used by the BMW Group must meet the same high standards as primary materials in terms of quality, safety and reliability. [GRI Index: 3-3](#)]

* Based on the Gabi database.

Closed material cycle for nickel, lithium and cobalt in China

For the first time, the BMW Group is currently setting up a closed cycle in China with the aim of reusing the raw materials nickel, lithium and cobalt from end-of-life high-voltage batteries. The batteries originate primarily from fully and partially electrified development vehicles, test facilities, production scrap and are reused in forklifts. In the long term, the BMW Group also plans to reuse batteries from end-of-life vehicles. In this context, the BMW Group is working together with a local recycling company that dismantles the batteries and recovers a high percentage of the raw materials from the battery cells using an innovative technology. These secondary raw materials are intended to be used to produce new battery cells for the BMW Group.



Investments in resource-friendly technologies

Via its [own venture capital fund](#), the BMW Group also invests in key technologies that can make a decisive contribution to achieving carbon neutrality and conserving natural resources. For example, through BMW i Ventures, we have held a stake in the US start-up Lilac Solutions since 2021. Lilac Solutions is pursuing the goal of extracting lithium from the brine of saltwater deposits using ion exchangers in a far more eco- and resource-friendly way than previously possible. During the period under report, we continued to invest in the resource-conserving extraction of lithium by acquiring a stake in the company Mangrove Lithium. Its innovative technology makes it possible to refine and process both virgin and recycled lithium directly into battery-grade lithium using a special procedure. An additional focus of our investments via BMW i Ventures is on an innovative process for carbon-free steel production developed by US start-up Boston Metal.

Resource management at all BMW Group sites

Resource efficiency and the control of the use of resources in general are integral parts of the environmental management system in place across the BMW Group's global production network. Alongside [carbon emissions](#), the other key variables are [energy](#) and [potable water consumption](#), the volume of [waste generated](#) and the use of [VOC solvents](#). The BMW Group intends to reduce its energy and potable water consumption, waste for disposal, and the amount of solvents used per vehicle produced by 25 % in each category by 2030 (base year 2016).

A steering committee manages the international environmental protection network within the BMW Group. Each separate facility, area and building is assigned to an internal operator who is responsible for the technical systems in their area and the smooth running of processes and workflows as well as their environmental impact.¹

A certified environmental management system in accordance with ISO 14001 has been implemented at all BMW Group production sites. Moreover, all German and Austrian sites are certified under the EMAS environmental management system. The BMW Group coordinates its environmental protection measures covering the areas Emissions, Water, Waste, Training/Qualifications and Environmental Management System in a total of five competence centres located worldwide. Environmental improvements that have proven effective at one location are then implemented at other locations to the extent possible. Continuous further training and the exchange of experience within the workforce ensure that relevant knowledge is transferred and that learnings are applied throughout the organisation. In the year under report, our environmental management system again made a major contribution to ensuring that there were no significant environmental incidents involving the payment of fines throughout the production network.

Water

In terms of water consumption in production, the BMW Group aims to continuously optimise the circulation systems at its plants, for example by expanding the purification stages in wastewater treatment at the Leipzig plant. The [specific potable water consumption](#)^{2, 3, 4} of the automobile production at 1.90 m³ per vehicle produced is almost on the same level as the previous year (2021: 1.91 m³).

[Water consumption in detail](#)

Waste

In its efforts to reduce the total volume of waste, the BMW Group uses recycling and preparation concepts that are adapted to the specific waste streams at its various plants as well as to regionally applicable statutory regulations and locally available waste management structures. In 2022, a total of 99.3 %⁵ (2021: 99.2 %) of the waste generated by production was either recycled or recovered. The BMW Group was able to reduce the proportion of [waste for disposal per vehicle produced](#)⁶ by a solid 5.5 % to 2.74 kg compared with the previous year (2021: 2.90 kg). We intend to maintain this high level of recycling and recovery at its

plants in the course of gradually transitioning to electric mobility. With this goal in mind, we are currently in the process of integrating any newly identified waste streams in our recycling and processing systems.

[GRI Index: 306-4, 306-5](#) [Waste generation in detail](#) [SASB Index](#)

VOC solvent emissions

The BMW Group cut its [VOC solvent emissions per vehicle produced](#)^{7, 8} significantly by 12.9 % to 0.61 kg (2021: 0.70 kg) during the year under report. Owing to the progress made in the use of solvent-free substances and the optimisation of our paint shops, we expect a further reduction in emissions levels going forward.

[GRI Index: 305-7 1\]](#)

¹ In accordance with the BMW Group's environmental management system, each operator is required to describe the environmental impacts in the aspects register and identify measures for improvement (e.g. long-term targets).

² The efficiency indicator is calculated from potable water consumption measured for automobile production (BMW Group plants including BMW Brilliance Automotive Ltd., excluding partner plants and contract manufacturing) divided by the number of vehicles produced (BMW Group plants including BMW Brilliance Automotive Ltd. and partner plants, excluding contract manufacturing).

³ 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 applies to the BMW Group plants in San Luis Potosí (Mexico) and Araquari (Brazil) where groundwater is the main source of supply.

⁴ Potable water consumption per vehicle produced replaces the previously reported efficiency indicator of water consumption per vehicle produced. The previous year's figure was adjusted for comparison purposes (2021 figure prior to adjustment: 2.15 m³).

⁵ Waste for disposal in relation to the total weight of waste.

⁶ The efficiency indicator is calculated from the waste for disposal in automobile production (BMW Group plants including BMW Brilliance Automotive Ltd., excluding partner plants and contract manufacturing) divided by the number of vehicles produced (BMW Group plants including BMW Brilliance Automotive Ltd. and partner plants, excluding contract manufacturing).

⁷ VOC solvent emissions (volatile organic compounds = VOC) are mainly generated during the painting process and can be reduced by deploying new painting technologies.

⁸ Efficiency indicator calculated from solvent emissions generated in automobile production (BMW Group plants including BMW Brilliance Automotive Ltd., excluding partner plants and contract manufacturing) divided by the number of vehicles produced (BMW Group plants including BMW Brilliance Automotive Ltd. and partner plants, excluding contract manufacturing).

Biodiversity

The BMW Group also takes biodiversity into account at all its locations. As part of this strategy, we endeavour to minimise any potentially negative impacts caused by its production and construction activities. In addition, after analysing biodiversity with the help of relevant biodiversity indicators, we identify targeted measures with a view to creating natural habitats at selected sites or when planning the construction of any new buildings. With this strategy, we want not only to help preserve, but also to improve on biodiversity in and around our sites. [↗ GRI Index: 304-2.1](#)

Energy use and carbon emissions

The BMW Group intends to reduce carbon emissions (Scope 1 and Scope 2) at all the locations of the BMW Group by a further 80 % on average per vehicle produced in comparison to 2019 by 2030. Production accounts for the majority of the BMW Group's [↗ Scope 1 and Scope 2 emissions](#). In order to reduce emissions, we remain committed to a combined approach of implementing additional energy efficiency measures, increasing the volume of in-house electricity generated from renewable sources, buying in green electricity from direct supply contracts and using certificates 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 green electricity. However, the physical availability of alternative energy sources, the retrofitting of the technical systems and political framework conditions largely define the speed of the transition.

Since 2021, the BMW Group has made the remaining carbon emissions generated at its own plants and sites completely carbon-neutral by balance sheet through the use of voluntary compensation certificates.¹ [↗ Compensation of site-related carbon emissions](#)

Energy management and efficiency

The BMW Group continuously invests in improving the energy efficiency of its worldwide production network. With further optimisation measures in mind, processes are in place throughout the organisation to facilitate the planning and implementation of energy management measures. In this context, clear roles – in each case with corresponding responsibilities, targets and reporting obligations – are assigned to central strategy departments, regional management units and plants at local level.

In response to the ongoing tight supply situation for semiconductor components, restrictions due to the coronavirus pandemic and the impact of the war in Ukraine, production at BMW Group plants had to be repeatedly adjusted during the year under report. As a result, production volumes and therefore absolute energy consumption decreased slightly year-on-year. In conjunction with the transformation towards electric mobility, sites are being and have been modified, expanded and newly developed, such as the Lydia plant in China in 2022. [↗ Energy consumption in detail](#), [↗ GRI Index: 302-1, 302-4](#)

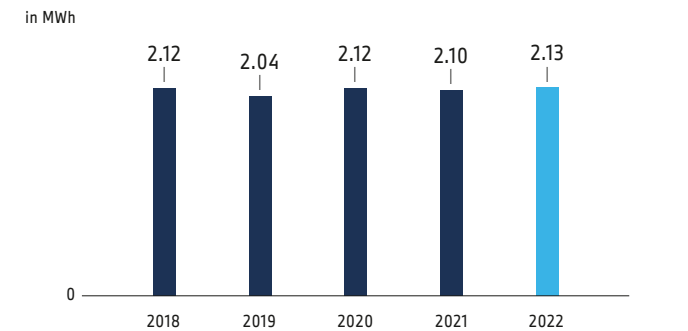
The amount of energy used specifically for vehicle production increased slightly to 2.13 MWh per vehicle (2021: 2.10 MWh; +1.4 %). In absolute terms, energy consumption decreased slightly year-on-year to 6,295,990 MWh (2021: 6,476,955 MWh; –2.8 %).

Renewable energy

Worldwide, all Group production sites⁵ and the majority of its other sites use electricity derived from renewable sources via in-house generation, direct procurement or Energy Attribute Certificates (e.g. certificates of origin).

At present, the BMW Group is unable to entirely cover its energy needs by generating its own renewable energy and therefore purchases additional electricity from other renewable sources. An increasing share of our electricity requirements is covered by so-called Power Purchase Agreements (PPAs), i.e. direct purchases from defined renewable energy generation plants, such

Energy consumption per vehicle produced^{2, 3, 4}



as the purchase of regional green electricity to produce the BMW iX⁶ and BMW i4⁶.

The complex energy issues that have arisen in the wake of the war in Ukraine serve to reinforce the BMW Group's declared strategy of becoming more independent of fossil fuels. We are therefore currently in the process of auditing all our production sites to ascertain whether natural gas can be dispensed with and replaced by sources such as biogas, hydrogen or geothermal energy.

¹ To the degree recordable in the carbon footprint; market-based method in accordance with the GHG Protocol.

² Efficiency indicator calculated from the absolute energy consumption (adjusted for CHP losses) of automobile production (BMW Group plants including BMW Brilliance Automotive Ltd., excluding partner plants and contract manufacturing) divided by the number of units produced (BMW Group plants including BMW Brilliance Automotive Ltd. and partner plants, excluding contract manufacturing).

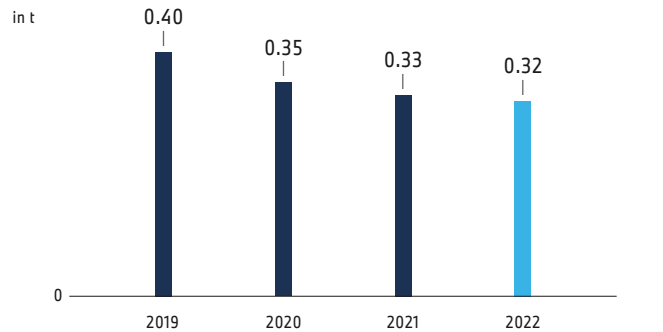
³ Value of the base year 2016 to the target reduction of – 25 % by 2030: 2.21.

⁴ Figures for 2016 and 2018 were subjected to a limited assurance review.

⁵ Including BMW Brilliance Automotive Ltd.

⁶ [↗ Consumption and Carbon Disclosures](#).

CO₂ emissions per vehicle produced^{1,2}



Carbon emissions at BMW Group locations

Despite lower capacity utilisation at BMW Group plants due to the war in Ukraine, carbon emissions per vehicle produced¹ at BMW Group locations fell by 3.0 % year-on-year to 0.32 t CO₂ (2020: 0.33 t CO₂). The figure corresponds to a reduction of 20.0 % compared to the base year 2019.

The absolute carbon emissions generated at BMW Group locations were 7.9 % below the previous year at 705,417 t CO₂ (2021: 766,153 t CO₂). The mild temperatures and savings driven by the threat of a gas shortage led to a reduction in the use of natural gas for heating purposes.

↗ [Carbon footprint](#) ↗ [GRI Index: 305-1, 305-2, 305-3, 305-5](#)

Compensation of site-related carbon emissions

The carbon emissions either directly or indirectly generated by BMW Group locations are already within the 1.5°C pathway calculated for the BMW Group. The remaining emissions³ in the BMW Group's [carbon footprint](#) Scope 1 and Scope 2 as well as the Scope 3 category "business travel" are neutralised by means of voluntary compensation certificates. The remaining carbon emissions are therefore verifiably compensated by promoting external projects. In cooperation with well-known partners such as atmosfair or First Climate, we support climate protection

projects that meet strict criteria, such as permanent decarbonisation. Furthermore, for the post-Kyoto phase of the carbon compensation market, we ensure that the emissions saved are not counted twice with the nationally determined contributions for the affected countries in the Paris Climate Agreement. We also see it as important that the projects have a social benefit.

↗ [GRI Index: 305-5](#)

Carbon emissions generated by transport logistics

The BMW Group's Green Transport Logistics project pursues the aim of reducing the emissions generated by transportation within its global production and sales network, using a technologically open approach as well as carbon-efficient energy sources and modes of transportation.

Using second-generation biofuel produced from residual and waste materials, we are reducing our carbon footprint, for example, by selected vehicle transports via sea freight between Europe and South Africa, and as part of a pilot project conducted on public roads to supply the Group's Munich plant. We are also participating in the "H2Haul" and "HyCET" research projects in order to gain some early experience in the use of hydrogen to power heavy goods vehicles.

About half of the vehicles produced by the BMW Group leave its plants by rail. In Germany, a significant volume of rail transport already runs on green power. [1\]](#)

¹ Efficiency ratio calculated on the basis of Scope 1 and Scope 2 carbon emissions (i.e. a market-based method according to GHG Protocol Scope 2 guidance; mainly based on the use of emissions factors for electricity, district heating and fuels of the VDA (each in the most current valid version: 12/2022) and occasionally using local emissions factors; excluding climate-changing gases other than carbon dioxide from vehicle production (BMW Group manufacturing sites including the BMW Brilliance Automotive Ltd. joint venture and Motorrad, but excluding partner plants and contract manufacturers), as well as BMW Group non-manufacturing sites (e.g. research centres, sales centres, offices) divided by the number of vehicles produced (BMW Group manufacturing sites including the BMW Brilliance Automotive Ltd. joint venture and partner plants, but excluding contract manufacturers).

² From 2019, this indicator includes the carbon emissions of the other BMW Group locations in addition to the carbon emissions generated by production.

³ To the degree recordable in the carbon footprint; market-based method in accordance with the GHG Protocol.

PURCHASING 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 main responsibilities of the network include:

- Ensuring security of supply to the plants
- Creating resilient supply chains within the geopolitical environment
- The quality assurance of components
- Access to innovations
- Cost management in competition
- The digitalisation of processes within the supplier network
- The integration of social and environmental aspects within the supplier network

Supply chains and supplier network

The year 2022 was dominated by fragile supply chains and rising prices for many materials. The cost drivers for the BMW Group's Purchasing team were primarily the price hikes seen for raw materials, semiconductors, energy and transportation coupled with a challenging supply situation. The combined impact of supply bottlenecks for semiconductor components, the temporarily restricted availability of wire harnesses owing to the war in Ukraine, and pandemic-related lockdowns in China led to production interruptions worldwide, particularly in the first half of the year. Although the situation eased slightly during the second six-month period, global supply chains remained in a fragile state.

[↗ Outlook](#), [↗ Risks and opportunities](#)

The BMW Group follows the principle of procuring vehicle components close to its production sites to the extent possible and is therefore represented by local teams in all its key purchasing markets, in order to identify risks promptly and respond flexibly to the respective market circumstances. In the face of geostrategic aspects, a resilient strategy for the Group's supply chains is also becoming increasingly important and the BMW Group takes this fact into account when selecting its partners.

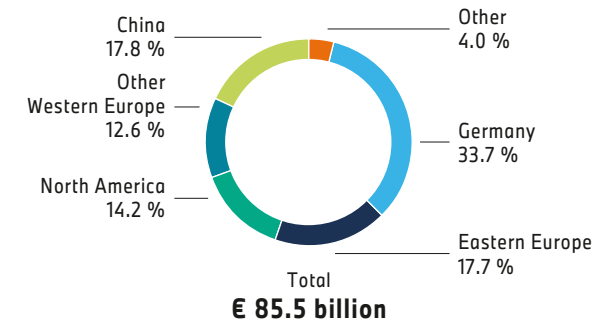
In-house production: a competitive advantage

The BMW Group regularly examines its range of products in terms of their profitability and strategic importance. A special focus is currently on e-mobility. In this central area of transformation, the BMW Group is building up its own skill sets in strategically important components, particularly in areas where technology is not competitively available on the market. The in-house production of certain key components also helps us to improve the level of supply security and thus gain a competitive advantage. At the same time, we are looking to strengthen our process-related expertise in technologies relevant for quality management within the supplier network.

Quality assurance

Quality is a vital competitive factor and of key importance for ensuring customer satisfaction. Our quality experts monitor the entire product development process, including the phases of industrialisation and series production. Regular visits to suppliers and a preventive, systematic review of all processes are aimed at ensuring the agreed quality.

Regional distribution of BMW Group*



Raw materials security and strategy

The volatile situation on energy and raw materials markets had a major impact on purchasing over the course of 2022. There are signs of increasing competition for the raw materials required to drive forward electric mobility. With the help of measures such as the direct purchase of lithium and cobalt, the BMW Group is making itself technologically and regionally less dependent on individual deposits and suppliers. Direct purchasing in Australia, Argentina and Morocco underpin our dual intention of securing raw material supplies, whilst also maintaining our high sustainability standards, particularly in supply chains involving critical raw materials. At the same time, 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. [↗ Raw materials price risks and opportunities 1\]](#)

* Direct and indirect purchasing;
this includes the entire year 2022 for BMW Brilliance Automotive Ltd.



Our commitment to upholding environmental and social standards as well as human rights in our raw materials supply chains is enshrined in the [BMW Group Supplier Code of Conduct](#) and the [High-level commitment to sustainable natural rubber](#) among others. The BMW Group Supplier Code of Conduct also requires Tier-1 suppliers to demand minimum standards within their sub-supplier chains.

Annual risk analyses regarding the BMW Group's sustainability standards are the starting point for raw materials-related hedging activities that are designed to reduce environmental and human rights risks. Key levers in this respect are to forgo, substitute or reduce the use of primary risk raw materials. We also focus in particular on cooperating closely with our partners in the supplier network as well as in multi-stakeholder initiatives and projects. We use scientific findings to gain an even better understanding of the raw material extraction process and to take it into account accordingly when analysing the level of risk in order to further reduce any negative impacts.

The BMW Group places a particular focus on so-called "conflict minerals" and uses standardised Responsible Minerals Initiative (RMI) tools to ensure that the raw materials deployed can be traced back to the smelter. It uses existing certifications to ensure the origin of other raw materials. The BMW Group is also involved in developing certified standards for critical stages of the value chain, for example as part of the Initiative for Responsible Mining Assurance (IRMA), and subsequently applies them. Further details and raw materials profiles are available [online](#). [SASB Index](#)

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. During the year under report, for example, we initiated a project with a locally based NGO to improve living conditions associated with the mining of the raw material mica in India.

Purchasing battery cells

As of 2025, the BMW Group plans to deploy a new generation of battery cells. We have therefore concluded agreements with our partners that guarantee annual production capacities of 40 GWh in Europe, 40 GWh in China and 30 GWh in the USA. Via this strategy, the Company is reinforcing its "local for local" approach by sourcing battery cells regionally where our production facilities are located. The BMW Group will also use secondary raw materials to replace the primary raw materials cobalt, lithium and nickel in the new generation of battery cells and purchase green electricity in order to further reduce the size of our carbon footprint in the supply chain. [Carbon emissions in the supply chain](#)

Supply security

To cushion the impact of the ongoing war in Ukraine on our European plants, the BMW Group has introduced a comprehensive raft of measures with its partners and therefore continues to source components from western Ukraine. At the same time, our partners have established additional production sites outside Ukraine and the supply of wiring harnesses to our plants has returned to normal as a result.

Lockdowns in China designed to contain the coronavirus pandemic kept supply chains on tenterhooks, not to mention the challenging supply situation for semiconductors. In an effort to mitigate the worldwide shortage of semiconductors, among other measures the BMW Group has entered into supply agreements involving increased levels of buffer stock when placing orders, as well as the direct purchase of strategically important semiconductors.

Risk management in purchasing

An interconnected risk management system is fundamental for managing the supplier network. With this point in mind, the Company has established a RiskHub that analyses information from external, publicly available data sources with regard to potential risks such as natural disasters or financial risks. We also employ state-of-the-art methods derived from the fields of AI and big data analytics. For selected issues such as semi-

conductor component supplies, we also take account of the locations of sub-suppliers in our risk assessment, thus enabling us to respond rapidly and counter supply bottlenecks preventively. The RiskHub is subject to continuous improvement.

In order to avoid cyber risks and provide adequate protection, we analyse the entire value chain. The BMW Group expects its partners to provide evidence of a preventive and responsive level of security. We require our partners to provide information security certificates in accordance with the TISAX automotive standard, and monitor their implementation. Collaborative IT security analyses and a constant exchange of information additionally bolster resilience in the supplier network. The awareness of cyber risks is raised internally through training and information campaigns. Externally, the BMW Group supports its business partners with a regular flow of information.

Innovations

Cooperation in the supplier network based on trust and the development of new partnerships is essential for us when it comes to swiftly deploying innovations in the products on offer. In this context, we work closely with the [BMW Startup Garage](#) and [BMW i Ventures](#). At Newcomer Day 2022, selected start-ups presented a broad range of future technologies – including our new partner for innovative natural fibre composite solutions.

The highly innovative achievements of start-ups are also reflected in the [BMW Supplier Innovation Award](#). During the year under report, various companies won awards in the categories of e-mobility, sustainability, digitalisation, customer experience, exceptional team performance and Newcomer of the Year, which are essential for driving forward transformation. [1\]](#)



Digitalisation in the supply chain

A digital flow of information throughout the supply chain is a prerequisite for more resilient and flexible supply chain management.

[Catena-X](#) is one of the largest ongoing projects in the automotive industry. It is open to all BMW Group partners and designed to enable data exchange across the various levels of the value chain between automotive manufacturers and their suppliers. With the platform due to be launched in 2023, Catena-X is expected to offer an end-to-end solution that will lead to closer and even more coordinated cooperation between partners. One of our aims is to improve transparency and response speed by regularly comparing the demand and capacity situation in order to adjust the supply of parts at short notice. Further improvements are expected for the network partners, whether raw materials suppliers, n-Tier suppliers or automotive manufacturers, for example in terms of delivery reliability and customer satisfaction. At the same time, costs can be effectively cut by improving capacity utilisation and avoiding special procurement processes. Recording carbon emissions data in supply chains enables measures to reduce greenhouse gas emissions to be agreed upon and their effectiveness verified going forward. The BMW Group has already begun preparations for the pilot tests of the initial applications.

Social and environmental responsibility

The BMW Group considers responsible supply chain management as an integral part of good corporate governance. Against the backdrop of the Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz), the BMW Group continued to develop its well-established processes during the year under report. The BMW Group's requirements and the expectations it places on its suppliers are set out in the [BMW Group Supplier Code of Conduct](#). [GRI Index: 2-23, 3-3, 407-1, 408-1](#)

Due diligence in the supplier network

A multi-stage due diligence process has been established across all relevant areas of the organisation to delineate our responsibility for the supplier network. A comprehensive description of the due diligence process can be found [online](#).

The BMW Group is committed to the application of standardised procedures and a cooperative approach with a view to implementing the due diligence obligations that are integrated in its business processes and avoiding redundant activities. For this reason, we engage in the Sector Dialogue Automotive Industry initiative, for example to develop guidelines for action and create an industry-wide grievance mechanism.

— Risk analysis

The BMW Group monitors and assesses sustainability and human rights risks in its supplier network, including its business relationships with both potential and active supplier locations. Among other strategies, we use risk filters and media analyses to identify abstract environmental and human rights risks, as well as standardised sustainability questionnaires and audits to conduct specific risk analysis at our Tier-1 suppliers. Supply chain mapping forms the basis for analysing risks at n-Tier suppliers.

[GRI Index: 2-24, 308-1, 414-1](#)

— Prevention and remediation

Prior to signing a contract with the BMW Group, suppliers are required to implement any necessary preventive or remedial measures to minimise potential risks or eliminate any deficits that may have been identified – including those in the areas of corporate governance, human rights and working conditions, health and safety, and environmental protection – by an agreed target date, no later than the start of production, and to demand that these measures are also complied with by subcontractors. [Further GRI Information](#), [Sustainability assessment of relevant supplier sites](#) The extent of the preventive measures is partially based on the potential risks, the nature and scope of the business activity and the size of the supplier.

er. Alongside its preventive measures, the BMW Group offers a training programme on sustainability in the supply chain aimed at internal buyers and process partners as well as suppliers. [GRI Index: 2-24, 308-2, 414-2](#)

— Effectiveness and grievance mechanisms

For suppliers operating in high-risk regions or high-risk product groups, the BMW Group has implemented additional control mechanisms, such as audits of environmental and social standards at supplier locations using its own auditors or external auditors. The Group reviewed a total of 49 potential and active supplier locations via this method during the year under report (2021: 38)^{1, 2}. We have set ourselves the target of ensuring that all Tier-1 supplier sites that have been audited meet the locally applicable legal requirements for sustainability as well as international human rights standards (BMW Group minimum requirements). In 2022, the final audits confirmed that all cases of non-compliance with minimum requirements (non-conformities) that were identified in initial audits had been redressed.

The internal Human Rights Contact Supply Chain unit deals with any indications of possible violations of the sustainability requirements stipulated by the BMW Group for the supplier network. We also use the standardised RBA Voices grievance mechanism as a complementary measure. In addition, [whistle-blower systems to detect possible legal violations](#) are in place and compliance checks performed. Our aim is to ensure that any substantiated reports of environmental or human rights violations are redressed by agreeing on corrective measures. 1]

¹ The audits carried out worldwide were conducted to a large extent in accordance with the standards of the Responsible Business Alliance (RBA).

² The number of audits reported in the previous year totalled 196 and was adjusted for purposes of comparison, as Environmental Performance Assessments (EPA) in China will no longer be included in the metric from 2022 due to the Group's new environmental and social audit requirements.

If necessary, the BMW Group temporarily suspends a given business relationship during efforts to mitigate the detected risk. However, the business relationship will only be terminated if no other effective means are available and we are unable to further leverage our ability to exert influence. We endeavour to avoid this latter situation by carefully selecting our suppliers and empowering and working with them to improve their sustainability performance. No existing supplier relationship needed to be terminated due to serious sustainability violations during the year under report.

➤ [GRI Index: 2-24, 3-3, 308-1, 414-1](#)

Carbon emissions in the supply chain

The BMW Group is pressing ahead with its efforts to decarbonise its own supply chain. The Group's goal is to reduce carbon emissions generated in the supply chain by more than 20 % per vehicle by 2030 (base year 2019)¹. For this reason, the Group has established a firm commitment to make carbon-reducing measures² an award criterion in its supplier network. We specifically empower suppliers via the BMW Group Partner Portal and additionally provide face-to-face formats for conducting partner workshops at our plant in Landshut (Germany). ➤ [GRI Index: 3-3](#)

In 2022, the number of contractual agreements with suppliers on carbon-reducing measures increased to 468 awards (2021: 429 awards), including agreements on the use of secondary raw materials, biomaterials and carbon-reduced steel routes. However, in our view, green electricity offers the greatest potential for reducing carbon emissions in the supply chain. The BMW Group makes its use² for direct suppliers (Tier-1) and energy-intensive processes in the upstream chain (n-Tier) a criterion for awarding new contracts to manufacture carbon-intensive components and materials. During the year under report, we concluded agreements for 343 contracts (2021: 427 contracts). In addition, since mid-2021 the BMW Group has concluded framework agreements with 46 of its largest suppliers regarding the use of green electricity³ to manufacture its components.

Agreements reached with suppliers regarding carbon reduction measures in production scenarios already began to take effect in 2022. Together with an external auditor, the BMW Group has developed a concept for verifying compliance with these agreements and confirmed compliance with contractually agreed [carbon-reducing measures in the supplier chain](#) at 23 suppliers in the course of 2022. As a result, the BMW Group helped reduce carbon emissions at the production facilities of its suppliers by approximately 1.0 million tonnes in the reporting period.⁴

The Group also continues to rely on the Carbon Disclosure Project (CDP) supply chain programme to assess supply chain performance in terms of its decarbonisation commitment. Measures relevant for supplier development and empowerment are also derived from the programme. In 2022, 247 suppliers took part in the rating (84 % of the production-relevant purchasing volume). [1](#)

¹ For the sake of simplicity, this figure has been rounded. The target validated under SBTi is 22 %.

² For the BMW Group this includes measures to reduce carbon emissions. Correspondingly, this does not include any compensation measures.

³ In-house generation, direct purchase or Energy Attributes Certificates (e.g. certificates of origin).

⁴ The carbon reductions achieved in the year under report resulting from measures agreed upon with suppliers were not taken into account when calculating the [Carbon footprint](#).

EMPLOYEES AND SOCIETY114 Employer Attractiveness and
Employee Development

117 Health and Performance

119 Diversity, Equal Opportunity and Inclusion

121 Corporate Citizenship

EMPLOYEES AND SOCIETY

EMPLOYER ATTRACTIVENESS AND EMPLOYEE DEVELOPMENT

[The BMW Group aims to offer its employees interesting, future-proof jobs with attractive conditions and secure prospects. At the same time, we want to offer employees the opportunity to develop personally as well as help shape the BMW Group's future. By doing so, we are able to lay the foundations for long-term success in the competitive market for talented professionals. **]**

At 31 December 2022, the BMW Group employed a total workforce of 149,475 people worldwide – significantly more than in the previous year (2021: 118,909/+25.7%). [↗ Further GRI Information](#) This increase is primarily due to the full consolidation of BMW Brilliance. Beyond this, the growth in employment took place in Development and IT in particular, as well as in our global production network. [↗ GRI Index: 2-7, 2-8](#)

The BMW Group HR strategy serves as a tool for identifying the need to readjust personnel and competence structures at an early stage. In particular, this involves attracting highly qualified employees, deploying them in the areas that best match their strengths, and helping them develop their potential and build up the necessary skills for the future. On this basis, we continue to improve our programmes in the fields of vocational and further training, personnel development, marketing, recruiting and training programmes for future talents. [↗ GRI Index: 3-3](#)

[Developing expertise for the future

The transformation of the automotive industry entails numerous far-reaching changes. The BMW Group takes a forward-looking approach to the related challenges for the workforce structure, equally considering social, economic, political and technological developments. **]**



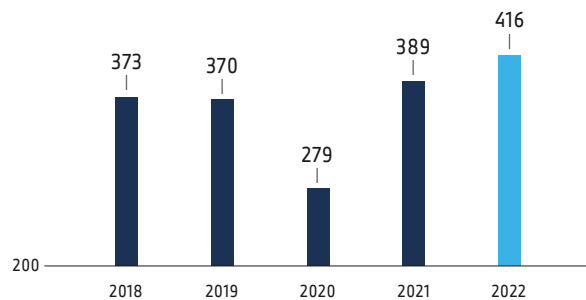
Securing our competitive edge with further education

The largest training initiative in the BMW Group's history, launched in 2021, helps to build up and transform expertise in all divisions. It is aimed at maintaining the ability of its workforce to perform with the requisite expertise while ensuring the Group's long-term competitiveness. In 2022, the focus of our training measures was on the future-oriented fields of electricians and electronics, data analytics, AI, innovative production technologies and new working methods.

In the year under report, the number of people undertaking training measures across the BMW Group was around 1 million (2021: 1.1 million). Each employee of the BMW Group received an average of 21.6 hours of training (2021: 23.1 hours). [Further GRI Information 1](#) In total, the BMW Group invested € 416.0 million in training and further education during the reporting period (2021: € 388.6 million). [GRI Index: 404-1, 404-2](#)

Spending on employee training and development¹

in € million



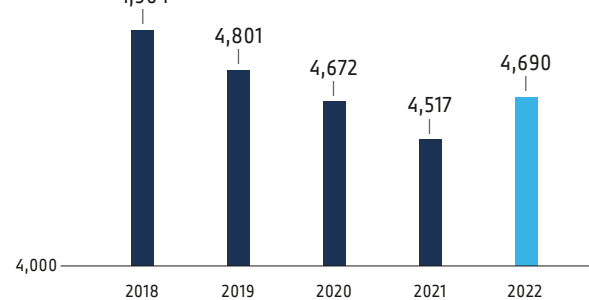
Recruiting and promoting new staff

Recruiting and promoting future talents plays a key role in building up expertise within the BMW Group. With a comprehensive programme and a variety of entry opportunities, we want to secure our recruiting requirements. [1](#)

These opportunities include a vocational training and instruction programme which has grown over the years, a dual study programme and student support programmes. For the most talented individuals, the BMW Group also offers its ProMotion PhD programme as well as the Global Leader Development Programme (GLDP)² traineeship. Participants in the ProMotion programme write their doctoral dissertations in partnership with the BMW Group and thereby bring valuable innovations to the Company – especially since the assignment of dissertation topics is aligned with our innovation strategy. Our trainee programme aims to prepare future managers for the tasks that await them in the future.

Apprentices and participants in young talent programmes³

Number



The total number of apprentices, dual study students and participants in young talents programmes³ increased slightly to 4,690⁴ during the year under report (2021: 4,517/+3.8%). Trainees are currently being prepared for their future occupations within the BMW Group in approximately 30 skilled trades and 20 dual study programmes at 19 training locations and 20 branches around the world. In Germany, some 1,200 young people began an apprenticeship or a dual study programme in 2022 (2021: 1,200). The same number of apprenticeships and study places has been announced for the coming year. BMW AG continues to offer its apprentices and dual study students permanent employment at the BMW Group's plants and headquarters after they have completed their vocational training. [GRI Index: 401-1](#)

[1](#) The skills required to create the digital, electric and sustainable mobility of the future are shaping and changing the training programmes at the BMW Group. Course content is regularly reviewed and adapted to ensure that our expertise needs for the future are adequately covered. In the year under report, for instance, we included the dual course in sustainability and environmental management in our programme and expanded our global vocational training programme with the basic principles of augmented reality, the Internet of Things and data analytics. [1](#)

¹ Vocational and further training includes the internal training of all apprentices in the BMW Group [GRI Glossary](#) (Definition of apprentice) and further training for BMW Group employees and temporary employees at consolidated companies worldwide (including BMW Brilliance since 2022).

² From April 2023, the upgraded GLDP programme will be launched under its new name Acceleration.

³ Includes SpeedUp (an undergraduate programme) and Fastlane (a master's programme). These programmes vary by country and are adapted to local market requirements and university curricula.

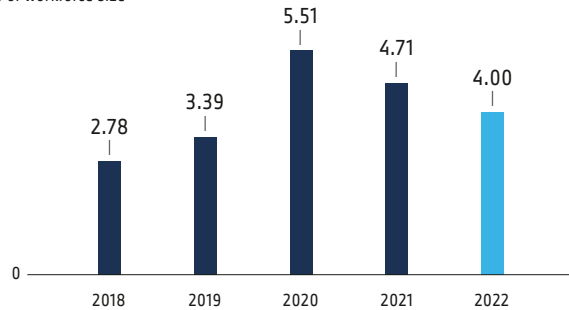
⁴ Including BMW Brilliance Automotive Ltd. for the first time, total number excluding BMW Brilliance Automotive Ltd.: 4,566.

[i] **Attractive employment conditions**

Key factors in the BMW Group's attractiveness as an employer include a positive perception of the Company, exciting, future-oriented tasks, individual opportunities for personal development and flexibility, attractive working conditions including remuneration and additional benefits, and a modern working environment. [1]

Employee attrition rate*

in % of workforce size



[i] Based on their overall remuneration package, we aim to ensure that our employees earn above median for the respective labour markets. To confirm this, we conduct remuneration studies each year on a worldwide basis. The BMW Group also consistently applies the principles of performance-related compensation. The total salary package consists of a monthly remuneration and a variable component dependent on the BMW Group's overall performance. Added to this are extras that differ by country, such as company pension plans and an attractive range of mobility-related services such as subsidised local public transport tickets and rail cards. Employees can get information about the full range of additional benefits on an internal company platform.

➔ [GRI Index: 2-21, 401-1, 401-2](#)

Employees have varying needs when it comes to organising their work and their working hours. For this reason, the BMW Group offers a great deal of individual personal scope in the form of flexible working hours, remote working, additional holidays in return for a corresponding reduction in salary, sabbaticals, and temporary or permanent part-time solutions. ➔ [Further GRI Information](#) During the year under report, we also continued with a process launched in 2013 entitled ConnectedWorks. This incorporates various options for flexible, performance-oriented and collaborative working.

Involving employees

Our employees represent a crucial stakeholder group for the BMW Group. As such, we actively involve them in our corporate strategy development. The internal dialogues on the topic of sustainability, first introduced in 2020, have become a central platform used to achieve this end. At the two dialogue events held in 2022, we provided information and background details on the role of sustainability in the supply chain and in finance, for example. ➔ [Dialogue with stakeholders](#)

The BMW Group's ideas management system encourages employees to contribute ideas on matters that do not fall within their normal remit. Employee ideas that generate a positive effect for the BMW Group with regard to efficiency or sustainability are rewarded with the payment of a bonus. In 2022, a total of 5,028 ideas were submitted (2021: 4,810). A total of 1,188 ideas were implemented during the year under report (2021: 1,318), resulting in first-year benefits totalling €20.5 million (2021: €30.4 million). As in the previous year, around one-third of the ideas implemented in 2022 were primarily related to sustainability. ➔ [GRI Index: 2-29](#)

The BMW Group also gauges the general mood of the workforce every two years with a Group-wide employee survey. Senior executives consult with their employees to derive specific measures from the results and take responsibility for implementing them. The next survey will take place in 2023. [1]

Excellent results in employer rankings

In 2022, highly regarded employer ratings once again ranked the BMW Group as one of the world's most attractive employers. In the current ranking of the [World's Most Attractive Employers 2022](#) as rated by Universum, a well-known study provider, the BMW Group was again the world's top-ranked automotive manufacturer. Among aspiring engineers, the BMW Group ranked fourth worldwide, directly after Google, Microsoft and Apple. For IT students, the BMW Group is the only automotive company among the world's top 10 employers, mostly in competition with prestigious technology enterprises. The BMW Group again achieved the top spot in the Trendence Professionals Barometer for Germany in 2022 for the eleventh time in a row.

* BMW AG;
employees with permanent contracts leaving the Company.

HEALTH AND PERFORMANCE

Whether in the plants, R&D centres or in administrative offices, BMW Group employees engage in a wide range of tasks every day. This results in comprehensive requirements regarding workplace health and safety.

The right to health and safety in the workplace is a key feature of the [BMW Group's Code on Human Rights and Working Conditions](#), which includes a commitment to comply with the relevant local occupational health and safety legislation. Furthermore, uniform standards applying to all sites are constantly improved, with a view to ensuring that health and safety requirements are consistent throughout the Group. Responsibility for the topics of health and occupational safety is enshrined in the Work Environment, Health, Group Safety and Group Data Protection unit.

[GRI Index: 403-1](#)

Health management on a holistic basis

A key factor in the success of the BMW Group is maintaining the health and performance of our employees. The BMW Group bundles all measures aimed at maintaining health within its Health Initiative programme. During the year under report, our health management continued to focus on fighting the coronavirus pandemic. In this context, we introduced a variety of additional preventive measures, including a new hygiene concept for internal and external in-person events.

We use regular action days, dialogue events and training courses to inform our employees and raise awareness of current health-related topics such as nutrition, exercise and fitness, behavioural ergonomics and cancer prevention. Another major topic is the psychological well-being of our employees. Training sessions and useful tips provide advice on how to better deal with stress and how to boost mental resilience. The special role

of senior executives with regard to their employees' mental health is a topic covered by the Health and Leadership executive training programme.

To help promote a balanced diet, the BMW Group runs Company canteens in Germany, which focus on regional and sustainably sourced food. Sustainability criteria are also included in supplier screening as part of the Company's audits. From 2023, we will be implementing a Sustainable Catering guide at our international sites.

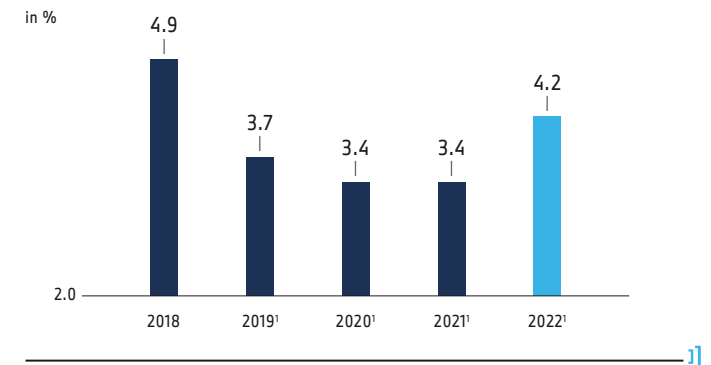
The BMW Group places great emphasis on ensuring that all employees have access to its in-house health services. In Germany, these services focus on providing acute care to employees and temporary workers during working hours. In some countries, however, the Group's health management also takes on primary care tasks, such as at the sites in Thailand, India and Mexico. The BMW Group's Company doctors also advise employees on individual preventive measures if requested to do so, and help them adapt their work environment to ensure that their health and performance are maintained in the long term.

[GRI Index: 3-3, 401-2, 403-3, 403-6](#)

One of the parameters the BMW Group uses to quantify the success of its health management measures is the sickness rate. At BMW AG, this was higher than in the previous year at 4.2% (2021: 3.4%). The sickness rate in Germany reached its highest level in 2022. This was significantly above pre-pandemic levels as a result of various infectious diseases such as coronavirus, flu and other respiratory illnesses. Nevertheless, we aim to continuously reduce this level, for example with targeted measures in accordance with our Attendance Management works agreement and the relevant initiatives as part of our health management.

[GRI Index: 403-10](#)

Sickness rate¹



Certified occupational health and safety management system

The BMW Group also aims to foster consistent measures worldwide when it comes to occupational safety, to ensure that health and safety standards apply throughout the Group. There are occupational health and safety management systems in all plants, which are certified to ISO 45001 or OHRIS² in 29 of 31 plants. This means that 99.79% (2021: 99.72%) of employees and 99.98% (2021: 99.98%) of temporary employees at BMW Group plants work at a site covered by an international occupational health and safety management system. The BMW Group plant in Manaus (Brazil) and the contract manufacturing site in Born (the Netherlands) are not yet certified. [1\]](#)

¹ BMW AG; number of hours of absence due to paid sick leave divided by the contractually agreed number of working hours. Until 2018, unpaid sick leave was also taken into account. Figures up to 2018 are not comparable.

² Occupational Health and Risk Management System.

† The BMW Group has set the goal of obtaining certification to one of the aforementioned international standards for all of its plants by 2025. Employer and employee representatives work together at nearly all locations to bring about a continual improvement in health and safety standards. ↗ [GRI Index: 403-1, 403-4, 403-8](#)

Recognising and avoiding risks

The BMW Group conducts comprehensive risk and stress analyses in order to identify potential work-related risks in both production and office workplaces. With its Digital Workplace Stress Management (DWSM) project, used to assess workplace ergonomics on a fully automated basis, the BMW Group is going beyond current legal requirements and setting the benchmark for the automotive industry. All assembly sites in Germany were certified through this project in 2022. We want to enable our international sites in Mexico, the US, South Africa and the UK to also use this system as of 2023. At the same time, we are continuing to develop our DWSM project.

The BMW Group regularly assesses all methods and instruments used within the Company. The results of the assessments are subsequently used to enhance internal norms. As part of co-determination arrangements, the Works Council and, if necessary, the representatives of severely disabled employees and HR management are involved.

The BMW Group ensures the quality of its processes by means of annual internal audits. Audits and certifications of sites are conducted by external service providers. All necessary audits were again successfully performed in 2022, resulting, for example, in the elimination of defects identified in machinery and equipment. ↗ [GRI Index: 403-2, 403-7](#)

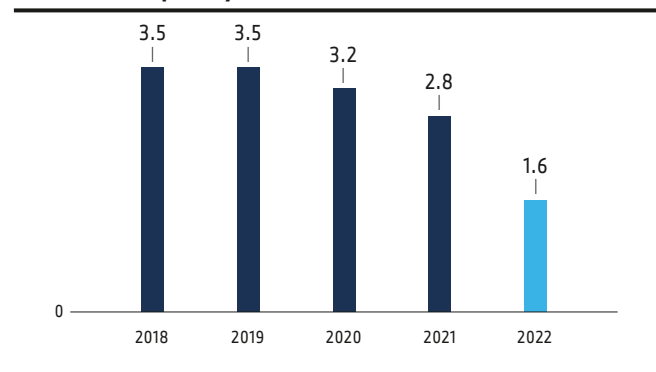
Regular training for employees

By providing regular training to its employees, the BMW Group aims to raise awareness of the topics of occupational health and safety at all sites. Responsibility for the training measures implemented in this field lies with the Training Competence Centre, which comprises staff from the occupational safety, ergonomics, environmental protection and health management departments. The seminar curriculum is drawn up in collaboration with safety specialists, Company doctors and the BMW Group Academy. The specialised departments can also be called on to provide solutions to help meet short-term needs.

Accident frequency reduced

The measures implemented by the BMW Group are also helping in accident prevention terms. The accident frequency rate of the BMW Group was 1.6 and dropped further in 2022 (2021: 2.8). Along with the implementation of global standards, the integration of BMW Brilliance has also noticeably contributed to this improvement in the rate (for 2022, the accident frequency rate of the BMW Group excluding BMW Brilliance was 2.4). There were no fatal accidents during the year under report (2021: no fatal accidents). ↗ [Further GRI Information](#), ↗ [GRI Index: 403-9](#)

† Accident frequency rate¹



Occupational safety along the value chain

It is important for the BMW Group that external partners also find a safe environment to work in at our locations and take advantage of the safety measures. For this purpose, cooperation with contractual parties is regulated in a separate contractor declaration, enabling potentially hazardous situations to be identified and appropriate protective measures to be taken on this basis. On large-scale construction sites of the BMW Group, all employees of partner companies are given safety briefings by BMW Group experts. In the case of smaller contracts, the contractor is responsible for performing this duty. The department responsible for placing the order monitors compliance with the occupational health and safety regulations, supported by the relevant occupational health and safety unit as required.

In order to also improve occupational safety at the upstream stages of the value chain, the BMW Group requires its suppliers – via the agreed purchasing terms and conditions – to comply with internationally recognised occupational health and safety requirements. ↗ [GRI Index: 403-7](#)]

¹ Number of workplace accidents resulting in at least 1 lost day per 1 million hours worked.

² Management systems in accordance with ISO 45001 and derived from the International Labour Organization (ILO) or United Nations Global Compact (UNGC).

DIVERSITY, EQUAL OPPORTUNITY AND INCLUSION

People from over 100 countries work successfully together at the BMW Group. They bring different perspectives, experiences and competencies to their daily work, and can therefore make us more innovative and competitive as a company. The BMW Group therefore values an unprejudiced, appreciative and inclusive working environment for all its employees. Key principles such as protection against discrimination, equal treatment of all employees and respect at all times are firmly embedded in the [BMW Group Code of Conduct](#) and the [BMW Group Code of Human Rights and Working Conditions](#). These principles include equal pay regardless of gender, religion, background, age, disability, sexual orientation and country-specific characteristics. [GRI Index: 405-2](#)

All employees can contact their line managers, the responsible specialist departments, the HR department, the Works Council or disability representatives if they have any pertinent concerns. The BMW Group SpeakUP Line is a telephone service available in over 30 languages that gives employees worldwide the opportunity to report possible violations both anonymously and confidentially ([Whistleblower Systems for Detecting Possible Legal Violations and Compliance Controls](#)). In addition, a Zero Tolerance hotline was launched in late 2022. This provides employees with free, anonymous and professional advice on the topics of discrimination, workplace bullying and sexual harassment at work.

[GRI Index: 406-1](#)

Promoting diversity

The BMW Group sees diversity as a strength. Using a variety of training events, presentations and dialogue formats, we raise awareness among employees and managers to the positive contribution that diversity, equal opportunity and inclusion can make to the business. The BMW Group also promotes these topics in its recruitment and personnel development strategies.

We embrace diversity in all its facets on the basis of our concept for diversity, equal opportunity and inclusion. This is implemented by HR management together with the disciplinary line managers. The concept contains aims and measures that focus on five key dimensions:

- Gender
- Age and experience
- Cultural background
- Sexual orientation and identity
- Physical and mental ability

We provide information about our commitment to these categories on our [website](#).

BMW AG employees according to age group, divided into functions and gender

in %	< 30 years	30-50 years	> 50 years
2020 in total	10.4	59.9	29.7
2021 in total	9.8	59.9	30.3
2022 in total	10.8	59.8	29.4
direct ¹	14.4	54.1	31.5
indirect ²	8.6	63.3	28.1
male	9.9	59.1	31.0
female	15.4	63.6	21.0

We launched a variety of measures within the scope of these five dimensions during 2022. For example, the trainee exchange programme MOVE was launched in the reporting year and attracted more than 100 trainees. This gives young people the opportunity to experience intercultural collaboration through practical work experience placements at different sites. During the year under report, we also continued with measures such as the Joint Leadership Programme, which enjoyed greater popularity during its second year. The Group-wide Diversity Week took place for the tenth time in 2022. In the newly developed Zero Tolerance training course, we also increase managers' awareness of the importance of providing a non-discriminatory work environment.

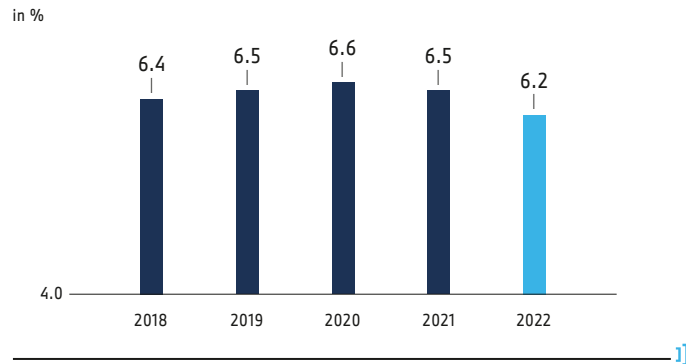
The BMW Group actively promotes an environment that offers equal opportunity regardless of physical or mental disabilities. Last year, we joined the international [The Valuable 500](#) initiative, which champions a more inclusive world of work. In 2022, we also adopted a revision of BMW AG's Company inclusion agreement for employees with disabilities, thus strengthening our commitment in this area. At the same time, we expanded our requirements for barrier-free access in the areas of construction and IT. As in previous years, BMW AG in Germany awarded contracts amounting to around € 41.1 million (2021: € 24.2 million) in 2022 to workshops staffed by people with disabilities.^{3]}

¹ Direct: Clock-controlled and production employees.

² Indirect: All employees not engaged in clock-controlled work.

³ The significant increase in the total order volume to workshops staffed by people with disabilities is due to an adjustment of the calculation logic as well as the fact that all workshops listed by the Federal Employment Agency as recognised workshops for people with disabilities have been recorded. According to the new calculation logic, the figure for 2021 is € 39.2 million.

Share of employees with severe disabilities at BMW AG¹



Our employees continue to play a key role in ensuring that diversity, equal opportunity and inclusion are actively practised. Many employees are involved in internal networks that have been set up, including a number of women's networks at various locations and the BMW Group PRIDE group, which campaigns across borders for the interests of the LGBTIQ+² community. The dialogue generated by these internal networks creates further momentum for the BMW Group's commitment to this area.

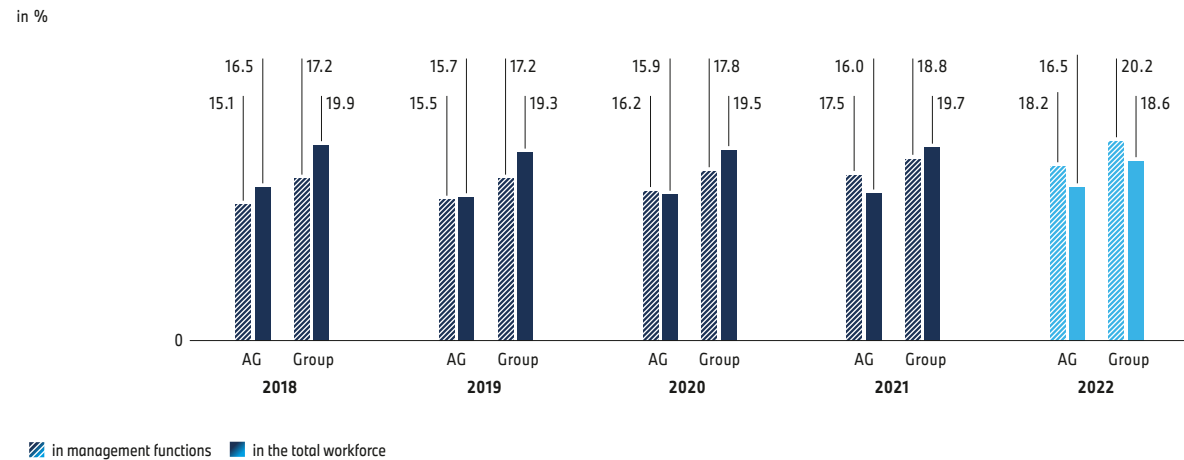
Concepts to promote diversity, equal opportunity and inclusion have also been developed in relation to the composition of the Board of Management and Supervisory Board. Information on the stipulated diversity criteria and their implementation is provided in the [Corporate Governance Statement](#).

[GRI Index: 3-3, 405-1](#)

Increasing the share of women

The BMW Group is working continuously to increase the share of women in the workforce as a whole and in management functions in particular. This remains a challenging task in that it is still the case that more men go through the process of vocational training, particularly in technical fields, and are therefore in the majority on the market.

Share of women in management functions and in the total workforce in the (BMW AG and BMW Group)⁴



The BMW Group has set targets for the percentage share of women at all levels of the Company. By 2025, we aim to increase the share of women in the BMW Group workforce as a whole to between 20 and 22 % and to between 17 to 19 % for BMW AG. We aim to boost the share of women holding management positions in the BMW Group to 22 % by 2025, and to 20 % for BMW AG.

The share of women in management functions³ within the BMW Group has been rising steadily for many years. Globally, the share of female managers in the BMW Group stood at 20.2 % at the end of the year under report (2021: 18.8 %). During the period from 2011 to 2022, the number of women in management positions in BMW AG has more than doubled.

Expressed as a percentage, the share of female managers at BMW AG was 18.2 % at the end of 2022 (2021: 17.5 %).

The share of women in the BMW Group workforce as a whole reached 18.6 % (2021: 19.7 %). For BMW AG, the share was 16.5 % (2021: 16.0 %). [Further GRI Information](#)

The BMW Group is also aware of the need to achieve a high percentage of women in our future talents programmes. By doing so, we aim to ensure that the share of women in the total workforce and in management functions continues to rise in the future. The proportion remained high in the trainee programme (Global Leader Development Programme⁵) in 2022 at 45 % (2021: 47 %). The same applied to the student support programmes (Fastlane, SpeedUp), with a proportion of around 31 % (2021: 32 %). For our vocational training in STEM subjects (science, technology, engineering and mathematics), the share of women at BMW AG in 2022 was 16.1 % (2021: 15.6 %), and 16.4 % (2021: 16.1 %) in the BMW Group⁶.

¹ The share of employees with severe disabilities is based on the statutory requirements in accordance with the German Social Code (SGB IX).

² Abbreviation for all sexual orientations and forms of identity.

³ For a definition of the term management functions, please refer to the [Glossary](#).

⁴ For a definition of the term employee, please refer to the [Glossary](#).

⁵ Trainee programme renamed to AcceleratiON for new trainees from 4/2023.

⁶ Including BMW Brilliance Automotive Ltd., China, and BMW Group plant Mexico; excluding sales companies.

CORPORATE CITIZENSHIP

[1] As part of its [corporate citizenship](#), the BMW Group champions environmental, economic and social issues even outside of its core area of business. As such, we not only live up to our own aspirations but also the expectations of society and our stakeholders worldwide. The close partnership with the [BMW Foundation Herbert Quandt](#) plays a central role in this. As an important partner, the independent corporate foundation contributes with its activities to the perception of social responsibility at the BMW Group.

Enshrining responsible practices within the Company

The BMW Group aspires to address concrete concerns and achieve a long-term impact by means of its corporate citizenship activities. We only get involved in areas where our own resources can actually make an effective contribution to society. Four main areas can be derived from our core area of business and our skills:

- Responsible Leadership for sustainable development
- Education for future generations
- Inclusion for equal opportunities
- Culture and Sports for a united world

Our employees are multipliers for this approach. One area of focus is therefore to provide opportunities for networking and flexibility. One example of this is the accelerator programme Innovation for Impact, which supports young employees at the BMW Group to develop their own projects looking at innovative technologies that can help to solve global challenges. This programme resulted in [PowerUp](#), for example – a project considering the secondary use of high-voltage batteries from the Development unit. Thanks to the commitment of the project members, these batteries are now used by a school in South Africa in order to store energy generated by its photovoltaic system.

The international networking of young executives has been facilitated since 2016 by participation in the One Young World Summit. A delegation from the BMW Group took part once again in 2022. Fostering dialogue is also at the heart of our partnership with the UN Alliance of Civilizations. The Intercultural Innovation Award, which was first granted in 2011, was further developed in 2022 into the Intercultural Innovation Hub – a platform for networking and promoting social innovation as part of an intercultural dialogue. By late 2022, we had already reached over six million people through the platform's outstanding projects – thereby achieving the goal originally set out for 2025 ahead of schedule.

Commitment in the context of the war in Ukraine

With regard to the consequences of the war in Ukraine, the BMW Group provided fast, direct assistance during the year under report. This included providing immediate financial aid of € 1 million, as well as a subsequent donation of the same amount to UNICEF. As part of a donations drive, employees also collected € 250,000, which were matched by another € 250,000 by the BMW Group. The € 2.5 million collected in total is being used in particular for children from Ukraine who are in need of help.

The BMW Group also provides specific humanitarian help at the BMW Group sites and along refugee routes. This includes providing vehicles for transporting food and medicines at the Poland/Ukraine border and practical help at refugee reception centres in the form of language classes.

We also offer refugees long-term perspectives in the form of the BMW Group Fellowship Programme in cooperation with the European School of Management and Technology (ESMT) in Berlin. As part of this programme, ten women from Ukraine received a scholarship for a Master's in Business Administration in 2022.^[1]



Valuing and facilitating employee commitment

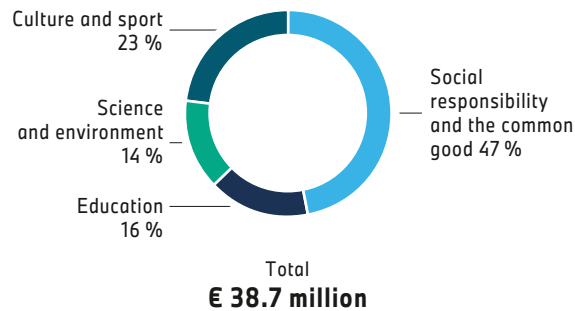
A great number of BMW Group employees around the world are committed to social issues in a variety of ways, including through educational projects and projects for the common good at our locations.

For 11 years now, the BMW Group has been rewarding exceptional commitment by individual employees with the BMW Group Award for corporate citizenship. Of the ten finalists in 2022, four emerged as winners – one of whom also won the special Doppelheld Foundation prize. The prize money of € 10,000 per winner will be used to fund the relevant charity projects. With a wide-ranging supporting programme related to social commitment by employees, the first global Social Week provided a special framework for the awards ceremony in 2022. The BMW Group has also been supporting this since 2022 by providing an online platform, which is used by employees in Germany to find out about charitable projects and to offer their support in the form of lending a hand and providing monetary and non-monetary donations.

Donations and expenses for corporate citizenship activities

The BMW Group's expenditure on corporate citizenship activities in 2022 totalled € 38.7 million (2020: € 34.6 million). This expenditure can be assigned to the categories of science/environment, education, social responsibility and the common good, culture and sport. ^{1]}

Total expenditure on corporate citizenship 2022 by category

^{1]}



OUTLOOK

The outlook and [↗ Risks and opportunities](#) of the BMW Group presented in this report reflect the expected development in 2023 from the perspective of Group management. In line with the Group's performance management, the outlook covers a period of one year. Short-term risks and opportunities are managed on the basis of a two-year assessment period. In addition, we report on medium- and long-term risks and opportunities arising in connection with climate change.

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 chapter 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 has raised its global growth projection for 2023 to 2.9%. Despite this upward revision, economic growth over the coming year is nevertheless likely to be significantly weaker than in 2022. High inflation and the war in Ukraine are likely to continue weighing on the global economy. New virus variants, renewed pandemic-related restrictions and prolonged supply bottlenecks could additionally slow the pace of economic growth. Further information on political and global economic risks is also available in the section [↗ Risks and opportunities](#).

Forecasts for the eurozone as a whole indicate slight growth in 2023 (+0.3%). In this context, corresponding rates of economic growth are predicted for France (+0.4%), Italy (+0.3%) and Spain (+1.2%). In the case of Germany, a recession cannot be ruled out in 2023 (−0.1%), with private consumption held down by high inflation and industrial production potentially affected by the energy crisis. Moreover, the global economic slowdown could result in falling demand for German export goods.

Economic output in the UK is also expected to shrink in 2023 (−0.7%).

The growth rate in the US is forecast to slow to 0.7% in 2023. The Fed's interest rate hikes and the resulting unfavourable financing conditions available on the market are forcing companies and households alike to cut back on spending.

Following the easing of pandemic-related restrictions, the Chinese economy is expected to be significantly stronger again in 2023 and grow by 5.0%.

Japan's growth rate in 2023 is forecast to be at a similar level to the previous year (+1.2%).

Currency markets and international interest rate environment

Currencies of particular importance for the international operations of the BMW Group are the Chinese renminbi, the British pound, the US dollar and the Japanese yen.

In view of high inflation, both the ECB and the Fed will continue to tighten their monetary policies in 2023. Against the backdrop of the war in Ukraine and high energy prices, the euro is forecast to weaken slightly against the US dollar during the outlook period.

As in the previous year, the British pound is expected to move sideways against the euro in 2023.

Following its appreciation against the euro in 2022, the Chinese renminbi is forecast to depreciate slightly against the euro in 2023.

In Japan, the central bank's highly expansionary monetary policy is unlikely to change significantly in 2023, potentially resulting in a further depreciation of the yen against the euro.

The currencies of emerging market countries such as Brazil and India are likely to remain under pressure against the US dollar and the euro in 2023 against the background of the benchmark interest rate hikes imposed by the Fed and the ECB.

International automobile markets

In light of the challenging macroeconomic conditions, new registrations worldwide are expected to decrease slightly in 2023, with ongoing supply bottlenecks and geopolitical risks in particular continuing to exert a negative impact on the world's markets.

Taking these factors into account, the BMW Group forecasts a slight decrease in new registrations in Europe and the USA in 2023. In China, the economy is likely to stabilise following the easing of coronavirus-related measures, thereby resulting in a slight increase in registration figures.

International motorcycle markets

The BMW Group expects the world's motorcycle markets in the 250 cc plus class to decline slightly year on year in 2023. In particular, some major European markets, such as France and the UK, as well as the USA and Brazil, are likely to contract slightly. By contrast, the German market is set to develop solidly, while the markets in Spain and Italy are predicted to recover slightly compared to the preceding year. Motorcycle markets could also be severely impacted by supply bottlenecks, the further course of the coronavirus pandemic, especially in China, and a possible recession in 2023.

Expected consequences for the BMW Group

Future developments on international automobile markets have a direct impact on the BMW Group. A challenging competitive environment, the supply situation for vehicle components, the further course of the coronavirus pandemic and geopolitical developments could all have a significant impact on business performance. Flexible coordination between the Group's sales and production networks will help cushion the impact of unforeseeable developments in individual regions. [↗ 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 can deviate either positively or negatively from the expectations described below, due to changes in the political and economic environment as well as other factors such as the further course of the coronavirus pandemic.

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 and which could have an impact on the Group's performance. The expectations contained in the outlook are based on the BMW Group's forecast for 2023 and reflect its most recent status. The basis for the preparation of and the principal assumptions used in the forecasts – which consider the consensual opinions of leading organisations, such as economic research institutes and banks – are set out below. The BMW Group's outlook takes account of these assumptions.

The war in Ukraine and its potential implications for the BMW Group's course of business are being closely monitored. All applicable restrictions resulting from sanctions have been factored into the outlook.

From a current perspective, the coronavirus pandemic is not predicted to have any significant impact on the results of operations, financial position and net assets position of BMW AG and the Group as a whole, and this assumption has therefore been applied for the financial year 2023. However, uncertainties remain regarding the impact of the lifting of the zero-Covid policy in China and any associated constraints on production and sales volumes.

The supply situation continues to be challenging. Under these circumstances, raw materials markets are expected to remain tense during the financial year 2023. The cost of precious metals is likely to continue rising, especially for the battery-related raw materials required to move ahead with the electrification strategy the BMW Group has adopted. On the other hand, the general availability of components and semiconductors is projected to improve slightly in 2023. The BMW Group also expects energy supplies to stabilise due to a number of factors, including higher energy efficiency and the various alternative sources of energy available. However, supply chains remain exposed to the risk of disruptions and substantial cost increases in light of labour shortages, limited parts availability, continued high prices for raw materials and energy and other unfavourable factors. As in 2022, higher logistics-related costs will therefore continue to have a negative impact on earnings.

Despite the current high level of inflation and interest rates as well as the various challenges described above, the BMW Group is confident that demand will remain stable. Targeted investments and the Group's close cooperation with its strong network of suppliers will help to achieve the targets it has set itself for 2023.

Against this backdrop, deliveries to customers are forecast to increase slightly compared with the previous year, with selling prices remaining at a stable level.

The Group expects the situation in the used car markets to normalise in 2023 due to the increased availability of new cars.

The outlook does not factor in the following:

- a deep recession in the BMW Group's key sales markets
- a further escalation of the conflict between Russia and Ukraine, combined with an expansion of the war
- an exacerbation of the pandemic situation in China and the resulting impact on the economic environment

In view of the growing unpredictability of political developments, actual macroeconomic developments in some regions may deviate from expected trends and outcomes. Potential sources of political uncertainty include policies affecting trade and customs tariffs, security developments and a possible worsening of international trade conflicts.

Outlook for the BMW Group – key performance indicators

Deliveries of BMW, MINI and Rolls-Royce brand vehicles by the Automotive segment are expected to rise slightly year on year due to improved availability and the considerable order backlog.

Taking into account all of the aforementioned developments, an EBIT margin of between 8 and 10 % is forecast for the Automotive segment in 2023. The RoCE for the Automotive segment is expected to finish within a range between 15 and 20 %.

The BMW Group expects to achieve its target of slightly reducing the carbon emissions generated by its EU new vehicle fleet by continuously improving the overall fuel consumption of its products and an increasing number of vehicles with alternative drivetrain systems.

In view of the increasing focus on all-electric vehicles, from the financial year 2023 onwards the BMW Group will report the share of all-electric vehicles in total deliveries, which is expected to increase significantly compared to 2022. The previous key performance indicator "share of electrified vehicles in deliveries" will no longer be reported.

Carbon emissions per vehicle produced are forecast to decrease slightly.

Motorcycles segment deliveries are predicted to increase slightly. The segment EBIT margin is expected to finish within a range between 8 and 10 % and the segment RoCE between 21 and 26 %.

The RoE in the Financial Services segment is predicted to finish within a range between 14 and 17 %. Compared with the financial year 2022, the favourable results from remarketing lease returns are expected to weaken in 2023.

Accordingly, Group profit before tax will decrease significantly. One of the main underlying reasons for this development is the one-time gain of € 7.7 billion recorded in 2022 in conjunction with the remeasurement of the BMW Group's previous equity interests in BMW Brilliance.

The aforementioned targets are to be met with a slight growth in the size of the workforce. Likewise, the share of women in management positions in the BMW Group is expected to increase slightly.

The BMW Group's actual business performance may also deviate from current expectations due to the risks and opportunities discussed below in the chapter [↗ Risks and opportunities](#).



The BMW Group key performance indicators

		2022 Reported	2023 Outlook
GROUP			
Profit before tax	€ million	23,509	Significant decrease
Workforce at year-end		149,475	Slight increase
Share of women in management positions in the BMW Group	%	20.2	Slight increase
AUTOMOTIVE SEGMENT			
Deliveries ¹	units	2,399,632	Slight increase
Share of electrified vehicles in deliveries	%	18.1	No longer reported
Share of all-electric vehicles in deliveries	%	Not reported	Significant increase ²
CO ₂ emissions EU new vehicle fleet ^{3,4}	g/ km	105.0	Slight reduction
CO ₂ emissions per vehicle produced ⁵	tons	0.32	Slight reduction
EBIT margin	%	8.6	between 8 and 10
Return on capital employed (RoCE)	%	18.1	between 15 and 20
MOTORCYCLES SEGMENT			
Deliveries	units	202,895	Slight increase
EBIT margin	%	8.1	between 8 and 10
Return on capital employed (RoCE)	%	24.9	between 21 and 26
FINANCIAL SERVICES SEGMENT			
Return on equity (RoE)	%	17.9	between 14 and 17

¹ Includes BMW Brilliance Automotive Ltd. for the full year 2022, including the period prior to that entity's full consolidation in the BMW Group Financial Statements (1 January to 10 February 2022: 96,133 units).

² The outlook relates to the share of all-electric vehicles in deliveries of 9 % in financial year 2022.

³ EU-27 countries including Norway and Iceland; with effect from 2021, values are calculated on a converted basis in line with WLTP (Worldwide Harmonised Light Vehicles Test Procedure).

⁴ Including an allowance for eco-innovations (amounts of minor significance).

⁵ Efficiency ratio calculated on the basis of Scope 1 and Scope 2 carbon emissions (i.e. a market-based method according to GHG Protocol Scope 2 guidance; mainly based on the use of emissions factors for electricity, district heating and fuels of the VDA (each in the most current valid version: 12/2022) and occasionally using local emissions factors; excluding climate-changing gases other than carbon dioxide from vehicle production (BMW Group manufacturing sites including the BMW Brilliance Automotive Ltd. joint venture and Motorrad, but excluding partner plants and contract manufacturers), as well as BMW Group non-manufacturing sites (e.g. research centres, sales centres, offices) divided by the number of vehicles produced (BMW Group manufacturing sites including the BMW Brilliance Automotive Ltd. joint venture and partner plants, but excluding contract manufacturers).



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 in this respect issued its declaration pursuant to Section 161 of the German Stock Corporation Act www.bmwgroup.com/ezu in December 2022 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 selected non-financial key figures [Internal Control System](#) (ICS in the narrower sense), the Compliance Management System [Compliance Management System](#) (CMS) and the Internal 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 Internal 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 particular account of the size, structure and complexity of the BMW Group. These systems are intended to detect, manage and mitigate significant 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 factor 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.

RISKS AND OPPORTUNITIES

 128 Risk and Opportunity Management

 131 Material Short-term Risks and Opportunities

 138 Climate-related Risks and Opportunities

 142 Summary and Outlook

RISKS AND OPPORTUNITIES

RISK AND OPPORTUNITY MANAGEMENT

Managing risks and making full use of any opportunities is the basis for the BMW Group's business success. This is based on an effective risk and opportunity management strategy, which puts us in a position to be able to react quickly and flexibly to changes in the political, economic, environmental, social, technical or legal situation. The general risk situation is regularly evaluated as part of this. Changes are integrated during the year and within the long-term plans for the business.

The aim of our risk management system (RMS) is to identify, measure and actively manage risks, both individual and cumulative, that could pose a threat to the profitability of the business.

Risks and opportunities (including risks to reputation and climate-related risks) are considered for the current and subsequent financial year. ↗ [Material short-term risks and opportunities](#) In addition, medium-term and long-term risks and opportunities are also presented in connection with climate change.

↗ [Climate-related risks and opportunities](#)

Organisation of risk management

Risk management is organised as a decentralised, Group-wide network and steered by a centralised risk management function. The various BMW Group divisions are represented by Network Representatives. We draw on the expertise of climate experts in order to evaluate climate-related risks and opportunities. The responsibilities and tasks of the centralised risk management function, Network Representatives and climate experts are documented and accepted. All significant 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 Compliance and Human Rights and the Internal Control System (ICS) serve as 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 on an annual basis.



According to our Group-wide guidelines, every employee and manager has a duty to report risks via the relevant 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 developed 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 is applicable across the entire Group and 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.

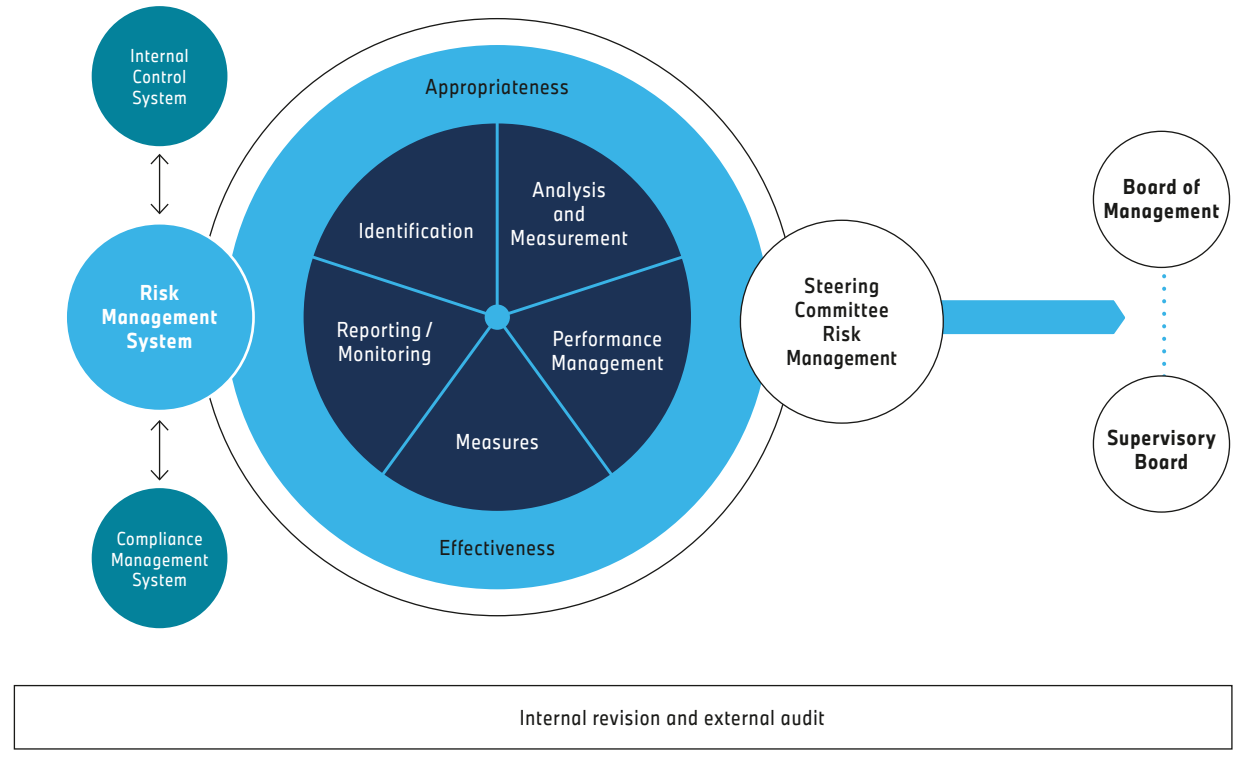
Risk measurement

The BMW Group uses standardised, suitable methods for measuring all short-term risks, reputational risks and medium to long-term climate-related risks.

Short-term risks

Risks relating to the current and subsequent financial year are shown in the section [Material short-term risks and opportunities](#). These 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 measured net of any risk mitigation measures that are already taking effect (net basis).

RISK MANAGEMENT IN THE BMW GROUP



Risks are classified according to the risk amount (average earnings impact, taking into account the probability of occurrence). The earnings impact may be significantly higher if the risk actually materialises (worst-case scenario, confidence interval: 99 %).

The impact of risks and opportunities is presented separately without offsetting.

Group-wide effects and trends can be identified by aggregating all material short-term 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 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 short-term risks and opportunities](#).

Climate-related risks

Risks associated with climate change are presented in the section [↗ Climate-related risks and opportunities](#). Climate-related risks are evaluated as physical and transitory risks in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Transitory risks arise from the transition to a lower-carbon economy and are measured with the help of climate-related risk drivers and qualitative expert assessments. Physical risks arise due to climate change and are evaluated using external data on potential natural hazards. Potential short-term effects of climate change are already taken into account in the short-term risks. All short-term risks are evaluated for their climate impact. If a risk is categorised as climate-relevant, the climate-related portion of the risk is determined. The potential development of climate-related risks is measured for two reporting periods (medium-term until 2034 and long-term until 2050) and for three global warming scenarios.

Non-financial risks as reported in the non-financial statement (NFS)

Alongside the maintenance of a comprehensive system of risk management, conducting business in a sustainable manner constitutes a core strategic principle of the BMW Group. Risks resulting from sustainability issues are generally identified via the Group-wide risk management network.

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. No material non-financial risks were identified during the year under report.

Opportunity management

Identifying opportunities is an integral part of the BMW Group's strategic planning processes. The Group's range of products and services is continually reviewed on the basis of these analyses.

The continuous monitoring of key business processes and strict cost controls are also essential factors for ensuring high levels of profitability and return on capital employed.

The importance of short-term opportunities for the BMW Group is classified on a qualitative basis in the categories "material" and "immaterial". Probable measures aimed at increasing profitability are already incorporated in the outlook.

Climate-related opportunities are identified progressively as part of the ongoing strategy development process and described in the section [↗ Climate-related risks and opportunities](#).

MATERIAL SHORT-TERM RISKS AND OPPORTUNITIES

The overall risk situation for the BMW Group deteriorated significantly as compared with the previous year.

Consistently high inflation with lower real incomes and a corresponding widespread drop in demand may have a negative impact on sales volumes and result in unfavourable price and product mix effects. Considerable uncertainties remain in the form of potential supply bottlenecks along the entire supply chain. Higher prices for energy, raw materials and transport may have a negative impact. The ongoing war between Russia and Ukraine, as well as the progression of the coronavirus pandemic may also significantly affect the global economy. However, if the effect of these issues were to prove less severe in 2023 than currently expected, opportunities could arise that could benefit both revenues and earnings.

Overall, no risks capable of threatening the continued existence of the BMW Group were identified either at the balance sheet date or at the date on which the Group Financial Statements were drawn up. The Management and the Supervisory Board do not see any threat to the BMW Group's status as a going concern. 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. 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 2023 and 2024 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 short-term risks and opportunities:

	Risks		Opportunities	
	Classification of the risk level	Change compared to prior year	Classification	Change compared to prior year
Macroeconomic risks and opportunities	High	Increased	Immaterial	-
Strategic and sector-specific risks and opportunities				
Changes in legislation and regulatory requirements	High	-	Immaterial	-
Market developments	High	Increased	Immaterial	-
Risks and opportunities relating to operations				
Production and technology	High	Increased	Immaterial	-
Purchasing	High	-	Immaterial	-
Sales network	Low	-	Immaterial	-
Information security, data protection and IT	High	-	Immaterial	-
Financial risks and opportunities				
Foreign currencies	Low	-	Material	-
Raw materials	High	-	Material	-
Liquidity	Low	-	-	-
Other financial risks	Medium	-	Immaterial	-
Pension obligations	Medium	-	Material	-
Legal risks	Medium	-	-	-

The following ranges apply for the purpose of classifying the risk amount for material short-term risks:

Class	Risk amount
Low	€ 0–200 million
Medium	> € 200–1,000 million
High	> € 1,000 million

Due to the particular features of the business model, significant 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 risk is classed as being high and has increased as a result of various geopolitical challenges.

With regard to the war in Ukraine, there is a risk of a further escalation of the conflict and therefore of further sanctions imposed by Western countries on Russia as well as possible counter-sanctions and/or retaliatory measures by Russia.

The coronavirus pandemic and its impact remain a risk to the global economy. If the virus should continue to spread quickly following the end of the coronavirus restrictions in China, a high number of cases or a new variant of the coronavirus may once again require strict containment measures and continue to put global supply chains under great strain. As a result, shortages of (upstream) products may cause the recovery of the global economy to slow down.

In the trade war between the US and China, the focus is currently shifting from simple tariff increases to further import and export restrictions on specific technologies. The tougher rhetoric on the status of Taiwan may heighten geopolitical tensions and pose an additional risk. This could also lead to less favourable import and export conditions for the BMW Group.

Another risk is of recession in Europe and the United States. Further interest rate hikes by the central banks due to high inflation could slow economic growth over the long term. If the higher interest rates do not take effect quickly or effectively enough, lower real incomes and a corresponding widespread drop in demand may have a negative impact on sales volumes.

Macroeconomic opportunities that could have a sustained positive impact on the BMW Group's results of operation are classified as immaterial.

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 also be subject to change at short notice. Any sudden tightening of regulations in these areas could necessitate significantly higher investments and expenses or exert influence on customer behaviour and lead to disruptions in supply. The risk is categorised as high.

The BMW Group is seeing increasingly stringent vehicle emissions regulations for conventional drive systems. The Euro 7 legislative proposal, published by the European Commission in November 2022, will result in tougher emissions requirements from July 2025. The use of additional technologies will be required so that all vehicles are able to fulfil the expanded test parameters, and this is associated with additional risks. Elsewhere in the legislative process, there may be substantive changes with regard to requirements and implementation dates.

The EU institutions have agreed to reduce the CO₂ fleet target to 0 g/km by 2035. In order to achieve this, it is important that the urgently needed framework conditions, such as full availability of renewable energies, adequate private and public charging infrastructure and access to raw materials for the construction of electric vehicles is reflected in the EU's legislative initiatives.

A discussion of consumption values and carbon emissions may have an impact on the Company's reputation.

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 prices. Opportunities potentially arising from changes in legislation and regulations are classified as immaterial.

Market developments

Increasingly fierce competition among established premium manufacturers and the emergence of new competitors may affect the market share and the price and product mix. Shifts in consumer preferences or changes in brand perception pose both risks and opportunities. For instance, the BMW Group could be confronted with short-term supply and demand distortions in the transition from conventionally powered vehicles to alternative drive concepts. The likelihood of market risks occurring may be categorised as high. It has increased because the current positive price and product mix may potentially worsen if there is a recession in individual markets.

The BMW Group's sales markets are continuously monitored in order to optimally meet customer requirements and, at the same time, capitalise on opportunities in terms of sales growth and pricing. Opportunities arising as a result are classified as insignificant.

Risks and opportunities relating to operations

Risks and opportunities relating to production and technologies

Plant downtime is the main risk affecting production. Disruptions to production may be caused by supplier bottlenecks, shortages of production resources such as gas or electricity and also by problems with logistics. Information technology is playing an increasingly significant role and, as a result, IT breakdowns (for example due to cyberattacks) may cause issues in production. Furthermore, damage to the plant infrastructure as a result of fire or natural hazards, or due to machine and tooling failures, may also result in production downtime. The likelihood of such risks occurring is deemed high and has increased as a result of the very volatile environment.

All plants have drawn up measures to avoid and mitigate risks, and are supported in this by other business units, such as Purchasing.

The risk of production downtime due to parts supply is reduced via measures related to logistics, purchasing and the use of the production network. Measures are also taken to prevent and counteract damage to manufacturing equipment and longer downtimes due to targeted cyberattacks.

Potential natural hazards are already taken into account when selecting a site and through the implementation of measures during construction. We reduce the risk posed by natural hazards or fire with the use of on-site fire services and employee training.

Risks resulting from property-related damage and damage due to downtime, as well as transport damage to vehicles already manufactured, are 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 and, in extreme cases, may lead to the non-admission of a vehicle derivative, sub-market or even a complete market.

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 \[33\]](#) to the Group Financial Statements.

The BMW Group sees opportunities relating to production processes primarily in the competitive edge gained from mastering new and complex technologies. Given the long lead times involved in developing new products, additional opportunities are not expected to have a significant earnings impact on the BMW Group.

Risks and opportunities relating to purchasing

Purchasing risks relate primarily to supply risks caused by the failure of a supplier as well as to threats to BMW Group-relevant know-how within the supplier network. Production problems at the supplier level could lead to consequences caused by increased expenditure for the BMW Group due to production interruptions and a corresponding reduction in vehicle sales. The risk is categorised as high.

Potential reasons for the failure of suppliers to deliver include the lack of availability of raw materials, energy and other input materials, the occurrence of natural hazards and/or fires, developments in the security situation of a country, IT-related risks and non-compliance with sustainability or quality standards. An increasingly complex supplier network, particularly with sub-suppliers over which the BMW Group has only an indirect influence, as well as a lack of solvency on the part of suppliers, may influence the delivery of supplies to plants.

Further price hikes and additional charges from suppliers may also have a negative impact on earnings.

The rising threat of cyberattacks along the entire supply chain affects both the security of supply and the protection of expertise relevant to the BMW Group. In order to optimise the level of IT security along the value and supply chain, the BMW Group requires its suppliers to provide proof of appropriate IT security certification.

When selecting its suppliers, the BMW Group not only takes into account external requirements such as those contained in the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz), but also ensures that the BMW Group's sustainability targets are met.

Cost advantages gained by developing local supplier structures near BMW plants in addition to innovative manufacturing technologies could lead to lower material expenses for the BMW Group. Opportunities arising as a result are classified as insignificant.

Supply bottlenecks may also have a negative impact on the reputation of the BMW Group if customer demand cannot be met as expected.

Risks and opportunities relating to the sales network

In order to sell its products and services, the BMW Group operates a global sales network comprising independent dealerships, branches, subsidiaries and importers. The insolvency of dealerships may have a negative impact on vehicle sales and the range of services available to our customers.

Currently, the necessary preconditions are being established for vehicles also to be sold via direct sales in future, particularly in Europe. It may not be possible to realise the associated earnings potential to the degree expected.

Overall, the risks arising from the sales network can be categorised as low.

As in other areas, the BMW Group is actively shaping the future of its sales organisation with a clear focus on placing customer requirements at the centre of its activities. 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 a wide range of opportunities for the BMW Group. 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 and the war in Ukraine is also contributing to the rise in cyberattacks. Moreover, legal and regulatory requirements are becoming ever stricter worldwide. Cyberattacks may be directed at applications or vehicle functions.

In view of the higher incidence of observed attacks, the risk amount – despite extensive security measures – is still classified as high.

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 Group revenues, disruption in production, or reputational damage. For this reason, the BMW Group has launched an interactive programme to provide regular training for every employee on the correct way to handle dangerous emails.

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, allocated appropriate measures by the departments concerned 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

Currency risks and opportunities

As an internationally operating enterprise, the BMW Group conducts business in a variety of currencies, thus giving rise to currency risks and opportunities. A substantial portion of Group revenues, production, other purchases and funding occur outside the eurozone. Regularly updated cash-flow-at-risk models are used to limit currency risks and identify opportunities. The risk amount associated with currency risks is classified as low.

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 is possible to ramp up production or also increase purchase volumes 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. Hedging transactions are entered into only with financial partners of good credit standing.

Depending on exchange rate developments, opportunities may also arise.

Risks and opportunities relating to raw materials prices

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 many 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 a high degree of fluctuation on commodity markets. Accordingly, the risk amount associated with raw materials prices is classified as high, but there are also significant opportunities.

Liquidity risks

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 the experience gained during the global financial crisis, 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.

Solvency is assured at all times throughout the BMW Group 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 \[39\]](#) 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 (relating in particular to currency, raw materials and interest rate) 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, which could give rise to risks requiring the recognition of impairment losses.

The risk associated with other financial risks is classified as medium. Potential opportunities resulting from the revaluation of investments are evaluated as immaterial.

Risks and opportunities relating to 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. Risks can arise due to fluctuations in pension provisions and the related pension assets and may be presented differently according to IFRS and HGB due to different accounting standards.

The risk amount 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 obligations decreased at a more pronounced rate than the related assets.

Pension obligations are primarily measured using a discount rate (derived from market yields from high-quality corporate bonds). This discount rate is subject to market fluctuations and therefore influences the level of pension obligations. 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).

Remeasurements 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 \[32\]](#) to the Group Financial Statements.

Legal risks

Due to the global nature of its operations, the BMW Group is exposed to various legal risks. Legal risks may result from non-compliance with laws or other legal requirements, or from legal disputes with business partners or other market participants. The risk amount is categorised as medium.

Like all entities with international operations, the BMW Group is confronted with legal disputes, alleged claims relating in particular to 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, class action lawsuits 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.

For several years, lawsuits have been filed against BMW Bank GmbH (BMW Bank) by consumers claiming the withdrawal from loan and leasing contracts. Since the beginning of 2020, several references for a preliminary ruling have been filed with the European Court of Justice (ECJ). On September 9, 2021, the ECJ decided on the abstract requirements to be complied with by creditors in consumer loan contracts. The principal risk assessment in this regard for the BMW Group Report 2021 is still valid. The following developments result from the ongoing legal proceedings: in the second quarter of 2022, the Federal Court of Justice (BGH) stated in a ruling that the provision on the default interest rate contained in the particular BMW Bank loan contract at issue in the proceedings did not meet the requirements set out by the ECJ. Therefore, there is a legal risk that borrowers might withdraw from the affected consumer loan contracts. For the period of use of the vehicle, customers are obliged to pay compensation in case of withdrawal from their loan contract. In September 2022, the ECJ held proceedings on the preliminary ruling on kilometre-based lease agreements and loans. A decision by the ECJ is expected in the course of 2023. This may result in further withdrawal risks. The possible financial impact of these proceedings cannot be definitively assessed at this stage.

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 and US export control reg-

ulations could result in significant legal consequences for the BMW Group. In light of its strong presence in the USA and China, any intensification of the trade dispute between the two countries could be a potential source of additional risk exposure.

The BMW Group is subject to governmental tax and customs audits in every country in which it operates, 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 intercompany transfer prices in the countries concerned. Further substantive legal risks may arise as a result of changes in tax or customs legislation or due to differences in the way that legislation is interpreted. In many cases, such changes can also have a retrospective impact on calendar years that were not yet subject to definitive audits. 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 and China and will be rolled out successively 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 International Financial Reporting Standards (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 \[38\]](#) to the Group Financial Statements.

A Compliance Management System is in place across the BMW Group to ensure, among other things, that its representative bodies, executives and staff members worldwide consistently act in a lawful manner. Further information on this can be found in the chapter [Compliance and human rights](#).

Risk management system in the Financial Services segment

Risk management in the Financial Services segment is based on various pillars; namely, the prevailing risk culture, the risk strategy and the defined risk appetite for the various types of risk. In addition to this, there are a wide range of guidelines in place worldwide that are implemented by the individual companies in the Group.

The central pillar of risk management in the Financial Services segment is the continuous assurance of risk-bearing capacity. Depending on the type of risk, limits are assigned to define the risk appetite. Various value-at-risk models are used for this purpose, which are validated at regular intervals. The confidence interval used in this model is conservative. Care is always taken 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.

Risk management in the Financial Services segment is based on the requirements of the supervisory authorities, which are implemented consistently worldwide. Climate-related risks are also taken into account and analysed at regular intervals, thereby considering a medium-term period in the future.

[Climate-related risks and opportunities](#)

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 situation of the customer's region. The amount allocated to credit risks is 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 classifies potential opportunities in this area as immaterial. Particularly in volatile times, the process of awarding credit may also be changed to take account of declining creditworthiness, or to not accept credit at all.

Residual value risks and opportunities

These primarily occur in connection with leased vehicles that are sold after being returned. The risk amount of residual value risks is classified as high. Opportunities may result from a positive deviation from the residual value forecast and are categorised as material.

The agreement is based on a forecast value for the vehicle's sale on return. This value may have been set too high or too low. Internal models ensure the ongoing measurement of the portfolio; hence, current market developments are always taken into account.

Sustainability aspects are also evaluated in this context and long-term scenarios consider the development of the portfolio. Changes in drivetrain types are constantly being monitored and the findings are also incorporated into the evaluation. The forecast models for the beginning of the contract, as well as the ongoing evaluation of the portfolio, are continually developed.

Interest rate risks

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. These are evaluated as low, though they have risen compared to the previous year due to greater volatility. The associated opportunities are classed as material.

Operational risks

Operational risks result from any form of ineffective or defective internal processes, systems, external events or human error. The aim is to systematically record and quantify all risks except for those listed in the paragraphs above. 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 essential and ensures that there is adequate transparency regarding the current risk situation of the entire division. The risk amount is categorised as medium.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Climate change may also impact the BMW Group business model. Consequently, the Company analyses a wide range of climate scenarios, identifies and measures climate-related risks and opportunities and adopts the relevant measures.

[GRI Index: 201-2](#)

In doing so, the BMW Group follows the recommendations of the TCFD and continually develops reporting processes and internal management strategies for climate-related risks and opportunities.

During the 2022 reporting year, all material risks for the BMW Group were considered for the first time in view of their sensitivity regarding climate change. The climate-relevant portions were analysed in accordance with TCFD for three different climate scenarios. For the medium-term timescale until 2034, we distinguish between transitory and physical climate risks. For the long-term timescale until 2050, the measurement focuses on the physical climate risks.

Climate scenarios

The BMW Group applies three scenarios to identify and assess climate-related risks, which are based on the scenarios of the Shared Socioeconomic Pathways (SSP) of the Intergovernmental Panel on Climate Change (IPCC).

These climate scenarios range from a low-emissions scenario with global warming of $< +1.5^{\circ}\text{C}$ (Paris Agreement, SSP1-2.6), a medium scenario with warming of an average of $+2.5^{\circ}\text{C}$ (the middle path, SSP2-4.5) to $> +4^{\circ}\text{C}$ (fossil development, SSP5-8.5).

The BMW Group has committed to aligning its business activities with the low-emissions scenario of the Paris Agreement and has consistently based its long-term corporate planning on this.

Transitory climate risks

Transitory climate risks arise from the transition to a low-emissions society across all sectors that is necessary in order to mitigate climate change. These risks become particularly apparent when conditions change more quickly or differently than expected. The transitory climate risks were identified and measured for five different risk dimensions.]

The following table illustrates the transitory climate risks for the BMW Group:

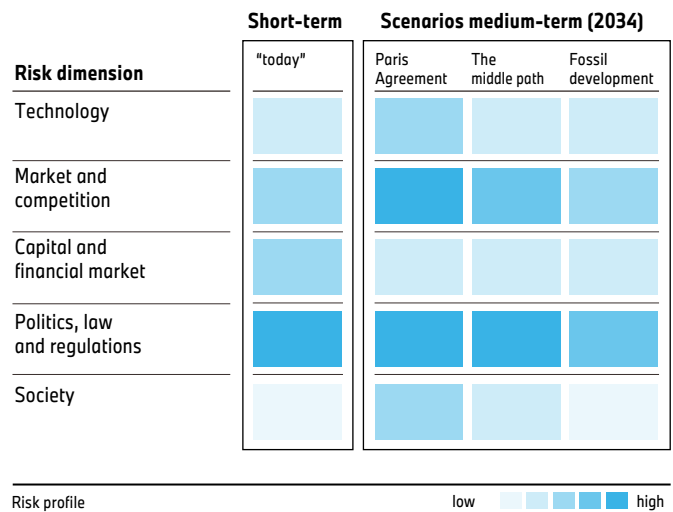
RISK DIMENSION	Transitory climate risks
Technology	<ul style="list-style-type: none"> — Innovations in sustainable technologies are fostered, accelerating the prevalence of electromobility. For the BMW Group, this may have a negative impact on deliveries and the residual value of existing products. In the Production and Purchasing units, remnant costs may result from switching processes and equipment. — The digital connectivity between companies and products to support decarbonisation is increasing in order to streamline processes and better manage emissions. Risks for the BMW Group result from the time delay until such technologies can be used if, for example, some areas of the supply chain cannot provide the relevant standards and interfaces quickly enough. — Disruptive technological innovations may make product and production technologies in use or in the pipeline today (from energy storage to recycling), as well as investments in these innovations, obsolete or throw their efficiency into question. In terms of infrastructure (such as new fuel options, charging technologies for electric vehicles), they may jeopardise the availability and acceptance of planned or expected conditions for the customer.
Market and competition	<ul style="list-style-type: none"> — Due to a global focus on sustainable products, energy prices and commodities costs are rising. This has a direct impact on manufacturing costs for the BMW Group and may go on to affect deliveries. Furthermore, credit and residual value risks in the Financial Services segment may also be impacted. — Existing and new competitors are accelerating the production of electrified vehicles. If products and business models are perceived as being more attractive by customers, this may have the corresponding impact on deliveries by the BMW Group. — Any serious failure to comply with sustainability or quality standards, or providing incorrect information, could cause disruptions in the supply chain or the inability of individual suppliers to deliver.
Capital and financial market	<ul style="list-style-type: none"> — A good position in the ESG ratings has a positive effect on the perception of a company on the capital market and has a favourable effect on investment decisions. Investment and financing decisions by investors or lenders depend on a good ESG rating. Short-term and unforeseeable regulatory changes may reduce the appeal of a company on the capital market and increase refinancing costs if it is not possible to react to the changes in the regulatory framework in good time. This may impact the credit rating and refinancing costs of the BMW Group. — The short-notice termination of government subsidies to promote low-carbon mobility may reduce the demand for electrified vehicles. — Uneven adjustments of prices for carbon emissions could have a negative impact on the macro- and microeconomic situation of a national economy, causing distortions in the credit risk, for example.
Politics, legal affairs and regulatory framework	<ul style="list-style-type: none"> — Any short-notice tightening of legislation or regulations in the BMW Group's principal markets (EU, US, China) may exceed the speed at which BMW Group and its suppliers can respond and pose risks in terms of delivery volume, costs and residual values. — Production processes must quickly be switched over to green energy sources and high-efficiency systems that protect resources. The BMW Group already consistently implements known requirements. However, additional costs may result if additional requirements are announced at short notice. — For suppliers, stricter requirements for a circular economy, recycling and avoiding the use of resources may quickly lead to higher costs. — Fast rises and/or selectively discriminating regional vehicle-related purchase and usage taxes may lead to higher costs or a decrease in deliveries.
Society	<ul style="list-style-type: none"> — Around the world, people's environmental awareness is increasing. Social discussions arising from a perceived worsening of the climate's health may lead to changes in mobility patterns and/or customer preferences that may vary by region. This may require us to adapt the product portfolio, which may impact deliveries and residual values for vehicles.



The following graphic juxtaposes the risk dimensions of the transitory risks with the global warming scenarios. Potential impacts are grouped into five different levels.

The potential transitory risks are deemed the highest over the medium term as a result of the fast-paced, sometimes 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. For the BMW Group, this is reflected primarily in the risk dimensions of "Politics, legal affairs and regulatory framework", as well as "Market and competition". Firstly, ad hoc regulatory requirements may enter into force that could impact products, production and the supply chain. In the "Market and competition" risk dimension, risks may also increase due to higher demand and the resulting higher prices for select (scarce) raw materials on the one hand and due to rising energy prices on the other.]

Transitory climate risks



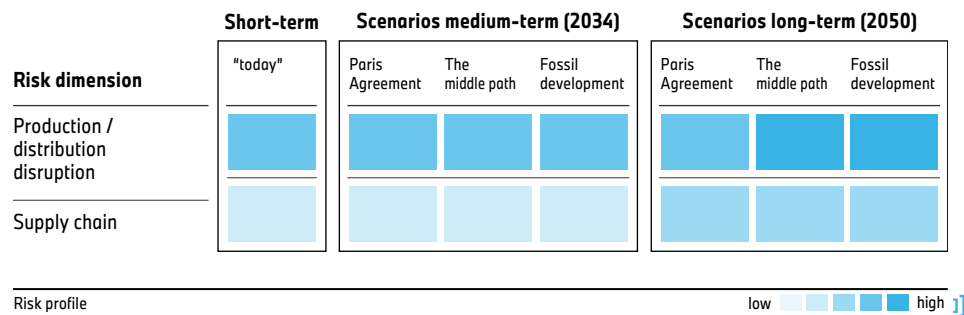
Physical climate risks

In addition to the transitory risks, the BMW Group also measures physical risks. In doing so, the increasing frequency and intensity of acute extreme weather events, such as heatwaves, storms and floods, are taken into account, along with longer-term changes such as in terms of temperature and rainfall. In order to measure such risks, we draw on external data that evaluate the development of acute and persistent natural phenomena across the global warming scenarios and across time.

For the BMW Group, this may result in damage to assets such as buildings, vehicles or parts on the one hand, and, on the other hand, such events may lead to downtime at BMW Group sites or at suppliers' sites.

Physical climate risks also increase for the BMW Group particularly in the long-term >+4°C scenario. This would lead to a higher risk both for the BMW Group's production sites and also for suppliers' sites. The risks of interruptions to production and distribution, as well as risks in the supply chain, are shown in the context of global warming scenarios over a medium-term (2034) and long-term (2050) period:]

Physical climate risks



[Climate-related opportunities

The BMW Group sees an opportunity in making a verifiable contribution towards limiting global warming and achieving economic success in doing so. In contrast to the risk prospects, the five dimensions of climate-related, transitory opportunities refer to successes experienced by the Company's products, production processes and value chain, each of which make a contribution towards slowing climate change.]]

[DIMENSION	Transitory opportunities
Technology	<ul style="list-style-type: none"> — By expanding the portfolio of electrified products and developing and producing our own electric drivetrains, batteries and battery cell prototypes, we will be able to safeguard know-how and system expertise early on. This may result in competitive advantages. — In the best interest of a circular economy, the BMW Group intends, among other things, to gradually increase its use of secondary materials via new technologies, thus reducing carbon emissions at the same time. With this strategy, the BMW Group is not only contributing towards achieving its decarbonisation target in the supply chain, but also reducing its dependence on primary materials in terms of their availability and cost.
Market and competition	<ul style="list-style-type: none"> — With its flexible vehicle architectures and production systems, opportunities arise for the BMW Group in terms of its ability to respond quickly and flexibly to fluctuating customer demand as well as regulatory and infrastructural differences in its markets. — Thanks to the exceptional sustainability credentials of its products and the acceleration towards a circular economy, the BMW Group may experience advantages arising from higher customer demand. — Generating our own electricity from green energy reduces our carbon footprint and minimises our dependence on external electricity sources as well as our exposure to price fluctuations on the energy market.
Capital and financial market	<ul style="list-style-type: none"> — By reporting comprehensively and transparently, the BMW Group is better able to ensure our access to capital markets and obtain attractive financing conditions on a long-term basis. — Making carbon-cutting measures more transparent and comparable makes it easier to remunerate such measures and generates trust among investors.
Politics, legal affairs and regulatory framework	<ul style="list-style-type: none"> — The BMW Group's strategic planning assumptions anticipate the foreseeable legal consequences of rising carbon prices in the form of taxes and levies as well as potential shortfalls in emissions credits under emissions trading schemes. — Improvements in the tax environment and incentives for customers, along with investment grants and easements for climate protection measures in production may accelerate progress in terms of cutting carbon emissions. — Significantly higher investments in charging infrastructure and in the generation and distribution of hydrogen may give the demand for low-emissions vehicles a significant boost and make it easier to replace fossil fuels in production.
Society	<ul style="list-style-type: none"> — Together with its suppliers, the BMW Group helps to reduce carbon emissions along the value chain and to work towards implementing decarbonisation measures. — Thanks to its focus on sustainability, the BMW Group can make an important social contribution to the fight against global warming.



1 SUMMARY AND OUTLOOK

The underlying conditions of material short-term risks, reputational risks and climate-related risks may point towards 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 RMS is developed on an ongoing basis.1]

COMPLIANCE AND HUMAN RIGHTS

Compliance lays the foundation for the long-term success of the BMW Group, builds trust in our products and brands, and shapes our public image. Compliance is not just a matter of adhering to applicable laws and Company rules around the world. 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. [↗ GRI Index: 2-23](#)

In addition to being responsible for the Company-wide Compliance Management System, the 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 Company's risk situation and addresses all relevant compliance topics. Company-wide, these include corruption and fraud prevention, anti-money-laundering, antitrust and human rights compliance, export control, data privacy and product compliance. Responsibility for data privacy and product compliance lies with separate specialist departments outside Group Compliance. [↗ GRI Index: 2-27, 205-1, 205-3, 206-1](#)

Further development of CMS

The CMS is reviewed on a regular basis and refined as needed. The main drivers are strategic focus topics, legal and regulatory requirements and trends, best practices and 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 (DICO) at Board level and through its leadership of the working group on human rights.

One focus of work in the field of compliance during the reporting period was on amending the human rights compliance programme in response to the Supply Chain Due Diligence Act, which took effect on 1 January 2023. Since January 2022, the head of Group Compliance has also served as Human Rights Officer of BMW AG. Further priority areas emerged in the context of export control, due to the war in Ukraine, and in anti-money-laundering efforts, due to the increase in legislative initiatives.

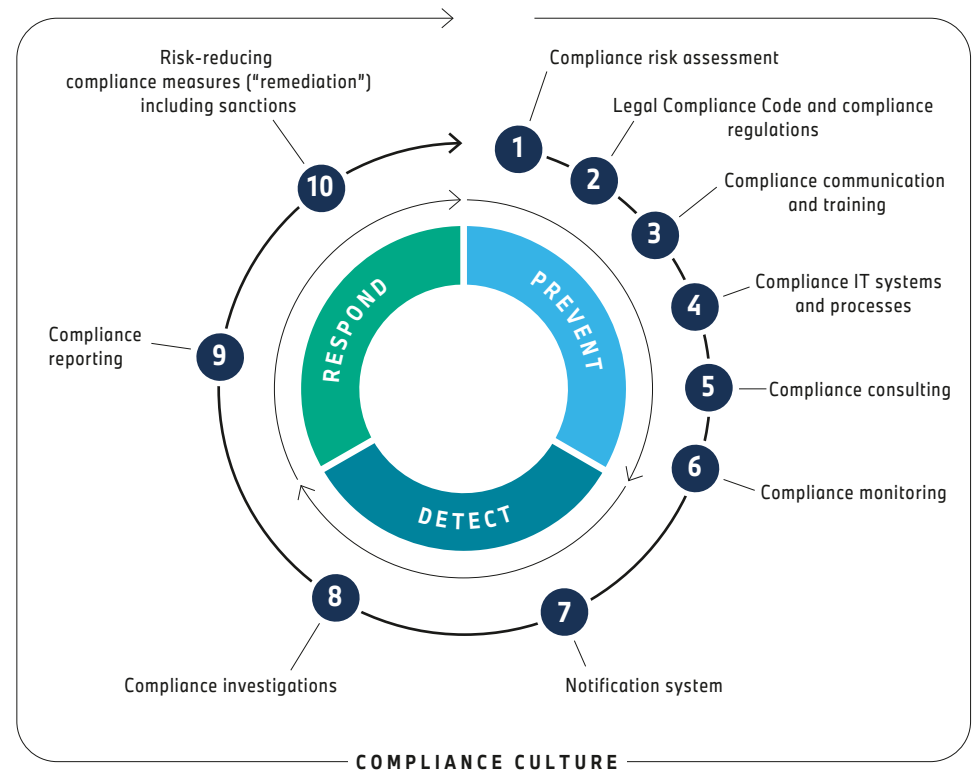
One component of the CMS is the Data Privacy Management System (DMS), which is the responsibility of Group Data Privacy Protection, and also based on the Prevent, Detect, Respond model. The data protection directive (Privacy Corporate Rules) and Binding Corporate Rules, which contractually protect the transfer of employee data within the BMW Group, form the basis of the

DMS. Implementation of the DMS is validated through regular reporting by affiliated companies and independent audits carried out by Group Data Privacy Protection.

As part of the CMS, responsibility for product compliance, with a focus on compliance with technical requirements for BMW Group products, lies with the Quality Management division. The pro-

gramme was further developed during the reporting year as part of a broad-based project, with a primary focus on integrating the governance function more closely into operating processes and expanding training and communications activities. Product-specific risk assessments ensure holistic risk monitoring. [GRI Index: 3-3](#)

Three-stage approach to the Compliance Management System



Company-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. More than 250 managers group-wide perform these tasks for their area 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.

Expanded training activities

Training opportunities are continuously refined for specific target groups. For example, during the year under review, we expanded our mandatory Company-wide Compliance Essentials online training to six languages.

Online and classroom training with case studies and test questions, repeated every two years, strengthens the compliance culture and reinforces compliant behaviour. More than 81,000 staff and managers worldwide have so far completed the Compliance Essentials training and 38,000 have received antitrust compliance training.* This offering is supplemented by mandatory data privacy training, which is available in 13 languages worldwide, and training courses on [human rights](#).

[GRI Index: 205-2](#)

Digitalisation supports compliance

IT-based compliance systems have been used for transparent and efficient documentation, assessment and approval of compliance-relevant matters Company-wide for years. 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

Employees with questions or concerns relating to compliance can discuss these matters with their managers or relevant departments and, specifically, with the compliance functions.

Reports may also be submitted anonymously and confidentially in several languages via the BMW Group SpeakUP Line notification system or via the ombudsperson. [GRI Index: 2-16](#) [Checking effectiveness](#). The Compliance Contact serves as a further point of contact for both employees and external parties.

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 Company-wide electronic case management system. If necessary, Corporate Audit, Corporate Security, the legal departments or the Works Council may be brought in. [GRI Index: 2-16](#)

CMS monitoring and controls

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](#).

In 2022, the Detect function of central Group Compliance was further expanded to enable it to carry out ad hoc, independent compliance investigations. 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 currently focused on antitrust law. 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.

In 2022, a compliance maturity measurement was also introduced, with the aim of using defined criteria to make the adequacy and effectiveness of the CMS, including implementation status, structured and transparent for the purpose of evaluation. 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 [Appropriateness and Effectiveness of the Internal Control System and Risk Management System](#).

* Excluding BMW Brilliance Automotive Ltd.

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.

[Global implementation of labour standards and human rights

Internationally recognised guidelines for environmental and social compliance set the benchmark for the BMW Group's entire value chain. The fundamental principles for us in this context are the:

- Guidelines for Multinational Companies issued by the Organisation for Economic Cooperation and Development (OECD)
- UN Guiding Principles on Business and Human Rights
- Ten Principles of the UN Global Compact
- content of the ICC Business Charter for Sustainable Development
- United Nations Environment Programme's (UNEP) Declaration on Cleaner Production.

The Company concentrates on action areas where it can exert its influence as a company. With the participation of employee representatives in particular, these (supra)national requirements were incorporated into internal Company rules and principles through the [Joint Declaration on Human Rights and Working Conditions in the BMW Group](#) of 2005 (updated in 2010), clarified in the [BMW Group Code on Human Rights and Working Conditions](#) (2020) and integrated with the [Human rights compliance programme](#).

The automotive industry is closely integrated into global supply chains. In a collaborative global value creation process, the risk of individual violations of human rights requirements cannot be entirely excluded. For this reason, respect for human rights has been incorporated into the [BMW Group Supplier Code of Conduct](#).

To fulfil our [social and environmental responsibility](#), we implement a multistage due diligence process. Human rights issues also play an important role in the Company's choice of locations and major investment decisions. In addition to this, our dealer and importer contracts require compliance and respect for human rights to be taken into account. [GRI Index: 2-23.1](#)

Compliance management in the Financial Services segment

The Financial Services business is subject to its own regulations and risks. The focus of compliance management here is on anti-money-laundering, compliance with financial sanctions, information and privacy protection, fraud prevention, legislative and regulatory monitoring, consumer protection and implementing the requirements of the German Financial Supervisory Authority. To manage these risks, the Financial Services segment has established its own Compliance and Governance department, which works closely with the central Group Compliance function. On the basis of an annual analysis, it identifies the possible need for adjustments and defines appropriate measures. Worldwide implementation by the BMW Group's financial services companies is continuously reviewed and reported to the management of the Financial Services segment on a quarterly basis.

In the Financial Services segment, compliance is incorporated into the target management process. Integration of specific targets into strategic steering helps monitor implementation. A management system also supports the process of identifying risks arising from non-compliance with internal and external regulations at an early stage.



INTERNAL CONTROL SYSTEM

The Internal Control System¹ (ICS) 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 with a view to ensuring 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 selected non-financial information included in the BMW Group Report are defined on a Group-wide basis.

The ICS for financial reporting has the task of ensuring that significant accounting and financial reporting processes deployed within the BMW Group are both accurate and reliable. The ICS for non-financial reporting focuses primarily on the further development of the processes used to gather data as the basis for reporting the non-financial performance indicators disclosed and consolidated in the BMW Group Report.

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).

Basically, the aim of any appropriate and effective ICS is to prevent or reduce the probability of occurrence of potential risks.

Internationally acknowledged standards for internal control systems were taken into account when designing the various elements of the ICS deployed by the BMW Group (e.g. COSO model²).

The principal features of the BMW Group's ICS are a role-based approach embedded throughout the organisation, an environment, risk assessment procedures, control activities, information and communication, and monitoring activities.

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.

Relevant 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 financial reporting standards are assessed for their potential impact on the BMW Group's accounting and financial reporting systems.

The principle of segregation of duties is taken into account for all IT systems that are relevant for accounting and financial reporting. ICS requirements are also embedded in the ongoing development of all IT systems used in these areas. Furthermore, the BMW Group deploys 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 clearly defined in a role-based model and allocated to the relevant line and process managers. Once a year, the managers responsible report on their assessment of the ICS in place for accounting and financial reporting processes, based on the results of both internal and external audits as well as continual monitoring. The results of the assessment are gathered and documented in a centralised IT system. Both the Board of Management and the Audit Committee are informed about the effectiveness of the ICS on an annual basis. The Board of Management and, where appropriate, the Supervisory Board, are promptly informed in the event of any significant changes to the ICS.

¹ Disclosures pursuant to § 289 and § 315 HGB.

² Committee of Sponsoring Organizations of the Treadway Commission.



DISCLOSURES RELEVANT FOR TAKEOVERS* AND EXPLANATORY COMMENTS

Composition of subscribed capital

As of 31 December 2022, the subscribed capital (share capital) of BMW AG amounted to € 662,839,475 (2021: € 661,399,500) and, in accordance with § 4 no. 1 of the Articles of Incorporation, is sub-divided into 601,995,196 shares of common stock (90.82 %) (2021: 601,995,196/91.02 %), each with a par value of € 1, and 60,844,279 (9.18 %) (2021: 59,404,304/8.98 %) 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 Company'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 (§ 18 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, § 24 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 accrument
- (b) Payment of an additional dividend of € 0.02 per € 1 par value on non-voting preferred stock
- (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 2022, the Company owned a total of 16,760,957 common and preferred stock, 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 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, 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 certain senior department heads in conjunction with share-based remuneration programmes. [↗ Remuneration Report \(on shareholding periods for members of the Board of Managers\)](#)

* Disclosures pursuant to § 289 a and § 315 a 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

in %	Direct share of voting rights	Indirect share of voting rights
Stefan Quandt, Germany	0.2	25.6 ²
AQTON SE, Bad Homburg v. d. Höhe, Germany	9.0	16.6 ³
AQTON Verwaltung GmbH, Bad Homburg v. d. Höhe, Germany		16.6 ⁴
AQTON GmbH & Co. KG für Automobilwerte, Bad Homburg v. d. Höhe, Germany	16.6	
Susanne Klatten, Germany	0.2	20.7 ⁵
Susanne Klatten Beteiligungs GmbH, Bad Homburg v. d. Höhe, Germany	20.7	

¹ Based on voluntary notifications provided by the listed shareholders as at 31 December 2022.

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 rules.

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) AktG). The Supervisory Board is authorised to approve amendments to the Articles of Incorporation that only affect its wording (§ 14 no. 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 (§ 20 no. 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.

In accordance with § 4 no. 5 of the Articles of Incorporation, the Board of Management is authorised, with the approval of the Supervisory Board, to increase by means of cash contributions BMW AG's share capital during the period up to and including 15 May 2024 by up to € 282,625 for the purposes of an Employee Share Programme by issuing new non-voting shares of preferred stock, which carry the same rights as existing non-voting shares of preferred stock (Authorised Capital 2019). The subscription rights of existing shareholders are excluded. No conditional capital was in place at the reporting date.

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.
- A cooperation agreement concluded with Peugeot SA relating to small (1- to 1.6-litre) petrol engines entitles each of the cooperation partners to give extraordinary notification of termination in the event of a competitor acquiring control over the other contractual party and if any concerns of the other contractual party regarding the impact of the change of control on the cooperation arrangements are not resolved during the subsequent discussion process.
- BMW AG acts as guarantor for all obligations arising from the joint venture agreement relating to 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.
- Framework agreements are in place with financial institutions and banks (ISDA Master Agreements) with respect to trading activities with derivative financial instruments. These agreements include an extraordinary right of termination that triggers actions in the event that the creditworthiness of the party involved is materially weaker following a direct or indirect acquisition of beneficially owned equity capital which confers the power to elect a majority of the Supervisory Board of a contractual party, or any other ownership interest that enables the acquirer to exercise control over a contractual party or which constitutes a merger or a transfer of net assets.
- 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 AktG 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, all 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).



- BMW AG is party to the shareholder agreement relating to There Holding B.V., which is the majority shareholder of the HERE Group. In accordance with the shareholder agreement, each contractual 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.
- The development collaboration agreement between BMW AG, Intel Corporation and Mobileye Vision Technologies Ltd., relating to the development of technologies used in automated vehicles, may be terminated by any of the contractual parties if a competitor of one of the parties acquires and subsequently holds at least 30 % of the voting shares of one of the contractual parties.
- The development collaboration agreement between BMW AG, FCA US LLC and FCA Italy S.p.A, relating to the development of technologies used in conjunction with automated vehicles, may be terminated by of the contractual parties if certain competitors in the technology sector acquire and subsequently hold at least 30 % of the voting shares of one of the other contractual parties.

- BMW AG has entered into an agreement with Great Wall Motor Company Limited to establish the joint venture Spotlight Automotive Ltd. in China. The underlying joint venture agreement generally grants an extraordinary right of termination to either joint venture 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 joint venture agreement may result in the sale of the shares to the other joint venture partner, or in the liquidation of the joint venture entity.

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.



153	Income Statement for Group and Segments
154	Statement of Comprehensive Income for Group
155	Balance Sheet for Group and Segments at 31 December 2022
157	Cash Flow Statement for Group and Segments
159	Statement of Changes in Equity for Group
161	Notes to the Group Financial Statements
161	Principles
174	Notes to the Income Statement
181	Notes to the Statement of Comprehensive Income
183	Notes to the Balance Sheet
205	Other Disclosures
230	Segment Information
233	List of Investments at 31 December 2022

3 — GROUP FINANCIAL STATEMENTS



STATEMENT OF COMPREHENSIVE INCOME FOR GROUP

in € million	Note	2022	2021
Net profit / loss		18,582	12,463
Remeasurement of the net liability for defined benefit pension plans	34	1,077	1,243
Deferred taxes		- 332	- 224
Items not expected to be reclassified to the income statement in the future		745	1,019
Marketable securities (at fair value through other comprehensive income)		- 154	- 45
Derivative financial instruments		2,801	14
Costs of hedging		- 1,557	72
Other comprehensive income from equity accounted investments		22	- 50
Deferred taxes		- 458	163
Currency translation foreign operations		199	1,228
Items that can be reclassified to the income statement in the future		853	1,382
Other comprehensive income for the period after tax	20	1,598	2,401
Total comprehensive income		20,180	14,864
Total comprehensive income attributable to non-controlling interests		679	81
Total comprehensive income attributable to shareholders of BMW AG		19,501	14,783



BALANCE SHEET FOR GROUP AND SEGMENTS AT 31 DECEMBER 2022

in € million	Note	Group		Automotive (unaudited (supplementary information))		Motorcycles (unaudited (supplementary information))		Financial Services (unaudited (supplementary information))		Other Entities (unaudited (supplementary information))		Eliminations (unaudited (supplementary information))	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
ASSETS													
Intangible assets	22	21,776	12,980	21,220	12,438	185	167	370	374	1	1	-	-
Property, plant and equipment	23	32,126	22,390	31,514	21,885	491	438	121	67	-	-	-	-
Leased products	24	42,820	44,700	-	-	-	-	49,867	52,017	-	-	-7,047	-7,317
Investments accounted for using the equity method	25	420	5,112	420	5,112	-	-	-	-	-	-	-	-
Other investments		1,351	1,241	14,775	6,061	-	-	28	21	23,020	6,899	-36,472	-11,740
Receivables from sales financing	26	50,368	51,712	-	-	-	-	50,482	51,808	-	-	-114	-96
Financial assets	27	3,073	1,715	1,522	577	-	-	481	159	1,191	997	-121	-18
Deferred tax	14	1,758	2,202	3,340	3,418	-	-	517	618	23	39	-2,122	-1,873
Other assets	29	1,030	1,302	2,612	2,057	25	30	2,325	2,649	38,315	38,882	-42,247	-42,316
Non-current assets		154,722	143,354	75,403	51,548	701	635	104,191	107,713	62,550	46,818	-88,123	-63,360
Inventories	30	20,005	15,928	18,679	14,868	802	656	524	404	-	-	-	-
Trade receivables	31	4,127	2,261	3,869	2,076	143	91	114	94	1	-	-	-
Receivables from sales financing	26	35,340	35,705	-	-	-	-	35,340	35,705	-	-	-	-
Financial assets	27	5,164	5,800	3,841	4,925	-	-	560	542	766	520	-3	-187
Current tax	28	1,096	1,529	547	300	-	-	134	83	415	1,146	-	-
Other assets	29	9,602	8,941	31,576	35,592	4	3	5,020	5,425	54,857	56,589	-81,855	-88,668
Cash and cash equivalents		16,870	16,009	13,109	12,009	21	9	3,530	3,471	210	520	-	-
Current assets		92,204	86,173	71,621	69,770	970	759	45,222	45,724	56,249	58,775	-81,858	-88,855
Total assets		246,926	229,527	147,024	121,318	1,671	1,394	149,413	153,437	118,799	105,593	-169,981	-152,215



BALANCE SHEET FOR GROUP AND SEGMENTS AT 31 DECEMBER 2022

in € million	Note	Group		Automotive (unaudited (supplementary information))		Motorcycles (unaudited (supplementary information))		Financial Services (unaudited (supplementary information))		Other Entities (unaudited (supplementary information))		Eliminations (unaudited (supplementary information))	
		2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
EQUITY AND LIABILITIES													
Subscribed capital	32	663	661	-	-	-	-	-	-	-	-	-	-
Capital reserves	32	2,432	2,325	-	-	-	-	-	-	-	-	-	-
Revenue reserves	32	85,425	71,705	-	-	-	-	-	-	-	-	-	-
Accumulated other equity	32	- 117	- 325	-	-	-	-	-	-	-	-	-	-
Treasury shares	32	- 1,278	-	-	-	-	-	-	-	-	-	-	-
Equity attributable to shareholders of BMW AG	32	87,125	74,366	-	-	-	-	-	-	-	-	-	-
Non-controlling interests		4,163	766	-	-	-	-	-	-	-	-	-	-
Equity		91,288	75,132	67,234	50,296	-	-	17,737	17,324	48,894	25,264	- 42,577	- 17,752
Pension provisions	34	339	1,247	233	1,073	9	31	20	35	77	108	-	-
Other provisions	35	8,445	7,206	8,206	6,944	83	110	156	152	-	-	-	-
Deferred tax	14	2,765	1,458	2,786	1,515	-	-	3,447	3,426	315	88	- 3,783	- 3,571
Financial liabilities	37	53,469	62,342	2,730	2,247	2	2	16,343	18,909	34,515	41,202	- 121	- 18
Other liabilities	38	6,199	5,676	6,840	6,739	721	524	39,654	40,003	1,185	475	- 42,201	- 42,065
Non-current provisions and liabilities		71,217	77,929	20,795	18,518	815	667	59,620	62,525	36,092	41,873	- 46,105	- 45,654
Other provisions	35	7,316	6,748	6,668	6,175	123	109	519	460	6	4	-	-
Current tax	36	1,224	921	886	700	-	-	123	140	215	81	-	-
Financial liabilities	37	40,727	41,121	1,646	1,462	-	-	25,718	24,428	13,366	15,418	- 3	- 187
Trade payables	39	14,120	10,932	12,763	9,650	494	378	852	894	11	10	-	-
Other liabilities	38	21,034	16,744	37,032	34,517	239	240	44,844	47,666	20,215	22,943	- 81,296	- 88,622
Current provisions and liabilities		84,421	76,466	58,995	52,504	856	727	72,056	73,588	33,813	38,456	- 81,299	- 88,809
Total equity and liabilities		246,926	229,527	147,024	121,318	1,671	1,394	149,413	153,437	118,799	105,593	- 169,981	- 152,215



CASH FLOW STATEMENT FOR GROUP AND SEGMENTS

in € million	Group		Automotive (unaudited (supplementary information))		Financial Services (unaudited (supplementary information))	
	2022	2021	2022	2021	2022	2021
Profit / loss before tax	23,509	16,060	18,918	11,805	3,205	3,753
Income taxes paid	-4,512	-3,217	-4,229	-1,805	-487	-1,423
Interest received ¹	453	130	718	220	6	2
Other interest and similar income / expenses ¹	-206	78	-228	115	2	1
Depreciation and amortisation of tangible and intangible assets	8,566	6,495	8,433	6,341	32	35
Other non-cash income and expense items ²	-7,392	-713	-7,433	-470	8	-
Result from equity accounted investments	100	-1,520	100	-1,520	-	-
Change in leased products	2,794	-1,282	-	-	3,236	-1,602
Change in receivables from sales financing	1,888	965	-	-	1,870	926
Changes in working capital	-523	1,355	-310	762	-130	433
Change in inventories	-115	-563	156	-1,032	-125	438
Change in trade receivables	-939	119	-866	-16	-20	6
Change in trade payables	531	1,799	400	1,810	15	-11
Change in provisions	816	-1,256	854	-1,440	47	87
Change in other operating assets and liabilities ³	-1,970	-1,181	-2,041	-1,425	1,356	1,058
Cash inflow / outflow from operating activities	23,523	15,914	14,782	12,583	9,145	3,270
Total investment in intangible assets and property, plant and equipment	-9,050	-6,619	-8,867	-6,439	-12	-12
Proceeds from subsidiaries for intangible assets and property, plant and equipment ³	102	43	102	43	-	-
Proceeds from the disposal of intangible assets and property, plant and equipment	103	40	101	39	2	1
Expenditure for acquisitions, net of cash acquired	3,587	-	5,011	-	-	-
Expenditure for investment assets	-117	-158	-86	-132	-4	-1
Proceeds from the disposal of investment assets and other business units	32	263	28	260	-	-
Investments in marketable securities and investment funds	-649	-271	-459	-16	-147	-185
Proceeds from the sale of marketable securities and investment funds	1,220	302	991	37	111	260
Cash inflow / outflow from investing activities	-4,772	-6,400	-3,179	-6,208	-50	63



CASH FLOW STATEMENT FOR GROUP AND SEGMENTS

in € million	Group		Automotive (unaudited supplementary information)		Financial Services (unaudited supplementary information)	
	2022	2021	2022	2021	2022	2021
Payments into equity	85	103	85	103	-	-
Treasury shares acquired	-1,278	-	-1,278	-	-	-
Payment of dividends to shareholders of BMW AG	-3,827	-1,253	-3,827	-1,253	-	-
Payment of dividends to non-controlling interests	-1,455	-24	-1,455	-24	-	-
Intragroup financing and equity transactions	-	-	-2,998	-1,545	-7,139	-2,511
Interest paid ¹	-222	-217	-521	-367	-9	-27
Proceeds from issue of non-current financial liabilities ²	16,050	18,811	-	-	11,584	12,243
Repayment of non-current financial liabilities ⁴	-26,102	-26,434	-547	-659	-12,165	-13,833
Change in other financial liabilities ⁴	-1,235	2,279	-51	-	-1,313	1,499
Cash inflow / outflow from financing activities	-17,984	-6,735	-10,592	-3,745	-9,042	-2,629
Effect of exchange rate on cash and cash equivalents	104	-307	99	-143	6	-96
Effect of changes in composition of Group on cash and cash equivalents	-10	-	-10	-	-	-
Change in cash and cash equivalents	861	2,472	1,100	2,487	59	608
Cash and cash equivalents as at 1 January	16,009	13,537	12,009	9,522	3,471	2,863
Cash and cash equivalents as at 31 December	16,870	16,009	13,109	12,009	3,530	3,471

¹ With the exception of interest for lease liabilities, interest relating to financial services business is classified as revenues/cost of sales.

² Includes the elimination of the non-cash revaluation effect of the investment in BMW Brilliance amounting to € 7,649 million.

³ Prior year figures adjusted.

⁴ In the previous year, transitory items were reported within cash flows from financing activities on a gross basis. In addition, items meeting the criteria of IAS 7.22 (b) were included. In 2022, reporting was changed to a net basis. The figures for the previous financial year have also been adjusted (reported in 2021: at Group level inflows amounting to € 224,916 million, outflows amounting to € 232,089 million and change in other items amounting to € 1,829 million; and at the Financial Services segment level inflows amounting to € 218,348 million, outflows amounting to € 219,488 million and change in other items amounting to € 1,049 million). Reporting cash flows on a net basis where this is permitted improves the readability and comparability of the BMW Group's cash flow statement.

The reconciliation of liabilities from financing activities is presented in [note \[37\]](#) to the Group Financial Statements.

STATEMENT OF CHANGES IN EQUITY FOR GROUP

in € million	Note	Subscribed capital	Capital reserves	Revenue reserves	Translation differences	Marketable securities	Accumulated other equity				Equity attributable to shareholders of BMW AG	Non-controlling interests	Total
							Derivative financial instruments	Costs of hedging	Treasury shares				
1 January 2022	32	661	2,325	71,705	- 438	2	362	- 251	-	-	74,366	766	75,132
Net profit		-	-	17,941	-	-	-	-	-	-	17,941	641	18,582
Other comprehensive income for the period after tax		-	-	745	- 146	- 109	1,973	- 903	-	-	1,560	38	1,598
Comprehensive income at 31 December 2022		-	-	18,686	- 146	- 109	1,973	- 903	-	-	19,501	679	20,180
Dividend payments		-	-	- 3,827	-	-	-	-	-	-	- 3,827	- 1,455	- 5,282
Treasury shares acquired		-	-	-	-	-	-	-	- 1,278	-	- 1,278	-	- 1,278
Subscribed share capital increase out of Authorised Capital		2	-	-	-	-	-	-	-	-	2	-	2
Premium arising on capital increase relating to preferred stock		-	107	-	-	-	-	-	-	-	107	-	107
Other changes		-	-	- 1,139	-	-	- 607	-	-	-	- 1,746	4,173	2,427
31 December 2022	32	663	2,432	85,425	- 584	- 107	1,728	- 1,154	- 1,278	-	87,125	4,163	91,288



STATEMENT OF CHANGES IN EQUITY FOR GROUP

in € million	Note	Subscribed capital	Capital reserves	Revenue reserves	Accumulated other equity				Equity attributable to shareholders of BMW AG	Non-controlling interests	Total
					Translation differences	Marketable securities	Derivative financial instruments	Costs of hedging			
1 January 2021	32	660	2,199	59,550	- 2,156	34	868	- 264	60,891	629	61,520
Net profit		-	-	12,382	-	-	-	-	12,382	81	12,463
Other comprehensive income for the period after tax		-	-	1,019	1,718	- 32	- 317	13	2,401	-	2,401
Comprehensive income at 31 December 2021		-	-	13,401	1,718	- 32	- 317	13	14,783	81	14,864
Dividend payments		-	-	- 1,253	-	-	-	-	- 1,253	- 24	- 1,277
Subscribed share capital increase out of Authorised Capital		1	-	-	-	-	-	-	1	-	1
Premium arising on capital increase relating to preferred stock		-	126	-	-	-	-	-	126	-	126
Other changes		-	-	7	-	-	- 189	-	- 182	80	- 102
31 December 2021	32	661	2,325	71,705	- 438	2	362	- 251	74,366	766	75,132



NOTES TO THE GROUP FINANCIAL STATEMENTS

PRINCIPLES

01 Basis of preparation

The consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft (BMW Group Financial Statements or Group Financial Statements) at 31 December 2022 were drawn up in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU), and the supplementary requirements of § 315e (1) of the German Commercial Code (HGB). Pursuant to § 325 HGB, the Group Financial Statements and the Group Management Report are required to be submitted electronically to the agency that maintains the Company Register and may be obtained via the Company Register website. Bayerische Motoren Werke Aktiengesellschaft (BMW AG), which has its seat in Germany, Munich, Petuelring 130, is registered in the Commercial Register of the District Court of Munich under the number HRB 42243. BMW AG manufactures automobiles and motorcycles in the premium segment.

The Group currency is the euro. All amounts are disclosed in millions of euros (€ million) unless stated otherwise.

Key figures presented in the report have been rounded in accordance with standard commercial practise. In certain cases, this may mean that values do not add up exactly to the stated total and that percentages cannot be derived from the values shown.

The income statement for the BMW Group and segments is presented using the cost of sales method.

In order to provide a better insight into the results of operations, financial position and net assets of the BMW Group, and going beyond the requirements of IFRS 8 (Operating Segments), the Group Financial Statements also include an income statement and a balance sheet for the Automotive, Motorcycles, Financial Services and Other Entities segments. The Group Cash Flow Statement is supplemented by a statement of cash flows for the Automotive and Financial Services segments. Inter-segment transactions relate primarily to internal sales of products, the provision of funds for Group companies and the related interest. A description of the nature of the business and the major operating activities of the BMW Group's segments is provided in [note 47](#) (Explanatory notes to segment information).

Approval for the publication of the Group Financial Statements was granted by the Board of Management on 7 March 2023.

02 Group reporting entity and consolidation principles

The BMW Group Financial Statements include BMW AG and all material subsidiaries over which BMW AG – either directly or indirectly – exercises control. This also includes 57 structured entities, consisting of asset-backed financing arrangements and special purpose funds. In some cases, contractual agreements are in place with the asset-backed securities companies to offset their losses in connection with residual value risks arising from the receivables sold to them.

In relation to fully consolidated companies, the following changes took place in the Group reporting entity in the financial year 2022:

	Germany	Foreign	Total
Included at 31 December 2021	20	185	205
Included for the first time in 2022	-	15	15
No longer included in 2022	-	16	16
Included at 31 December 2022	20	184	204

All consolidated subsidiaries have the same year-end as BMW AG with the exception of BMW India Private Ltd. and BMW India Financial Services Private Ltd., whose year-ends are 31 March in accordance with local legal requirements. Interim financial statements are prepared as at 31 December for the two companies with divergent reporting dates.

When assessing whether an investment gives rise to a controlled entity, an associated company, a joint operation or a joint venture, the BMW Group considers contractual arrangements and other circumstances, as well as the structure and legal form of the entity. Discretionary decisions may also be required. If indications exist of a change in the judgement of (joint) control, the BMW Group undertakes a new assessment.

An entity is deemed to be controlled if BMW AG – either directly or indirectly – has power over it, is exposed or has rights to variable returns from it and has the ability to influence those returns.

An entity is classified as an associated company if BMW AG – either directly or indirectly – has the ability to exercise significant influence over the entity's operating and financial policies. As a general rule, the Group is assumed to have significant influence if it holds 20 % or more of the entity's voting power.

Joint operations and joint ventures are forms of joint arrangements. Such an arrangement exists when a BMW Group entity jointly carries out activities with a third party on the basis of a contractual agreement.

In the case of a joint operation, the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Assets, liabilities, revenues and expenses of a joint operation are recognised proportionately in the Group Financial Statements on the basis of the BMW Group entity's rights and obligations (proportionate consolidation). The impact of joint operations on the Group Financial Statements are of minor significance.

The BMW Group's largest joint operation is Spotlight Automotive Limited (Spotlight), which has been operated together with the Chinese automobile manufacturer Great Wall Motor Company Limited (Great Wall) since 2019, jointly developing and manufacturing electric vehicles in China. The BMW Group and Great Wall each hold 50 % of the joint operation's equity. In addition to electric MINI vehicles, Spotlight will in future also develop and produce electric vehicles for Great Wall.

In the case of a joint venture, the parties which have joint control only have rights to the net assets of the arrangement.

Associated companies and joint ventures are accounted for using the equity method, with measurement on initial recognition based on acquisition cost.

BMW Brilliance Automotive Ltd. (BMW Brilliance) was fully consolidated for the first time with effect from 11 February 2022. Detailed information is provided in [note 3](#).

On 30 September 2021, the BMW Group signed an agreement with the Huachen Group to acquire all of the shares of Brilliance Automobile Manufacturing Co., Ltd, a Huachen Group subsidiary. However, the transaction was still not completed by the end of the financial year 2022.

The other changes to the Group reporting entity do not have a material impact on the results of operations, financial position and net assets of the Group.

03 Increased shareholding in BMW Brilliance Automotive Ltd.

On 11 February 2022, via its subsidiary BMW Holding B.V., the BMW Group increased its shareholding in the BMW Brilliance joint venture from 50 % to 75 % with the acquisition of a further 25 % of BMW Brilliance's shares. On 11 October 2018, the BMW Group signed an agreement with its joint venture partner, a wholly owned subsidiary of Brilliance China Automotive Holdings Ltd. (CBA), to acquire these shares. The agreement was approved at the CBA shareholders' meeting on 18 January 2019.

The previous joint venture requirement in China for businesses manufacturing conventionally powered automobiles came to an end with effect from 1 January 2022. The new joint venture agreement came into force and the formal transfer of shares was completed on 11 February 2022, following the issuance of a new business licence. Since that date, the BMW Group has held a 75 % majority of the voting rights, as a result of which it now has control over BMW Brilliance. BMW Brilliance has therefore been fully consolidated as a subsidiary in the BMW Group Financial Statements with effect from 11 February 2022. The contractual term of the joint venture, which previously ran until 2028, has been extended to 2040.

BMW Brilliance manufactures BMW brand models primarily for the Chinese market at its two vehicle production plants as well as petrol engines and high-voltage batteries at a separate facility.

The strategic objectives of the acquisition are to further strengthen the BMW Group's long-term collaboration with a partner in China, expand production capacities at the existing locations in Shenyang, and systematically increase the local production of further models, including New Energy Vehicles.

The consideration paid for the additional 25 % stake totalled CNY 27,941 million. Converted and including hedging effects, the purchase price amounted to € 3,735 million, which was settled entirely in cash. Cash and cash equivalents acquired totalled € 8,746 million. Overall, therefore, the cash flow statement for the Automotive segment shows a cash inflow from acquisitions (part of the cash inflow/outflow from investing activities) amounting to € 5,011 million. After deducting intragroup cash and cash equivalents, the cash flow statement for the BMW Group shows a cash inflow from acquisitions (part of the cash inflow/outflow from investing activities) amounting to € 3,587 million. Intragroup cash and cash equivalents relate to cash deposits made by BMW Brilliance with the Group's financial services companies in China.

As the BMW Group already held 50 % of the shares in BMW Brilliance prior to the acquisition, the transaction constitutes a business combination achieved in stages (step acquisition). In this context, the Group's 50 % shareholding in BMW Brilliance at the acquisition date was measured at its fair value, which was calculated at € 12,341 million. The remeasurement gain of € 7,649 million was recognised on the line item "Result on investments" within other financial result.

The assets acquired and liabilities assumed in conjunction with the business combination were required to be identified and measured at their fair value. The fair values of the main groups of assets and liabilities are shown in the following table:

	in € million
Reacquired rights	7,781
Dealership relationships	520
Other intangible assets	48
Property, plant and equipment	6,437
Right-of-use assets from leases	635
Inventories	4,282
Trade receivables	1,069
Other assets	2,930
Cash and cash equivalents	8,746
Provisions	- 990
Trade payables	- 3,945
Other liabilities	- 6,243
Deferred taxes	- 1,430
Net Identified assets acquired	19,840

Reacquired rights and dealership relationships identified in conjunction with the business combination were recognised as intangible assets. Reacquired rights were recognised as a separate

intangible asset if they were contractually granted to Brilliance before control was obtained by the BMW Group. More specifically, they relate to rights granted by the BMW Group to the BMW Brilliance joint venture prior to the acquisition, allowing the latter to use specified vehicle production technologies and trademark rights.

These acquired intangible assets have a useful life of 6 to 7 years. Other fair value adjustments were also recognised, mainly for property, plant and equipment and inventories.

The remaining difference of € 1,197 million between the consideration transferred for 25 % of the shares and the previously held shares measured at fair value on the one hand and the Group's share of identifiable net assets acquired on the other was recognised as goodwill. This essentially represents synergy benefits, given that the fair value of the reacquired rights already takes potential excess returns into account. The acquisition did not give rise to any goodwill that is deductible for tax purposes. Goodwill was allocated in full to the new BMW Brilliance cash-generating unit within the Automotive segment.

The gross amount of acquired receivables corresponds to their fair value.

The remaining non-controlling interest of 25 % held by other shareholders is measured on the basis of their proportionate share of identifiable net assets. Equity attributable to non-controlling interests therefore amounted to € 4,960 million.

The purchase price allocation has been completed. All adjustments made during the year compared to the first announcement were of minor importance.

Since the date of first-time consolidation, revenues and profit after tax amounting to € 28,031 million and € 2,211 million respectively relate to BMW Brilliance. The figure reported for profit after tax also includes depreciation and amortisation arising on the purchase price allocation as well as intragroup eliminations attributable to BMW Brilliance. It does not, however, include the elimination of intragroup profits arising at other companies.

If BMW Brilliance had been fully included in the Group Financial Statements with effect from 1 January 2022, Group revenues and profit after tax for the twelve-month period would have amounted to € 145,521 million and € 18,842 million respectively.

Following the business combination, the equity capital of BMW Automotive Finance (China) Co. Ltd. and Herald International Financial Leasing Co., Ltd. attributable to non-controlling interests changed to 10.5 % in each case (previously 21 %). As the two entities were already included in the Group Financial Statements as subsidiaries, the change was recognised through Group equity without any impact on profit or loss.

04 Other significant events during the financial year 2022 Russia-Ukraine war

Major uncertainties remained at 31 December 2022 with respect to the ongoing Russia-Ukraine war. The sanctions imposed and the countermeasures taken in this context significantly restrict economic activities with Russia and also have an impact on the Russian companies of the BMW Group.

In connection with the Russia-Ukraine war, allowances for expected credit losses on receivables from sales financing were increased in the financial year 2022 to take account of the negative impact on retail customer business, to the extent not covered by the BMW Group's standard loss provisioning models (post-model adjustments).

The restrictions currently in place for payments mean that transfers of liquid funds from Russia are limited. Developments in this area are reviewed by the BMW Group on a regular basis. In total, the Russian companies hold around 5 % of the BMW Group's cash and cash equivalents.

Current restrictions on transfers from Russia mean that the credit default risk vis-à-vis Russian companies is elevated. In this context, impairment allowances were recognised on receivables from a non-consolidated Russian subsidiary.

For a certain number of vehicles sold on the Russian market, warranty arrangements give rise to a repurchase obligation. In accordance with IFRS 15, this obligation has been recognised as a reduction of revenue in the year ended 31 December 2022.

For inventory valuation purposes, write-downs were recognised on vehicles and parts destined for the Russian market.

The Russia-Ukraine war also had an impact on foreign exchange markets, causing heightened volatility of the Russian rouble (RUB) during the first half of the year.

A closing rate of RUB 77.12 to the euro was applied at 31 December 2022. The BMW Group has been able to execute transactions at this rate. Compared to the exchange rate at 31 December 2021 (RUB 85.23), the value of assets has appreciated. If the previous year's exchange rate had been applied at 31 December 2022, BMW Group total assets would have been 0.1 % lower.

Overall, the effects described above as a consequence of the Russia-Ukraine war have so far had a negative impact on the BMW Group's earnings in the mid-three-digit million range.

05 Foreign currency translation and measurement

The financial statements of consolidated companies which are presented in a foreign currency are translated using the modified closing rate method. Under this method, assets and liabilities are translated at the closing exchange rate, whilst income and expenses are translated at the average exchange rate. Differences arising on foreign currency translation are presented in "Accumulated other equity". In the single entity accounts of BMW AG and its subsidiaries, foreign currency receivables and payables are measured on initial recognition using the exchange rate prevailing at the date of first-time recognition. Advance payments to suppliers or from customers in a foreign currency that result in the addition of non-monetary assets or liabilities are recorded at the exchange rate prevailing at the date of payment. At the end of the reporting period, foreign currency receivables and payables are measured using the closing exchange rate. The resulting unrealised gains and losses, as well as realised gains and losses arising on settlement, are recognised in the income statement, in line with the underlying substance of the transaction. Non-monetary balance sheet items denominated in foreign currencies are rolled forward on the basis of historical exchange rates.

The exchange rates of currencies which have a material impact on the Group Financial Statements were as follows:

	Closing rate		Average rate	
	31.12.2022	31.12.2021	2022	2021
1 Euro =				
US Dollar	1.07	1.14	1.05	1.18
Chinese Renminbi	7.36	7.22	7.08	7.63
British Pound	0.89	0.84	0.85	0.86
Russian Rouble	77.12	85.23	73.72	87.18
Japanese Yen	141.11	130.70	138.02	129.87

Argentina has fulfilled the definition of a hyperinflationary economy since 1 July 2018. Since that date, IAS 29 (Financial Reporting in Hyperinflationary Economies) has therefore been applied for the BMW subsidiary in Argentina. The price indices published by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE) are used to adjust non-monetary assets and liabilities and items in the income statement. The resulting effects are not material for the BMW Group.

06 Financial reporting rules

a Financial reporting standards applied for the first time in the financial year 2022

Standards or amendments to standards applied for the first time in the financial year 2022 did not have any significant impact on the BMW Group Financial Statements.

b Financial reporting pronouncements issued by the IASB, but not yet applied

In May 2017 the IASB published IFRS 17 Insurance Contracts. The Standard replaces IFRS 4 and contains new rules relating to the recognition, measurement, presentation and disclosure requirements for insurance contracts. The new rules are mandatory for financial years beginning on or after 1 January 2023.

In a Group-wide project, the BMW Group examined the impact of adopting IFRS 17 for existing agreements. The BMW Group offers various products that meet the definition of an insurance contract in accordance with IFRS 17. However, for the majority of these products, either an exemption applies (e.g. for warranty agreements) or the insurance arrangements qualify as fixed-fee service contracts, which can continue to be accounted for in accordance with IFRS 15 due to the option available in IFRS 17. In some markets, however, products are offered (e.g. comprehensive vehicle insurance) that are required to be accounted for in accordance with IFRS 17. These contracts can be accounted for using the premium allocation approach, which is essentially the same as the current accounting method applied for these

contracts. In the financial year 2022, insurance premiums totalling € 191 million were recognised in revenues for these contracts. At 31 December 2022, the insurance liability for the remaining term of these contracts amounted to € 282 million and the liability for incurred claims to € 12 million. The option to adopt IFRS 17 early was not applied.

Similarly, other financial reporting standards and revised standards issued by the IASB that have not yet been applied are not expected to have any significant impact on the BMW Group Financial Statements.

c Accounting policy changes in the financial year 2022

In the previous year, transitory items were reported within cash flows from financing activities on a gross basis. In addition, items meeting the criteria of IAS 7.22 (b) were included. In 2022, reporting was changed to a net basis. The figures for the previous financial year have also been adjusted (reported in 2021: at Group level inflows amounting to € 224,916 million, outflows amounting to € 232,089 million and change in other items amounting to € 1,829 million; and at the Financial Services segment level inflows amounting to € 218,348 million, outflows amounting to € 219,488 million and change in other items amounting to € 1,049 million). Reporting cash flows on a net basis where this is permitted improves the readability and comparability of the BMW Group's cash flow statement.

07 Accounting policies, assumptions, judgements and estimations

The **impact of climate change** has been taken into account by the Board of Management when preparing the Group Financial Statements. As a matter of principle, the Group Financial Statements are prepared in accordance with the BMW Group's long-term corporate plan, as approved by management, taking into account issues relevant for climate change such as the transformation to electromobility, regulatory requirements and changes in production conditions.

As a consequence of joining the Business Ambition for 1.5 °C campaign led by the Science Based Target initiative (SBTi), the BMW Group pursues validated SBTi Near Term Targets for the year 2030, which are incorporated in the Group's long-term corporate plan.

In line with the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD), both physical and transition-related risks and opportunities are taken into account in the Group's internal performance management system and in conjunction with the preparation of the Group Financial Statements. These risks and opportunities, together with the impact of climate change that has already taken place over the past year are referred to below as "climate-related aspects".

Climate-related aspects are considered in the preparation of the Group Financial Statements, and are particularly relevant in the case of assumptions, judgements and estimations relating to future developments that impact the BMW Group and its environment.

More detailed information on how climate-related aspects are taken into account for recognition and measurement purposes is provided below, particularly in the comments on property, plant and equipment, leased products and the performance of impairment tests. This includes an indication of the extent to which climate-related aspects have been taken into account in the estimations and assumptions for the recognition and measurement of balance sheet items.

Revenues from customer contracts include in particular revenues from the sale of products (primarily new and pre-owned vehicles and related products) as well as revenues from services. Revenue is recognised when control is transferred to the dealership or retail customer. In the case of sales of products, this is usually at the point in time when the risks and rewards of ownership are transferred. Revenues are stated net of settlement discount, bonuses and rebates as well as interest and residual value subsi-

dies. The consideration arising from these sales usually falls due for payment immediately or within 30 days. In exceptional cases, a longer payment may also be agreed. In the case of services, control is transferred over time. Consideration for the rendering of services to customers usually falls due for payment at the beginning of a contract and is therefore deferred as a contract liability. The deferred amount is released over the service period and recognised as revenue in the income statement. As a rule, amounts are released on the basis of the expected expense trend, as this best reflects the performance of the service. If the sale of products includes a determinable amount for services (multiple-component contracts), the related revenues are deferred and recognised as income in the same way. Variable consideration components, such as bonuses, are measured at the expected value, and in the case of multi-component contracts, allocated to all performance obligations unless directly attributable to the sale of a vehicle.

Revenues from the sale of products, for which repurchase arrangements are in place, are not recognised immediately in full. Instead, revenues are either recognised proportionately or the difference between the sales and repurchase price is recognised in instalments over the term of the contract depending on the nature of the agreement. In the case of vehicles sold to a dealership that are expected to be repurchased in a subsequent period as part of leasing operations, revenues are not recognised at Group level at the time of the sale of the vehicle. Instead, assets and liabilities relating to the right of return vehicles are recognised.

Revenues from leases of own-manufactured vehicles are recognised at Group level in accordance with the requirements for manufacturer or dealer leases. In the case of operating leases, revenues from lease payments are recognised on a straight-line basis over the lease term.

Finance leases, on the other hand, are accounted for as a sale. At the lease commencement date, revenues are recognised at the amount of the fair value of the leased asset and reduced by any unguaranteed residual value of vehicles that are expected to be returned to the Group at the end of the lease term. In addition, initial direct costs are recognised as cost of sales at the lease commencement date.

Revenues also include interest income from financial services. Interest income arising on finance leases as well as on retail customer and dealership financing is recognised using the effective interest method and reported as interest income on credit financing within revenues.

Public sector grants are not recognised until there is reasonable assurance that the conditions attaching to them have been complied with and the grants will be received. The resulting income is recognised in cost of sales over the periods in which the costs occur that they are intended to compensate.

Earnings per share are calculated as follows: Basic earnings per share are calculated for common and preferred stock by dividing the net profit for the year (after non-controlling interests) that is attributable to each category of stock, by the average number of shares of each category in circulation. Net profit for the year is accordingly allocated to the different categories of stock. The portion of the net profit that is not being distributed is allocated to each category of stock based on the number of outstanding shares. Profits available for distribution are determined directly on the basis of the dividend proposals or resolutions for common and preferred stock. Diluted earnings per share are calculated and separately disclosed in accordance with IAS 33.

Intangible assets are measured on initial recognition at acquisition or manufacturing cost. Subsequently, intangible assets with finite useful lives are amortised on a straight-line basis over their useful lives of between three and 20 years. Impairment losses are recognised where necessary. Intangible assets with indefinite useful lives are tested annually for impairment. Internally generated intangible assets mainly comprise development costs for vehicle, module and architecture projects.

Development costs are capitalised if all of the criteria specified by IAS 38 are met. They are measured on the basis of direct costs and directly attributable overhead costs. Project-related capitalised development costs are amortised on a straight-line basis following the start of production over the estimated product life (usually five to twelve years).

Goodwill arises when the cost of acquiring a business exceeds the Group's share of the net fair value of the assets, liabilities and contingent liabilities identified during the acquisition.

Intangible assets also include **emission allowances** and similar **rights arising from programmes aimed at reducing carbon or other climate-damaging emissions** (for example in conjunction with the EU Emissions Trading System or vehicle-related emissions regulations in the USA or China). These allowances and rights are carried at cost and, in the event that they are allocated free of charge, recorded at a value of zero. Amounts are derecognised at the date of the return, sale or expiry of the allowances or rights. In parallel to the recognition of these allowances and rights as assets, provisions are recognised in accordance with IAS 37 corresponding to the amount of obligations expected to arise in conjunction with the related emission regulations. Provisions are measured on the basis of the expected value of the allowances or rights that are to be returned.

If there is any indication of **impairment of intangible assets**, or if an annual impairment test is required (i.e. intangible assets with an indefinite useful life, intangible assets during the development phase and goodwill), an impairment test is performed. Each individual asset is tested separately unless the cash flows generated by the asset are not sufficiently independent from the cash flows generated by other assets or other groups of assets. In these cases, impairment is tested at the level of a cash-generating unit, which is the norm for the BMW Group.

For the purpose of the impairment test, the carrying amount of an asset (or a cash-generating unit) is compared with the recoverable amount. The first step of the impairment test is to determine the value in use. If the value in use is lower than the carrying amount, the next step is to determine the fair value less costs to sell and compare the amount so determined with the asset's carrying amount. If the fair value is lower than the carrying amount, an impairment loss is recognised, reducing the carrying amount to the higher of the asset's value in use or fair value less costs to sell.

If the reason for a previously recognised impairment loss no longer exists, the impairment loss is reversed up to the level of the recoverable amount, but no higher than the amortised acquisition or manufacturing cost. Impairment losses on goodwill are not reversed.

As part of the process of assessing recoverability, it is generally necessary to apply estimations and assumptions – in particular regarding future cash inflows and outflows and the length of the forecast period – which could differ from actual amounts. Actual amounts may differ from the assumptions and estimations used if business conditions develop differently to expectations.

The BMW Group determines the value in use of intangible assets on the basis of a present value computation. The cash flows used for this calculation are derived from the long-term corporate plan approved by management, corresponding to a forecast period of six years. For the purposes of calculating cash flows beyond the planning period, a perpetual annuity return is assumed which does not take growth into account. Forecasting assumptions are adjusted to current information and regularly compared with external sources. The assumptions used take account in particular of expectations of the profitability of the product portfolio, future market share development, macroeconomic developments (such as currency, interest rate and raw materials prices) as well as the legal environment and past experience.

Assumptions also take into account the impact of climate-related aspects and the influence of other sustainability factors on business performance and the product portfolio, for example as a result of changes in demand patterns, regulatory requirements or changes in production conditions. In line with the BMW Group's stated corporate strategies and the ongoing transformation to electromobility, the detailed forecast takes account of key assumptions such as the planned increase in the share of electrified automobiles to over 50 % of total deliveries, the scale of investments in production facilities that will be required to achieve that target and the expected impact on the current leasing portfolio.

Amounts are discounted on the basis of a market-related cost of capital rate. Impairment tests are performed for accounting and financial reporting purposes for the Automotive excluding BMW Brilliance, BMW Brilliance and Motorcycles cash-generating units using a risk-adjusted pre-tax cost of capital (WACC). In the case of the Financial Services cash-generating unit, a pre-tax cost of equity capital is used, as is customary in the sector. In light of the fact that acquisition of additional shares in BMW Brilliance took place during the year under report, the fair value

less costs to sell of this cash-generating unit was determined directly. This approach differs from value in use only in relation to the length of the detailed forecast period (which extends to the end of the joint venture contract in 2040) and the treatment of costs to sell. In the level hierarchy pursuant to IFRS 13, this measurement of fair value has been allocated to Level 3. The following pre-tax discount factors were applied:

in %	2022	2021
Automotive excluding BMW Brilliance	12.4	10.1
BMW Brilliance	15.4	-
Motorcycles	12.4	10.1
Financial Services	13.7	13.0

An after-tax discount rate of 11.5 % was used to determine the fair value less costs to sell of the BMW Brilliance cash-generating unit (CGU).

The risk-adjusted discount rate, calculated using a capital asset pricing model (CAPM), also takes into account specific peer-group information relating to beta-factors, capital structure data and borrowing costs. The weighted average cost of capital (WACC) was not adjusted to take account of environmental, social and governance (ESG) factors.

In conjunction with the impairment tests for cash-generating units, sensitivity analyses are performed for the main assumptions in order to rule out that possible changes to the assumptions used to determine the recoverable amount would result in the requirement to recognise an impairment loss. Even in the case of a 10 % deterioration in the individual measurement assumptions, the need to recognise an impairment loss did not arise.

All items of **property, plant and equipment** are measured at acquisition or manufacturing cost less accumulated depreciation and accumulated impairment losses.

The cost of internally constructed plant and equipment comprises all costs which are directly attributable to the manufacturing process as well as an appropriate proportion of production-related overheads. This includes production-related depreciation and amortisation as well as an appropriate proportion of administrative and social costs. Financing costs are not included in acquisition or manufacturing cost unless they are directly attributable to the asset. The carrying amount of items of depreciable property, plant and equipment is written down according to scheduled usage-based depreciation – as a general rule on a straight-line basis – over the useful lives of the assets. Depreciation is recorded as an expense in the income statement.

The following useful lives are applied throughout the BMW Group:

in years	
Factory and office buildings, residential buildings, fixed installations in buildings and outside facilities	8 to 50
Plant and machinery	3 to 30
Other facilities, factory and office equipment	2 to 25

The useful life of the plant and equipment is reviewed regularly and extended or shortened as necessary. This review also takes account of the impact of climate-related aspects on useful lives, for example due to changes in demand patterns or regulatory requirements. This assessment is based on the assumptions used for long-term corporate planning purposes and product-related decisions, as described above. Climate-related aspects have an indirect impact on the utilisation of property, plant and

equipment. The useful lives of items of plant and machinery can be extended by a combination of flexible manufacturing arrangements (independent of drivetrain type and capable of handling all vehicle generations) and sustainable asset-preservation measures. The useful lives of plant and machinery that are used exclusively for internal combustion vehicle production are also covered by up-to-date planning assumptions. For machinery used in multiple-shift operations, depreciation rates are increased to account for the additional utilisation. If there is any indication of impairment of property, plant and equipment, an impairment test is performed as described above for intangible assets.

In the case of **leased items of property, plant and equipment**, a right-of-use asset and a liability for the outstanding lease payments are recognised with effect from the date on which the leased asset becomes available for use by the BMW Group. The cost of the right-of-use asset is the sum of the amount at which the lease liability is initially measured, any lease payments made at or before the lease commencement date, any initial direct costs incurred by the lessee and the estimated costs of dismantling, removing or restoring the leased asset. Lease incentives granted by the lessor are deducted. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the leased asset and the expected lease term. If ownership of the leased asset is automatically transferred at the end of the lease term or the exercise of a purchase option is reflected in the lease payments, the right-of-use asset is amortised on a straight-line basis over the expected useful life of the leased asset. Right-of-use assets are reported in the balance sheet within the relevant line items for property, plant and equipment. The depreciation expense on right-of-use assets is reported in the income statement in cost of sales as well as in selling and administrative expenses.

The lease liability is measured on initial recognition at the present value of the future lease payments. Subsequent to initial recognition, the carrying amount of the lease liability is increased to reflect interest on the lease liability and reduced, without income statement impact, by the lease payments made. Lease liabilities are reported within financial liabilities, while interest expense is reported as part of net interest result. In the cash flow statement, both the repayment portion and the interest portion of lease payments are shown as cash outflows from financing activities.

The lease payments to be taken into account to measure the right-of-use asset and the lease liability comprise fixed payments, variable lease payments that depend on an index or an interest rate as well as amounts expected to be payable under residual value guarantees. If it is reasonably certain that a purchase or lease extension option will be exercised, the relevant payments are also included. Payments for periods for which the lessee has an option to terminate a lease unilaterally are only included in the lease payments if it is reasonably certain that the termination option will not be exercised. For the purposes of assessing options, the BMW Group takes account of all facts and circumstances that create an economic incentive to exercise or not to exercise the option.

IFRS 16 requires that lease payments are discounted as a general rule using the interest rate implicit in the lease. However, since the interest rate in leases entered into by the BMW Group cannot readily be determined, amounts are discounted on the basis of the incremental borrowing rate, comprising the risk-free interest rate in the relevant currency for matching maturities plus a premium for the credit risk. Specific risks attached to an asset are generally not taken into account, given that collateral received in the context of alternative financing arrangements is not relevant within the BMW Group.

Determining which items are to be counted as lease payments – including the issue of the lease term underlying those payments – and which discount rate to apply involves using estimates and assumptions that may differ from actual outcomes.

As lessee, the BMW Group makes use of the application exemptions available for short-term leases and leases of low-value assets.

The BMW Group has not applied the exemptions available to lessees to account for COVID-19-related rent concessions (amendments to IFRS 16 dated 28 May 2020 and 31 March 2021).

Group products recognised by BMW Group entities as **leased products** under operating leases are measured at manufacturing cost and all other leased products at acquisition cost, in each case including initial direct costs. All leased products are depreciated over the period of the lease using the straight-line method down to their expected residual value.

Where the recoverable amount of a lease exceeds the asset's carrying amount, changes in residual value expectations are recognised by adjusting scheduled depreciation prospectively over the remaining term of the lease. If the recoverable amount is lower than the asset's carrying amount, an impairment loss is recognised for the shortfall. A test is carried out at each balance sheet date to determine whether an impairment loss recognised in prior years no longer exists or has decreased. In such cases, the carrying amount of the asset is increased to the recoverable amount, at a maximum up to the amount of the asset's amortised cost.

Assumptions and estimations are required regarding future residual values, since these represent a significant part of future cash inflows. Relevant factors to be considered include the trend in market prices and demand on the pre-owned automobile market. The expected change in the drive-system mix going forward, which is subject to regular analysis, is also taken into account.

The BMW Group has developed and implemented methods and processes that enable sustainability aspects of residual value risks, particularly climate-related aspects, to be appropriately assessed and managed. A scenario-based approach is applied to quantify the impact of the transition towards zero-emission mobility and factor in the technological progress of the products involved, resulting potentially in the need to adjust the estimated residual values of both internal combustion and electrified vehicles. However, the transition to new drive systems will stretch over a period of time. Under these circumstances, regulatory aspects, customer behaviour and the structure of the product range all have to be taken into account. To varying degrees, the aforementioned aspects will play a role in bringing about changes to the existing product portfolio over the coming years. The nature of these planned changes can already be anticipated today to some extent, highlighting potential, but calculable risks for future operations. Disproportionate risks are only likely to arise in the event of unexpected regulatory changes that would also be to the detriment of customers. In addition to these various considerations, the vehicle portfolio subject to residual value risks is remeasured on a quarterly basis, allowing new aspects to be incorporated in the valuation at an early stage. In this event, it would also be possible to adjust valuations relevant for new business, given that such valuations are subject to the same turn of events. The forecasting models used by the BMW Group are subject to regular review and can be supplemented where appropriate to include aspects relating to changes in the market.

Using this approach, upward or downward adjustments can be made to residual values on the basis of a range of scenario analyses. The assumptions are based on internally available historical data and current market data as well as on forecasts of external institutions. Furthermore, assumptions are regularly validated by comparison with external data. Certain types of contracts require a high degree of judgement when deciding whether they give rise to operating leases or receivables from sales financing.

Investments accounted for using the equity method are measured – provided no impairment has been recognised – at cost of investment adjusted for the Group's share of earnings and changes in equity capital. If there is any indication that an investment is impaired, an impairment test is performed on the basis of the discounted cash flow method. An indicator exists, for example, in the event of a serious shortfall compared to budget, the loss of an active market or if funds are required to avoid insolvency.

With the exception of lease receivables, **financial assets** are measured on initial recognition at their fair value. Financial assets include in particular other investments, receivables from sales financing, marketable securities and investment funds, derivative financial assets, trade receivables and cash and cash equivalents. As a general rule, initial recognition takes place as soon as the BMW Group becomes a party to a contract. In the case of so-called "regular way" purchases or sales of non-derivative financial assets, initial recognition takes place at the settlement date.

Depending on the business model and the structure of contractual cash flows, financial assets are classified as measured at amortised cost, at fair value through comprehensive income or at fair value through profit or loss. The category "measured at fair value through comprehensive income" at the BMW Group comprises mainly marketable securities and investment funds used for liquidity management purposes. Selected marketable securities and investment funds, money market funds within cash and cash equivalents as well as convertible bonds are recognised at fair value through profit or loss, as their contractual cash flows do not solely represent payments of principal and interest.

The BMW Group does not make use of the option to measure equity instruments at fair value through other comprehensive income or debt instruments at fair value through profit or loss.

The market values of financial instruments measured at fair value are determined on the basis of market information available at the balance sheet date, such as quoted prices or using appropriate measurement methods, in particular the discounted cash flow method.

Items reported under **other investments** within the scope of IFRS 9 are measured at fair value through profit or loss. Investments in subsidiaries, joint arrangements and associated companies that are not material to the BMW Group are also included in other investments.

Receivables from sales financing are measured as a general rule at amortised cost using the effective interest rate method.

Receivables from sales financing also include finance lease receivables which are measured at the amount of the net investment in the lease. This balance sheet line item also includes operating lease receivables at the end of the reporting period, while the related vehicles are reported as leased products.

With the exception of receivables from operating leases and trade receivables, the BMW Group applies the general approach described in IFRS 9 to determine **impairment** of financial assets. Under the general approach, loss allowances are measured on initial recognition on the basis of the expected twelve-month credit loss (stage 1). If the credit loss risk at the end of the reporting period has increased significantly since initial recognition, the impairment allowance is measured on the basis of lifetime expected credit losses (stage 2 – general approach). The measurement of the change in default risk is based on a comparison

of the default risk at the date of initial recognition and at the end of the reporting period. The default risk at the end of each reporting period is determined on the basis of credit checks, current key performance indicators and any overdue payments.

The BMW Group applies the simplified approach described in IFRS 9 to operating lease and trade receivables, whereby the amount of the loss allowance is measured subsequent to the initial recognition of the receivable on the basis of lifetime expected credit losses (stage 2 – simplified approach). For the purposes of allocating an item to stage 2, it is irrelevant whether the credit risk of the assets concerned has increased significantly since initial recognition.

As a general rule, the BMW Group assumes that a receivable is in default if it is more than 90 days overdue or if there are objective indications of insolvency, such as the opening of insolvency proceedings. Credit-impaired assets are identified as such on the basis of this definition of default. In the case of credit-impaired assets which had not been credit-impaired at the time they were acquired or originated, an impairment allowance is recognised at an amount equal to lifetime expected credit losses (stage 3). This is the case regardless of whether the general or simplified approach is applied. In the case of stage 3 assets, interest income is calculated on the asset's carrying amount less any impairment loss.

In addition, post-model adjustments are recorded if the risk is not fully covered by the standard models.

The BMW Group derecognises financial assets when it has no reasonable expectation of recovery. This may be the case, for instance, if the debtor is deemed not to have sufficient assets or other sources of income to service the debt.

Loss allowances relating to the balance sheet item "Receivables from sales financing" are determined primarily on the basis of past experience with credit losses, current data on overdue receivables, rating classes and scoring information.

Forward-looking information (for instance forecasts of key performance indicators) is also taken into account if, based on past experience, such indicators show a substantive correlation to actual credit losses.

Loss allowances on trade receivables are determined primarily on the basis of information relating to overdue amounts. Furthermore, both positive and negative economic scenarios are used alongside the latest forecasts of key performance indicators when determining the level of valuation allowances. These scenarios are based on local analyses and take into account, for example, anticipated political and economic developments.

Input factors available on the market, such as ratings and probabilities of default, are used to calculate valuation allowances for cash and cash equivalents, financial receivables, receivables from subsidiaries and receivables from companies in which an investment is held. In the case of marketable securities and investment funds, the BMW Group usually applies the option not to allocate financial assets with a low default risk to different stages. Accordingly, assets with an investment grade rating are always allocated to stage 1.

Derivative financial instruments are used within the BMW Group for hedging purposes in order to reduce currency, interest rate, fair value and market price risks. Derivative financial instruments are recognised as of the trade date, measured at their fair value. Depending on their market value at measurement date, these financial instruments are reported in the balance sheet as financial assets or financial liabilities.

Fair values are determined on the basis of valuation models. Observable market price, tenor and currency basis spreads are taken into account in the measurement of derivative financial instruments. Furthermore, the Group's own credit risk and that of counterparties is taken into account on the basis of credit default swap values for market contracts with matching terms.

The BMW Group applies the option to recognise the credit risks arising from the fair values of a group of derivative financial assets and liabilities on the basis of their total net amount. Portfolio-based valuation adjustments (credit valuation adjustments and debit valuation adjustments) to the individual derivative financial assets and financial liabilities are allocated using the relative fair value approach (net method).

Where hedge accounting is applied, changes in fair value of derivative financial instruments are presented as part of other financial result in the income statement or within other comprehensive income as a component of accumulated other equity, depending on whether the hedging relationship is classified as a fair value hedge or a cash flow hedge.

Fair value hedges are mainly used to hedge interest rate risks relating to financial liabilities. The currency basis is not designated as part of the hedging relationship in the case of cross currency interest rate hedges accounted for as fair value hedges. Accordingly, changes in the market value of such components are recorded as costs of hedging within accumulated other equity. Amounts accumulated in equity are reclassified to other financial result within the income statement over the term of the hedging relationship.

In addition, for selected fixed-interest assets, a portion of the interest rate risk is hedged on a portfolio basis in accordance with IAS 39. The designated hedged items (underlying transactions) are reported in the balance sheet as receivables from sales financing or financial liabilities. Interest rate risks are hedged on the basis of the present value of net cash flows relating to fixed income assets (on the asset side) less cash flows relating to variable-rate financing (on the liabilities side). The net cash flow determined in this way is hedged by purchasing corresponding interest rate swaps that have the effect of reducing the interest rate risk. Hedge relationships are terminated and redesignated on a monthly basis at the end of each reporting period, thereby taking account of the constantly changing content of each portfolio.

Fair value hedge ineffectiveness is generally recognised in other financial result.

The time values of option transactions and the interest component – including the currency basis – of forward currency contracts are not designated as part of the hedging relationship in the case of currency hedges accounted for as cash flow hedges. Changes in the fair value of such components are recorded as costs of hedging on a separate line within accumulated other equity. Amounts recorded in accumulated other equity from currency hedges are reclassified to cost of sales when the related hedged item is recognised in profit or loss.

In the case of raw materials hedges that are accounted for as cash flow hedges, the hedging instruments are designated in full as part of the hedging relationship. As an exception to this general rule, the interest component of raw materials derivative instruments redesignated in conjunction with the first-time application of IFRS 9 was not designated as part of the hedging relationship. Changes in the fair value of this component are re-

corded as costs of hedging on a separate line within accumulated other equity. Amounts recorded in accumulated other equity are included in the carrying amount of inventories on initial recognition.

Ineffectiveness arising on cash flow hedges is recognised directly in cost of sales, whereas the impact of prematurely terminated hedging relationships is recognised in other operating income and expenses.

Deferred income taxes are recognised for all temporary differences between the tax and accounting bases of assets and liabilities, including differences arising on consolidation procedures, as well as on unused tax losses and unused tax credits, when it is probable that they can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

The recoverability of deferred tax assets is assessed at each balance sheet date on the basis of planned taxable income in future financial years. If with a probability of more than 50 percent future tax benefits will not be realised, either in part or in total, a valuation allowance is recognised on the deferred tax assets. The calculation of deferred tax assets requires assumptions to be made with regard to the level of future taxable income and the timing of recovery of deferred tax assets. These assumptions take account of forecast operating results, announced legislative changes in connection with climate change and the impact on earnings of the reversal of taxable temporary differences. Since future business developments cannot be predicted with certainty and to some extent cannot be influenced by the BMW Group, the measurement of deferred tax assets is subject to uncertainty.

Deferred tax liabilities on taxable temporary differences arising from investments in subsidiaries, branches and associated companies as well as interests in joint arrangements are not recognised if the Group is able to control the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future. This is particularly the case if it is intended that profits will not be distributed, but rather will be used to maintain the substance and expand the volume of business of the entities concerned.

Current income taxes are calculated within the BMW Group on the basis of tax legislation applicable in the relevant countries. To the extent that judgement was necessary to determine the treatment and amount of tax items presented in the financial statements, there is in principle a possibility that local tax authorities may take a different position.

As a general rule, each income tax treatment is considered independently when accounting for **uncertainties in income taxes**. If it is not considered probable that an income tax treatment will be accepted by the local tax authorities, the BMW Group uses the most likely amount of the tax treatment when determining taxable profit and the tax base.

Inventories of raw materials, supplies and goods for resale are stated at the lower of average acquisition cost and net realisable value.

Work in progress and finished goods are stated at the lower of manufacturing cost and net realisable value. Manufacturing cost comprises all costs which are directly attributable to the manufacturing process as well as an appropriate proportion of production-related overheads. This includes production-related depreciation and amortisation and an appropriate proportion of administrative and social costs. Financing costs are not included in the acquisition or manufacturing cost of inventories.

Inventories also include vehicles held for sale in the financial services business, measured at their amortised cost or lower net realisable value.

Cash and cash equivalents comprise mainly cash on hand and cash at bank with an original term of up to three months. With the exception of money market funds, cash and cash equivalents are measured at amortised cost.

Financial liabilities, with the exception of lease liabilities, are measured on first-time recognition at their fair value. For these purposes, transaction costs are taken into account except in the case of financial liabilities allocated to the category "measured at fair value through profit or loss". Subsequent to initial recognition, liabilities are – with the exception of derivative financial instruments – measured at amortised cost using the effective interest method.

Provisions for pensions are measured using the projected unit credit method. Under this method, not only obligations relating to known vested benefits at the reporting date are recognised, but also the effect of future expected increases in pensions and salaries. The calculation is based on independent actuarial valuations which take into account the relevant biometric factors.

In the case of funded plans, the pension obligation is offset against plan assets measured at their fair value. If the plan assets exceed the pension obligation, the surplus is tested for recoverability. In the event that the BMW Group has a right of reimbursement or a right to reduce future contributions, it reports an asset (within Other financial assets), measured on the basis of the present value of the future economic benefits attached to the plan assets. For funded plans, in cases where the obligation exceeds plan assets, a liability is recognised under pension provisions.

The calculation of the amount of the provision requires assumptions to be made with regard to discount rates, pension trends, employee fluctuation and the life expectancy of employees, among other things. Discount rates are determined by reference to market yields at the end of the reporting period on high quality fixed-interest corporate bonds.

Net interest expense on the net defined benefit liability or net interest income on the net defined benefit assets are presented separately within the financial result. All other costs relating to allocations to pension provisions are allocated to costs by function in the income statement.

Past service cost arises where a BMW Group company introduces a defined benefit plan or changes the benefits payable under an existing plan. This cost is recognised immediately in the income statement. Similarly, gains and losses arising on the settlement of a defined benefit plan are recognised immediately in the income statement.

Remeasurement of the net liability can result from changes in the present value of the defined benefit obligation, the fair value of the plan assets or the asset ceiling. Remeasurement can result, amongst others, from changes in financial and demographic parameters, as well as changes following the portfolio development. Remeasurements are recognised immediately through other comprehensive income and ultimately in equity (within revenue reserves).

Other provisions are recognised when the BMW Group has a present legal or factual obligation towards a third party arising from past events, the settlement of which is probable and when the amount of the obligation can be reliably estimated. Provisions with a remaining period of more than one year are measured at their net present value.

The measurement of provisions for **statutory and non-statutory warranty obligations (statutory, contractual and voluntary)** involves estimations. In addition to manufacturer warranties prescribed by law, the BMW Group offers various further standard (assurance-type) warranties depending on the product and sales market. No provisions are recognised for additionally offered service packages that are treated as separate performance obligations.

Provisions for statutory and non-statutory warranties are recognised at the point in time when control over the goods is transferred to the dealership or retail customer or when it is decided to introduce new warranty measures. With respect to the level of the provision, estimations are made in particular based on past experience of damage claims and processes. Future potential repair costs and price increases per product and market are also taken into account. Provisions for warranties for all companies of the BMW Group are adjusted regularly to take account of new information, with the impact of any changes recognised in the income statement. Further information is provided in [note 35](#). Similar estimates are also made in conjunction with the measurement of expected reimbursement claims.

The recognition and measurements of provisions for **litigation and liability risks** necessitates making assumptions in order to determine the probability of liability, the amount of claim and the duration of the legal dispute. The assumptions made, especially the assumption about the outcome of legal proceedings, are subject to a high degree of uncertainty. The appropriateness of assumptions is regularly reviewed, based on assessments undertaken both by management and external experts, such as lawyers. If new developments arise in the future that result in a different assessment, provisions are adjusted accordingly.

If the recognition criteria relevant for provisions are not fulfilled and the outflow of resources on fulfilment is not unlikely, the potential obligation is disclosed as a **contingent liability**.

Related party disclosures comprise information on associated companies, joint ventures and non-consolidated subsidiaries as well as individuals which have the ability to exercise a controlling or significant influence over the financial and operating policies of the BMW Group. This includes all persons in key positions of the Company, as well as close members of their families or intermediary entities.

In the case of the BMW Group, this also applies to members of the Board of Management and the Supervisory Board. Details relating to these individuals and entities are provided in [note 42](#) and in the list of investments disclosed in [note 48](#).

Share-based remuneration programmes that provide for settlement in shares or a cash payment with a direct obligation to invest in shares of BMW AG common stock are measured at their fair value at grant date. The related expense is recognised as personnel expense in the income statement over the vesting period and offset against capital reserves.

Share-based remuneration programmes expected to be settled in cash are revalued to their fair value at each balance sheet date between the grant date and the settlement date and on the settlement date itself. The expense is recognised as personnel expense in the income statement over the vesting period and presented in the balance sheet as a provision.

The share-based remuneration programme for Board of Management members and senior heads of department entitles BMW AG to elect whether to settle its commitments in cash or with shares of BMW AG common stock. Based on the decision to settle in cash, the share-based remuneration programmes for Board of Management members and senior heads of department are accounted for as cash-settled, share-based remuneration programmes. Further information on share-based remuneration programmes is provided in [note 43](#).

NOTES TO THE INCOME STATEMENT

08 Revenues

Revenues by activity comprise the following:

in € million	2022	2021
Sales of products and related goods	106,678	77,042
Sales of products previously leased to customers	15,040	13,780
Income from lease instalments	11,872	11,526
Interest income on credit financing and finance leases	4,129	3,701
Revenues from service contracts, telematics and roadside assistance	3,394	2,766
Other income	1,497	2,424
Revenues	142,610	111,239

Revenues recognised from contracts with customers in accordance with IFRS 15 totalled € 126,384 million (2021: € 95,795 million), spread across the first, second and fifth categories of the above table and proportionately to other income.

An analysis of revenues by segment is shown in the explanatory comments on segment information provided in [note 47](#).

Revenues from the sale of products and related goods are generated primarily in the Automotive segment and, to a lesser extent, in the Motorcycles segment. Revenues from the sales of products previously leased to customers, income from lease instalments and interest income on credit financing are allocated to the Financial Services segment.

Other income relates mainly to the Automotive segment and the Financial Services segment.

The major part of revenues expected to arise from the Group's order book at the end of the reporting period relates to the sale of vehicles. Revenues resulting from those sales will be recognised in the next financial year.

The services included in vehicle sale contracts that will be recognised as revenues in subsequent years represent only an insignificant portion of expected revenues. Accordingly, use has been made of the practical expedient contained in IFRS 15, permitting an entity not to disclose information on a quantitative basis due to the short-term nature of items and the lack of informational value of such disclosures.

Interest income on credit financing and finance leases includes interest calculated on the basis of the effective interest method totalling € 3,656 million (2021: € 3,379 million). This interest income is not reported separately in the income statement as it is not significant compared to total Group revenues.

09 Cost of sales

Cost of sales comprises:

in € million	2022	2021
Manufacturing costs*	76,760	50,345
Cost of sales relating to financial services business	27,517	26,409
thereof: interest expense relating to financial services business	2,114	1,643
Research and development expenses	6,624	6,299
Warranty expenditure	3,209	2,192
Expenses for service contracts, telematics and roadside assistance*	2,775	2,607
Other cost of sales	1,157	1,401
Cost of sales	118,042	89,253

* Prior year's figures adjusted.

Manufacturing costs previously included expenses relating to service contracts, telematics and roadside assistance. The presentation of these items has been adjusted for the financial years 2022 and 2021, giving rise to a reclassification amounting to € 1,016 million for the previous year.

Manufacturing costs were reduced by public-sector subsidies in the form of reduced taxes on assets and reduced consumption-based taxes amounting to € 115 million (2021: € 118 million).

Impairment losses recognised in the income statement 2022 in connection with receivables from sales financing amounted to € 649 million (2021: € 103 million). In view of the fact that the impairment losses are of minor importance compared to total Group cost of sales, they have not been disclosed separately in the income statement.

Research and development expenses were as follows:

in € million	2022	2021
Research and development expenditure	7,178	6,870
New expenditure for capitalised development costs	-2,819	-2,506
Amortisation	2,265	1,935
Research and development expenses	6,624	6,299

10 Selling and administrative expenses

in € million	2022	2021
Selling expenses	6,191	5,324
Administrative expenses	4,425	3,909
Total selling and administrative expenses	10,616	9,233

Selling and administrative expenses relate mainly to expenses for marketing and communication, personnel and IT.

Selling expenses in the financial year 2022 include € 653 million for the first time relating to BMW Brilliance.

11 Other operating income and expenses

Other operating income and expenses comprise the following items:

in € million	2022	2021
Exchange gains	458	232
Income from the reversal of provisions	521	1,162
Income from the reversal of impairment allowances and write-downs	79	10
Gains on the disposal of assets	45	13
Sundry operating income	274	285
Other operating income	1,377	1,702
Exchange losses	-444	-204
Expense for additions to provisions	-307	-474
Expense for impairment allowances and write-downs	-260	-7
Loss on the disposal of assets	-88	-98
Sundry operating expenses	-231	-272
Other operating expenses	-1,330	-1,055
Other operating income and expenses	47	647

Income from the reversal of and expenses for the recognition of impairment allowances and write-downs relate mainly to impairment allowances on receivables.

Expenses for impairment allowances recognised on receivables from contracts with customers amounted to € 61 million (2021: € 7 million).

In addition, expenses for impairment allowances include the write-down of receivables from a non-consolidated Russian subsidiary, as described in [note 4](#), which negatively impacted the Other Entities segment.

The expense for additions to provisions includes litigation and other legal risks. Income from the reversal of provisions includes income arising on the reassessment of risks from legal disputes.

In the financial year 2021, income from the reversal of provisions included the partial reversal of the provision relating to EU Commission antitrust proceedings. Further information is provided in [note 10](#) to the Group Financial Statements for the financial year 2021 included in the BMW Group Report 2021.

Other operating income and expenses include € 206 million of income and € 101 million of expenses arising at the level of BMW Brilliance.

12 Net interest result

Net interest result comprises the following:

in € million	2022	2021
Other interest and similar income	422	135
thereof from subsidiaries:	20	12
Interest and similar income	422	135
Net interest impact on other long-term provisions	481	71
Net interest expense on the net defined benefit liability for pension plans	-11	-22
Other interest and similar expenses	-219	-214
thereof subsidiaries:	-1	-
Interest and similar expenses	251	-165
Net interest result	673	-30

Interest expense from unwinding the discounting of other non-current provisions on the one hand and interest income from adjusting the discount rate on the other are netted and, as in previous years, reported as a net interest effect within interest expense.

During the twelve-month period under report, steepening yield curves had a positive impact on the discount unwinding result.

Items relating to BMW Brilliance for the first time in 2022 comprise interest income amounting to € 200 million as well as interest expense amounting to € 34 million in the net interest impact on other long-term provisions.

13 Other financial result

in € million	2022	2021
Income from investments in subsidiaries and participations	7,949	612
thereof from subsidiaries:	35	14
Expenses from investments in subsidiaries and participations	- 179	- 28
Result on investments	7,770	584
Income (+) and expenses (-) from financial instruments	1,167	586
Sundry other financial result	1,167	586
Other financial result	8,937	1,170

The main factor for the improved result on investments was a remeasurement gain arising on the investment in BMW Brilliance in conjunction with that entity's full consolidation. Further information is provided in [note 3](#).

Other financial result also includes income and expenses arising on the measurement of stand-alone derivatives and fair value hedge relationships, as well as income and expenses from the measurement and sale of marketable securities and shares in investment funds.

Other financial result benefited in 2022 from the favourable fair value development of interest rate hedges due to the rise in yield curves.

14 Income taxes

Taxes on income of the BMW Group comprise the following:

in € million	2022	2021
Current tax expense	5,069	2,512
Deferred tax expense (+) / deferred tax income (-)	- 142	1,085
thereof relating to temporary differences	- 992	1,668
thereof relating to tax loss carryforwards and tax credits	850	- 583
Income taxes	4,927	3,597

The tax expense was reduced by € 71 million (2021: € 28 million) as a result of utilising tax loss carryforwards, for which deferred tax assets had not previously been recognised and in conjunction with previously unrecognised tax credits and temporary differences.

The tax expense resulting from the change in the valuation allowance on deferred tax assets relating to tax losses available for carryforward and temporary differences amounted to € 103 million (2021: € 3 million).

Deferred taxes are determined on the basis of tax rates which are currently applicable or expected to apply in the relevant national jurisdictions when the amounts are recovered. After taking account of an average municipal trade tax multiplier rate (Hebesatz) of 430 (2021: 428), the underlying income tax rate for Germany was as follows:

in %	2022	2021
Corporate tax rate	15.0	15.0
Solidarity surcharge	5.5	5.5
Corporate tax rate including solidarity surcharge	15.8	15.8
Municipal trade tax rate	15.1	15.0
German income tax rate	30.9	30.8

Deferred taxes for non-German entities are calculated on the basis of the relevant country-specific tax rates. These ranged in the financial year 2022 between 9.0 % and 40.0 % (2021: between 9.0 % and 40.0 %).

The difference between the expected tax expense based on the underlying tax rate for Germany and actual tax expense is explained in the following **reconciliation**:

in € million	2022	2021
Profit before tax	23,509	16,060
Tax rate applicable in Germany	30,9 %	30,8 %
Expected tax expense	7,264	4,946
Variiances due to different tax rates	-1,047	-596
Tax increases (+) / tax reductions (-) due to:		
Tax-exempt income	-2,203	-597
Non-deductible expenses	802	314
Equity accounted	44	-370
Tax expense (+) / benefits (-) for prior years	18	-54
Effects from tax rate changes	31	25
Other variances	18	-71
Actual tax expense	4,927	3,597
Effective tax rate	21.0 %	22.4 %

The tax reductions due to tax-exempt income related primarily to the non-tax-relevant gain recognised in conjunction with the remeasurement of the BMW Group's previous at-equity interest in BMW Brilliance.

The tax increases relating to non-deductible expenses were mainly attributable to higher withholding tax expenses and transfer pricing issues.

The allocation of deferred tax assets and liabilities to **balance sheet line items** at 31 December is shown in the following table:

in € million	Deferred tax assets		Deferred tax liabilities	
	2022	2021	2022	2021
Intangible assets	15	4	5,176	3,494
Property, plant and equipment	264	74	1,457	665
Leased products	378	300	3,686	4,493
Other investments	5	5	-	1
Sundry other assets	1,281	886	3,495	4,646
Tax loss carryforwards	212	1,061	-	-
Capital Losses	464	490	-	-
Provisions	4,636	6,070	11	29
Liabilities	4,573	4,303	800	601
Eliminations	4,379	3,936	1,880	1,826
	16,207	17,129	16,505	15,755
Valuation allowances on tax loss carryforwards and temporary differences	-245	-140	-	-
Valuation allowances on capital losses	-464	-490	-	-
Netting	-13,740	-14,297	-13,740	-14,297
Deferred taxes	1,758	2,202	2,765	1,458
Net	-	744	1,007	-

Tax **loss carryforwards** relating to Germany and foreign operations amounted to € 711 million (2021: € 4,138 million). This includes one tax loss carryforward amounting to € 416 million (2021: € 413 million), on which a valuation allowance of € 141 million (2021: € 140 million) was recognised on the related deferred tax asset. The decrease in tax loss carryforwards was mainly due to the partial utilisation of loss carryforwards at the level of Group entities in the USA and the further utilisation of tax start-up losses relating to San Luis Potosí plant in Mexico, opened in 2019.

For entities with tax losses available for carryforward, a net surplus of deferred tax assets over deferred tax liabilities is reported at 31 December 2022 amounting to € 2,196 million (2021: € 2,487 million). The basis for the recognition of deferred taxes is the BMW Group business model or management's assessment that there is material evidence that the entities will generate future taxable profit, against which deductible temporary differences can be offset.

Loss carryforwards amounting to € 523 million (2021: € 3,834 million) can be used indefinitely, while € 188 million (2021: € 304 million) expire after more than three years.

Capital losses available for carryforward in the UK which do not relate to ongoing operations decreased to € 1,856 million due to exchange rate factors (2021: € 1,959 million). As in previous years, deferred tax assets recognised on these tax losses amounting to € 464 million (2021: € 490 million) were fully written down since they can only be utilised against future capital gains.

Deferred tax assets and deferred tax liabilities are netted for each relevant tax entity if they relate to the same tax authorities.

Deferred taxes recognised directly in **equity** amounted to € 1,214 million (2021: € 1,733 million).

in € million	2022	2021
Deferred taxes at 1 January (assets (+) / liabilities (-))	744	1,950
Deferred tax expense (-) / income (+) recognised through income statement	142	- 1,085
Change in deferred taxes recognised directly in equity	- 519	23
thereof relating to fair value gains and losses on financial instruments and marketable securities recognised directly in equity	- 190	247
thereof relating to the remeasurements of net liabilities for defined benefit pension plans	- 326	- 250
thereof from currency translation	- 3	26
Effects in connection with the first-time consolidation of BMW Brilliance	- 1,312	-
Exchange rate impact and other changes	- 62	- 144
Deferred taxes at 31 December (assets (+) / liabilities (-))	- 1,007	744

The effects in connection with the first-time consolidation of BMW Brilliance gave rise primarily to net deferred tax liabilities relating to the remeasurement of the assets acquired and liabilities assumed as part of the purchase price allocation.

No deferred taxes are recognised on taxable temporary differences arising from investments in subsidiaries, associated companies and joint ventures if the BMW Group is able determine the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, in particular in view of the fact that there is no intention to distribute the profits, but rather to use them to maintain substance and reinvest in the companies concerned. Temporary differences of this kind, for which no deferred taxes were recognised, amounted to € 32,882 million (2021: € 25,526 million). No computation was made of the potential impact of income taxes on the grounds of proportionality.

Deferred tax liabilities on expected dividends amount to € 199 million (2021: € 79 million) and related primarily to dividends from foreign subsidiaries.

The tax returns of BMW Group entities are checked regularly by German and foreign tax authorities. Taking account of numerous factors – including interpretations, commentaries and legal decisions relating to the various tax jurisdictions as well as past experience – adequate provision has been made, to the extent identifiable and probable, for potential future tax obligations.

15 Earnings per share

		2022	2021
Net profit attributable to the shareholders of BMW AG	€ million	17,941.0	12,382.2
Profit attributable to common stock	€ million	16,327.7	11,298.4
Profit attributable to preferred stock	€ million	1,613.3	1,083.8
Average number of common stock shares in circulation	number	597,924,318	601,995,196
Average number of preferred stock shares in circulation	number	59,035,325	57,686,234
Basic / diluted earnings per share of common stock	€	27.31	18.77
Basic / diluted earnings per share of preferred stock	€	27.33	18.79
Dividend per share of common stock	€	8.50*	5.80
Dividend per share of preferred stock	€	8.52*	5.82

* Proposal by the Board of Management.

In the case of preferred stock, the calculation of earnings per share and the average number of shares in circulation only takes account of shares of preferred stock that are entitled to receive a dividend in each of the relevant financial years. As in the previous year, diluted earnings per share correspond to basic earnings per share.

16 Personnel expenses

The income statement includes personnel expenses as follows:

in € million	2022	2021
Wages and salaries	11,481	10,598
Pension and welfare expenses	1,385	720
Social insurance expenses	1,066	968
Personnel expenses	13,932	12,286

Personnel expenses include € 40 million (2021: € 223 million) of costs relating to workforce measures.

Personnel expenses in the financial year 2022 include € 730 million for the first time relating to BMW Brilliance.

In the previous year, pension and welfare expenses included positive changeover effects resulting from the modernisation of the pension plan model in Germany amounting to € 562 million. The total pension expense for defined contribution plans of the BMW Group amounted to € 175 million (2021: € 160 million). Employer contributions paid to state pension insurance schemes totalled € 750 million (2021: € 654 million).

The average number of employees during the year was:

	2022	2021
Average number of employees	146,727	118,626
thereof at proportionately-consolidated entities	953	304

The average number of employees reported for financial year 2022 includes 24,618 employees for the first time relating to BMW Brilliance.

17 Leases

a As lessee

In terms of accounting for leases as a lessee, the following amounts are included in the income statement:

in € million	2022	2021
Expenses for leases of low-value assets and short-term leases	-77	-74
Expenses relating to variable lease payments not included in the measurement of lease liabilities	-17	-14
Interest expense arising on the measurement of lease liabilities	-56	-48

Most of the expenses for leases for low-value assets and short-term leases relate to low-value assets.

The BMW Group is party to leases at the end of the reporting period which have not yet commenced. These leases are expected to give rise to future cash outflows amounting to € 873 million (2021: € 530 million).

Total cash outflows for leases in the financial year 2022 amounted to € 681 million (2021: € 600 million).

Information on right-of-use assets, lease liabilities as well as further explanatory comments are provided in [note 7](#) (Accounting policies, assumptions, judgments and estimations), [note 21](#) (Analysis of changes in Group tangible, intangible and investment assets in 2022), [note 23](#) (Property, plant and equipment [including right-of-use assets arising from leases]) and [note 37](#) (Financial liabilities).

b As lessor

in € million	2022	2021
Income from variable lease payments for operating leases	81	109
Income from variable lease payments for finance leases	4	13
Financial income on the net investment in finance leases	1,025	964
Selling profit on the sale of vehicles leased to retail customers under finance leases	1,601	1,557

Variable lease payments are based on distance driven. The agreements have, in part, extension and purchase options.

18 Fee expense for the Group auditor

The fee expense pursuant to § 314 (1) no. 9 HGB recognised in the financial year 2022 for the Group auditor and the PwC network of audit firms amounted to € 20 million (2021: € 19 million) and consists of the following:

in € million	PwC International		thereof PwC GmbH	
	2022	2021	2022	2021
Audit of financial statements	17	16	5	5
Other attestation services	1	2	1	2
Tax advisory services	-	-	-	-
Other services	2	1	-	1
Fee expense	20	19	6	8

Services provided during the financial year 2022 by the Group auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich branch, on behalf of BMW AG and subsidiaries under its control relate to the audit of financial statements and other attestation services. The audit of financial statements comprises mainly the audit of the Group Financial Statements and the separate financial statements of BMW AG and subsidiaries under its control, and all work related thereto, including the review of the Interim Group Financial Statements. Other attestation services include mainly project-related audits, comfort letters and statutorily prescribed, contractually agreed or voluntarily commissioned attestation work. No tax advisory services were provided in the financial year 2022. Other services provided in the previous financial year included mainly consulting services relating to production processes.

19 Government grants and government assistance

Income from asset-related and performance-related grants, amounting to € 118 million (2021: € 94 million) and € 172 million (2021: € 152 million) respectively, was recognised in the income statement in 2022.

These amounts relate mainly to public sector grants aimed at the promotion of regional structures as well as to subsidies received for plant expansions and development.

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

20 Disclosures relating to the statement of comprehensive income

Other comprehensive income for the period after tax comprises the following:

in € million	2022	2021
Remeasurement of the net liability for defined benefit pension plans	1,077	1,243
Deferred taxes	-332	-224
Items not expected to be reclassified to the income statement in the future	745	1,019
Marketable securities (at fair value through other comprehensive income)	-154	-45
thereof gains / losses arising in the period under report	-256	-38
thereof reclassifications to the income statement	102	-7
Derivative financial instruments	2,801	14
thereof gains / losses arising in the period under report	2,350	25
thereof reclassifications to the income statement	451	-11
Costs of hedging	-1,557	72
thereof gains / losses arising in the period under report	-2,299	-287
thereof reclassifications to the income statement	742	359
Other comprehensive income from equity accounted investments	22	-50
Deferred taxes	-458	163
Currency translation foreign operations	199	1,228
Items that can be reclassified to the income statement in the future	853	1,382
Other comprehensive income for the period after tax	1,598	2,401



Deferred taxes on components of other comprehensive income are as follows:

in € million	2022			2021		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Remeasurement of the net liability for defined benefit pension plans	1,077	- 332	745	1,243	- 224	1,019
Marketable securities (at fair value through other comprehensive income)	- 154	45	- 109	- 45	13	- 32
Derivative financial instruments	2,801	- 841	1,960	14	37	51
Costs of hedging	- 1,557	442	- 1,115	72	- 22	50
Other comprehensive income from equity accounted investments	22	- 104	- 82	- 50	135	85
Currency translation foreign operations	199	-	199	1,228	-	1,228
Other comprehensive income	2,388	- 790	1,598	2,462	- 61	2,401

Other comprehensive income relating to equity accounted investments is reported in the Group Statement of Changes in Equity within currency translation differences with a negative amount of € 395 million (2021: positive amount of € 490 million), within derivative financial instruments with a positive amount of € 220 million (2021: negative amount of € 368 million) and within costs of hedging with a positive amount of € 93 million (2021: negative amount of € 37 million).

The hedging effects of derivative financial instruments that are attributable to the acquisition cost of inventories are not included in other comprehensive income after tax.

NOTES TO THE BALANCE SHEET

21 Analysis of changes in Group tangible, intangible and investment assets 2022

in € million	Acquisition and manufacturing cost							Depreciation, amortisation and impairment losses					Carrying amount			
	1. 1. 2022	Translation differences	Additions arising on business combinations	Additions	Reclassifications	Disposals	31. 12. 2022	1. 1. 2022	Translation differences	Current year	Reclassifications	Value adjustments ¹	Disposals	31. 12. 2022	31. 12. 2022	31. 12. 2021
Development costs	19,287	-	-	2,819	-	530	21,576	7,714	-	2,265	-	-	530	9,449	12,127	11,573
Goodwill	385	-15	1,197	-	-	5	1,562	5	-	-	-	-	5	-	1,562	380
Other intangible assets	1,975	-68	8,349	254	-	443	10,067	948	-31	1,474	-	-	411	1,980	8,087	1,027
Intangible assets	21,647	-83	9,546	3,073	-	978	33,205	8,667	-31	3,739	-	-	946	11,429	21,776	12,980
Land, titles to land, buildings, including buildings on third party land	16,886	36	2,830	934	1,168	412	21,442	7,452	34	1,000	-	-	339	8,147	13,295	9,434
thereof right-of-use assets from leases	3,363	-11	625	701	-	137	4,541	1,134	-	484	-	-	106	1,512	3,029	2,229
Plant and machinery	41,739	268	2,493	3,563	1,407	4,542	44,928	31,574	213	3,457	-	-	4,506	30,738	14,190	10,165
thereof right-of-use assets from leases	145	-1	7	787	48	7	979	14	-	134	-	-	7	141	838	131
Other facilities, factory and office equipment	3,251	40	164	393	155	479	3,524	2,344	28	370	-	-	447	2,295	1,229	907
thereof right-of-use assets from leases	131	2	1	68	-	48	154	69	1	41	-	-	48	63	91	62
Advance payments made and construction in progress	1,884	29	1,585	2,647	-2,730	3	3,412	-	-	-	-	-	-	-	3,412 ²	1,884
Property, plant and equipment	63,760	373	7,072	7,537	-	5,436	73,306	41,370	275	4,827	-	-	5,292	41,180	32,126	22,390
Leased products	53,847	1,096	-	16,027	-	18,077	52,893	9,147	182	5,890	-	-	5,146	10,073	42,820	44,700
Investments accounted for using the equity method	5,352	-	-	402	-	5,094	660	240	-	-	-	-	-	240	420	5,112
Investments in non-consolidated subsidiaries	340	9	-	35	-	3	381	87	3	-	-	-	-	90	291	253
Participations	1,020	27	-	112	-	57	1,102	32	-21	-	-	23	-8	42	1,060	988
Other investments	1,360	36	-	147	-	60	1,483	119	-18	-	-	23	-8	132	1,351	1,241

¹ Thereof expense amounting to € 23 million recognised in profit or loss.

² Including assets under construction amounting to € 2,502 million.

Analysis of changes in Group tangible, intangible and investment assets 2021

in € million	Acquisition and manufacturing cost						Depreciation, amortisation and impairment losses						Carrying amount		
	1.1.2021	Translation differences	Additions	Reclassifications	Disposals	31.12.2021	1.1.2021	Translation differences	Current year	Reclassifications	Value adjustments ¹	Disposals	31.12.2021	31.12.2021	31.12.2020
Development costs	16,976	-	2,506	-	195	19,287	5,969	-	1,935	-	-	190	7,714	11,573	11,007
Goodwill	384	1	-	-	-	385	5	-	-	-	-	-	5	380	379
Other intangible assets	1,751	45	289	2	112	1,975	795	12	202	-	-	61	948	1,027	956
Intangible assets	19,111	46	2,795	2	307	21,647	6,769	12	2,137	-	-	251	8,667	12,980	12,342
Land, titles to land, buildings, including buildings on third party land	15,935	285	789	221	344	16,886	6,691	124	843	-	-	206	7,452	9,434	9,244
thereof right-of-use assets from leases	3,108	59	416	-	220	3,363	796	20	433	-	-	115	1,134	2,229	2,312
Plant and machinery	40,299	634	2,292	864	2,350	41,739	30,239	468	3,180	-2	-	2,311	31,574	10,165	10,060
thereof right-of-use assets from leases	58	-	125	-	38	145	18	-	15	-	-	19	14	131	40
Other facilities, factory and office equipment	3,138	67	235	73	262	3,251	2,211	45	335	2	-	249	2,344	907	927
thereof right-of-use assets from leases	121	4	25	-	19	131	51	2	36	-	-	20	69	62	70
Advance payments made and construction in progress	1,619	23	1,407	-1,160	5	1,884	-	-	-	-	-	-	-	1,884 ²	1,619
Property, plant and equipment	60,991	1,009	4,723	-2	2,961	63,760	39,141	637	4,358	-	-	2,766	41,370	22,390	21,850
Leased products	50,120	1,725	18,465	-	16,463	53,847	8,125	301	5,263	-	-	4,542	9,147	44,700	41,995
Investments accounted for using the equity method	3,825	-	1,736	-	209	5,352	240	-	-	-	-	-	240	5,112	3,585
Investments in non-consolidated subsidiaries	301	11	47	-	19	340	85	2	-	-	-	-	87	253	216
Participations	963	28	75	-	46	1,020	444	-17	-	-	-434	-39	32	988	519
Non-current marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other investments	1,264	39	122	-	65	1,360	529	-15	-	-	-434	-39	119	1,241	735

¹ Thereof income amounting to € 434 million recognised in profit or loss.² Including assets under construction of € 1,354 million.

22 Intangible assets

Intangible assets mainly comprise capitalised development costs on vehicle, module and architecture projects as well as rights reacquired in conjunction with a business acquisition. Also included are subsidies for tool costs, licences, purchased development projects, emission allowances, software and purchased customer bases.

Other intangible assets include brand-name rights amounting to € 95 million (2021: € 43 million) which are allocated to the Automotive segment and are not subject to scheduled amortisation since their useful life is deemed to be indefinite. The brand-name rights are, to an extent, subject to a limited right of ownership. Intangible assets also include goodwill of € 33 million (2021: € 33 million) allocated to the Automotive excluding BMW Brilliance cash-generating unit (CGU) and goodwill of € 347 million (2021: € 347 million) allocated to the Financial Services CGU. Goodwill was recognised in conjunction with the business combination with BMW Brilliance during the year under report and allocated to the new BMW Brilliance CGU within the Automotive segment. The carrying amount at 31 December 2022 stood at € 1,182 million.

Further information on additions from business acquisitions is provided in [note 3](#).

As in the previous year, there was no requirement to recognise impairment losses or reversals of impairment losses on intangible assets in 2022.

As in the previous year, no financing costs were recognised as a cost component of intangible assets in 2022.

23 Property, plant and equipment (including right-of-use assets arising from leasing)

No impairment losses were recognised in 2022, as in the previous year.

As in the previous year, no financing costs were recognised as a cost component of property, plant and equipment in 2022.

Right-of-use assets arising from leases of land and buildings relate primarily to logistics and office premises and, to a lesser extent, to selling and production premises. In order to secure these premises and, in the interests of flexibility, the property rental agreements concerned often contain extension and termination options.

The regular review of the useful lives of items of property, plant and equipment subject to systematic depreciation takes into account the assumptions contained in the long-term corporate plan, and hence the ongoing transformation towards electromobility as well as the associated short- and medium-term impact on the product portfolio. In 2022, that review resulted in some useful lives being reassessed and extended accordingly, giving rise to a positive effect of € 524 million in the form of lower depreciation.

Moreover, a large volume of fully depreciated tools was derecognised, as a result of which disposals of historical cost and accumulated depreciation – as reported in the analysis of changes in tangible assets – increased year on year.

24 Leased products

Minimum lease payments of non-cancellable operating leases amounting to € 21,408 million (2021: € 23,026 million) fall due as follows:

in € million	31. 12. 2022	31. 12. 2021
within one year	9,606	10,123
between one and two years	6,522	7,052
between two and three years	3,465	3,812
between three and four years	1,512	1,702
between four and five years	265	302
later than five years	38	35
Minimum lease payments	21,408	23,026

Impairment losses amounting to € 527 million (2021: € 338 million) were recognised on leased products in 2022 as a consequence of changes in residual value expectations. Income from the reversal of impairment losses amounted to € 282 million (2021: € 111 million).

25 Investments accounted for using the equity method

Investments accounted for using the equity method comprise an interest in the joint venture YOUR NOW Holding GmbH (YOUR NOW), Munich, as well as interests in the associated companies IONITY Holding GmbH & Co. KG (IONITY), Munich, THERE Holding B.V. (THERE), Rijswijk, and Solid Power Inc. (Solid Power), Wilmington, Delaware.

BMW Brilliance

With the acquisition of a further 25 % of BMW Brilliance's shares on 11 February 2022, the previous joint venture became a subsidiary of the BMW Group. The transaction is described in detail in [note 3](#).

YOUR NOW

The at-equity loss reported for YOUR NOW for 2022 amounted to € 357 million (2021: loss of € 171 million). This includes impairment losses relating to the YOUR NOW subsidiary FREE NOW.

On 15 July 2022, YOUR NOW sold its subsidiary SHARE NOW GmbH to Stellantis N.V. In addition, the subsidiary moovel Group GmbH was merged with YOUR NOW on 1 August 2022. The impact of the two transactions is not material.

IONITY

In collaboration with Mercedes-Benz Group AG, the Ford Motor Company, the Volkswagen Group and the Hyundai Motor Group, the BMW Group operates the entity IONITY.

On 1 November 2021, a contract was signed with GRP III HPC Lux S.á.r.l. (Blackrock) for the provision of financing amounting to € 500 million for the further expansion of the charging network. The existing shareholders are also investing an additional € 200 million. With effect from 28 April 2022, following completion of the transaction, Blackrock became IONITY's largest shareholder. As a result, the former joint venture became an associated company of the BMW Group. IONITY's business model envisages the construction and operation of high-performance charging stations for battery-powered vehicles in Europe.

THERE

Together with AUDI AG, Mercedes-Benz Group AG and other companies, the BMW Group holds shares in THERE. HERE International B.V. (HERE) is an associated company of THERE. HERE's digital maps are laying the foundations for the next generation of mobility and location-based services, providing the basis for new assistance systems and, ultimately, fully automated driving.

Solid Power

The BMW Group holds shares in Solid Power, an industry-leading manufacturer of solid-state batteries for electric vehicles. Joint development partnerships are in place with Solid Power with a view to securing the supply of solid-state batteries for future generations of electric vehicles. The investment meets the criteria of an associated company and is accounted for using the equity method.

in € million	2022	2021
DISCLOSURES RELATING TO THE INCOME STATEMENT		
Profit / loss after tax	- 12	- 26
thereof from continuing operations	- 12	- 26
thereof from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	- 12	- 26

Financial information relating to equity accounted investments is summarised in the following tables (from a 100 % perspective):

	BMW Brilliance		THERE		YOUR NOW		IONITY	
in € million	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021
DISCLOSURES RELATING TO THE BALANCE SHEET								
Non-current assets	-	8,950	986	1,175	98	666	357	287
Current assets	-	15,062	1	2	218	528	162	49
thereof cash and cash equivalents	-	8,493	1	2	144	444	113	19
Equity	-	11,176	858	1,090	159	897	412	209
Non-current financial liabilities, provisions and liabilities	-	2,027	129	87	36	84	26	16
Current financial liabilities, provisions and liabilities	-	10,809	-	-	121	213	81	111
RECONCILIATION OF AGGREGATED FINANCIAL INFORMATION								
Assets	-	24,012	987	1,177	316	1,194	519	336
Provisions and liabilities	-	12,836	129	87	157	297	107	127
Net assets	-	11,176	858	1,090	159	897	412	209
Group's interest in net assets	-	5,588	255	298	78	424	62	42
Eliminations	-	-1,283	-	-	-	-	-	-
Carrying amount	-	4,305	255	298	78	424	62	42

in € million	BMW Brilliance		THERE		YOUR NOW		IONITY	
	2022	2021	2022	2021	2022	2021	2022	2021
DISCLOSURES RELATING TO THE INCOME STATEMENT								
Revenues	-	28,001	-	-	357	248	80	30
Scheduled depreciation	-	729	-	-	598	263	32	26
Profit / loss before financial result	-	4,457	-1	-1	-774	-309	-51	-39
Interest income	-	185	18	9	-	-	-	-
Interest expense	-	38	8	-	2	2	2	2
Income taxes	-	1,150	-	-	-5	8	-	-6
Profit / loss after tax	-	3,596	-134	-108	-800	-337	-53	-35
thereof from continuing operations	-	3,596	-134	-108	-797	-536	-53	-35
thereof from discontinued operations	-	-	-	-	-3	199	-	-
Other comprehensive income	-	174	-9	-17	-	-	-	-
Total comprehensive income	-	3,770	-143	-125	-800	-337	-53	-35

26 Receivables from sales financing

Receivables from sales financing comprise the following:

in € million	31.12.2022	31.12.2021
Credit financing for retail customers and dealerships*	64,382	65,258
Finance lease receivables	21,326	22,159
Receivables from sales financing	85,708	87,417

* Including operating leases.

Notes to the Group Financial Statements

Impairment allowances on receivables from sales financing in accordance with IFRS 9, which only arise within the Financial Services segment, developed as follows:

in € million	Stage 1	Stage 2		Stage 3	Total
		General	Simplified		
Impairment allowances at 1 January 2022	447	550	35	567	1,599
Reclassification to Stage 1	3	-22	-	-2	-21
Reclassification to Stage 2	-18	241	-	-37	186
Reclassification to Stage 3	-2	-36	-1	177	138
Derecognition and origination of receivables	115	77	2	-24	170
Write-off of receivables	-1	-15	-	-87	-103
Changes in risk parameters	85	44	2	3	134
Other changes	-53	96	-3	2	42
Impairment allowances at 31 December 2022	576	935	35	599	2,145

in € million	Stage 1	Stage 2		Stage 3	Total
		General	Simplified		
Impairment allowances at 1 January 2021	483	474	39	643	1,639
Reclassification to Stage 1	4	-31	-	-7	-34
Reclassification to Stage 2	-15	159	-	-25	119
Reclassification to Stage 3	-3	-37	-1	170	129
Derecognition and origination of receivables	34	11	1	-55	-9
Write-off of receivables	-1	-11	-	-131	-143
Changes in risk parameters	10	-46	-	-31	-67
Other changes	-65	31	-4	3	-35
Impairment allowances at 31 December 2021	447	550	35	567	1,599

Due to a weaker macroeconomic outlook as well as geopolitical uncertainties, an additional risk allowance for expected credit losses was recognised to take account of the negative impact on retail customer and dealership business, to the extent not covered by the BMW Group's standard loss provisioning models (post-model adjustments). The level of the additional risk allowance is reviewed on a regular basis. At 31 December 2022, the additional risk allowance was a mid-three-digit million amount, similar to one year earlier.

Impairment allowances include € 99 million (2021: € 102 million) on credit-impaired receivables relating to finance leases.

The estimated fair value of vehicles held as collateral for credit-impaired receivables at the end of the reporting period totalled € 455 million (2021: € 569 million). The carrying amount of assets held as collateral and taken back as a result of payment default amounted to € 35 million (2021: € 21 million).

Finance leases are analysed as follows:

in € million	31.12.2022	31.12.2021
due within one year	7,112	7,147
due between one and two years	6,272	6,528
due between two and three years	5,469	5,590
due between three and four years	4,146	4,435
due between four and five years	760	669
due later than five years	20	44
Gross investment in finance leases	23,779	24,413
due within one year	6,385	6,625
due between one and two years	5,694	6,001
due between two and three years	5,061	5,158
due between three and four years	3,914	4,080
due between four and five years	688	604
due later than five years	19	42
Net investment in finance leases without loss allowances	21,761	22,510
Unrealised interest income	2,018	1,903
Loss allowances	435	351
Net investment in finance leases	21,326	22,159

27 Financial assets

Financial assets comprise:

in € million	31.12.2022	31.12.2021
Marketable securities and investment funds	3,438	4,243
Derivative instruments	4,386	2,998
Loans to third parties	34	58
Other	379	216
Financial assets	8,237	7,515
thereof non-current	3,073	1,715
thereof current	5,164	5,800

28 Income tax assets

Income tax assets totalling € 1,096 million (2021: € 1,529 million) include claims amounting to € 26 million (2021: € 19 million), which are expected to be settled after more than one year. Claims may be settled earlier than this depending on the timing of the underlying proceedings. The decrease in income tax assets was mainly attributable to tax reimbursements during the year.

29 Other assets

Other assets comprise:

in € million	31.12.2022	31.12.2021
Return right assets for future leased products	4,317	2,405
Receivables from companies in which an investment is held	50	2,190
Receivables from subsidiaries	1,036	694
Collateral assets	454	295
Other assets (financial instruments)	5,857	5,584
Other taxes	1,846	1,950
Expected reimbursement claims	872	1,112
Prepaid expenses	477	397
Other assets (non-financial instruments)	3,195	3,459
Sundry other assets	1,580	1,200
Other assets	10,632	10,243
thereof non-current	1,030	1,302
thereof current	9,602	8,941

Collateral assets comprise mainly customary collateral (banking deposits) arising on the sale of asset-backed financing instruments.

30 Inventories

Inventories comprise the following:

in € million	31.12.2022	31.12.2021
Finished goods and goods for resale	12,563	9,683
Work in progress, unbilled contracts	3,235	3,175
Raw materials and supplies	3,424	2,277
Vehicles held for sale in the financial services business	524	404
Advance payments to suppliers	259	389
Inventories	20,005	15,928

Out of the total amount recognised for inventories at 31 December 2022, inventories measured at net realisable value amounted to € 1,940 million (2021: € 1,457 million). Write-downs to net realisable value in the financial year 2022 amounted to € 112 million (2021: € 41 million), while reversals of write-downs amounted to € 11 million (2021: € 5 million).

The expense recorded in conjunction with inventories during the financial year 2022 amounted to € 76,014 million (2021: € 54,484 million).

At 31 December 2022, the carrying amounts of inventories expected to be realised after more than twelve months amount to € 98 million (2021: € 194 million).

31 Trade receivables

Trade receivables comprise the following:

in € million	31.12.2022	31.12.2021
Gross carrying amount	4,186	2,293
Allowances for impairment of stage 2 simplified approach	- 16	- 18
Allowances for impairment of stage 3	- 43	- 14
Net carrying amount	4,127	2,261
thereof non-current	2	3
thereof current	4,125	2,258

In the financial year 2022, trade receivables include € 1,404 million for the first time relating to BMW Brilliance.

Impairment allowances on trade receivables in accordance with IFRS 9 developed as follows:

in € million	2022	2021
Balance at 1 January	32	47
Allocated	34	8
Reversed	- 5	- 20
Utilised	- 2	- 4
Exchange rate impact and other changes	-	1
Balance at 31 December	59	32

In the case of trade receivables, collateral is generally held in the form of vehicle documents and bank guarantees so that the risk of bad debt loss is very limited.

Expenses for impairment losses and income from the reversal of impairment losses are not significant for the BMW Group and are therefore not reported separately in the income statement.

32 Equity

Number of shares issued

	Preferred stock		Common stock	
	2022	2021	2022	2021
Shares issued / in circulation at 1 January	59,404,304	57,689,304	601,995,196	601,995,196
Shares issued in conjunction with Employee Share Programme	1,439,975	1,718,070	-	-
Less: shares repurchased and re-issued	-	3,070	-	-
Less: shares repurchased and withdrawn from circulation	1,448,950	-	15,312,007	-
Shares in circulation at 31 December	59,395,329	59,404,304	586,683,189	601,995,196
Treasury shares	1,448,950	-	15,312,007	-
Number of shares issued at 31 December	60,844,279	59,404,304	601,995,196	601,995,196

All Company stock is issued to bearer and each share has a par value of € 1.00. Preferred stock, to which no voting rights are attached, bears an additional dividend of € 0.02 per share.

In the financial year 2022, a total of 1,439,975 shares of preferred stock was sold to employees at a reduced price of € 59.06 per share in conjunction with an Employee Share Programme. These shares are entitled to receive dividends for the first time with effect from the financial year 2023.

Issued share capital increased by € 1.4 million as a result of the issue to employees of 1,439,975 new shares of non-voting preferred stock. BMW AG is authorised up to 15 May 2024 to issue 5 million shares of non-voting preferred stock amounting to nominal € 5.0 million. At the end of the reporting period, 0.3 million of these amounting to nominal € 0.3 million remained available for issue.

Capital reserves

Capital reserves include premiums arising from the issue of shares and totalled € 2,432 million (2021: € 2,325 million). The change amounting to € 107 million related to the share capital increase in conjunction with the issue of shares of preferred stock to employees.

Revenue reserves

Revenue reserves comprise the non-distributed earnings of companies consolidated in the Group Financial Statements. In addition, remeasurements of the net defined benefit obligation for pension plans are also presented in revenue reserves.

The Board of Management and the Supervisory Board propose that the unappropriated profit of BMW AG for the financial year 2022 amounting to € 5.5 billion be utilised to pay a dividend of € 8.52 for each share of preferred stock entitled to receive a dividend, and a dividend of € 8.50 for each share of common stock entitled to receive a dividend, and that the remaining amount be transferred to revenue reserves. Based on the number of shares at 31 December 2022 entitled to receive a dividend, the proposed dividend represents a total payout of € 5.5 billion.

The proposal for the appropriation of profit takes into account treasury shares held at 31 December 2022 which are not entitled to receive a dividend.

The number of shares entitled to receive a dividend may change prior to the Annual General Meeting. In this case, based on an unchanged distribution per share of common and preferred stock

entitled to receive a dividend, a correspondingly amended resolution concerning the appropriation of profit will be submitted to the Annual General Meeting.

The proposed distribution was not recognised as a liability in the Group Financial Statements.

Accumulated other equity

Accumulated other equity comprises amounts recognised directly in equity resulting from the translation of the financial statements of foreign subsidiaries, changes in the fair value of derivative financial instruments and marketable securities, costs of hedging recognised directly in equity as well the related deferred taxes.

Treasury shares

At the Annual General Meeting of BMW AG 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 and to withdraw those shares from circulation without any further resolution by the Annual General Meeting. The buyback authorisation remains valid until 10 May 2027. BMW AG resolved to initiate

a share buyback programme on the basis of this authorisation. The programme has 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 is scheduled to be completed by no later than 31 December 2023.

During the period from 1 July 2022 to 31 December 2022, BMW AG repurchased 15,312,007 shares of common stock for € 1,172 million and 1,448,950 shares of preferred stock for € 106 million, all of which are now reported as treasury shares.

As at 31 December 2022, BMW AG therefore held a total of 16,760,957 treasury shares, corresponding to a nominal amount of € 16,760,957 or 2.53 % of BMW AG's share capital.¹

Capital management disclosures

The BMW Group's objectives with regard to capital management are to safeguard over the long-term the Group's ability to continue as a going concern and to provide an adequate return to shareholders.

The capital structure is managed in order to meet needs arising from changes in economic conditions and the risks of the underlying assets.

The BMW Group is not subject to any unified external minimum equity capital requirements. Within the Financial Services segment, however, there are a number of individual entities which are subject to equity capital requirements of relevant regulatory banking authorities.

In order to manage its capital structure, the BMW Group uses various instruments, including the amount of dividends paid to shareholders and share buybacks. Moreover, the BMW Group actively manages debt capital, carrying out funding activities with a target debt structure in mind.

A key aspect in the selection of financial instruments is the objective to achieve matching maturities for the Group's financing requirements. In order to reduce non-systematic risk, the BMW Group uses a variety of financial instruments available on the world's capital markets to achieve diversification.

The capital structure at the end of the reporting period was as follows:

in € million	31.12.2022	31.12.2021
Equity attributable to shareholders of BMW AG	87,125	74,366
Proportion of total capital	48.1 %	41.8 %
Non-current financial liabilities	53,469	62,342
Current financial liabilities	40,727	41,121
Total financial liabilities	94,196	103,463
Proportion of total capital	51.9 %	58.2 %
Total capital	181,321	177,829

Equity attributable to shareholders of BMW AG increased during the financial year by 17.2 %, primarily reflecting the increase in revenue reserves.

33 Non-controlling interests

The 25 % non-controlling interests of other shareholders in the subsidiary BMW Brilliance represent a significant item in the BMW Group's balance sheet. At the date of acquisition (11 February 2022), the direct non-controlling interests in BMW Brilliance were measured at € 4,574 million. The remaining amount of non-controlling interests arising from the transaction relate to

BMW Automotive Finance (China) Co. Ltd. and Herald International Financial Leasing Co., Ltd.

Total comprehensive income allocated to the other shareholders of BMW Brilliance since 11 February 2022 amounts to € 580 million. In addition, dividends totalling € 1,445 million were paid to these shareholders during the financial year 2022.

At 31 December 2022, non-controlling interests therefore amounted to € 3,709 million.

Financial information relating to BMW Brilliance from 11 February onwards is summarised in the following table (from a 100 % perspective):

in € million	BMW Brilliance 2022 ²
DISCLOSURES RELATING TO THE INCOME STATEMENT	
Revenues	29,243
Profit after tax	2,140
Total comprehensive income	2,193
DISCLOSURES RELATING TO THE BALANCE SHEET	
Non-current assets	18,823
Current assets	12,344
Non-current liabilities	4,059
Current liabilities	9,756
DISCLOSURES RELATING TO THE CASH FLOW STATEMENT	
Total cash flows	- 4,268

² Disclosures relating to the income statement and cash flow statement refer to the period 11 February to 31 December 2022, while the disclosures relating to the balance sheet refer to 31 December 2022. Cash flows include distributions.

¹ The number of shares reported here corresponds the number of shares transferred by the mandated banks to BMW AG as at 31 December 2022, which differs from the transaction volume published on the BMW Group website.

34 Pension provisions

In the case of defined benefit plans, the BMW Group is required to pay the benefits it has granted to present and past employees. Defined benefit plans may be covered by provisions or pension assets. In Germany, pension obligations of the BMW Group are almost entirely covered by assets transferred to BMW Trust e.V., Munich (BMW Trust), in conjunction with a Contractual Trust Arrangement (CTA) (funded plan). In addition, funded plans also exist in the UK as well as in the USA, Switzerland, Belgium and

Japan. In the meantime, all of the main defined benefit plans have been closed for new entrants and replaced by defined contribution plans.

The assumptions stated below, which depend on the economic situation in the relevant country, are used to measure the defined benefit obligation of each pension plan. The following weighted average values have been used for Germany, the UK and other countries:

	Germany		United Kingdom		Other	
in %	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021
Discount rate	3.67	1.04	4.73	1.83	5.88	2.27
Pension level trend	2.53	2.10	2.26	2.36	-	-
Weighted duration of all pension obligations in years	14.2	17.5	13.7	17.8	12.8	15.4

The following mortality tables are applied in countries, in which the BMW Group has significant defined benefit plans:

Germany	Mortality Table 2018 G issued by Prof. K. Heubeck (with invalidity rates reduced by 70 %)
United Kingdom	S3PA Tables and CMI_2020 model with improvement factor of 1.25 %

In addition, a career trend component, which is plan-dependent and lies within a range of 0.25 % to 0.50 %, is taken into account in the measurement of pension obligations in Germany (2021: career trend of 0.25 % to 0.50 %).

Based on the measurement principles contained in IAS 19, the following balance sheet carrying amounts apply to the Group's pension plans:

in € million	Germany		United Kingdom		Other		Total	
	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021
Present value of defined benefit obligations	11,529	15,045	5,287	8,844	869	1,100	17,685	24,989
Fair value of plan assets	11,508	14,105	6,134	9,968	741	938	18,383	25,011
Effect of limiting net defined benefit asset to asset ceiling	-	-	879	1,184	15	3	894	1,187
Carrying amounts	21	940	32	60	143	165	196	1,165
thereof pension provisions	118	947	77	106	144	194	339	1,247
thereof assets	-97	-7	-45	-46	-1	-29	-143	-82

The most significant of the BMW Group's pension plans are described below.

Germany

Both employer- and employee-funded benefit plans exist in Germany. Benefits paid in conjunction with these plans comprise old-age retirement pensions as well as invalidity and surviving dependents' benefits. The level of ongoing pension payments is adjusted in accordance with § 16 of the Company Pensions Act (Betriebsrentengesetz).

The defined benefit plans have been closed to new entrants since 2014. Defined contribution plans with a minimum rate of return, comprising employer- and employee-funded components, continue to exist. The fact that the plan involves a minimum rate of return means that the defined contribution entitlements are classified in accordance with IAS 19 as defined benefit plans. In 2021, employees in the defined benefit plan were given the option to

switch to the defined contribution plan. In the case of defined benefit plans involving the payment of a pension, the amount of benefits to be paid is determined by multiplying a fixed amount by the number of years of service.

The assets of the German pension plans are invested by BMW Trust (a German association) in accordance with a CTA. The representative bodies of the association are the Board of Directors and the Members' General Meeting. BMW Trust currently has seven members and three members of the Board of Directors elected by the Members' General Meeting. The Board of Directors is responsible for investments, drawing up and deciding on investment guidelines as well as monitoring compliance with those guidelines. The members of the association can be employees, employee representatives, senior executives and members of the Board of Management of BMW AG. An ordinary Members' General Meeting takes place once every calendar year, and deals with a range of matters, including receiving and approving the

association's annual report, ratifying the activities of the Board of Directors and adopting changes to the association's statutes.

UK

Defined benefit plans exist in the UK which are closed for all plan participants. Vested benefits remain in place. New benefits are covered by contributions made to a defined contribution plan.

The defined benefit pension plans are administered by BMW Pension Trustees Limited, Farnborough, and BMW (UK) Trustees Limited, Farnborough, both trustee companies which act independently of the BMW Group. BMW (UK) Trustees Limited, Farnborough, is represented by ten trustees and BMW Pension Trustees Limited, Farnborough, by five trustees. A minimum of one third of the trustees must be elected by plan participants. The trustees represent the interests of plan participants and decide on investment strategies. Funding contributions to the funds are determined in agreement with the BMW Group.

The change in the net defined benefit liability for pension plans can be derived as follows:

in € million	Defined benefit obligation	Plan assets	Total	Effect of limitation of the net defined benefit asset to the asset ceiling	Net defined benefit liability
1 January 2022	24,989	- 25,011	- 22	1,187	1,165
EXPENSE / INCOME					
Current service cost	415	-	415	-	415
Interest expense (+) / income (-)	338	- 349	- 11	21	10
Past service cost	34	-	34	-	34
Gains (-) or losses (+) arising from settlements	-	-	-	-	-
REMEASUREMENTS					
Gains (-) or losses (+) on plan assets, excluding amounts included in interest income	-	6,417	6,417	-	6,417
Gains (-) or losses (+) arising from changes in financial assumptions	- 7,471	-	- 7,471	-	- 7,471
Gains (-) or losses (+) arising from changes in demographic assumptions	- 201	-	- 201	-	- 201
Gains (-) or losses (+) arising from experience adjustments	462	-	462	-	462
Changes in the limitation of the net defined benefit asset to the asset ceiling	-	-	-	- 262	- 262
Transfers to fund	-	- 367	- 367	-	- 367
Employee contributions	106	- 106	-	-	-
Pensions and other benefits paid	- 703	697	- 6	-	- 6
Translation differences and other changes	- 284	336	52	- 52	-
31 December 2022	17,685	- 18,383	- 698	894	196
thereof pension provisions					339
thereof assets					- 143

Notes to the Group Financial Statements

in € million	Defined benefit obligation	Plan assets	Total	Effect of limitation of the net defined benefit asset to the asset ceiling	Net defined benefit liability
1 January 2021	26,587	- 22,910	3,677	3	3,680
EXPENSE / INCOME					
Current service cost	411	-	411	-	411
Interest expense (+) / income (-)	257	- 235	22	-	22
Past service cost	- 527	-	- 527	-	- 527
Gains (-) or losses (+) arising from settlements	-	-	-	-	-
REMEASUREMENTS					
Gains (-) or losses (+) on plan assets, excluding amounts included in interest income	-	- 652	- 652	-	- 652
Gains (-) or losses (+) arising from changes in financial assumptions	- 1,341	-	- 1,341	-	- 1,341
Gains (-) or losses (+) arising from changes in demographic assumptions	- 616	-	- 616	-	- 616
Gains (-) or losses (+) arising from experience adjustments	97	-	97	-	97
Changes in the limitation of the net defined benefit asset to the asset ceiling	-	-	-	1,157	1,157
Transfers to fund	-	- 1,082	- 1,082	-	- 1,082
Employee contributions	90	- 90	-	-	-
Pensions and other benefits paid	- 680	675	- 5	-	- 5
Translation differences and other changes	711	- 717	- 6	27	21
31 December 2021	24,989	- 25,011	- 22	1,187	1,165
thereof pension provisions					1,247
thereof assets					- 82

In the previous year, in conjunction with a measure aimed at modernising the pension model in Germany, employees were given the choice of remaining in the previous defined benefit plan or switching to the defined contribution plan. The fixed amounts to which employees were previously entitled in the defined benefit plan remain unchanged going forward and therefore resulted in a plan amendment in accordance with IAS 19. Also in 2021, the previous pension entitlement trend (Festbetragstrend) was converted – with the exception of one remaining component – into

a career trend. Furthermore, an employee switching to the defined contribution plan received an entitlement deemed to be equivalent in legal terms to their previous rights.

This gave rise in the financial year 2021 to an overall positive impact of € 562 million on past service cost, which was recognised in the income statement, primarily in the form of reductions to cost of sales as well as to selling and administrative expenses.

Due to the fact that there is no right of reimbursement or right to reduce future contributions to the fund, the amount of plan assets reported for the UK pension plan has been limited to the amount of the obligations.

Depending on the cash flow profile and risk structure of the pension obligations involved, plan assets relating to defined benefit plans are invested in a diversified portfolio.

Plan assets in Germany, the UK and other countries comprised the following:

in € million	Germany		United Kingdom		Other		Total	
	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021
Equity instruments	2,068	2,875	14	342	37	85	2,119	3,302
Debt instruments	6,101	7,742	4,343	7,081	51	660	10,495	15,483
thereof investment grade	5,436	5,302	4,343	6,377	51	653	9,830	12,332
thereof mixed funds (funds without a rating)	-	-	-	-	-	-	-	-
thereof non-investment grade	665	2,440	-	704	-	7	665	3,151
Real estate funds	-	-	-	-	28	20	28	20
Money market funds	-	-	35	157	15	37	50	194
Absolute return funds	-	-	-	-	-	-	-	-
Other	232	223	-	-	-	4	232	227
Total with quoted market price	8,401	10,840	4,392	7,580	131	806	12,924	19,226
Debt instruments	340	800	55	646	4	5	399	1,451
thereof investment grade	332	328	-	-	-	-	332	328
thereof mixed funds (funds without a rating)	8	472	55	646	-	-	63	1,118
thereof non-investment grade	-	-	-	-	4	5	4	5
Real estate	455	494	700	786	-	-	1,155	1,280
Cash and cash equivalents	32	55	-	-	-	1	32	56
Absolute return funds	843	709	640	742	2	10	1,485	1,461
Other	1,437	1,207	347	214	604	116	2,388	1,537
Total without quoted market price	3,107	3,265	1,742	2,388	610	132	5,459	5,785
Total plan assets	11,508	14,105	6,134	9,968	741	938	18,383	25,011

In the financial year 2023, disbursements out of the plan assets are expected to exceed the employer's contributions to plan assets by € 342 million. Plan assets of the BMW Group include own transferable financial instruments amounting to € 7 million (2021: € 2 million).

The BMW Group is exposed to risks arising both from defined benefit plans and defined contribution plans with a minimum return guarantee. The discount rates used to calculate pension obligations are subject to market fluctuations and therefore influence the level of the obligations. Furthermore, changes in other actuarial parameters, such as expected rates of inflation, also have an impact on pension obligations. In order to reduce currency exposures, a substantial portion of plan assets is either invested in the same currency as the underlying plan or hedged by means of currency derivatives. As part of the internal reporting procedures and for internal management purposes, financial risks relating to the pension plans are reported using a value-at-risk approach by reference to the pension deficit. The investment strategy is also subject to regular review together with external consultants, with the aim of ensuring that investments are structured to match the timing of pension payments and the expected development of pension obligations. In this way, fluctuations in pension provisions recognised in the balance sheet are reduced.

The defined benefit obligation relates to current employees, pensioners and former employees with vested benefits as follows:

in %	Germany		United Kingdom		Other	
	31.12.2022	31.12.2021	31.12.2022	31.12.2021	31.12.2022	31.12.2021
Current employees	57.7	62.0	-	-	56.7	59.9
Pensioners	35.6	30.6	59.5	50.4	35.8	32.2
Former employees with vested benefits	6.7	7.4	40.5	49.6	7.5	7.9
Defined benefit obligation	100.0	100.0	100.0	100.0	100.0	100.0

The sensitivity analysis provided below shows the extent to which changes in individual factors – independently of each other – could influence the defined benefit obligation at the end of the reporting period.

It is only possible to aggregate sensitivities to a limited extent. Since the change in obligation follows a non-linear pattern,

estimates made on the basis of the specified sensitivities are only possible with this restriction. The calculation of sensitivities using ranges other than those specified could result in a disproportional change in the defined benefit obligation.

In the UK, the sensitivity analysis for the pension level trend also takes account of restrictions due to caps and floors.

Change in defined benefit obligation

		31.12.2022		31.12.2021	
		in € million	in %	in € million	in %
Discount rate	increase of 0.75 %	-1,379	-7.8	-2,650	-10.6
	decrease of 0.75 %	1,632	9.2	3,311	13.2
Pension level trend	increase of 0.25 %	322	1.8	610	2.4
	decrease of 0.25 %	-307	-1.7	-586	-2.3
Average life expectancy	increase of 1 year	492	2.8	896	3.6
	decrease of 1 year	-509	-2.9	-910	-3.6
Career trend	increase of 0.10 %	37	-	63	-
	decrease of 0.10 %	-37	-	-62	-

35 Other provisions

Other provisions changed during the year as follows:

in € million	1. 1. 2022	Additions arising on business combinations	Translation differences	Additions	Reversal of discounting	Utilised	Reversed	31. 12. 2022	thereof due within one year
Statutory and voluntary warranty obligations, product guarantees	6,600	872	141	3,820	- 372	- 2,181	- 629	8,251	2,337
Obligations for personnel and social expenses	3,317	-	7	2,106	- 156	- 1,922	- 103	3,249	2,287
Other obligations	2,589	119	21	933	- 57	- 534	- 653	2,418	1,161
Other obligations for ongoing operational expenses	1,448	1	15	1,496	-	- 719	- 398	1,843	1,531
Other provisions	13,954	992	184	8,355	- 585	- 5,356	- 1,783	15,761	7,316

in € million	1. 1. 2021	Translation differences	Additions	Reversal of discounting	Utilised	Reversed	31. 12. 2021	thereof due within one year
Statutory and voluntary warranty obligations, product guarantees	6,131	241	2,714	- 54	- 2,220	- 212	6,600	1,798
Obligations for personnel and social expenses	2,582	14	2,083	- 23	- 1,299	- 40	3,317	2,196
Other obligations	3,666	41	1,219	- 9	- 994	- 1,334	2,589	1,421
Other obligations for ongoing operational expenses	1,603	56	1,111	-	- 1,108	- 214	1,448	1,333
Other provisions	13,982	352	7,127	- 86	- 5,621	- 1,800	13,954	6,748

Depending on when claims occur, it is possible that the BMW Group may be called upon to fulfil the warranty or guarantee obligations over the whole period of the warranty or guarantee. Warranty provisions include amounts recognised in connection with the exhaust gas recirculation cooler. Expected reimbursement claims at 31 December 2022 amounted to € 872 million (2021: € 1,112 million) and are disclosed within other assets (see [note 29](#)). The higher amount of additions compared to the financial year 2021 was mainly due to additions relating to the exhaust gas recirculation cooler, inflation-induced increases to a variety of provisions and the full consolidation of BMW Brilliance.

Provisions for obligations for personnel and social expenses comprise mainly obligations relating to performance-related remuneration components, workforce measures as well as pre-retirement part-time working arrangements and long-service awards.

The provisions for other obligations cover numerous specific risks and uncertain obligations, in particular for litigation and liability risks. Further information on the reversal of the provision relating to EU Commission antitrust proceedings was provided in [note 10](#) to the BMW Group Financial Statements for the financial year 2021 included in the BMW Group Report 2021.

Other obligations for ongoing operational expenses include in particular expected payments for dealer bonuses and other price deductions.

36 Income tax liabilities

Current income tax liabilities totalling € 1,224 million (2021: € 921 million) include € 58 million (2021: € 44 million) which are expected to be settled after more than twelve months. Liabilities may be settled earlier than this depending on the timing of the underlying proceedings.

37 Financial liabilities

Financial liabilities of the BMW Group comprise the following:

in € million	31. 12. 2022				31. 12. 2021			
	Maturity within one year	Maturity between one and five years	Maturity later than five years	Total	Maturity within one year	Maturity between one and five years	Maturity later than five years	Total
Bonds	11,020	22,306	7,758	41,084	12,406	28,675	10,417	51,498
Asset-backed financing transactions	7,895	10,851	-	18,746	6,891	12,471	-	19,362
Liabilities from customer deposits (banking)	13,223	3,274	14	16,511	13,175	3,507	20	16,702
Liabilities to banks	4,187	2,399	669	7,255	4,918	3,186	975	9,079
Lease liabilities	533	1,369	862	2,764	475	1,131	814	2,420
Derivative instruments	1,462	2,142	1,457	5,061	1,146	581	148	1,875
Commercial paper	1,712	-	-	1,712	1,374	-	-	1,374
Other	695	138	230	1,063	736	75	342	1,153
Financial liabilities	40,727	42,479	10,990	94,196	41,121	49,626	12,716	103,463

Planned future cash outflows from variable lease payments, which are not taken into account in the measurement of lease liabilities, are expected to amount to € 43 million (2021: € 48 million).

Similarly, potential future cash outflows amounting to € 1,608 million (2021: € 1,262 million) (undiscounted) have not been taken into account in the measurement of lease liabilities as it is not reasonably certain that the leases will be renewed (or not terminated). These cash outflows relate to periods of up to 61 years (2021: up to 62 years).

Notes to the Group Financial Statements

Liabilities related to financing activities can be reconciled as follows:

in € million	1.1.2022	Cash inflows / outflows	Changes due to the acquisition or disposal of companies	Changes due to exchange rate factors	Changes in fair values	Other changes	31.12.2022
Bonds	51,498	- 8,107	-	1,011	- 3,321	3	41,084
Asset-backed financing transactions	19,362	- 471	-	- 142	-	- 3	18,746
Liabilities from customer deposits (banking)	16,702	- 658	-	410	- 11	68	16,511
Liabilities to banks	9,079	- 1,613	-	- 25	- 186	-	7,255
Lease liabilities	2,420	- 531	129	4	-	742	2,764
Commercial paper	1,374	261	-	77	-	-	1,712
Financial liabilities towards companies in which an investment is held	2,188	- 150	-	44	-	- 2,082	-
Other (excluding interest payable)	724	- 18	-	- 30	- 14	-	662
Liabilities relating to financing activities	103,347	- 11,287	129	1,349	- 3,532	- 1,272	88,734

in € million	1.1.2021	Cash inflows / outflows	Changes due to the acquisition or disposal of companies	Changes due to exchange rate factors	Changes in fair values	Other changes	31.12.2021
Bonds	56,665	- 6,021	-	1,647	- 787	- 6	51,498
Asset-backed financing transactions	18,819	- 331	-	874	-	-	19,362
Liabilities from customer deposits (banking)	16,466	- 229	-	465	-	-	16,702
Liabilities to banks	9,037	- 357	-	458	- 59	-	9,079
Lease liabilities	2,511	- 464	-	42	-	331	2,420
Commercial paper	550	781	-	43	-	-	1,374
Financial liabilities towards companies in which an investment is held	740	1,295	-	153	-	-	2,188
Other (excluding interest payable)	752	- 18	-	- 10	-	-	724
Liabilities relating to financing activities	105,540	- 5,344	-	3,672	- 846	325	103,347



Notes to the Group Financial Statements

Bonds comprise:

Issuer	Interest	Issue volume in relevant currency (ISO Code)	Weighted average maturity period (in years)	Weighted average nominal interest rate (in %)
BMW Finance N. V.	variable	EUR 500 million	3.0	1.8
	variable	NOK 1.230 million	3.0	5.3
	variable	SEK 1.500 million	4.0	3.2
	fixed	EUR 20.650 million	7.1	0.8
	fixed	CNY 13.500 million	2.8	3.2
	fixed	JPY 13.400 million	5.6	0.6
	fixed	HKD 1.224 million	6.6	2.9
	fixed	USD 1.000 million	7.5	2.6
	fixed	NOK 750 million	4.0	2.3
BMW US Capital, LLC	fixed	AUD 273 million	10.0	3.2
	variable	USD 1.950 million	3.2	2.6
	fixed	USD 15.525 million	6.9	3.1
BMW International Investment B. V.	fixed	EUR 500 million	12.0	1.0
	fixed	GBP 950 million	4.4	1.3
	fixed	NOK 1.000 million	10.0	3.3
Other	fixed	CHF 600 million	6.8	0.5
	fixed	JPY 10.000 million	3.0	0.2
	fixed	CAD 800 million	3.3	1.4

38 Other liabilities

Other liabilities comprise the following items:

in € million	31. 12. 2022	31. 12. 2021
Refund liabilities for future leased products	5,777	3,108
Bonuses and sales aides	4,809	3,123
Payables to other companies in which an investment is held	51	2,367
Payables to subsidiaries	255	180
Deposits received	1,047	895
Other liabilities (financial instruments)	11,939	9,673
Contract liabilities	7,651	5,955
Deferred income	3,633	3,820
Other taxes	1,412	1,143
Social security	120	123
Other advance payments received for orders	237	160
Other liabilities (non-financial instruments)	13,053	11,201
Sundry	2,241	1,546
Other liabilities	27,233	22,420

Contract liabilities relate to obligations for service and repair work as well as telematics services and roadside assistance agreed to be part of the sale of a vehicle (in some cases multi-component arrangements). An amount of € 3,146 million excluding BMW Brilliance (2021: € 3,035 million) was released from contract liabilities in the financial year and recognised as revenues from contracts with customers.

In the financial year 2022, contract liabilities include € 1,826 million for the first time relating to BMW Brilliance.

Deferred income includes down payments received on leases with customers as well as deferred grants.

Grants comprise mainly public sector funds to promote regional structures and which have been invested in the production plants in Brazil, China, Germany, Mexico, Austria and South Africa amongst others. The grants are partly subject to holding periods for the assets concerned of up to five years and/or minimum employment figures or minimum production figures. Grant income is recognised in the income statement over the useful lives of the assets to which it relates.

39 Trade payables

Trade payables mainly have a remaining term of up to one year.

In the financial year 2022, trade payables include € 2,782 million for the first time relating to BMW Brilliance.

OTHER DISCLOSURES

40 Contingent liabilities and other financial commitments

Contingent liabilities

The following contingent liabilities existed at the balance sheet date:

in € million	31.12.2022	31.12.2021
Investment subsidies	63	56
Litigation	94	131
Guarantees	89	77
Other	1,112	1,202
Contingent liabilities	1,358	1,466

Other contingent liabilities mainly comprise risks relating to taxes and customs duties.

The BMW Group determines its best estimate of contingent liabilities on the basis of the information available at the date of preparation of the Group Financial Statements. This assessment may change over time and is adjusted regularly on the basis of new information and circumstances. A part of the risks is covered by insurance.

The EU Commission's antitrust proceedings were settled on 8 July 2021 (see [note 10](#) to the BMW Group Financial Statements for the financial year 2021 included in the BMW Group Report 2021).

In addition, respective antitrust proceedings were opened against BMW AG by the Chinese State Administration for Market Regulation in March 2019 and the Korea Fair Trade Commission in May 2020. Possible risks for the BMW Group in connection with the antitrust proceedings in China cannot be currently foreseen, neither in terms of their outcome nor the amounts involved. The South Korean antitrust authority decided at the beginning of 2023 to terminate the proceedings by imposing a fine.

In relation to these allegations, numerous class action lawsuits have been brought in the USA and Canada as well as several individual customers' lawsuits in South Korea. In the USA, the customer class actions were withdrawn and the dealer class action was dismissed. The class action lawsuits in Canada and individual customers' lawsuits in South Korea remain at an early stage. Further civil lawsuits based on the allegations are possible going forward. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

Regulatory authorities have ordered the BMW Group to recall various vehicle models in conjunction with airbags supplied by the Takata group of companies. Provision for the costs involved has been recognised within warranty provisions. In addition to the risks already covered by warranty provisions, it cannot be ruled out that further vehicles of the BMW Group will be affected by future recall actions. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

On 22 January 2020, the U.S. Securities and Exchange Commission (SEC) opened an investigation into possible violations of U.S. securities laws by the BMW Group relating to disclosures regarding the BMW Group's unit sales of new vehicles. This matter was settled with the SEC, without admitting or denying the allegations, and the BMW Group consented to the entry of an Order finding violations of the U. S. Securities Act and agreed to pay a penalty of US \$ 18 million. Following the SEC Order, Certain BMW Group entities and their officers became defendants in private securities litigation. The claimants withdrew the claim against the individual defendants voluntarily without prejudice. The remaining parties reached an agreement to settle the action for a settlement amount of US \$ 1.75 million. This settlement has been approved by the court on 21 December 2022, which concludes this civil proceeding.

Several BMW Group entities are facing a number of diesel emissions-related court claims in England. The claimants have applied for a group litigation order. Given that the proceedings are still at an early stage, the probability, amount or timing of any liability is not practical to be estimated at present. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

In March 2022, the European Commission (EC) conducted inspections at the premises of automobile manufacturers and associations located in several member states. In parallel, the EC sent out formal requests for information to several automobile manufacturers, including BMW AG. The inspections and requests for information concern possible collusion in relation to the collection, treatment and recovery of end-of-life vehicles and light commercial vehicles. The inspections were conducted in coordination with the UK Competition and Markets Authority, which has initiated formal proceedings in respect of the UK market. Appropriate risk provisions were recognised in the second quarter 2022 in connection with these investigations. Due to the early stage of the investigations, further risks for the BMW Group in connection with the proceedings of the two authorities cannot be quantified at present. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

Following a request for legal assistance from the Korean authorities in 2020 in connection with leaks in exhaust gas recirculation modules in BMW Group vehicles, the Munich public prosecutor's office initiated an investigation and searched BMW Group offices in Munich and Steyr in June 2022. The ongoing investigations by the authorities have never referred to the allegation of the use of illegal defeat devices. This was also not the subject of the search conducted in June 2022. Potential risks for the BMW Group cannot be quantified at the present time. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

Other financial commitments

In addition to liabilities, provisions and contingent liabilities, the following commitments exist for the BMW Group at the end of the reporting period:

in € million	31.12.2022	31.12.2021
Purchase commitments for property, plant and equipment	5,758	3,350
Purchase commitments for intangible assets	1,912	2,190

41 Financial instruments

The carrying amounts of financial instruments are assigned to IFRS 9 categories in the following table:

in € million	31.12.2022				31.12.2021			
	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Not allocated to an IFRS 9 category	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Not allocated to an IFRS 9 category
ASSETS								
Other investments	-	-	1,003	348	-	-	947	294
Receivables from sales financing	63,808	-	-	21,900	64,795	-	-	22,622
Financial assets								
Derivative instruments								
Cash Flow Hedges	-	-	-	2,046	-	-	-	1,596
Fair Value Hedges	-	-	-	427	-	-	-	1,012
Other derivative instruments	-	-	1,913	-	-	-	390	-
Marketable securities and investment funds	-	2,908	530	-	20	3,238	985	-
Loans to third parties	26	-	8	-	35	-	23	-
Other*	236	-	-	143	134	-	-	82
Cash and cash equivalents	16,860	-	10	-	15,983	-	26	-
Trade receivables	4,127	-	-	-	2,261	-	-	-
Other assets								
Receivables from subsidiaries	1,036	-	-	-	694	-	-	-
Receivables from companies in which an investment is held	50	-	-	-	2,190	-	-	-
Collateral assets	454	-	-	-	295	-	-	-
Remaining other assets	1,489	-	-	7,603	1,547	-	-	5,517
Total	88,086	2,908	3,464	32,467	87,954	3,238	2,371	31,123

* Prior year's figures adjusted.

Notes to the Group Financial Statements

in € million	31.12.2022				31.12.2021			
	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Not allocated to an IFRS 9 category	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Not allocated to an IFRS 9 category
LIABILITIES								
Financial liabilities								
Bonds	41,084	-	-	-	51,498	-	-	-
Liabilities to banks	7,255	-	-	-	9,079	-	-	-
Liabilities from customer deposits (banking)	16,511	-	-	-	16,702	-	-	-
Commercial paper	1,712	-	-	-	1,374	-	-	-
Asset-backed financing transactions	18,746	-	-	-	19,362	-	-	-
Derivative instruments								
Cash Flow Hedges	-	-	-	1,639	-	-	-	1,006
Fair Value Hedges	-	-	-	3,032	-	-	-	250
Other derivative instruments	-	-	390	-	-	-	619	-
Lease liabilities	-	-	-	2,764	-	-	-	2,420
Other	1,063	-	-	-	1,153	-	-	-
Trade payables	14,120	-	-	-	10,932	-	-	-
Other liabilities								
Payables to subsidiaries	255	-	-	-	180	-	-	-
Payables to other companies in which an investment is held	51	-	-	-	2,367	-	-	-
Remaining other liabilities	7,276	-	-	19,651	4,856	-	-	15,017
Total	108,073	-	390	27,086	117,503	-	619	18,693

Disclosures relating to financial instruments measured at amortised cost

The following table shows the fair values and carrying amounts of financial assets and liabilities that are measured at amortised cost and whose carrying amounts differ from their fair value.

The fair values are generally determined using the discounted cash flow method, taking into account the relevant risk of default. For the purposes of fair value measurement using the discounted cash flow method, expected future cash flows are discounted on the basis of up-to-date interest rate curves observable on the market.

The fair values of receivables from sales financing are measured using the discounted cash flow method, taking into account customer-specific credit risk. In view of the fact that these allowances are calculated in part on the basis of internal information, receivables from sales financing are allocated to Level 3 in the level hierarchy in accordance with IFRS 13.

The fair values of the financial assets shown in the table exist with financial institutions and are also measured using the discounted cash flow method, taking into account the risk of default. Given that these financial institutions all have excellent credit ratings, the risk of default is low and can be observed on the market. The fair values of these items are therefore allocated to Level 2.

In the case of financial liabilities, own credit risk is taken into account based on credit default swaps available on the market, so that the fair values of these items are also allocated to Level 2.

For all other financial instruments not listed here that are measured at amortised cost, the carrying amount corresponds to the fair value. For this reason, they are not presented separately.

in € million	31. 12. 2022		31. 12. 2021	
	Fair value	Carrying amount	Fair value	Carrying amount
Receivables from sales financing – credit financing	65,237	63,808	67,158	64,795
Receivables from sales financing – finance and operating leases	22,600	21,900	24,675	22,622
Financial assets – Marketable securities and investment funds	-	-	20	20
Financial liabilities				
Bonds	42,173	41,084	53,022	51,498
Asset-backed financing transactions	18,542	18,746	19,602	19,362
Liabilities from customer deposits (banking)	15,939	16,511	16,732	16,702
Liabilities to banks	7,302	7,255	9,177	9,079

Disclosures relating to financial instruments measured at fair value

The carrying amounts of financial instruments measured at fair value are allocated to the measurement levels pursuant to IFRS 13 as follows:

in € million	31. 12. 2022			31. 12. 2021		
	Level hierarchy in accordance with IFRS 13			Level hierarchy in accordance with IFRS 13		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Marketable securities, investment funds and collateral assets	3,048	390	-	3,675	548	-
Other investments	164	-	839	223	-	724
Cash equivalents	10	-	-	26	-	-
Loans to third parties	-	-	8	-	-	23
Derivative instruments (assets)						
Interest rate risks	-	2,121	-	-	1,373	-
Currency risks	-	768	-	-	466	-
Raw material market price risks	-	1,495	-	-	1,092	67
Other risks	-	-	2	-	-	-
Derivative instruments (liabilities)						
Interest rate risks	-	3,368	-	-	729	-
Currency risks	-	1,174	-	-	1,045	-
Raw material market price risks	-	519	-	-	101	-

As a general rule, any transfers between fair-value hierarchy levels are made at the end of the relevant reporting period.

At 31 December 2022, derivative instruments used to hedge raw material market price risks with a fair value of € 71 million were reclassified from Level 3 to Level 2. For these selected derivative instruments, sufficient observable market data are now available for valuation purposes due to greatly improved market maturity.

As in previous reporting periods, the valuation methodology applied is in line with the general valuation principles for derivatives used within the treasury management system of the BMW Group.

At the end of the previous financial year, equity instruments amounting to € 49 million were reclassified from Level 3 to Level 1, due to the fact that quoted market prices became available for the instruments concerned for the first time.



Financial instruments measured at fair value using input factors not based on observable market prices are allocated to Level 3. The fair values of these financial instruments are shown in the following table:

in € million	Fair value 31.12.2022	Fair value 31.12.2021
Unquoted equity instruments	839	724
Convertible bonds	8	23
Options on unquoted equity instruments	2	-
Derivative instruments	-	67

Financial instruments allocated to Level 3 relate mainly to investments in a private-equity fund. The valuation of unlisted equity instruments is determined primarily using the market-based approach. In particular, the financing rounds that take place within the private equity sector – usually on a regular basis at intervals of approximately 12 to 24 months – represent a significant input factor for these purposes. In addition, the investment advisor provides the external fund manager with relevant, investment-specific information on an ongoing basis (at least quarterly). The latter subsequently assesses the underlying individual companies in accordance with the guidelines for International Private Equity and Venture Capital Valuations (IPEV).

As part of the process of analysing valuations, the external fund manager reviews the investment-specific milestones, including an analysis of financial, technical and liquidity-specific performance indicators. Based on this analysis, it is considered whether the price of the most recent financing round is acceptable as a reasonable market valuation, in particular for early-stage or growth-phase investments. Key performance indicators used for the purpose of milestone analysis are highly dependent on the business model underlying the investment. Typical technical key performance indicators relate to licenses and patents held, the stage of technology development such as evidence of feasibility and prototypes, market entries, customer and user growth and appointments to key management positions. Key financial performance indicators used are revenues, EBITDA and the corresponding growth rate and / or development of specific contribution margins. Key liquidity-specific performance indicators are cash on hand, cash burn rates and prospects for future financing rounds.

Since the pricing from the financing rounds is considered to be the decisive input factor for the valuation, increases and decreases in valuation give rise to a similar change in the equity instrument that is recognised in the income statement.

In addition, equity instruments that are held outside the private equity fund are measured using the income approach. This involves discounting cash flows on the basis of current business cases using the weighted average cost of capital to determine the fair value of the financial instrument. Changes in fair values determined in connection with adjustments to significant input factors are not material for the BMW Group.

The convertible bonds that have been classified to Level 3 are primarily used as instruments in advance of future financing rounds relating to private equity investments. Valuations are therefore performed in accordance with the IPEV guidelines.

Mandatory conversions are usually structured in such a way that the number of shares to be received depends on the future share price. Due to the generally short maturities, the instruments are subject to only insignificant fluctuations in value. Irrespective of this fact, impairment tests are performed at regular intervals.

The exercise price for share options in such companies is generally low, verging towards zero. Consequently, financing rounds have a direct impact on the fair value of the options. In this respect, the valuation of options and assessment of their impact on sensitivity is similar to the approach taken to unquoted equity instruments, as described above.

For specific derivative instruments used to hedge raw materials price risks, a complete set of data relevant for valuation purposes was not always available in the past due to their limited market maturity. For this reason, data was obtained by means of regular bank and trader inquiries in order to model the forward curves required for valuation purposes. Changes in fair values resulting from these shifts in forward curves in a range of + / - 10 % were not material for the BMW Group.

Notes to the Group Financial Statements

The balance sheet carrying amount of Level 3 financial instruments developed as follows:

in € million	Unquoted equity instruments	Convertible bonds	Options on unquoted equity instruments	Derivative instruments	Financial instruments Level 3
1 January 2022	724	23	-	67	814
Additions	75	-	-	-	75
Disposals	-6	-12	-	-5	-23
Gains (+) / losses (-) recognised in accumulated other equity	-	-	-	7	7
Gains (+) / losses (-) recognised in the income statement	14	-4	2	2	14
Currency translation differences	32	1	-	-	33
Level transfer	-	-	-	-71	-71
31 December 2022	839	8	2	-	849

in € million	Unquoted equity instruments	Convertible bonds	Options on unquoted equity instruments	Derivative instruments	Financial instruments Level 3
1 January 2021	397	22	3	-5	417
Additions	76	24	-	-	100
Disposals	-220	-30	-	-4	-254
Gains (+) / losses (-) recognised in accumulated other equity	-	-	-	75	75
Gains (+) / losses (-) recognised in the income statement	488	5	-3	1	491
Currency translation differences	32	2	-	-	34
Level transfer	-49	-	-	-	-49
31 December 2021	724	23	-	67	814

Gains and losses recognised in the income statement are reported within the line item "Other financial result". Gains and losses recognised in the income statement in the financial year 2022 included an unrealised net positive amount of € 14 million (2021: € 352 million).

**Offsetting of financial instruments**

Derivative financial instruments of the BMW Group are subject to legally enforceable master netting agreements or similar contracts. However, receivables and payables relating to derivative financial instruments are not netted due to non-fulfilment of the stipulated criteria. Offsetting would have the following impact on the carrying amounts of derivatives:

in € million	31. 12. 2022		31. 12. 2021	
	Reported on assets side	Reported on equity and liabilities side	Reported on assets side	Reported on equity and liabilities side
Balance sheet amounts as reported	4,386	5,061	2,998	1,875
Gross amount of derivatives which can be offset in case of insolvency	- 2,118	- 2,118	- 1,118	- 1,118
Cash collateral ¹	- 228	- 188	- 26	- 33
Net amount after offsetting	2,040	2,755	1,854	724

¹ Disclosure supplemented in comparison with the previous year's table.

Non-derivative financial assets and liabilities are only offset if a legally enforceable right currently exists and it is actually intended to offset the relevant amounts. No financial assets and liabilities have been netted in the BMW Group due to the fact that the necessary requirements for netting have not been met.

Gains and losses on financial instruments

The following table shows the net gains and losses arising on financial instruments in accordance with IFRS 9:

in € million	2022	2021
Financial instruments measured at fair value through other comprehensive income	- 154	- 45
Financial instruments measured at fair value through profit or loss	1,438	- 35
Financial assets measured at amortised cost ²	- 652	- 112
Financial liabilities measured at amortised cost ²	209	- 308

² Prior year's figures adjusted.

Net gains and losses arising on financial instruments measured at fair value through other comprehensive income mainly relate to changes in the fair value of marketable securities. Further details are provided in the disclosures relating to the statement of comprehensive income ([↗ note 20](#)). Total interest income arising on financial assets measured at fair value through other comprehensive income amounted to € 37 million (2021: € 31 million) and total interest expense to € 10 million (2021: € 18 million).

Net gains and losses arising on financial instruments measured at fair value through profit and loss mainly include results from the fair value measurement of stand-alone derivatives, marketable securities and shares in investment funds, as well as other financial assets.

Net gains and losses arising on financial assets measured at amortised cost comprise mainly exchange rate gains / losses and impairment losses / reversals.

Net gains and losses arising on financial liabilities measured at amortised cost comprise mainly exchange rate gains / losses.

Financial instruments measured at amortised cost are subject to changes in fair value that are recognised through profit or loss due to designated hedging relationships. These changes in fair value are largely neutralised by the offsetting changes in fair value arising on hedging transactions and for this reason are not recognised in net gains and losses. Prior year figures have been adjusted accordingly.

Total interest income arising on financial assets measured at amortised cost relates mainly to the interest income earned on credit financing and reported within revenues. Total interest expenses arising on financial instruments measured at amortised cost amounted to € 1.7 billion (2021: € 1.6 billion).

Credit risk

The BMW Group is exposed to counterparty credit risks if contractual partners, for example a retail customer or a dealership, are unable or only partially able to meet their contractual obligations. Information on the management of credit risk for receivables from financial services is provided in the Combined Management Report [↗ Risks and Opportunities](#).

Notwithstanding the existence of collateral accepted, the carrying amount of financial assets (with the exception of derivative financial instruments) generally represents the maximum credit risk. In addition, the credit risk is increased by additional unutilised loan commitments in the dealership financing line of business. Total dealership financing credit risk at the end of the reporting period therefore amounted to € 31,163 million (2021: € 31,508 million).

In the case of all relationships underlying non-derivative financial instruments, in order to minimise the credit risk and depending on the nature and amount of exposure, collateral is required, credit information and references obtained or historical data based on the existing business relationship, in particular payment behaviour, reviewed.

In the case of trade receivables, customers are regularly assessed with regard to their credit risk. Depending on contractual status, necessary measures, such as dunning procedures, are initiated in good time.

The credit risk relating to cash deposits and derivative financial instruments is minimised by the fact that the Group only enters into such contracts with parties of first-class credit standing.

Within the financial services business, items financed for retail customers and dealerships (such as vehicles, facilities and

property) serve as first-ranking collateral with a recoverable value. Security is also put up by customers in the form of collateral asset pledges, asset assignment and first-ranking mortgages, supplemented where appropriate by warranties and guarantees. Items previously held as collateral that are subsequently acquired relate mainly to vehicles. As a rule, these assets can be converted into cash at short notice through the dealership organisation. Creditworthiness testing is an important aspect of the BMW Group's credit risk management. Every borrower's creditworthiness is tested for all credit financing and lease contracts entered into by the BMW Group. In the case of retail customer financing, creditworthiness is assessed using validated scoring systems integrated in the purchasing process.

In the area of dealership financing, creditworthiness is assessed by means of ongoing credit monitoring and an internal rating system that takes account not only of the material credit standing of the borrower, but also of qualitative factors, such as past reliability in business relations.

The credit risk on trade receivables is assessed mainly on the basis of information relating to overdue amounts. The gross carrying amounts of these receivables are allocated in accordance with IFRS 9 to overdue ranges used for management purposes as follows:

in € million	31.12.2022	31.12.2021
Not overdue	3.871	2.113
1 – 30 days overdue	208	120
31 – 60 days overdue	31	12
61 – 90 days overdue	11	14
More than 90 days overdue	65	34
Total	4.186	2.293

Receivables from sales financing are allocated to internally defined rating categories based on credit risk. The classification into creditworthiness levels is based on default probabilities. The related gross carrying amounts in accordance with IFRS 9 are allocated as follows:

in € million	31.12.2022						31.12.2021					
	Stage 1	Stage 2		Stage 3	Total	Expected credit loss	Stage 1	Stage 2		Stage 3	Total	Expected credit loss
		General	Simplified					General	Simplified			
Gross carrying amount of financial assets with good credit ratings	71,418	975	446	-	72,839	370	79,639	1,071	374	-	81,084	377
Gross carrying amount of financial assets with medium credit ratings	8,792	3,726	37	-	12,555	841	3,310	2,671	44	-	6,025	517
Gross carrying amount of financial assets with poor credit ratings	318	1,152	21	968	2,459	934	71	769	13	1,054	1,907	705
Total	80,528	5,853	504	968	87,853	2,145	83,020	4,511	431	1,054	89,016	1,599

Further disclosures relating to credit risk – in particular with regard to the amounts of impairment losses recognised – are provided in the explanatory notes to the relevant categories of receivables in [notes 26](#) and [31](#).

Liquidity risk

The following table shows the maturity structure of expected contractual cash flows (undiscounted) for financial liabilities:

in € million	31.12.2022				31.12.2021			
	Maturity within one year	Maturity between one and five years	Maturity later than five years	Total	Maturity within one year	Maturity between one and five years	Maturity later than five years	Total
NON-DERIVATIVE FINANCIAL LIABILITIES								
Bonds	11,951	24,710	9,496	46,157	13,266	30,071	10,821	54,158
Asset-backed financing transactions	8,057	11,470	-	19,527	6,964	12,622	-	19,586
Liabilities to banks	4,456	2,594	775	7,825	5,130	3,350	1,027	9,507
Liabilities from customer deposits (banking)	13,285	3,337	14	16,636	13,211	3,574	20	16,805
Trade payables	14,080	40	-	14,120	10,932	-	-	10,932
Lease liabilities	533	1,460	1,094	3,087	483	1,167	990	2,640
Commercial paper	1,714	-	-	1,714	1,374	-	-	1,374
Other financial liabilities	305	181	202	688	321	116	301	738
DERIVATIVE FINANCIAL LIABILITIES								
With gross settlement	1,150	280	-413	1,017	1,434	937	9	2,380
Cash outflows	20,537	13,087	319	33,943	29,300	15,117	166	44,583
Cash inflows	-19,387	-12,807	-732	-32,926	-27,866	-14,180	-157	-42,203
With net settlement	1,201	1,993	378	3,572	219	216	88	523
Cash outflows	1,201	1,993	378	3,572	219	216	88	523
Total financial liabilities	56,732	46,065	11,546	114,343	53,334	52,053	13,256	118,643

The cash flows from non-derivative liabilities comprise principal repayments and the related interest. The amounts disclosed for derivative instruments comprise only cash flows relating to derivatives that have a negative fair value at the balance sheet date. In the case of derivatives with a negative fair value, an overall positive cash flow can arise due to the various yield curves used. At 31 December 2022, credit commitments available at short notice to dealerships which had not been called upon at the end

of the reporting period amounted to € 16,044 million (2021: € 18,334 million).

Solvency is assured at all times by managing and monitoring the liquidity situation on the basis of a rolling cash flow forecast.

The resulting funding requirements are covered by a variety of instruments placed on the world's financial markets, with the aim

to minimise risk by matching maturities with financing requirements and in alignment with a dynamic target debt structure.

As a further reduction of risk, a syndicated credit line totalling € 8 billion (2021: € 8 billion) from a consortium of international banks is available to the BMW Group. Intragroup cash flow fluctuations are balanced out by the use of daily cash pooling arrangements. Further information is provided in the Combined Management Report.

Market risks

The principal market risks to which the BMW Group is exposed are currency risk, interest rate risk and raw materials market price risk.

Protection against such risks is provided in the first instance though natural hedging which arises when the values of non-derivative financial instruments have matching maturities and amounts (netting). Derivative financial instruments are used to reduce the risk remaining after netting.

Currency, interest rate and raw materials market price risks of the BMW Group are managed at a corporate level.

Further information is provided in the [↗ Risks and Opportunities](#) section of the Combined Management Report.

Currency risk

As an enterprise with worldwide operations, the BMW Group conducts business in a variety of currencies, from which currency risks arise. In order to hedge currency risks, the BMW Group holds, as at 31 December 2022, derivative financial instruments mostly in the form of forward currency contracts and currency swaps.

As part of the implementation of the risk management strategy, the extent to which risk exposures should be hedged is decided at regular intervals. The economic relationship between the hedged item and the hedging instrument is based essentially on the fact that they are denominated in the same currency and have the same maturities. Items are hedged on the basis of a constant ratio of one to one between hedging instrument and risk exposure.

Causes of hedge ineffectiveness are seen potentially only for counterparty credit risk. However, in view of the processes that have been established for credit risk management, ineffectiveness is not expected to arise.

The BMW Group measures currency risk using a cash-flow-at-risk model. The analysis of currency risk is based on forecast foreign currency transactions which could result in exposures to surpluses of foreign currency cash inflows and cash outflows. At the end of the reporting period, the overall currency exposure – in each case for the following year and determined by aggregating the individual currency exposures based on their absolute amount – was as follows:

in € million	31.12.2022	31.12.2021
Currency exposure	43,179	38,134

Currency exposures include short positions amounting to € 3,604 million (2021: € 2,715 million). In addition to the exposures reported in 2021, a currency risk exposure existed on purchase price payable arising in connection with the increase in the BMW Group's stake in BMW Brilliance for a euro-equivalent amount of € 3,857 million. The transaction was completed in February 2022. Further information is provided in [↗ note 3](#) Increased shareholding in BMW Brilliance Automotive Ltd.

The currency exposure is compared to all hedges that are in place. The net cash flow surplus represents an uncovered risk position. The cash-flow-at-risk approach involves showing the impact of potential exchange rate fluctuations on operating cash flows on the basis of probability distributions. Volatilities and correlations serve as the main input factors to determine the relevant probability distributions.

The potential negative impact on earnings is calculated at the reporting date for each currency for the following financial year on the basis of current market prices and exposures with a confidence level of 95%. The risk mitigating effect of correlations between the various currencies is taken into account when the risks are aggregated.

The following table shows the potential negative impact for the BMW Group for the following year resulting from unfavourable changes in exchange rates, measured on the basis of the cash-flow-at-risk approach.

in € million	31.12.2022	31.12.2021
Cashflow at risk	530	564

Interest rate risk

Interest rate risks arise when funds are borrowed and invested with differing fixed-rate periods or differing terms. At the BMW Group, all items subject to, or bearing, interest are exposed to interest rate risk and can therefore affect both the assets and liabilities side of the balance sheet.

The fair value of the Group's interest rate portfolios was as follows at the end of the reporting period:

in € million	31.12.2022	31.12.2021
Fair values of interest rate portfolios	73,954	63,835

Interest rate risk is managed through the use of interest rate derivatives. As part of the implementation of the risk management strategy, interest rate risks are monitored and managed at regular intervals. The interest rate contracts used for hedging purposes comprise mainly swaps, which, if hedge accounting is applied, are accounted for as fair value hedges. The economic relationship between the hedged item and the hedging instrument is based on the fact that the main parameters of the hedged item and the related hedging instrument, for example start date, term and currency, are the same. Items are hedged on the basis of a constant ratio of one to one between hedging instrument and risk exposure.

In view of the fact that own credit risk is excluded from the hedging relationship, ineffectiveness is expected to be low.

For selected fixed-interest assets, part of the interest rate risk is hedged on a portfolio basis. In this case, swaps are used as the hedging instrument. Hedge relationships are terminated and redesignated on a monthly basis at the end of each reporting period, thereby taking account of the constantly changing content of each portfolio.

In light of the reform and replacement of certain benchmark interest rates, some of the BMW Group's hedging relationships have been redesignated to take account of alternative benchmark interest rates.

The transition to the newly created or revised benchmark interest rates is being managed, monitored and assessed with regard to risk management implications as part of a multidisciplinary project. The tasks of the conversion project includes the continual monitoring of regulatory developments, the initiation of necessary changes to systems, processes, risk and measurement models as well as the clarification of the associated accounting and financial reporting implications.

In light of the reform and replacement of certain benchmark interest rates, some of the BMW Group's fair-value hedging relationships have been redesignated. The BMW Group's fair value hedges affected by the reform are mainly based on the benchmark interest rates relating to the British pound (GBP), the US dollar (USD) and the Japanese yen (JPY). All fair value hedges for which LIBOR was previously designated as the hedged risk were converted in the year to 31 December 2021, with GBP LIBOR replaced by the SONIA benchmark interest rate, JPY LIBOR by TONA and USD LIBOR by SOFR. The BMW Group continues to see the economic link and has therefore continued to account for the pertinent items as fair value hedges.

In the case of USD LIBOR and CAD CDOR, uncertainty remains as to the exact timing and nature of the changes. The nominal amount of non-derivative financial liabilities not yet converted to an alternative interest rate at 31 December 2022 is € 654 million (thereof USD LIBOR € 412 million and CAD CDOR € 242 million). The notional amount of financial derivatives not yet converted to an alternative interest rate at 31 December 2021 is € 100 million (PLN WIBOR € 100 million).

The BMW Group applies a value-at-risk approach throughout the Group for internal reporting purposes and to manage interest rate risk.

This approach is based on a historical simulation in which the potential future fair value losses of the interest rate portfolios are compared across the Group with expected amounts on the basis of a holding period of 250 days and a confidence level of 99.98 %. The risk mitigating effect of correlations between the various portfolios is taken into account when the risks are aggregated.

In the following table the potential volumes of fair value fluctuations – measured on the basis of the value-at-risk approach – are compared with the expected value for the interest-rate-sensitive exposures of the BMW Group:

in € million	31.12.2022	31.12.2021
Value at risk	2,097	1,237

Raw materials price risk

The BMW Group is exposed to market price risks on raw materials. In order to hedge these risks, the Group mainly uses forward commodity contracts. As part of the implementation of the risk management strategy, the extent to which risk exposures should be hedged is decided at regular intervals and the corresponding hedging ratio defined. Items are hedged on the basis of a constant ratio of one to one between hedging instrument and risk exposure.

Causes of hedge ineffectiveness are seen potentially only for counterparty credit risk. However, in view of the processes that have been established for credit risk management, ineffectiveness is not expected to arise.

The economic relationship between the hedged item and the hedging instrument is based essentially on the fact that they have the same basis and term. The BMW Group designates only the commodity price index-linked raw materials surcharge, which is specified in the purchase contracts of vehicle components, as a hedged item. The proportion of the hedged risk component as a percentage of the total fair value depends on the specific types of vehicle component involved. Other price components contained in the contract are not designated as being part of the hedge relationship as no effective hedging instruments exist for these components.

The starting point for analysing raw materials price risk is to identify planned purchases of raw materials or components containing raw materials, the so-called "exposure". At each reporting date, the exposure for the following financial year amounted to:

in € million	31.12.2022	31.12.2021
Raw material price exposures	10,153	6,872

This exposure is compared to all hedges that are in place. The net cash flow surplus represents an uncovered risk position. The cash-flow-at-risk approach involves showing the impact of potential raw materials market price fluctuations on operating cash flows on the basis of probability distributions. Volatilities and correlations serve as input factors to assess the relevant probability distributions.

The potential negative impact on earnings is calculated at the reporting date for each raw materials category for the following financial year on the basis of current market prices and exposure with a confidence level of 95%. The risk mitigating effect of correlations between the various categories of raw materials is taken into account when the risks are aggregated.

The following table shows the potential negative impact for the BMW Group resulting from fluctuations in prices across all categories of raw materials, measured on the basis of the cash-flow-at-risk approach. The risk at each reporting date for the following financial year was as follows:

in € million	31.12.2022	31.12.2021
Cash flow at risk	1,115	597

Disclosures on hedging measures

The following disclosures on hedging measures include derivatives of fully consolidated companies that are designated as a hedging instrument. The amounts shown in the table are stated before deferred taxes and take account of additional effects arising from the application of the modified closing rate method.

The nominal amounts of hedging instruments were as follows:

in € million	31.12.2022		
	Maturity within one year	Maturity between one and five years	Maturity later than five years
Currency risks	22,649	21,392	-
Interest rate risks	9,639	21,114	9,949
Raw material price risks	3,537	5,936	-
Nominal amounts of hedging instruments	35,825	48,442	9,949

in € million	31.12.2021		
	Maturity within one year	Maturity between one and five years	Maturity later than five years
Currency risks	21,670	11,996	-
Interest rate risks	9,474	25,145	11,251
Raw material price risks	2,669	2,442	-
Nominal amounts of hedging instruments	33,813	39,583	11,251

The following table shows the average hedging rates of the financial instruments used by the BMW Group to hedge significant currency risk exposures:

Currency risks	31.12.2022	31.12.2021
EUR / CNY	7.54	7.99
EUR / GBP	0.87	0.87
EUR / KRW	1,354.27	1,341.73

The integration of BMW Brilliance increases the weighting of the CNY in the BMW Group portfolio. Compared with previous years, the USD and JPY no longer represent significant currency risk exposures.

The following table shows the average hedging rates of the financial instruments used by the BMW Group to hedge significant raw materials risk exposures:

Raw material price risks	31.12.2022	31.12.2021
Aluminium (EUR / t)	2,313	1,730
Copper (EUR / t)	7,120	5,389
Nickel (EUR / t)	17,309	14,475
Palladium (EUR / oz)	1,958	1,822

Due to the concentration on significant raw materials risk exposures, platinum no longer represents a significant raw materials risk exposure.

Information on average interest hedge rates is not provided, since interest rate derivatives designated as hedging instruments are used exclusively to hedge items in fair value hedges. The hedge rates therefore correspond in each case to current market interest rate level.

Most of the hedges used in this context relate to variable yield curves relating to the euro, US dollar and British pound currency areas.

The following table provides information on the nominal amounts, carrying amounts and fair value changes of contracts designated as hedging instruments:

in € million	31. 12. 2022				31. 12. 2021			
	Carrying amounts			Change in fair value of designated components	Carrying amounts			Change in fair value of designated components
	Nominal amounts	Assets	Liabilities		Nominal amounts	Assets	Liabilities	
Cash Flow Hedges								
Currency risks	44,041	552	1,119	885	33,666	437	905	- 795
Raw material price risks	9,473	1,494	520	3,178	5,111	1,159	101	820
Fair Value Hedges								
Interest rate risks	52,744	427	3,032	- 3,685	57,920	1,012	250	- 1,138

The following table shows key information on hedged items for each risk category as well as the balances of designated components within accumulated other equity:

in € million	31. 12. 2022					31. 12. 2021				
	Carrying amounts		Change in value of hedged items	Balances in accumulated other equity		Carrying amounts		Change in value of hedged items	Balances in accumulated other equity	
	Assets	Liabilities		Continuing hedge relationships	Terminated hedge relationships	Assets	Liabilities		Continuing hedge relationships	Terminated hedge relationships
Cash Flow Hedges										
Currency risks	-	-	- 885	2,026	-	-	-	795	- 274	-
Raw material price risks	-	-	- 3,178	662	-	-	-	- 820	1,057	-
Fair Value Hedges										
Interest rate risks	10,979	46,617	3,690	-	-	10,611	56,985	1,141	-	-

The accumulated amount of hedge-related fair value adjustments is a negative amount of € 283 million (2021: negative amount of € 9 million) for assets and a positive amount of € 2,880 million (2021: positive amount of € 577 million) for liabilities.

Hedge relationships give rise to the following effects:

in € million	2022			2021		
	Change of designated components in other comprehensive income	Change in costs of hedging in other comprehensive income	Hedge ineffectiveness recognised in income statement	Change of designated components in other comprehensive income	Change in costs of hedging in other comprehensive income	Hedge ineffectiveness recognised in income statement
Cash Flow Hedges						
Currency risks	2,300	-1,539	-	-806	55	-
Raw material price risks	-395	-	-	547	-	-
Fair Value Hedges						
Interest rate risks	-	-18	5	-	17	3

Designated components and costs of hedging within accumulated other equity changed as follows:

in € million	2022						2021			
	Currency risks		Interest rate risk	Raw material price risk		Currency risks		Interest rate risk	Raw material price risk	
	Designated component	Costs of hedging	Costs of hedging	Designated component	Costs of hedging	Designated component	Costs of hedging	Costs of hedging	Designated component	Costs of hedging
Opening balance at 1 January	-274	-244	15	1,057	-	532	-299	-2	510	-
Change in fair value during the reporting period	1,832	-2,281	-18	517	-	-795	-307	20	820	-
Reclassification to profit or loss										
for continuing hedge relationships	578	739	-	-	-	-4	355	-3	-	-
for terminated hedge relationships	-110	3	-	-17	-	-7	7	-	-	-
Reclassification to acquisition costs for inventories	-	-	-	-895	-	-	-	-	-273	-
Closing balance at 31 December	2,026	-1,783	-3	662	-	-274	-244	15	1,057	-

42 Related party relationships

The following individuals and entities are related parties in accordance with IAS 24:

- Stefan Quandt and Susanne Klatten as well as companies controlled by them
- The Board of Management and the Supervisory Board of the BMW Group
- Associated companies, joint ventures, non-consolidated subsidiaries, BMW Trust and BMW Foundation Herbert Quandt

Transactions of the Group companies with related parties were carried out, without exception, in the normal course of business of each of the parties concerned and conducted at market conditions, i.e. conditions that are also granted to other third-party manufacturers.

No advances and loans were granted by entities of the BMW Group to members of the Board of Management and the Supervisory Board in the financial year 2022, nor were any contingent liabilities entered into on their behalf. During the year under report, members of the Board of Management and the Supervisory Board concluded contracts for vehicle purchases and vehicle-related services (maintenance and repair work) on customary market terms and conditions.

Stefan Quandt, Germany, is a shareholder and Deputy Chairman of the Supervisory Board of BMW AG. He is also the sole shareholder and Chairman of the Supervisory Boards of DELTON Health AG, Bad Homburg v.d.H., and DELTON Technology SE,

Bad Homburg v.d.H., as well as the sole shareholder of DELTON Logistics S.à r.l., Grevenmacher, which via its subsidiaries, performed logistic-related services for the BMW Group during the financial year 2022. In addition, the DELTON companies held by Stefan Quandt acquired vehicles from the BMW Group by way of leasing.

Stefan Quandt, Germany, is also the indirect majority shareholder of SOLARWATT GmbH, Dresden. Cooperation arrangements are in place between BMW Group and SOLARWATT GmbH, Dresden, within the field of electric mobility. The focus of this collaboration is on the provision of complete photovoltaic solutions for rooftop systems and carports to BMW i customers. In addition, SOLARWATT GmbH purchases battery cells and related components for home battery storage applications as part of a supply project. In addition to the deliveries of goods described above, SOLARWATT GmbH, Dresden, also purchased vehicles from the BMW Group by way of leasing during the financial year 2022.

Susanne Klatten, Germany, is a shareholder and member of the Supervisory Board of BMW AG and also a shareholder and Deputy Chairwoman of the Supervisory Board of ALTANA AG, Wesel. In 2022, ALTANA AG, Wesel, acquired vehicles from the BMW Group, mainly by way of leasing.

Susanne Klatten, Germany, is also the sole shareholder and Chairwoman of the Supervisory Board of UnternehmerTUM GmbH, Garching. In 2022, the BMW Group bought in services from UnternehmerTUM GmbH, Garching, mainly in the form of consultancy and workshop services.

Seen from the perspective of BMW Group entities, the volume of significant transactions with the above-mentioned entities was as follows:

	Supplies and services performed		Supplies and services received		Receivables at 31 December		Payables at 31 December	
in € thousand	2022	2021	2022	2021	2022	2021	2022	2021
DELTON Health AG (formerly DELTON AG)	2,058	1,821	-	-	15	-	-	-
DELTON Logistics S.à r.l.	768	1,090	19,667	19,450	7	65	1,004	3,362
SOLARWATT GmbH	16,282	8,827	33	49	349	1,369	11	-
ALTANA AG	2,740	2,572	794	251	361	315	108	49
UnternehmerTUM GmbH	-	-	3,215	809	-	-	29	337

As already described in detail in [note 3](#), BMW Brilliance has been fully consolidated as a subsidiary in the BMW Group Financial Statements since 11 February 2022. The following table shows the transactions of BMW Brilliance with Group companies up to the date of first-time consolidation:

	Supplies and services performed		Supplies and services received		Receivables at 31 December		Payables at 31 December	
in € million	1 January to 10 February 2022	2021	1 January to 10 February 2022	2021	2022	2021	2022	2021
BMW Brilliance Automotive Ltd.	1,330	11,500	106	1,030	-	2,158	-	2,345

Group companies mostly sell vehicle components to BMW Brilliance for further processing. Supplies and services received relate principally to vehicles and services.

In total, the following amounts of goods and services were supplied to or received from other joint ventures and associated companies:

in € million	Supplies and services performed		Supplies and services received		Receivables at 31 December		Payables at 31 December	
	2022	2021	2022	2021*	2022	2021*	2022	2021*
Other joint ventures and associated companies	4	27	63	71	-	-	17	13

* Prior year's figures adjusted.

Transactions with non-consolidated companies comprise receivables from BMW Manufacturing Hungary Kft. Furthermore, receivables from a non-consolidated Russian subsidiary were written down in full.

BMW Trust administers assets on a trustee basis to secure obligations relating to pensions in Germany and is therefore a related party of the BMW Group in accordance with IAS 24. This entity has no assets of its own. It had no income or expenses during the period under report. BMW AG bears expenses on an immaterial scale and performs services for BMW Trust.

The BMW Foundation Herbert Quandt, Munich, is an independent corporate foundation and, due to the BMW Group's significant influence, qualifies as a related party according to IAS 24. The BMW Group made donations to the BMW Foundation Herbert Quandt during the financial year 2022 totalling € 5.9 million (2021: € 5.9 million). No other significant transactions arose.

43 Share-based remuneration

The BMW Group has three share-based programmes: one for eligible employees, one for eligible senior department heads and one for members of the Board of Management.

Employee Share Programme

Within the scope of the Employee Share Programme in the financial year 2022, eligible BMW Group employees were granted non-voting shares of BMW AG preferred stock on preferential terms (see [note 32](#) Equity for information on the number and price of the shares of preferred stock issued). At their discretion, participants in the programme were able to purchase packages of 10, 20, 35, 50 or 65 shares of preferred stock (2021: 10, 20, 30, 40 or 90) with a discount of € 16.00 (2021: € 13.50) on each share as compared to the market price (average closing price in Xetra trading in the period 1 to 4 November 2022: € 75.06). Employees who are currently employed by BMW AG or a wholly-owned associate of BMW AG based in Germany were able to partake in the programme, insofar as the associate company's management had decided to participate. Employees were required to have been in their positions for at least one year without interruption at the time the programme was announced, and had to remain in their positions until the shares of preferred stock were transferred.

The shares of preferred stock acquired in the scope of the Employee Share Programme are subject to a vesting period of four years calculated from 1 January of the year in which the shares of preferred stock were acquired.

A total of 1,439,975 shares of preferred stock were transferred to employees in the reporting year (2021: 1,718,070). Of these, 1,439,975 stemmed from Authorised Capital 2019 (2021: 1,715,000). BMW AG's Board of Management decides each year whether to continue the programme.

As at 31 December 2022, the BMW Group recorded personnel expenses resulting from the Employee Share Programme relating to the difference between the market price and the discounted price for the shares of preferred stock purchased by employees totalling € 23 million (2021: € 23 million).

Senior department head and Board of Management programme

Both the share-based remuneration programme for members of the Board of Management that was in force in the reporting year and the share-based remuneration programme for eligible senior department heads serve to reward long-term entrepreneurial conduct with sustainable business management in mind.

Board of Management members and eligible senior department heads receive an earmarked cash amount (personal cash investment amount) that is, net of tax and deductions, to be invested in shares of BMW AG common stock. This amount depends on the achievement of certain financial and non-financial targets in the past financial year (vesting year).

Payment of the personal cash investment amount is made after the Annual General Meeting at which the Financial Statements are presented for the relevant financial year. The shares of common stock are purchased immediately after the personal cash investment amount has been paid out and are subject to a holding period of four years from the date of purchase. The RoCE component and the strategic focus target component each make up half of the target amount for the personal cash investment amount. For the RoCE component, a RoCE factor is determined based on the RoCE achieved in the Automotive segment for the grant year. For the strategic focus target component, a minimum of two strategic focus targets are defined prior to the start of the financial year. Minimum, target and maximum values are defined and factors are assigned for the RoCE in the Automotive segment and for each strategic focus target. The relevant factors are determined after the end of the financial year based on the extent to which targets were achieved.

For financial years up to and including financial year 2020, Board of Management members received an earmarked cash amount (investment component) corresponding to 45 % of the gross amount of the bonus that, net of tax and deductions, had to be invested in shares of the Company's common stock (up to and including financial year 2017, the investment component amounted to 20 % of the total bonus after tax, which the Board of Management members received plus tax and social security as additional cash remuneration). This amount was also subject to a four-year holding period and on expiry thereof the Board of Management members received an additional share of the Company's common stock or the equivalent value in cash (matching component) for every three shares of common stock held, at BMW AG's discretion.

In the event of death or invalidity, special rules apply for early payment of share-based remuneration components (matching components) based on the target amounts, and the holding period is also dropped for shares of common stock that were acquired with share-based remuneration components. Where the service contract is terminated prematurely and the Company has an extraordinary right of termination, or if the Board member resigns without the Company's agreement, entitlements to amounts as yet unpaid relating to share-based remuneration (matching components) are forfeited; a personal cash investment amount will be settled based on the target amount.

Up to and including financial year 2021, eligible senior department heads committed to invest 26 % of their earnings-related bonus in shares of BMW AG common stock and to hold the acquired shares for four years. For the investment obligation, BMW AG granted an amount corresponding to the entire investment amount as a net subsidy.

Participants receive an additional share of common stock or the equivalent value in cash for every three shares of common stock held once the four-year holding requirement has been fulfilled, at the Company's discretion.

The Board of Management members in office on the balance sheet date hold 118,604 shares of BMW common stock with a holding obligation arising from share-based remuneration for financial years 2018 to 2021 (2021: 58,560).

The expenses and the corresponding allowance against the cash reserve for the personal cash investment amount of the eligible active Board of Management members and senior department heads amount to € 20,175,614 (2021: € 21,616,110).

The share-based remuneration component is revalued at its fair value at each balance sheet date between the grant date and

the settlement date and on the settlement date itself. The expense for such programmes is recognised in the income statement (as personnel expense) on a straight-line basis over the vesting period of the options and in the balance sheet as a provision.

The remuneration system does not provide for any further matching components for the members of the Board of Management from financial year 2021 or for the senior department heads from financial year 2022.

The cash settlement of the share-based remuneration component is measured at fair value on the balance sheet date (closing price of BMW AG common stock in Xetra trading on 31 December 2022).

The total carrying amount of the provision for the share-based remuneration component for eligible active and former Board of Management members and senior department heads was € 6,971,951 on 31 December 2022 (2021: € 8,347,245).

The total expense arising from the share-based remuneration component for eligible active and former Board of Management members and senior department heads was € 638,715 in financial year 2022 (2021: € 2,743,398).

44 Declaration concerning the German Corporate Governance Code

The Board of Management and the Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft have issued the prescribed Declaration of Compliance with the recommendations of the "Government Commission on the German Corporate Governance Code" required by § 161 of the German Stock Corporation Act (AktG). The declaration has been made permanently available on the Company's website at www.bmwgroup.com/ezu.

45 Remuneration for members of the Board of Management and the Supervisory Board

The expenses recorded in accordance with IFRS in financial year 2022 for remuneration for the active members of the Board of Management and Supervisory Board are broken down as follows:

in € million	2022	2021
Remuneration for the members of the Board of Management		
Short-term benefits	33.8	35.3
Other long-term benefits	3.1	8.5
Benefits resulting from termination of the Board mandate	-	1.1
Share-based remuneration	0.1	0.5
Remuneration for the members of the Supervisory Board		
Short-term benefits	5.5	5.5
Total expense	42.5	50.9

The multi-year, future-oriented Performance Cash Plan (PCP) supplemented the variable remuneration for financial years 2018 up to and including 2020. The assessment period of the PCP is a period of three years, specifically the vesting year and the two following years. The PCP is paid out after the end of the three-year assessment period.

The costs for the active members of the Board of Management arising from share-based remuneration, which was in force up to and including 2020, amounted to € 0.1 million (2021: € 0.5 million). The provision for the share-based remuneration component amounted to € 1.2 million (2021: € 1.6 million).

The remuneration of former members of the Board of Management and their dependants amounted to € 9.7 million (2021: € 14.2 million).

There are provisions for pension obligations to active members of the Board of Management in accordance with IAS 19 totalling € 16.6 million (2021: € 18.9 million).

A provision has been established for pension obligations to former members of the Board of Management and their dependants in accordance with IAS 19 totalling € 93.5 million (2021: € 114.3 million).

The remuneration system for members of the Supervisory Board does not include any stock options, value appreciation rights comparable to stock options or any other share-based remuneration components.

In accordance with the Articles of Incorporation, each member of the Supervisory Board of BMW AG who does not exercise any additional function relevant to remuneration receives fixed remuneration of € 200,000 p.a. in addition to the reimbursement of his or her reasonable expenses, plus an attendance fee of € 2,000 for every plenary meeting that the member has attended.

Members of the Supervisory Board who perform a function relevant to remuneration such as the Chairman or Deputy Chairman of the Supervisory Board or the chairmen or members of committees, provided these committees meet on at least three days in the financial year, receive higher remuneration because of these additional requirements.

OVERVIEW OF THE REMUNERATION OF THE SUPERVISORY BOARD*

in € million	Factor	Amount in € p. a.
Member of the Supervisory Board	1.00	200,000
Chairman of the Supervisory Board	3.00	600,000
Deputy Chairman of the Supervisory Board	2.00	400,000
Chairman of the Audit Committee	2.25	450,000
Chairman of another committee	2.00	400,000
Member of the Audit Committee	2.00	400,000
Member of another committee	1.50	300,000

* If a Supervisory Board member performs more than one of the functions referred to above, their remuneration is measured only on the basis of the function that is remunerated with the highest amount.

BMW Group companies did not grant any loans or advances to members of the Board of Management or the Supervisory Board in financial year 2022, nor did they enter into any contingent liabilities in their favour. In the year under review, members of the Board of Management and the Supervisory Board concluded contracts with BMW Group companies for the purchase of vehicles and vehicle services (maintenance and repair work) at arm's length conditions.

Remuneration for members of the Board of Management is structured as follows:

REMUNERATION FOR MEMBERS OF THE BOARD OF MANAGEMENT

COMPONENT	Parameters/measurement base, applicable amounts
FIXED REMUNERATION COMPONENTS	
Base salary	Member of the Board of Management: — € 0.90 million p.a. (first period of office = first remuneration level) — € 1.05 million p.a. (from second period of office or fourth year of mandate = second remuneration level) Chairman of the Board of Management: — € 1.95 million p.a. — Monthly payment on a pro rata basis
Fringe benefits	Contractual agreement, main points: non-cash benefits from the use of company cars and the BMW chauffeur service, insurance premiums, contributions towards security systems, employee discounts
Compensation payments	The Supervisory Board may award payments to compensate for loss of salary from a previous employment relationship and to cover relocation costs in the case of new entrants.
Retirement benefits	Defined contribution system with a guaranteed minimum return Benefits based on amounts credited to individual savings accounts for contributions paid and interest earned, various forms of disbursement Pension contribution p.a.: Member of the Board of Management: € 400,000 Chairman of the Board of Management: € 700,000

Strategic relevance

- The base salary counteracts the temptation to take disproportionately high risks in order to achieve short-term goals, and thus contributes to the long-term development of the Company
- Fixed remuneration components are required for remuneration to be competitive in order to attract and retain qualified members of the Board of Management

VARIABLE REMUNERATION COMPONENTS

Bonus	
Bonus (sum of earnings component and performance component)	— Target amount p.a. (at 100 % target achievement): — € 0.95 million (first period of office = first remuneration level) — € 1.15 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.10 million (Chairman of the Board of Management) — Capped at 180 % of target amount — Payment after the Annual General Meeting at which the Financial Statements are presented for the relevant vesting year
Earnings component (at 100 % target achievement corresponds to 50 % of target amount)	— Assessment period one year — Base amount p.a. (50 % of target bonus amount): — € 0.475 million (first period of office = first remuneration level) — € 0.575 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.050 million (Chairman of the Board of Management) — Formula: 50 % of target amount x earnings factor — Earnings factor is derived from a predefined allocation matrix based on the parameters profit attributable to shareholders of BMW AG and Group post-tax return on sales in the vesting year — The earnings factor is 1.0 e.g. in case of a profit attributable to shareholders of BMW AG amounting to € 5.3 billion and a Group post-tax return on sales of 5.6 % — The earnings factor is 1.5 e.g. in case of a profit attributable to shareholders of BMW AG amounting to € 6.9 billion and a Group post-tax return on sales of 7.3 % — The earnings factor is 0 e.g. in case of a profit attributable to shareholders of BMW AG below € 3.0 billion or a Group post-tax return on sales of below 3.0 % — Earnings factor may not exceed 1.8 — Maximum amount of earnings component p.a.: — € 0.855 million (first period of office = first remuneration level) — € 1.035 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.890 million (Chairman of the Board of Management)

COMPONENT	Parameters/measurement base, applicable amounts
Bonus (continued)	
Performance component (at 100% target achievement corresponds to 50% of target amount)	<ul style="list-style-type: none"> — Assessment period one year — Base amount p.a. (50 % of target bonus amount): <ul style="list-style-type: none"> — € 0.475 million (first period of office = first remuneration level) — € 0.575 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.050 million (Chairman of the Board of Management) — Formula: 50 % of target amount x performance factor — Primarily qualitative, non-financial criteria, expressed in terms of a performance factor, aimed at measuring the Board member's contribution to sustainable and long-term performance and corporate orientation — Relevant period is the vesting year — Additional trend analysis over at least three financial years — Composition of performance factor: * <ul style="list-style-type: none"> — 50 % cross-divisional targets with ESG criteria — 40 % other cross-divisional targets — 10 % individual targets — Criteria for the cross-divisional ESG targets include in particular: innovation performance (environmental, e.g. reduction of carbon emissions), development of the BMW Group's reputation based on ESG aspects (e.g. corporate culture, promotion of integrity and compliance), adaptability, attractiveness as an employer, leadership performance — Criteria for the other cross-divisional targets include in particular: market position compared to competitors, innovation performance (economic), development of the BMW Group's reputation based on non-ESG-related aspects (e.g. perception on capital markets, brand strength), customer orientation — Measurement parameters and target values are determined before the start of the financial year — Performance factor may not exceed 1.8 — Maximum amount of performance component p.a.: <ul style="list-style-type: none"> — € 0.855 million (first period of office = first remuneration level) — € 1.035 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.890 million (Chairman of the Board of Management)
Strategic relevance	<ul style="list-style-type: none"> — Earnings component of bonus rewards attainment of financial targets and is beneficial for earnings-related aspects of business strategy — Performance component of bonus motivates the pursuit of non-financial strategic targets and is therefore beneficial for the long-term development of the BMW Group
Share-based remuneration	
Personal cash investment amount	<ul style="list-style-type: none"> — Requirement for Board of Management members to invest an earmarked cash amount (personal cash investment amount), net of tax and deductions, in shares of BMW common stock immediately after disbursement — Requirement for Board of Management members to hold the acquired shares of common stock for at least four years (share ownership guideline) — Assessment period of five years in total (one year for determining the personal cash investment amount, four years holding requirement)
Calculation	<ul style="list-style-type: none"> — Target amount p.a. (at 100 % target achievement): <ul style="list-style-type: none"> — € 1.10 million (first period of office = first remuneration level) — € 1.28 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.35 million (Chairman of the Board of Management) — 50 % of the target amount depends on RoCE achieved in the Automotive segment (RoCE component) — 50 % of the target amount depends on the achievement of predefined strategic focus targets (strategic focus target component) — Capped at 180 % of the target amount — Payment after the Annual General Meeting at which the Financial Statements are presented for the relevant vesting year

* See below for the targets set for the 2022 financial year [➤] Variable remuneration for the 2022 financial year.

COMPONENT	Parameters/measurement base, applicable amounts
Share-based remuneration (continued)	
RoCE component (at 100 % target achievement corresponds to 50 % of target amount)	<ul style="list-style-type: none"> — Target amount of RoCE component p.a. (50 % of target amount of personal cash investment amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office = first remuneration level) — € 0.64 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.175 million (Chairman of the Board of Management) — Formula: 50 % of target amount x RoCE factor — RoCE factor is derived from the RoCE achieved in the Automotive segment for the vesting year — Minimum, target and maximum values for RoCE are defined before the start of the financial year — RoCE factor may not exceed 1.8 — Maximum amount of RoCE component p.a.: <ul style="list-style-type: none"> — € 0.990 million (first period of office = first remuneration level) — € 1.152 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.115 million (Chairman of the Board of Management)
Strategic focus target component (at 100 % target achievement corresponds to 50 % of target amount)	<ul style="list-style-type: none"> — Target amount of strategic focus target component p.a. (50 % of target amount of personal cash investment amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office = first remuneration level) — € 0.64 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.175 million (Chairman of the Board of Management) — At least two strategic focus targets derived from the strategic plan — Weighting of the strategic focus targets is decided before the start of the financial year — Formula in the event of two strategic focus targets with equal weighting p.a.: <ul style="list-style-type: none"> 25 % of target amount for personal cash investment amount x factor for strategic focus target 1 + 25 % of target amount for personal cash investment amount x factor for strategic focus target 2 — Minimum, target and maximum values are defined before the start of the financial year — Factor for each strategic focus target may not exceed 1.8 — Maximum amount of strategic focus target component p.a.: <ul style="list-style-type: none"> — € 0.990 million (first period of office = first remuneration level) — € 1.152 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.115 million (Chairman of the Board of Management)
Strategic relevance	<ul style="list-style-type: none"> — 50 % of the personal cash investment amount within the target structure depends on the RoCE and is therefore directly linked to a key target for the corporate strategy and reflects BMW AG's aspiration to generate a significant premium on the cost of capital — The remaining 50 % of the personal cash investment amount encourages achievement of strategic focus targets and therefore contributes to business performance in key strategic areas — Commitment to purchase shares of the Company's common stock and the four-year holding period provide additional motivation to support the Company's long-term development
Malus and clawback rules	
Malus	<ul style="list-style-type: none"> — Agreement to withhold variable remuneration in the event of specified serious compliance violations or (withholding amounts provisionally) in the event of reasonable suspicions of such — Amounts may also be withheld in principle after a member has left the Board
Clawback	<ul style="list-style-type: none"> — Agreement entitling the BMW Group to reclaim variable remuneration already paid out in the event of specified serious incidences of non-compliance, incorrect calculation bases or incorrect financial statements — Amounts may also be clawed back in principle after a member has left the Board

46 Events after the end of the reporting period

No events have occurred after the balance sheet date with a particular significance for the results of operations, financial position or net assets of the BMW Group.



SEGMENT INFORMATION

47 Explanatory notes to segment information

Information on reportable segments

For the purposes of presenting segment information, the activities of the BMW Group are divided into operating segments in accordance with IFRS 8. The segmentation follows the internal management and reporting system and takes account of the organisational structure of the BMW Group based on the various products and services of the reportable segments.

The activities of the BMW Group are broken down into the operating segments Automotive, Motorcycles, Financial Services and Other Entities.

Within the Automotive segment, the BMW Group develops, manufactures, assembles and sells automobiles powered with all-electric drive systems, plug-in hybrid systems and highly efficient combustion engines, as well as spare parts, accessories and mobility services under the BMW, MINI and Rolls-Royce brands. BMW and MINI brand products are sold in Germany through branches of BMW AG and by independent, authorised dealers. Sales outside Germany are handled mainly by subsidiary companies and by independent import companies in some markets. Rolls-Royce brand vehicles are sold in selected markets via subsidiary companies and elsewhere by independent, authorised dealers.

Activities relating to the development, manufacture, assembly and sale of motorcycles as well as spare parts and accessories are reported in the Motorcycles segment.

Automobile and motorcycle leasing, retail and dealership financing, multi-brand fleet business, customer deposit business and insurance activities are the main activities allocated to the Financial Services segment.

Holding and Group financing companies are reported in the Other Entities segment. This segment also includes the operating companies BMW Services Ltd., BMW (UK) Investments Ltd. and Bavaria Lloyd Reisebüro GmbH, which are not allocated to one of the other segments.

Internal management and reporting

Segment information is prepared as a general rule in conformity with the accounting policies adopted for preparing and presenting the Group Financial Statements. Exceptions to this general principle include the treatment of inter-segment warranties, the earnings impact of which is allocated to the respective segments on the basis used internally to manage the business. In addition, intragroup repurchase agreements between the Automotive and Financial Services segments pursuant to IFRS 15, impairment allowances on intragroup receivables and changes in the value of consolidated other investments pursuant to IFRS 9 are also excluded. Intragroup leasing arrangements are not reflected in the internal management and reporting system on a IFRS 16 basis and therefore, in accordance with IFRS 8, do not give rise to any changes in the presentation of segment information. Inter-segment receivables and payables, provisions, income, expenses and profits are eliminated upon consolidation. Inter-segment revenues are based on market prices. Centralised cost components are included in the respective segments, without resulting in cash flows.

The role of "chief operating decision maker" with respect to resource allocation and performance assessment of the reportable segment is embodied in the full Board of Management. For this purpose, different measures of segment performance as well as segment assets are taken into account in the operating segments.

The Automotive and Motorcycles segments are managed on the basis of return on capital employed (RoCE). The relevant measure of segment results used is therefore profit before financial result. Capital employed is the corresponding measure of segment assets used to determine how to allocate resources. With effect from the reporting year 2022, a simplified definition of capital employed is applied to make the RoCE calculation more comprehensible and transparent for users. Capital employed is calculated as the sum of intangible assets, property, plant and equipment and net working capital, the latter comprising inventories as well as trade receivables less trade payables.

Further information is provided in the section "Managing operational performance at segment level" within the Combined Management Report.

The success of the Financial Services segment is measured on the basis of return on equity (RoE). Profit before tax therefore represents the relevant measure of segment earnings. The measure of segment assets in the Financial Services segment corresponds to net assets, defined as total assets less total liabilities.

The success of the Other Entities segment is assessed on the basis of profit or loss before tax. The corresponding measure of segment assets used to manage the Other Entities segment is total assets less asset-side income tax items and intragroup investments.

Segment information by operating segment is as follows:

	Automotive		Motorcycles		Financial Services		Other Entities		Reconciliation to Group figures		Group	
	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021
in € million												
External revenues	105,834	77,173	3,194	2,761	33,581	31,304	1	1	-	-	142,610	111,239
Inter-segment revenues	17,768	18,303	- 18	- 13	1,541	1,563	7	4	- 19,298	- 19,857	-	-
Total revenues	123,602	95,476	3,176	2,748	35,122	32,867	8	5	- 19,298	- 19,857	142,610	111,239
Segment result	10,635	9,870	257	227	3,205	3,753	995	531	8,417	1,679	23,509	16,060
Result from equity accounted investments	- 100	1,520	-	-	-	-	-	-	-	-	- 100	1,520
Capital expenditure on non-current assets	10,354	7,329	171	169	21,150	24,936	-	-	- 5,038	- 6,451	26,637	25,983
Depreciation and amortisation on non-current assets	8,433	6,341	101	119	10,016	10,567	-	-	- 4,094	- 5,269	14,456	11,758

	Automotive		Motorcycles		Financial Services		Other Entities		Reconciliation to Group figures		Group	
	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021	31. 12. 2022	31. 12. 2021
in € million												
Segment assets	62,519	41,617*	1,127	974*	17,737	17,324	95,727	97,917	69,816	71,695	246,926	229,527
Investments accounted for using the equity method	420	5,112	-	-	-	-	-	-	-	-	420	5,112

* Adjusted in line with the new performance management system, see [note 45](#) in the BMW Group Report 2021.

Write-downs on inventories to their net realisable value amounting to € 112 million (2021: € 41 million) were recognised by the Automotive segment in the financial year 2022. The reversal of impairment losses had a positive impact of € 11 million (2021: € 5 million) on the segment result of the Automotive segment.

The result of the Financial Services segment was negatively impacted by impairment losses totalling € 578 million (2021: € 390 million) recognised on leased products. Income from the reversal of impairment losses on leased products amounted to

€ 300 million (2021: € 134 million). The Other Entities segment result includes interest and similar income amounting to € 1,543 million (2021: € 875 million) and interest and similar expenses amounting to € 1,539 million (2021: € 974 million).

The information disclosed for capital expenditure and depreciation and amortisation relates to non-current property, plant and equipment, intangible assets and leased products.

The total of the segment figures can be reconciled to the corresponding Group figures as follows:

in € million	2022	2021
Reconciliation of segment result		
Total for reportable segments	15,092	14,381
Financial result of Automotive segment	8,283	1,935
Financial result of Motorcycles segment	12	1
Elimination of inter-segment items	122	- 257
Group profit before tax	23,509	16,060
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	31,675	32,434
Elimination of inter-segment items	- 5,038	- 6,451
Total Group capital expenditure on non-current assets	26,637	25,983
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	18,550	17,027
Elimination of inter-segment items	- 4,094	- 5,269
Total Group depreciation and amortisation on non-current assets	14,456	11,758

in € million	31.12.2022	31.12.2021*
Reconciliation of segment assets		
Total for reportable segments	177,110	157,832
Financial and other assets – Automotive	71,742	70,051
Trade payables – Automotive	12,763	9,650
Financial and other assets – Motorcycles	50	42
Trade payables – Motorcycles	494	378
Total liabilities – Financial Services	131,676	136,113
Non-operating assets – Other Entities	23,072	7,676
Elimination of inter-segment items	- 169,981	- 152,215
Total Group assets	246,926	229,527

* Adjusted in line with the new performance management system, see [note 45](#) in the BMW Group Report 2021.

The reconciliation of segment figures to the corresponding total Group figures shows the inter-segment items. Revenues with other segments result mainly from the sale of vehicles, for which the Financial Services segment has concluded a financing or lease contract. Eliminations of inter-segment items in the reconciliation to the Group profit before tax, capital expenditure and depreciation and amortisation mainly result from the sale of vehicles in the Automotive segment, which are subsequently accounted for as leased vehicles in the Financial Services segment. In the reconciliation of segment assets to Group assets, eliminations relate mainly to intragroup financing balances.

In the information by region, external revenues are based on the location of the customer. The information disclosed for non-current assets relates to property, plant and equipment, intangible assets and leased products. Eliminations disclosed for non-current assets relate to leased products.

Information by region in € million	External revenues		Non-current assets	
	2022	2021	2022	2021
Germany	15,413	14,206	43,175	41,202
China	41,881	25,333	16,087	308
USA	28,751	21,522	18,919	20,878
Rest of Europe	36,032	32,920	19,350	19,134
Rest of Asia	12,805	10,875	2,903	2,315
Rest of the Americas	4,941	3,821	3,003	3,222
Other regions	2,787	2,562	332	328
Eliminations	-	-	- 7,047	- 7,317
Group	142,610	111,239	96,722	80,070

LIST OF INVESTMENTS AT 31 DECEMBER 2022

48 List of investments at 31 December 2022

The List of Investments of BMW AG pursuant to § 285 and § 313 HGB is presented below. Disclosures for equity and earnings and for investments are not made if they are of "minor significance" for the results of operations, financial position and net assets of BMW AG pursuant to § 286 (3) sentence 1 no. 1 HGB and § 313 (3) sentence 4 HGB. It is also shown in the list which subsidiaries apply the exemptions available in § 264 (3) and § 264 b HGB with regard to the publication of annual financial statements and the drawing up of a management report and/or notes to the financial statements (footnotes 5 and 6). The Group Financial Statements of BMW AG serve as exempting consolidated financial statements for these companies.

Affiliated companies (subsidiaries) of BMW AG at 31 December 2022

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
DOMESTIC¹			
BMW INTEC Beteiligungs GmbH, Munich ^{3,6}	11,559	-	100
BMW Beteiligungs GmbH & Co. KG, Munich ⁶	6,138	-3	100
BMW Bank GmbH, Munich ³	2,075	355	100
BMW Finanz Verwaltungs GmbH, Munich	217	4	100
BMW Vertriebszentren Verwaltungs GmbH, Munich	186	13	100
BMW Anlagen Verwaltungs GmbH, Munich ^{3,6}	179	-	100
Parkhaus Oberwiesenfeld GmbH, Munich	117	11	100
Alphabet Fuhrparkmanagement GmbH, Munich ⁴	-	-	100
Alphabet International GmbH, Munich ^{4,5,6}	-	-	100
Bavaria Wirtschaftsagentur GmbH, Munich ^{3,5,6}	-	-	100
BMW Fahrzeugtechnik GmbH, Eisenach ^{3,5,6}	-	-	100
BMW Hams Hall Motoren GmbH, Munich ^{4,5,6}	-	-	100
BMW High Power Charging Beteiligungs GmbH, Munich ^{4,6}	-	-	100
BMW M GmbH Gesellschaft für individuelle Automobile, Munich ^{3,5,6}	-	-	100
BMW Vermögensverwaltungs GmbH, Munich	-	-	100
Bürohaus Petuelring GmbH, Munich	-	-	100
LARGUS Grundstücks-Verwaltungsgesellschaft mbH, Munich	-	-	100
Rolls-Royce Motor Cars GmbH, Munich ^{4,5,6}	-	-	100
BAVARIA-LLOYD Reisebüro GmbH, Munich	-	-	51

Notes to the Group Financial Statements

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
FOREIGN^{2,10}			
Europe			
BMW Holding B.V., The Hague	34,822	6,967	100
BMW International Holding B.V., Rijswijk	4,684	629	100
BMW Österreich Holding GmbH, Steyr	3,664	308	100
BMW (Schweiz) AG, Dielsdorf	1,106	94	100
BMW Financial Services (GB) Ltd., Farnborough	984	244	100
BMW Motoren GmbH, Steyr	946	151	100
BMW España Finance S.L., Madrid	821	23	100
BMW Finance N.V., The Hague	614	369	100
BMW i Ventures SCS SICAV-RAIF, Senningerberg	577	23	100
Alphabet España Fleet Management S.A.U., Madrid	418	40	100
BMW Finance S.N.C., Guyancourt	311	46	100
BMW Russland Trading OOO, Moscow	248	88	100
BMW (UK) Ltd., Farnborough	191	112	100
ALPHABET (GB) Ltd., Farnborough	149	145	100
BMW Finanzdienstleistungen (Schweiz) AG, Dielsdorf	133	9	100
BMW Austria Leasing GmbH, Salzburg	119	12	100
BMW International Investment B.V., The Hague	117	134	100
Rolls-Royce Motor Cars Ltd., Farnborough	116	109	100
Alphabet Austria Fuhrparkmanagement GmbH, Salzburg	-	-	100
Alphabet Belgium Long Term Rental NV, Aartselaar	-	-	100
Alphabet France Fleet Management S.A.S., Saint-Quentin-en-Yvelines	-	-	100
Alphabet Fuhrparkmanagement (Schweiz) AG, Dielsdorf	-	-	100
Alphabet Italia S.p.A., Trento	-	-	100
Alphabet Luxembourg S.A., Leudelange	-	-	100
Alphabet Polska Fleet Management Sp. z o.o., Warsaw	-	-	100
Bavaria Reinsurance Malta Ltd., Floriana	-	-	100
Bavarian Sky S.A. Luxembourg ⁹	-	-	100
BiV Carry I SCS, Senningerberg	-	-	100

Notes to the Group Financial Statements

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
BiV Carry II SCS, Senningerberg	-	-	100
BLMC Ltd., Farnborough	-	-	100
BMW (UK) Capital plc, Farnborough	-	-	100
BMW (UK) Holdings Ltd., Farnborough	-	-	100
BMW (UK) Investments Ltd., Farnborough	-	-	100
BMW (UK) Manufacturing Ltd., Farnborough	-	-	100
BMW Austria Bank GmbH, Salzburg	-	-	100
BMW Austria GmbH, Salzburg	-	-	100
BMW Automotive (Ireland) Ltd., Dublin	-	-	100
BMW Bank OOO, Moscow	-	-	100
BMW Belgium Luxembourg S.A./N.V., Bornem	-	-	100
BMW Bulgaria EOOD, Sofia	-	-	100
BMW Central Medical Trustees Ltd., Farnborough	-	-	100
BMW China Capital B.V., The Hague ⁹	-	-	100
BMW Czech Republic s.r.o., Prague	-	-	100
BMW Danmark A/S, Copenhagen	-	-	100
BMW Distribution S.A.S., Vélizy-Villacoublay	-	-	100
BMW España Finance S.L., Madrid	-	-	100
BMW Financial Services (Ireland) DAC, Dublin	-	-	100
BMW Financial Services Belgium S.A./N.V., Bornem	-	-	100
BMW Financial Services Denmark A/S, Copenhagen	-	-	100
BMW Financial Services Nederland B.V., Breda	-	-	100
BMW Financial Services Polska Sp. z o.o., Warsaw	-	-	100
BMW Financial Services Scandinavia AB, Sollentuna	-	-	100
BMW France S.A., Montigny-le-Bretonneux	-	-	100
BMW Hungary Kft., Vecsés	-	-	100
BMW Iberica S.A., Madrid	-	-	100
BMW Italia Retail S.r.l., Rome	-	-	100
BMW Italia S.p.A., San Donato Milanese	-	-	100
BMW Malta Ltd., Floriana	-	-	100
BMW Nederland B.V., The Hague	-	-	100

Notes to the Group Financial Statements

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
BMW Norge AS, Fornebu	-	-	100
BMW Northern Europe AB, Stockholm	-	-	100
BMW Portugal Lda., Porto Salvo	-	-	100
BMW Renting (Portugal) Lda., Porto Salvo	-	-	100
BMW Romania S.R.L., Bucharest	-	-	100
BMW Services Ltd., Farnborough	-	-	100
BMW Slovenia distribucija motornih vozil d.o.o., Ljubljana	-	-	100
BMW Slovenská republika s.r.o., Bratislava	-	-	100
BMW Vertriebs GmbH, Salzburg	-	-	100
Oy BMW Suomi AB, Helsinki	-	-	100
Park Lane Ltd., Farnborough	-	-	100
Riley Motors Ltd., Farnborough	-	-	100
Swindon Pressings Ltd., Farnborough	-	-	100
Triumph Motor Company Ltd., Farnborough	-	-	100
Bavarian Sky Europe S.A. Compartment A, Luxembourg ¹¹	-	-	0
Bavarian Sky FTC, Compartment French Auto Leases 4, Paris ¹¹	-	-	0
Bavarian Sky S.A., Compartment A, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Leases 6, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Leases 7, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Loans 9, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Loans 10, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Loans 11, Luxembourg ¹¹	-	-	0
Bavarian Sky UK 3 plc, London ¹¹	-	-	0
Bavarian Sky UK 4 plc, London ¹¹	-	-	0
Bavarian Sky UK A Ltd., London ¹¹	-	-	0
Bavarian Sky UK B Ltd., London ¹¹	-	-	0
Bavarian Sky UK C Ltd., London ¹¹	-	-	0
Bavarian Sky UK D Ltd., London ¹¹	-	-	0

Notes to the Group Financial Statements

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
The Americas			
BMW Manufacturing Co. LLC, Wilmington, Delaware	2,392	511	100
BMW Bank of North America Inc., Salt Lake City, Utah	1,545	184	100
BMW of North America LLC, Wilmington, Delaware	1,312	1,061	100
Financial Services Vehicle Trust, Wilmington, Delaware	972	205	100
BMW Canada Inc., Richmond Hill, Ontario	474	257	100
BMW US Capital LLC, Wilmington, Delaware	461	379	100
BMW (US) Holding Corp., Wilmington, Delaware	-	-	100
BMW Acquisitions Ltda., São Paulo	-	-	100
BMW Auto Leasing LLC, Wilmington, Delaware	-	-	100
BMW Consolidation Services Co. LLC, Wilmington, Delaware	-	-	100
BMW de Argentina S.A., Buenos Aires	-	-	100
BMW de Mexico S.A. de C.V., Mexico City	-	-	100
BMW do Brasil Ltda., Araquari	-	-	100
BMW Extended Service Corporation, Wilmington, Delaware	-	-	100
BMW Facility Partners LLC, Wilmington, Delaware	-	-	100
BMW Financeira S.A. Credito, Financiamento e Investimento, São Paulo	-	-	100
BMW Financial Services de Mexico S.A. de C.V. SOFOM, Mexico City	-	-	100
BMW Financial Services NA LLC, Wilmington, Delaware	-	-	100
BMW Floorplan Master Owner Trust, Wilmington, Delaware	-	-	100
BMW FS Funding Corporation, Wilmington, Delaware	-	-	100
BMW FS Receivables Corporation, Wilmington, Delaware	-	-	100
BMW FS Securities LLC, Wilmington, Delaware	-	-	100
BMW Insurance Agency Inc., Wilmington, Delaware	-	-	100
BMW Leasing do Brasil S.A., São Paulo	-	-	100
BMW Manufacturing Indústria de Motos da Amazônia Ltda., Manaus	-	-	100
BMW Manufacturing LP, Woodcliff Lake, New Jersey	-	-	100
BMW of Manhattan Inc., Wilmington, Delaware	-	-	100
BMW Receivables 1 Inc., Richmond Hill, Ontario	-	-	100
BMW Receivables 2 Inc., Richmond Hill, Ontario	-	-	100
BMW Receivables Ltd. Partnership, Richmond Hill, Ontario	-	-	100

Notes to the Group Financial Statements

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
BMW SLP, S.A. de C.V., Villa de Reyes	-	-	100
Rolls-Royce Motor Cars NA LLC, Wilmington, Delaware	-	-	100
SB Acquisitions LLC, Wilmington, Delaware	-	-	100
BMW 2021- A Lease Conduit, Wilmington, Delaware ¹¹	-	-	0
BMW 2022- A Lease Conduit, Wilmington, Delaware ¹¹	-	-	0
BMW Canada Auto Trust 2020-1, Richmond Hill, Ontario ¹¹	-	-	0
BMW Canada Auto Trust 2021-1, Richmond Hill, Ontario ¹¹	-	-	0
BMW Canada Auto Trust 2022-1, Richmond Hill, Ontario ¹¹	-	-	0
BMW Vehicle Lease Trust 2021- 2, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Lease Trust 2021-1, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Lease Trust 2022-1, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Owner Trust 2019-A, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Owner Trust 2020-A, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Owner Trust 2022-A, Wilmington, Delaware ¹¹	-	-	0
Africa			
BMW Financial Services (South Africa) (Pty) Ltd., Midrand	115	11	100
BMW (South Africa) (Pty) Ltd., Pretoria	-	-	100
SuperDrive Investments (RF) Ltd., Cape Town ¹¹	-	-	0
Asia			
BMW Automotive Finance (China) Co. Ltd., Beijing	1,370	367	100
BMW China Investment Ltd., Beijing	840	798	100
BMW Japan Finance Corp., Tokyo	473	64	100
BMW Brilliance Automotive Ltd., Shenyang ⁹	410	2,401	75
BMW Financial Services Korea Co. Ltd., Seoul	223	78	100
BMW Japan Corp., Tokyo	223	163	100
BMW Leasing (Thailand) Co. Ltd., Bangkok	128	34	100
BMW Malaysia Sdn Bhd, Kuala Lumpur	113	97	51
BMW Korea Co. Ltd., Seoul	-	-	100
Herald International Financial Leasing Co. Ltd., Tianjin	-	-	100
BMW Manufacturing (Thailand) Co. Ltd., Rayong	-	-	100
BMW (Thailand) Co. Ltd., Bangkok	-	-	100

Notes to the Group Financial Statements

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
BMW Asia Pacific Capital Pte Ltd., Singapore	-	-	100
BMW Asia Pte. Ltd., Singapore	-	-	100
BMW Asia Technology Centre Sdn Bhd, Kuala Lumpur	-	-	100
BMW China Automotive Trading Ltd., Beijing	-	-	100
BMW China Services Ltd., Beijing	-	-	100
BMW Credit (Malaysia) Sdn Bhd, Kuala Lumpur	-	-	100
BMW Holding Malaysia Sdn Bhd, Kuala Lumpur	-	-	100
BMW India Financial Services Private Ltd., Gurgaon	-	-	100
BMW India Private Ltd., Gurgaon	-	-	100
BMW Lease (Malaysia) Sdn Bhd, Kuala Lumpur	-	-	100
BMW Tokyo Corp., Tokyo	-	-	100
PT BMW Indonesia, Jakarta	-	-	100
2019-1 ABL, Tokyo ¹¹	-	-	0
2019-2 ABL, Tokyo ¹¹	-	-	0
2019-3 ABL, Tokyo ¹¹	-	-	0
2020-1 ABL, Tokyo ¹¹	-	-	0
2021-1 ABL, Tokyo ¹¹	-	-	0
2021-2 ABL, Tokyo ¹¹	-	-	0
2022-1 ABL, Tokyo ¹¹	-	-	0
Bavarian Sky China 2021-1, Beijing ¹¹	-	-	0
Bavarian Sky China 2021-2, Beijing ¹¹	-	-	0
Bavarian Sky China 2021-3, Beijing ¹¹	-	-	0
Bavarian Sky China 2022-1, Beijing ¹¹	-	-	0
Bavarian Sky China 2022-2, Beijing ¹¹	-	-	0
Bavarian Sky China Leasing 2021-1, Tianjin ¹¹	-	-	0
Bavarian Sky China Leasing 2022-1, Tianjin ¹¹	-	-	0
Bavarian Sky Korea 2021-1, Seoul ¹¹	-	-	0
Bavarian Sky Korea 2022-1, Seoul ¹¹	-	-	0
Bavarian Sky Korea 2022-A, Seoul ¹¹	-	-	0

Notes to the Group Financial Statements

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
Oceania			
BMW Australia Finance Ltd., Mulgrave	-	-	100
BMW Australia Ltd., Melbourne	-	-	100
BMW Financial Services New Zealand Ltd., Auckland	-	-	100
BMW Melbourne Pty. Ltd., Melbourne	-	-	100
BMW New Zealand Ltd., Auckland	-	-	100
BMW Sydney Pty. Ltd., Sydney	-	-	100
Bavarian Sky Australia Trust A, Mulgrave ¹¹	-	-	0
BMW Australia Trust 2011-2, Mulgrave ¹¹	-	-	0

BMW AG's non-consolidated companies at 31 December 2022

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
DOMESTIC⁷			
Alphabet Fleetservices GmbH, Munich ⁴	-	-	100
Automag GmbH, Munich	-	-	100
BMW Car IT GmbH, Munich ⁴	-	-	100
BMW i Ventures GmbH, Munich	-	-	100
IDEALworks GmbH, Munich	-	-	100
FOREIGN⁷			
Europe			
Alphabet Insurance Services Polska Sp. z o.o., Warsaw	-	-	100
BMW (GB) Ltd., Farnborough	-	-	100
BMW (UK) Pensions Services Ltd., Hams Hall	-	-	100
BMW Car Club Ltd., Farnborough	-	-	100
BMW Drivers Club Ltd., Farnborough	-	-	100
BMW Financial Services Czech Republic s.r.o., Prague	-	-	100
BMW Financial Services Slovakia s.r.o., Bratislava	-	-	100
BMW Group Benefit Trust Ltd., Farnborough	-	-	100
BMW Manufacturing Hungary Kft., Debrecen	-	-	100

Notes to the Group Financial Statements

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
BMW Manufacturing Russland OOO, Kaliningrad	-	-	100
BMW Mobility Development Center s.r.o., Prague	-	-	100
BMW Motorsport Ltd., Farnborough	-	-	100
BMW Poland sp. z o.o., Warsaw	-	-	100
BMW Russland Automotive OOO, Kaliningrad	-	-	100
John Cooper Garages Ltd., Farnborough	-	-	100
John Cooper Works Ltd., Farnborough	-	-	100
OOO BMW Leasing, Moscow	-	-	100
The Americas			
217- 07 Northern Boulevard Corporation, Wilmington, Delaware	-	-	100
BMW Experience Centre Inc., Richmond Hill, Ontario	-	-	100
BMW i Ventures Inc., Wilmington, Delaware	-	-	100
BMW i Ventures LLC, Wilmington, Delaware	-	-	100
BMW Mobility Services LLC, Wilmington, Delaware	-	-	100
BMW Operations Corp., Wilmington, Delaware	-	-	100
BMW Shared Services LLC, Wilmington, Delaware	-	-	100
BMW Technology Corp., Wilmington, Delaware	-	-	100
Designworks / USA Inc., Newbury Park, California	-	-	100
MINI Business Innovation LLC, Wilmington, Delaware	-	-	100
MINI Canada Inc., Richmond Hill, Ontario	-	-	100
Urban X Accelerator SPV LLC, Wilmington, Delaware	-	-	100
Africa			
BMW Automobile Distributors (Pty) Ltd., Midrand	-	-	100
BPF Midrand Property Holdings (Pty) Ltd., Midrand	-	-	100
Multisource Properties (Pty) Ltd., Midrand	-	-	100

Notes to the Group Financial Statements

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
Asia			
BMW (China) Insurance Brokers Co. Ltd., Beijing	-	-	100
BMW Finance (United Arab Emirates) Ltd., Dubai	-	-	100
BMW Financial Services Singapore Pte Ltd., Singapore	-	-	100
BMW Hong Kong Services Ltd., Hong Kong	-	-	100
BMW India Foundation, Gurgaon	-	-	100
BMW India Leasing Private Ltd., Gurgaon	-	-	100
BMW Insurance Broker (Thailand) Co. Ltd., Bangkok	-	-	100
BMW Insurance Services Korea Co. Ltd., Seoul	-	-	100
BMW Middle East Retail Competency Centre DWC-LLC, Dubai	-	-	100
BMW Parts Manufacturing (Thailand) Co., Ltd., Rayong Province	-	-	100
BMW Technology Office Israel Ltd., Tel Aviv	-	-	100
Herald Hezhong (Beijing) Automotive Trading Co. Ltd., Beijing	-	-	100
Ling Yue Digital Information Technology Co. Ltd., Beijing	-	-	100
BMW Philippines Corp., Manila	-	-	70

BMW AG's associated companies, joint ventures and joint operations at 31 December 2022

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
Joint ventures – equity accounted			
DOMESTIC			
YOUR NOW Holding GmbH, Munich ⁸	159	- 800	50
Associated companies – equity accounted			
DOMESTIC			
IONITY Holding GmbH & Co. KG, Munich ⁸	412	- 53	15
FOREIGN			
THERE Holding B.V., Amsterdam ⁸	858	- 134	30
Solid Power, Inc., Wilmington, Delaware	-	-	6
Joint operations – proportionately consolidated entities			
FOREIGN			
Spotlight Automotive Ltd., Zhangjiagang ⁸	-	-	50
Not equity accounted or proportionately consolidated entities			
DOMESTIC⁷			
Encory GmbH, Unterschleißheim	-	-	50
The Retail Performance Company GmbH, Munich	-	-	50
PDB - Partnership for Dummy Technology and Biomechanics GbR, Gaimersheim	-	-	20
FOREIGN⁷			
BMW AVTOTOR Holding B.V., Amsterdam	-	-	50
Critical TechWorks S.A., Porto	-	-	50
BMW Albatha Finance PSC, Dubai	-	-	40
BMW Albatha Leasing LLC, Dubai	-	-	40
Bavarian & Co Co. Ltd., Incheon	-	-	20

BMW AG's participations at 31 December 2022

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
DOMESTIC			
IVM Industrie-Verband Motorrad GmbH & Co. Dienstleistungs KG, Essen	-	-	28
SGL Carbon SE, Wiesbaden	-	-	18
Hubject GmbH, Berlin	-	-	16
Joblinge gemeinnützige AG Leipzig, Leipzig	-	-	16
Joblinge gemeinnützige AG Berlin, Berlin	-	-	10
Racer Benchmark Group GmbH, Landsberg am Lech	-	-	8
Joblinge gemeinnützige AG München, Munich	-	-	6
Deutsches Forschungszentrum für Künstliche Intelligenz GmbH, Kaiserslautern	-	-	5
GSB Sonderabfall-Entsorgung Bayern GmbH, Baar-Ebenhausen	-	-	3
FOREIGN			
Northvolt AB, Stockholm	-	-	3

¹ The amounts shown for German affiliated companies correspond to the annual financial statements drawn up in accordance with German accounting rules (HGB).

² The amounts shown for foreign affiliated companies correspond to the annual financial statements drawn up in accordance with uniform IFRS rules. Equity and earnings not denominated in euro are translated into euro using the closing exchange rate at the balance sheet date.

³ Profit and Loss Transfer Agreement with BMW AG.

⁴ Profit and Loss Transfer Agreement with a subsidiary of BMW AG.

⁵ Exemption from drawing up a management report applied in accordance with § 264 (3) and § 264b HGB.

⁶ Exemption from publishing financial statements applied in accordance with § 264 (3) and § 264b HGB.

⁷ These entities are neither consolidated nor accounted for using the equity method due to their overall immateriality for the Group Financial Statements.

⁸ The amounts shown for entities accounted for using the equity method and for proportionately consolidated entities correspond to the annual financial statements drawn up in accordance with uniform IFRS rules. Equity not denominated in euro is translated into euro using the closing exchange rate at the balance sheet date, earnings are translated using the average rate.

⁹ First-time consolidation.

¹⁰ Deconsolidation in financial year 2022: BMW Financial Services B.V. (merger), BMW Madrid S.L. (liquidation).

¹¹ Control on basis of economic dependence.



Munich, 7 March 2023

Bayerische Motoren Werke

Aktiengesellschaft

The Board of Management

Oliver Zipse

Ilka Horstmeier

Dr.-Ing. Milan Nedeljković

Pieter Nota

Dr. Nicolas Peter

Dr.-Ing. Joachim Post

Frank Weber

[247 Responsibility Statement by the Company's Legal Representatives](#)

[248 Independent Auditor's Report](#)

[256 Independent Practitioner's Report](#)

4 — RESPONSIBILITY STATEMENT AND AUDITOR'S REPORT

RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

Statement pursuant to § 117 No.1 of the German Securities Trading Act (WpHG) in conjunction with § 297 (2) sentence 4 and § 315 (1) sentence 5 of the German Commercial Code (HGB)

„To the best of our knowledge, and in accordance with the applicable reporting principles, the Group Financial Statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Group, and the Group Management Report includes a fair review of the development and performance of the business and position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group.“

Munich, 7 March 2023

Bayerische Motoren Werke

Aktiengesellschaft

The Board of Management

Oliver Zipse

Ilka Horstmeier

Dr.-Ing. Milan Nedeljković

Pieter Nota

Dr. Nicolas Peter

Dr.-Ing. Joachim Post

Frank Weber



INDEPENDENT AUDITOR'S REPORT

**To Bayerische Motoren Werke
Aktiengesellschaft, Munich**

**Report on the audit of the
consolidated financial statements and
of the group management report**

Audit Opinions

We have audited the consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft, Munich, and its subsidiaries (the Group), which comprise the consolidated statement of financial position as at 31 December 2022, and the consolidated statement of profit or loss, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year from 1 January to 31 December 2022, and notes to the consolidated financial statements, including a summary of significant accounting policies. In addition, we have audited the group management report of Bayerische Motoren Werke Aktiengesellschaft, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2022. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

- the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets,

liabilities, and financial position of the Group as at 31 December 2022, and of its financial performance for the financial year from 1 January to 31 December 2022, and

- the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated

Financial Statements and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from 1 January to 31 December 2022. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1 Measurement of leased products

2 Valuation of receivables from sales financing

3 Valuation of provisions for statutory and non-statutory warranty obligations as well as product guarantees

4 Accounting treatment of the acquisition of BMW Brilliance Automotive Ltd., Shenyang, China

Our presentation of these key audit matters has been structured in each case as follows:

1 Matter and issue

2 Audit approach and findings

3 Reference to further information

Hereinafter we present the key audit matters:

1 Measurement of leased products

1 The BMW Group leases vehicles to end customers under operating leases (leased products). At the balance sheet date, the figure reported under the "leased products" line item for operating leases was EUR 42,820 million (approximately 17.3 % of total assets). Leased products are measured at cost, which is depreciated on a straight-line basis over the lease term to the expected residual value (recoverable amount). A key estimated value for subsequent measurement of leased products is the expected residual value at the end of the lease term. For the residual value forecasts the BMW Group uses internally available data on historical empirical values, current market data and market estimates as well as forecasts by external market research institutes. The residual value estimates also contain regulatory changes in the individual markets. The estimation of future residual values is subject to judgment due to the large number of assumptions to be made by the executive directors and the amount of data included in the determination.

Against this background and due to the resulting significant uncertainties with regard to estimates in the context of measuring the residual values of the leased products, this matter was of particular significance in the context of our audit.

2 As part of our audit we obtained an understanding of the development of operating leases, the underlying residual value risks as well as the business processes for the identification, management, monitoring and measurement of residual value risks, among other things by inquiries and inspection of documents related to the internal calculation methods. Furthermore, we evaluated the appropriateness and effectiveness of the internal control system, particularly regarding the determination of expected residual values. This included the evaluation of the propriety of the relevant IT systems as well as the implemented interfaces therein by our IT-specialists. In addition, we evaluated the appropriateness of the forecasting methods, the model assumptions as well as the parameters used for the measurement of the residual values based on the validations carried out by the BMW Group. For this purpose, we inquired with the BMW Group's experts responsible for the management and monitoring of residual value risks and inspected the internal analysis on residual value developments and residual value forecasts as well as the validation results. We examined the mathematical correctness of the forecast values using the key calculation steps.

Based on our audit procedures, we were able to satisfy ourselves that the methods and processes for determining the expected residual values of leased products underlying the valuation are appropriate and the assumptions and parameters included in the forecast model for the residual value are appropriate as a whole.

3 The Company's disclosures on the applied "Accounting policies, assumptions, judgments and estimations" are contained in the notes to the consolidated financial statements under note 7 and on leased products are contained under note 24.

2 Valuation of receivables from sales financing

1 The BMW Group offers end customers, dealerships and importers various financing models for vehicles. In this context, current and non-current receivables from sales financing totaling EUR 85,708 million are reported in the consolidated statement of financial position as at the balance sheet date (approximately 34.7% of total assets). Impairment losses amounting to EUR 2,145 million were recognized on these receivables as at the balance sheet date. In order to determine the amount of the necessary valuation allowances to be recognized with respect to receivables from sales financing, the BMW Group, among others, evaluates the creditworthiness of the dealers, importers and end customers, as well as any loss ratios, and risk provisioning parameters are derived based on historical default probabilities and loss ratios.

The determination of the valuation allowances by the executive directors is subject to a significant degree of judgment due to several value-influencing factors such as the estimation of creditworthiness, the determination of probabilities of default and loss ratios and was therefore of particular significance in the context of our audit.

2 As part of our audit we obtained a comprehensive understanding of the development of receivables from sales financing, the associated default-related risks as well as the business processes for the identification, management, monitoring and measurement of default risks, among other things by inquiries and inspection of documents on the internal calculation methods. Furthermore, we evaluated the appropriateness and effectiveness of the internal control system regarding the determination of the impairment loss to be recognized. In this context, we also evaluated the relevant IT systems and internal processes. The evaluation included an assessment by our IT-specialists of the appropriateness of the systems concerned and associated interfaces to ensure the completeness of data as well as the audit of automated controls for data processing.

As part of our audit we assessed in particular the appropriateness of the risk classification procedures as well as the risk provisioning parameters used. For this purpose, we analyzed in particular the validations of parameters that are regularly conducted by the Company. To assess the default risk, we also used targeted sampling of individual cases to examine whether the attributes for assignment to the respective risk categories were suitably available and the impairment losses had been calculated using the parameters defined for these risk categories.

In our view, the assumptions and parameters used in the measurement of receivables from sales financing were appropriate overall.

3 The Company's disclosures on the applied "Accounting policies, assumptions, judgments and estimations" are contained in the notes to the consolidated financial statements under note 7 and on "receivables from sales financing" are contained under note 26.

3 Valuation of provisions for statutory and non-statutory warranty obligations as well as product guarantees

1 Provisions for statutory and non-statutory warranty obligations as well as product guarantees are included in the consolidated financial statements of BMW Group as a material amount in other provisions. The obligations amounted to EUR 8,251 million (approximately 3.3% of total assets) as at 31 December 2022. The BMW Group is responsible for the legally required warranty and product guarantees in the respective sales market. In order to estimate the liabilities arising from statutory and non-statutory warranty obligations as well as product guarantees for vehicles sold, information on the type and volume of damages arising and on remedial measures is recorded and analyzed at vehicle model level. The expected amount of obligations is extrapolated from costs of the past and recognized as a provision in the corresponding amount,

if the criteria of IAS 37 have been met. For specific or anticipated individual circumstances, for example recalls for vehicles sold, additional provisions are recognized provided they have not already been taken into account.

The determination of provisions is associated with unavoidable estimation uncertainties and is subject to a high risk of change, depending on factors such as notification of detected defects as well as claims made by vehicle owners. Against this background, this matter was of particular significance during our audit.

2 In order to assess the appropriateness of the valuation method used for the determination of the provisions for statutory and non-statutory warranty obligations as well as product guarantees including the assumptions and parameters, we primarily obtained an understanding of the process for determining the assumptions and parameters through discussions with the responsible employees of the BMW Group. We also evaluated the appropriateness as well as effectiveness of controls for determining the assumptions and parameters. With the involvement of our IT specialists, we checked the IT systems used regarding their compliance. We compared the expenses for claims and technical actions with actual costs incurred in order to draw conclusions on the forecast accuracy. Based on a targeted sample of vehicle models, the mathematical correctness of the valuation model used across the Group was examined. We examined and evaluated the assumptions used by the BMW Group concerning the extent to which the past values were representative of the expected susceptibility of damage, the expected value of damage per vehicle (comprising parts and labor input) as well as the expected assertion of claims from statutory and non-statutory warranties.

In our view, the method for the valuation of provisions for statutory and non-statutory warranty obligations as well as product guarantees is overall appropriate. Taking into consideration the information available, we believe that, overall, the measurement parameters and assumptions used by the executive directors are appropriate.

3 The Company's disclosures on the applied "Accounting policies, assumptions, judgments and estimations" are contained in the notes to the consolidated financial statements under note 7 and on "Other provisions" are contained under note 35.

4 Accounting treatment of the acquisition of BMW Brilliance Automotive Ltd., Shenyang, China

1 The BMW Group held 50 % of BMW Brilliance Automotive Ltd., Shenyang, China. A purchase agreement to acquire a further 25 % of the shares of BMW Brilliance Automotive Ltd., Shenyang, China, was entered into on 11 October 2018. On 11 October 2018, a purchase agreement was concluded for the acquisition of a further 25 % of the shares in BMW Brilliance Automotive Ltd. Shenyang, China. The acquisition was subject to the removal of the joint venture obligation for automotive production in China, which occurred in January 2022. The closing of the transaction was on 11 February 2022., at a purchase price of EUR 3.7 billion. The previously held shares are measured at fair value as at the acquisition date, which resulted in an appreciation effect of EUR 7.7 billion in the financial year 2022. In the context of identifying hidden reserves as part of the purchase price allocation, the identifiable assets and assumed liabilities and contingent liabilities of the company acquired were recognized at their fair values. The transaction resulted in goodwill of EUR 1.2 billion.

Due to the estimation uncertainties involved in measuring the assets and liabilities as part of the purchase price allocation, and the overall material impact in amount of the acquisition on the assets, liabilities, financial position and financial performance of the BMW Group, this matter was of particular significance in the context of our audit.

2 As part of our audit of the acquisition of BMW Brilliance Automotive Ltd., Shenyang, China, we first evaluated the contractual agreements with the involvement of our specialists in international accounting, and verified the purchase price paid as consideration for the acquired business operations using the supporting documentation provided to us regarding payment made. We also assessed the underlying opening balance sheet figures. Furthermore, we assessed the balance sheet underlying the acquisition based on the fair values at the date of first-time consolidation, and examined in particular the determination of the appreciation effect regarding the shares held so far as well as the identification of hidden reserves as part of the purchase price allocation. Thereby we evaluated, among other things, the appropriateness of the models on which the valuations were based as well as the valuation parameters and assumptions used. In view of the special features involved in calculating the fair values in the context of the purchase price allocation, our valuation specialists assisted us in the process. Together, we examined in particular the appreciation effect as well as the identification of hidden reserves as part of the purchase price allocation, and used checklists to evaluate the completeness and accuracy of the disclosures in the notes to the consolidated financial statements required under IFRS 3.

Overall, we were able to satisfy ourselves that the accounting treatment of this acquisition has been appropriately carried out and that the estimates and assumptions made by the executive directors are overall comprehensible and sufficiently substantiated.

3 The Company's disclosures relating to the acquisition are contained in the notes to the consolidated financial statements under note 3 "Increase of share in BMW Brilliance Automotive Ltd."

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the section "APPROPRIATENESS AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM" of the group management report
- the disclosures marked with [1] of the non-financial statement to comply with §§ 289b to 289e HGB and with §§ 315b to 315c HGB

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud (i.e., fraudulent financial reporting and misappropriation of assets) or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on

the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.

- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.

- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, actions taken to eliminate threats or safeguards applied.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file BMW_AG_KA+KLB_ESEF-2022-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from 1 January to 31 December 2022 contained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion

on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW PS 410 (06.2022)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the requirements of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019/815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.

- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019/815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on 11 May 2022. We were engaged by the supervisory board on 30 June 2022. We have been the group auditor of Bayerische Motoren Werke Aktiengesellschaft, Munich, without interruption since the financial year 2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be filed in the company register – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Michael Popp.

Munich, 8 March 2023

PricewaterhouseCoopers GmbH

Wirtschaftsprüfungsgesellschaft

Petra Justenhoven

Wirtschaftsprüferin

(German Public Auditor)

Michael Popp

Wirtschaftsprüfer

(German Public Auditor)

INDEPENDENT PRACTITIONER'S REPORT

Independent Practitioner's Report on a Limited Assurance Engagement on Disclosures on Non-financial Reporting and Sustainability Disclosures¹

To Bayerische Motoren Werke Aktiengesellschaft, Munich

We have performed a limited assurance engagement on the disclosures in the "BMW Group Re-port 2022" of Bayerische Motoren Werke Aktiengesellschaft, Munich, (hereinafter the "Company") for the period from 1 January to 31 December 2022 (hereinafter the "Integrated Group Re-port") denoted with [t...] of the Combined Non-financial Statement, which is integrated into the combined management report (hereinafter the "Disclosures on Non-financial Reporting") contained in the Integrated Group Report, as well as the sustainability disclosures contained in the sections „Dialog with stakeholders“, „Further GRI information“ and "SASB-Index" of the Integrated Group Report (hereinafter referred to as „Sustainability Disclosures"). Our engagement in this context relates solely to the disclosures denoted with the symbol [t...] and the disclosures in the sections „Dialog with stakeholders“, „Further GRI information“ and "SASB-Index".

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Integrated Group Report.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Combined Non-financial Statement in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section „EU-Taxonomy" of the Combined Non-financial Statement and the Integrated Group Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the "GRI-Criteria") and for the selection of the disclosures in the Combined Non-financial Statement and the sustainability disclosures.

This responsibility includes the selection and application of appropriate methods of non-financial reporting and sustainability reporting as well as making assumptions and estimates related to individual non-financial disclosures and sustainability disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of an Integrated Group Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU-Taxonomy" of the Combined Non-financial Statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

¹ PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the „BMW Group Report 2022" and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report.

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors (“Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer”: “BS WP/vBP”) as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Disclosures on Non-financial Reporting denoted with the symbol [t...1] of the Combined Non-financial Statement and the Sustainability Disclosures in the sections “Dialog with stakeholders”, “Further GRI information” and “SASB-Index” of the Integrated Group Report based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that

- the Disclosures on Non-financial Reporting denoted with the symbol [t...1] of the Company's Combined Non-financial Statement, contained in the Integrated Group Report, other than the external sources of documentation or expert opinions mentioned in the disclosures denoted with the symbol [t...1] in the Combined Non-financial Statement, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section “EU-Taxonomy” of the Combined Non-financial Statement, or
- the Sustainability Disclosures in the sections “Dialog with stakeholders”, “Further GRI information” and “SASB-Index” of the Company's Integrated Group Report have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.
- Identification of the likely risks of material misstatement of the Integrated Group Report
- Testing of processes for the collection, control, analysis and aggregation of selected data from various Group sites on a sample basis
- Analytical evaluation of selected disclosures in the Integrated Group Report
- Evaluation of the process to identify taxonomy-eligible and taxonomy-aligned economic activities and the corresponding disclosures in the Combined Non-financial Statement
- Evaluation of the presentation of the disclosures
- Inquiries on the relevance of climate-risks
- Evaluation of CO₂ compensation certificates exclusively with regard to their existence, but not with regard to their impact

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of the executive directors and relevant employees involved in the preparation of the Integrated Group Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Integrated Group Report

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the immanent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

**Assurance Opinion**

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that

- the Disclosures on Non-financial Reporting denoted with the symbol [t...1] of the Company's Combined Non-financial Statement for the period from 1 January to 31 December 2022, which is integrated into the combined management report contained in the Integrated Group Report, have not been prepared, in all material aspects, in accordance with the requirements of §§ 315c in conjunction with 289c to 289e HGB relevant to these disclosures and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU-Taxonomy" of the Non-financial Statement, or
- the Sustainability Disclosures in the sections "Dialog with stakeholders", "Further GRI information" and "SASB-Index" of the Company's Integrated Group Report for the period from 1 January to 31 December 2022 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Disclosures on Non-financial Reporting denoted with the symbol [t...1] of the Company's Combined Non-financial Statement.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any re-sponsibility to third parties. Our assurance opinion is not modified in this respect.

Munich, 8 March 2023

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Michael Popp	Nicolette Behncke
Wirtschaftsprüfer	Wirtschaftsprüferin
[German public auditor]	[German public auditor]



260 Remuneration Report

260 I. Review of the Past Financial Year from a Remuneration Perspective

262 II. Remuneration of the Members of the Board of Management

300 III. Remuneration of the Members of the Supervisory Board

304 IV. Comparison of Change in Remuneration and Earnings pursuant to § 162 (1) Sentence 2 No. 2 of the German Stock Corporation Act (AktG)

308 V. Other Considerations

308 VI. Outlook for the 2023 Financial Year

309 VII. Auditor's Report

5 — REMUNERATION REPORT



REMUNERATION REPORT

REMUNERATION REPORT

260 I.	Review of the Past Financial Year from a Remuneration Perspective
262 II.	Remuneration of the Members of the Board of Management
262 1.	Principles of the remuneration system and the contribution of remuneration to the promotion of the Company's business strategy and its long-term development
263 2.	Overview of remuneration system from the financial year 2021 onwards
266 3.	Determination and review of the remuneration system and individual remuneration
271 4.	Remuneration for the 2022 financial year
281 5.	Share ownership guideline
281 6.	Retirement benefits
282 7.	Malus and clawback provisions
282 8.	Premature termination of activities and post-contractual non-competition clause
283 9.	Remuneration granted and owed to members of the Board of Management pursuant to § 162 of the German Stock Corporation Act (AktG)
293 10.	Remuneration granted and owed to former members of the Board of Management pursuant to § 162 German Stock Corporation Act (AktG)
297 11.	Maximum remuneration and remuneration vested in the 2022 financial year (vesting year)
300 III.	Remuneration of the Members of the Supervisory Board
300 1.	Articles of incorporation and procedure
300 2.	Principles and elements of remuneration
300 3.	Remuneration granted and owed to members of the Supervisory Board pursuant to § 162 German Stock Corporation Act (AktG)
304 IV.	Comparison of Change in Remuneration and Earnings pursuant to § 162 (1) Sentence 2 No. 2 of the German Stock Corporation Act (AktG)
308 V.	Other Considerations
308 VI.	Outlook for the 2023 Financial Year
309 VII.	Auditor's Report

The Board of Management and the Supervisory Board have prepared this Remuneration Report in accordance with the requirements of § 162 of the German Stock Corporation Act (AktG). The report shows and explains the remuneration granted and owed to the individual current and former members of the Board of Management and the Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft (BMW AG) in the financial year 2022.^{1,2}

In order to facilitate understanding, the basic features of the remuneration systems applicable to the members of the Board of Management and the Supervisory Board, as applied in the 2022 financial year, are also set out below. In view of the fact that individual members of the Board of Management also received remuneration components from earlier remuneration systems during the 2022 financial year (specifically the remuneration systems for the 2017 and 2020 financial years), elements of these systems are also explained to the extent necessary for comprehension.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich branch, has audited the Remuneration Report beyond the requirements of § 162 (3) Sentences 1 and 2 AktG. The Auditor's Report is attached to this report.

I. REVIEW OF THE PAST FINANCIAL YEAR FROM A REMUNERATION PERSPECTIVE

2022 was a very successful financial year for the BMW Group. The BMW brand remained the global leader in the premium segment with its strong product portfolio and sales of more than two million vehicles. The Company once again accelerated its scale-up of electromobility and more than doubled sales of all-electric BMW and MINI vehicles. With its custom-made vehicles, the Rolls-Royce brand recorded record global sales, and 2022 was also the strongest sales year in BMW Motorrad's history.

The BMW Group generated a strong profit in the 2022 financial year. Group net profit amounted to € 18.6 billion (previous year: € 12.5 billion), with € 17.9 billion attributable to BMW AG shareholders (previous year: € 12.4 billion), while the Group return on sales after tax amounted to 13.0 % (previous year: 11.2 %).

¹ For reasons of simplicity, this report partially uses the masculine form in reference to persons. It is intended to represent all genders.

² Due to rounding, it is possible that individual figures in this report may not add up exactly to the totals provided, and that the percentages presented here may not be an exact reflection of the absolute values to which they relate.



Despite the challenges with the semiconductor and energy supply, pandemic-related lockdowns in China, the effects of the war in Ukraine and the tense geopolitical situation, the BMW Group was able to successfully continue its transformation towards electromobility and digitalisation under the leadership of the Board of Management. This is evident in the systematic further development of the NEUE KLASSE vehicle concept, which serves as the basis of a highly innovative future product portfolio, and in the focused digitalisation of sales towards an agency model in selected markets.

The Supervisory Board adopted the current remuneration system for the members of the Board of Management with effect from 1 January 2021. The Annual General Meeting approved it on 12 May 2021 with a majority of 91.60 % of the valid votes cast. The Supervisory Board did not resolve any changes to the remuneration system or the target remuneration in the remuneration levels set out for the members of the Board of Management in the 2022 financial year.

In December 2021, the Supervisory Board set ambitious targets linked to the variable remuneration of the members of the Board of Management for the 2022 financial year. Of the total variable target remuneration available, a total of 38 % is linked to environmental, social or governance (ESG) targets. The Supervisory Board has set ambitious targets to reduce fleet carbon emissions in the EU and to increase electrified vehicle sales. These serve as strategic focus targets that correspond to 50 % of the long-term variable remuneration (share-based remuneration). In doing so, the Supervisory Board has again underlined the strategic importance of the accelerated electrification of the vehicle fleet and placed particular emphasis on environmental sustainability targets, which make up 50 % of the long-term variable remuneration.

Thanks to its strong overall performance, the Board of Management exceeded both the financial and a large part of the non-financial targets for short-term variable remuneration (bonuses) **↗ "Bonus for the 2022 financial year"**. The financial target regarding long-term variable remuneration (share-based remuneration) was also exceeded. The Board of Management exceeded the non-financial strategic focus targets for the long-term variable remuneration in relation to the reduction of fleet carbon emissions in the EU, while the BMW Group's ambitious sales targets for electrified vehicles were not met in full **↗ Share-based remuneration for the financial year 2022.**

If necessary, and in the interest of the long-term success of BMW AG, the Supervisory Board may temporarily deviate from the remuneration system – as provided for in § 87a (2) Sentence 2 AktG. In accordance with G.11 of the German Corporate Governance Code dated 28 April 2022, the Supervisory Board has also reserved the right to make adjustments if extraordinary developments occur, such as significant acquisitions and disposals, or changes in accounting standards or tax regulations that have a significant impact. After due examination, it did not make use of these options for the 2022 financial year. This applies in particular with regard to the one-time effect that the increased stake (from 50 % to 75 %) in BMW Brilliance Automotive Ltd. (BMW Brilliance) in the 2022 financial year had on the achievement of financial targets for the Board of Management's variable remuneration. This effect results from the revaluation of the previously held shares within the scope of the first-time consolidation of BMW Brilliance in financial year 2022. As a result, in line with past practice in other cases of both positive and negative one-time effects, the Supervisory Board did not consider it necessary to make changes to the Board of Management's remuneration. Rather, the cap established by the Supervisory Board for the performance-related portion of the bonus – which also exists for the performance-related remuneration of employees and senior executives – had the effect of limiting remuneration in accordance with its intended purpose.

The composition of the Board of Management did not change during the year. Dr. Post joined the Board of Management on 1 January 2022, assuming responsibility for Purchasing and the Supplier Network. Dr. Wendt left the Board of Management on 31 December 2021. Dr.-Ing. Nedeljković and Ms Horstmeier, who started their second period of office on 1 October and 1 November 2022 respectively, are now eligible to receive the target remuneration in the second remuneration level, which is available to members of the Board of Management from their second period of office.

The remuneration system for the members of the Supervisory Board is set out in Article 15 of the Articles of Incorporation and provides only for fixed remuneration. It was confirmed by the Annual General Meeting on 12 May 2021 with a majority of 99.40 % of the valid votes cast, and implemented for the 2022 financial year in accordance with the provisions of the Articles of Incorporation.

In the 2022 financial year, there were several changes to the composition of the Supervisory Board among the employee representatives, so that the Supervisory Board remuneration for individual Supervisory Board members had to be calculated proportionately.

Two additional members, Ms Empey and Dr. Mohabeer, joined the Supervisory Board's Audit Committee on 1 October 2022. They were compensated proportionately from this point as members of the Audit Committee in accordance with the Articles of Incorporation.

The composition of the Personnel Committee, which is responsible for the preparation of remuneration decisions in accordance with the Supervisory Board's rules of procedure, did not change in the 2022 financial year. Mr Schoch left the Supervisory Board and therefore also the Personnel Committee and other committees on 31 December 2022. Dr. Kimmich was initially



appointed by the court to replace him on the Supervisory Board as an employee representative and he was subsequently elected to be a member of the Personnel Committee in particular with effect from 23 January 2023.

The report on the remuneration granted and owed to the members of the Board of Management and the Supervisory Board of BMW AG was prepared for the first time for financial year 2021 in accordance with § 162 AktG and approved by the Annual General Meeting on 11 May 2022 with a majority of 90.29 % of the valid votes cast. In view of the high level of approval of the 2021 Remuneration Report, there was no reason to rethink the implementation of the current remuneration system or the manner of reporting in the 2022 financial year. In order to promote the transparency and clarity of reporting, additional information on remuneration for vesting year 2022 has been included in the section detailing compliance with maximum remuneration

[↗ Maximum remuneration and remuneration vested in the 2022 financial year.](#)

II. REMUNERATION OF THE MEMBERS OF THE BOARD OF MANAGEMENT

1. Principles of the remuneration system and the contribution of remuneration to the promotion of the Company's business strategy and its long-term development

The remuneration system in place since the 2021 financial year is easy to understand and clearly structured. It complies with the provisions of the German Stock Corporation Act (AktG) and the recommendations and suggestions of the German Corporate Governance Code as amended on 28 April 2022. The Supervisory Board has applied the following principles in designing the remuneration system for the Board of Management:

- The remuneration structure is geared towards the sustainable and long-term development of the Company. Therefore, variable remuneration components are predominantly granted on the basis of a multi-year assessment.
- The total remuneration of the members of the Board of Management is commensurate with their tasks and performance as well as the Company's situation.
- The remuneration system ensures that both positive and negative developments are appropriately reflected in the remuneration ("pay for performance").
- The remuneration system takes into account both the performance of the entire Board of Management and the achievement of individual targets.
- The remuneration system observes the principle of consistency in the Company's remuneration systems: remuneration systems for the Board of Management, executives and employees of BMW AG are all designed in a similar way.
- The total remuneration is in line with market practice both in terms of amount and structure, and takes into account the size, complexity and economic situation of the Company.

The BMW Group aims to be the most successful and sustainable premium provider of individual mobility. The business strategy focuses on the customer and the provision of sustainable individual mobility in the premium segment, taking into account high profitability, in order to secure the Company's independence in the future. The remuneration system contributes to the implementation of the business strategy and the sustainable and long-term development of the Company. It also takes into account the concerns of the Company's important stakeholders (in particular, shareholders, customers, and employees). The incentive effects of the various remuneration components have a complementary effect.

— The fixed basic remuneration counteracts the temptation to take disproportionately high risks in order to achieve short-term goals, and thus contributes to the long-term development of the Company.

— The variable bonus is divided into two parts which have different incentive effects. The earnings-related component of the bonus rewards recipients for achieving the Company's financial targets in the vesting year, and promotes the earnings-related parts of the business strategy. In contrast, the performance component of the bonus is based on non-financial performance criteria, which are also derived from the business strategy. In this respect, the performance component of the bonus also offers particular incentives to encourage individuals to pursue the goals of the business strategy consistently for the long-term development of the Company. These goals do not have to be directly reflected in the key financial indicators for a given vesting year.

— The amount of the variable share-based remuneration also depends on the fulfilment of financial and non-financial objectives derived from the business strategy, since 50 % of the target cash amount earmarked for share purchases is linked to a financial key indicator (RoCE in the Automotive segment), and 50 % is linked to strategic focus targets. The obligation to use the total net amount to purchase shares of common stock in the Company and to hold these shares for at least four years also motivates the members of the Board of Management to strive to ensure the long-term positive development of the Company, as this in turn promotes sustainable positive developments in the price of BMW shares.

2. Overview of remuneration system from the financial year 2021 onwards

The table below shows an overview of the remuneration system that has remained unchanged since the 2021 financial year.

COMPONENT	Parameters/measurement base, applicable amounts
FIXED REMUNERATION COMPONENTS	
Base salary	Member of the Board of Management: — € 0.90 million p.a. (first period of office = first remuneration level) — € 1.05 million p.a. (from second period of office or fourth year of mandate = second remuneration level) Chairman of the Board of Management: — € 1.95 million p.a. — Monthly payment on a pro rata basis
Fringe benefits	Contractual agreement, main points: non-cash benefits from the use of company cars and the BMW chauffeur service, insurance premiums, contributions towards security systems, employee discounts
Compensation payments	The Supervisory Board may award payments to compensate for loss of salary from a previous employment relationship and to cover relocation costs in the case of new entrants.
Retirement benefits	Defined contribution system with a guaranteed minimum return Benefits based on amounts credited to individual savings accounts for contributions paid and interest earned, various forms of disbursement Pension contribution p.a.: Member of the Board of Management: € 400,000 Chairman of the Board of Management: € 700,000
Strategic relevance	— The base salary counteracts the temptation to take disproportionately high risks in order to achieve short-term goals, and thus contributes to the long-term development of the Company — Fixed remuneration components are required for remuneration to be competitive in order to attract and retain qualified members of the Board of Management
VARIABLE REMUNERATION COMPONENTS	
Bonus	
Bonus (sum of earnings component and performance component)	— Target amount p.a. (at 100 % target achievement): — € 0.95 million (first period of office = first remuneration level) — € 1.15 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.10 million (Chairman of the Board of Management) — Capped at 180 % of target amount — Payment after the Annual General Meeting at which the Financial Statements are presented for the relevant vesting year
Earnings component (at 100 % target achievement corresponds to 50 % of target amount)	— Assessment period one year — Base amount p.a. (50 % of target bonus amount): — € 0.475 million (first period of office = first remuneration level) — € 0.575 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.050 million (Chairman of the Board of Management) — Formula: 50 % of target amount x earnings factor — Earnings factor is derived from a predefined allocation matrix based on the parameters profit attributable to shareholders of BMW AG and Group post-tax return on sales in the vesting year — The earnings factor is 1.0 e.g. in case of a profit attributable to shareholders of BMW AG amounting to € 5.3 billion and a Group post-tax return on sales of 5.6 % — The earnings factor is 1.5 e.g. in case of a profit attributable to shareholders of BMW AG amounting to € 6.9 billion and a Group post-tax return on sales of 7.3 % — The earnings factor is 0 e.g. in case of a profit attributable to shareholders of BMW AG below € 3.0 billion or a Group post-tax return on sales of below 3.0 % — Earnings factor may not exceed 1.8 — Maximum amount of earnings component p.a.: — € 0.855 million (first period of office = first remuneration level) — € 1.035 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.890 million (Chairman of the Board of Management)

COMPONENT	Parameters/measurement base, applicable amounts
Bonus (continued)	
Performance component (at 100% target achievement corresponds to 50% of target amount)	<ul style="list-style-type: none"> — Assessment period one year — Base amount p.a. (50 % of target bonus amount): <ul style="list-style-type: none"> — € 0.475 million (first period of office = first remuneration level) — € 0.575 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.050 million (Chairman of the Board of Management) — Formula: 50 % of target amount x performance factor — Primarily qualitative, non-financial criteria, expressed in terms of a performance factor, aimed at measuring the Board member's contribution to sustainable and long-term performance and corporate orientation — Relevant period is the vesting year — Additional trend analysis over at least three financial years — Composition of performance factor: * <ul style="list-style-type: none"> — 50 % cross-divisional targets with ESG criteria — 40 % other cross-divisional targets — 10 % individual target — Criteria for the cross-divisional ESG targets include in particular: innovation performance (environmental, e.g. reduction of carbon emissions), development of the BMW Group's reputation based on ESG aspects (e.g. corporate culture, promotion of integrity and compliance), adaptability, attractiveness as an employer, leadership performance — Criteria for the other cross-divisional targets include in particular: market position compared to competitors, innovation performance (economic), development of the BMW Group's reputation based on non-ESG-related aspects (e.g. perception on capital markets, brand strength), customer orientation — Measurement parameters and target values are determined before the start of the financial year — Performance factor may not exceed 1.8 — Maximum amount of performance component p.a.: <ul style="list-style-type: none"> — € 0.855 million (first period of office = first remuneration level) — € 1.035 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.890 million (Chairman of the Board of Management)
Strategic relevance	<ul style="list-style-type: none"> — Earnings component of bonus rewards attainment of financial targets and is beneficial for earnings-related aspects of business strategy — Performance component of bonus motivates the pursuit of non-financial strategic targets and is therefore beneficial for the long-term development of the BMW Group
Share-based remuneration	
Personal cash investment amount	<ul style="list-style-type: none"> — Requirement for Board of Management members to invest an earmarked cash amount (personal cash investment amount), net of tax and deductions, in shares of BMW common stock immediately after disbursement — Requirement for Board of Management members to hold the acquired shares of common stock for at least four years (share ownership guideline) — Assessment period of five years in total (one year for determining the personal cash investment amount, four years holding requirement)
Calculation	<ul style="list-style-type: none"> — Target amount p.a. (at 100 % target achievement): <ul style="list-style-type: none"> — € 1.10 million (first period of office = first remuneration level) — € 1.28 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.35 million (Chairman of the Board of Management) — 50 % of the target amount depends on RoCE achieved in the Automotive segment (RoCE component) — 50 % of the target amount depends on the achievement of predefined strategic focus targets (strategic focus target component) — Capped at 180 % of the target amount — Payment after the Annual General Meeting at which the Financial Statements are presented for the relevant vesting year

* See below for the targets set for the 2022 financial year ↗ Variable remuneration for the 2022 financial year.

COMPONENT	Parameters/measurement base, applicable amounts
Share-based remuneration (continued)	
RoCE component (at 100 % target achievement corresponds to 50 % of target amount)	<ul style="list-style-type: none"> — Target amount of RoCE component p.a. (50 % of target amount of personal cash investment amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office = first remuneration level) — € 0.64 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.175 million (Chairman of the Board of Management) — Formula: 50 % of target amount x RoCE factor — RoCE factor is derived from the RoCE achieved in the Automotive segment for the vesting year — Minimum, target and maximum values for RoCE are defined before the start of the financial year — RoCE factor may not exceed 1.8 — Maximum amount of RoCE component p.a.: <ul style="list-style-type: none"> — € 0.990 million (first period of office = first remuneration level) — € 1.152 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.115 million (Chairman of the Board of Management)
Strategic focus target component (at 100 % target achievement corresponds to 50 % of target amount)	<ul style="list-style-type: none"> — Target amount of strategic focus target component p.a. (50 % of target amount of personal cash investment amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office = first remuneration level) — € 0.64 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.175 million (Chairman of the Board of Management) — At least two strategic focus targets derived from the strategic plan F22v — Weighting of the strategic focus targets is decided before the start of the financial year — Formula in the event of two strategic focus targets with equal weighting p.a.: 25 % of target amount for personal cash investment amount x factor for strategic focus target 1 + 25 % of target amount for personal cash investment amount x factor for strategic focus target 2 — Minimum, target and maximum values are defined before the start of the financial year — Factor for each strategic focus target may not exceed 1.8 — Maximum amount of strategic focus target component p.a.: <ul style="list-style-type: none"> — € 0.990 million (first period of office = first remuneration level) — € 1.152 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.115 million (Chairman of the Board of Management)
Strategic relevance	<ul style="list-style-type: none"> — 50 % of the personal cash investment amount within the target structure depends on the RoCE and is therefore directly linked to a key target for the corporate strategy and reflects BMW AG's aspiration to generate a significant premium on the cost of capital — The remaining 50 % of the personal cash investment amount encourages achievement of strategic focus targets and therefore contributes to business performance in key strategic areas — Commitment to purchase shares of the Company's common stock and the four-year holding period provide additional motivation to support the Company's long-term development
Malus and clawback rules	
Malus	<ul style="list-style-type: none"> — Agreement to withhold variable remuneration in the event of specified serious compliance violations or (withholding amounts provisionally) in the event of reasonable suspicions of such — Amounts may also be withheld in principle after a member has left the Board
Clawback	<ul style="list-style-type: none"> — Agreement entitling the BMW Group to reclaim variable remuneration already paid out in the event of specified serious incidences of non-compliance, incorrect calculation bases or incorrect financial statements — Amounts may also be clawed back in principle after a member has left the Board

3. Determination and review of the remuneration system and individual remuneration

Determining the system and structure of Board of Management remuneration, and reviewing it regularly, is a task of the full Supervisory Board, as is determining the individual level of remuneration of members of the Board of Management. The Personnel Committee of the Supervisory Board assumes a preparatory function in the determination and review of the remuneration system as a whole, and of the individual remuneration paid to members of the Board of Management.

The Supervisory Board reviews the remuneration system annually to ensure it is appropriate in terms of structure, target and maximum remuneration, as well as actual remuneration. The Supervisory Board also takes remuneration studies into account when assessing the market conformity of the target and maximum remuneration, as well as when assessing actual remuneration in horizontal terms. Due to the size and structure of the BMW Group, DAX companies are used as a comparison group and the remuneration data from this group is compared with the remuneration paid to members of the Board of Management at BMW AG. Vertically, the Supervisory Board compares the remuneration of members of the Board of Management with the remuneration of senior executives and with the average remuneration of employees employed by BMW AG in Germany in areas inside and outside the scope of collective bargaining agreements, including in terms of how they have changed over a period of several years. Recommendations from independent external remuneration experts, as well as suggestions from investor and analyst circles, may also be included in the deliberations. For the 2022 financial year, the review has shown that the target, maximum and actual remuneration are appropriate.

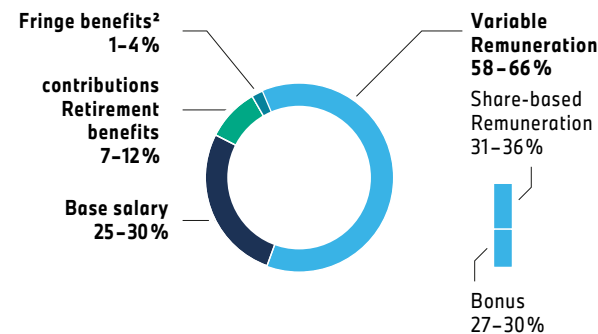
In accordance with the remuneration system, the Supervisory Board – acting on the proposal of the Personnel Committee – sets specific target remuneration for each individual member of the Board of Management for the upcoming financial year, as well as the performance criteria associated with the variable remuneration components provided for in the remuneration system.

The total target remuneration is composed of the fixed remuneration and the variable remuneration. Within the variable target remuneration, the proportion of share-based remuneration as long-term variable remuneration exceeds the share of the bonus as short-term variable remuneration. The share of the individual remuneration components is within the ranges specified by the remuneration system.

Target remuneration for the 2022 financial year

The following tables show the individual target remuneration of the members of the Board of Management and the relative share of the respective remuneration component in the total target remuneration. The maximum remuneration and remuneration earned for the 2022 financial year are shown below [II. 11.](#)

Overview of total target remuneration for members of the Board of Management¹



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.

Target remuneration for the 2022 (2021) financial year

OLIVER ZIPSE

Chairman of the Board of Management since 16 August 2019
Member of the Board of Management since 13 May 2015

ILKA HORSTMEIER

Human Resources and Real Estate, Labour Director,
since 1 November 2019¹

	FY 2022		FY 2021		FY 2022		FY 2021		
	in €	in %	in €	in %	in €	in %	in €	in %	
Fixed remuneration	Fixed remuneration (base salary)	1,950,000	27	1,950,000	27	925,000	27	900,000	26
	Fringe benefits (other remuneration)	17,249	0.2	19,355	0.3	39,578	1	47,633	1
	Contribution to the company pension scheme	700,000	10	700,000	10	400,000	12	400,000	12
	Total fixed remuneration	2,667,249	37	2,669,355	37	1,364,578	39	1,347,633	40
BONUS									
	Earnings component of bonus 2021	(-)	(-)	1,050,000	15	(-)	(-)	475,000	14
	Performance component of bonus 2021	(-)	(-)	1,050,000	15	(-)	(-)	475,000	14
	Earnings component of bonus 2022	1,050,000	15	(-)	(-)	491,667	14	(-)	(-)
	Performance component of bonus 2022	1,050,000	15	(-)	(-)	491,667	14	(-)	(-)
SHARE-BASED REMUNERATION									
Variable remuneration	Personal cash investment amount 2021 ²								
	RoCE component	(-)	(-)	1,175,000	17	(-)	(-)	550,000	16
	Strategic focus target component	(-)	(-)	1,175,000	17	(-)	(-)	550,000	16
	Personal cash investment amount 2022 ²								
	RoCE component	1,175,000	17	(-)	(-)	565,000	16	(-)	(-)
	Strategic focus target component	1,175,000	17	(-)	(-)	565,000	16	(-)	(-)
	Total variable remuneration	4,450,000	63	4,450,000	63	2,113,333	61	2,050,000	60
	Total target remuneration	7,117,249	100	7,119,355	100	3,477,911	100	3,397,633	100

¹ Second remuneration level since 1 November 2022.

² Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

Target remuneration for the 2022 (2021) financial year

		MILAN NEDELJKOVIĆ Production since 1 October 2019 ¹				PIETER NOTA Customer, Brands, Sales since 1 January 2018			
		FY 2022		FY 2021		FY 2022		FY 2021	
		in €	in %	in €	in %	in €	in %	in €	in %
Fixed remuneration	Fixed remuneration (base salary)	937,500	27	900,000	27	1,050,000	27	1,050,000	27
	Fringe benefits (other remuneration)	19,824	1	43,237	1	19,673	1	18,525	0.5
	Contribution to the company pension scheme	400,000	11	400,000	12	400,000	10	400,000	10
	Total fixed remuneration	1,357,324	39	1,343,237	40	1,469,673	38	1,468,525	38
BONUS									
	Earnings component of bonus 2021	(-)	(-)	475,000	14	(-)	(-)	575,000	15
	Performance component of bonus 2021	(-)	(-)	475,000	14	(-)	(-)	575,000	15
	Earnings component of bonus 2022	500,000	14	(-)	(-)	575,000	15	(-)	(-)
	Performance component of bonus 2022	500,000	14	(-)	(-)	575,000	15	(-)	(-)
SHARE-BASED REMUNERATION									
Variable remuneration	Personal cash investment amount 2021 ²								
	RoCE component	(-)	(-)	550,000	16	(-)	(-)	640,000	16
	Strategic focus target component	(-)	(-)	550,000	16	(-)	(-)	640,000	16
	Personal cash investment amount 2022 ²								
	RoCE component	572,500	16	(-)	(-)	640,000	16	(-)	(-)
	Strategic focus target component	572,500	16	(-)	(-)	640,000	16	(-)	(-)
	Total variable remuneration	2,145,000	61	2,050,000	60	2,430,000	62	2,430,000	62
	Total target remuneration	3,502,324	100	3,393,237	100	3,899,673	100	3,898,525	100

¹ Second remuneration level since 1 October 2022.² Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

Target remuneration for the 2022 (2021) financial year

		NICOLAS PETER Finance since 1 January 2017				JOACHIM POST Purchasing and Supplier Network since 1 January 2022			
		FY 2022		FY 2021		FY 2022		FY 2021	
		in €	in %	in €	in %	in €	in %	in €	in %
Fixed remuneration	Fixed remuneration (base salary)	1,050,000	27	1,050,000	27	900,000	26	(-)	(-)
	Fringe benefits (other remuneration)	30,825	1	22,746	1	102,259	3	(-)	(-)
	Contribution to the company pension scheme	400,000	10	400,000	10	400,000	12	(-)	(-)
	Total fixed remuneration	1,480,825	38	1,472,746	38	1,402,259	41	(-)	(-)
BONUS									
	Earnings component of bonus 2021	(-)	(-)	575,000	15	(-)	(-)	(-)	(-)
	Performance component of bonus 2021	(-)	(-)	575,000	15	(-)	(-)	(-)	(-)
	Earnings component of bonus 2022	575,000	15	(-)	(-)	475,000	14	(-)	(-)
	Performance component of bonus 2022	575,000	15	(-)	(-)	475,000	14	(-)	(-)
SHARE-BASED REMUNERATION									
Variable remuneration	Personal cash investment amount 2021*								
	RoCE component	(-)	(-)	640,000	16	(-)	(-)	(-)	(-)
	Strategic focus target component	(-)	(-)	640,000	16	(-)	(-)	(-)	(-)
	Personal cash investment amount 2022*								
	RoCE component	640,000	16	(-)	(-)	550,000	16	(-)	(-)
	Strategic focus target component	640,000	16	(-)	(-)	550,000	16	(-)	(-)
	Total variable remuneration	2,430,000	62	2,430,000	62	2,050,000	59	(-)	(-)
	Total target remuneration	3,910,825	100	3,902,746	100	3,452,259	100	(-)	(-)

* Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

Target remuneration for the 2022 (2021) financial year

FRANK WEBER

Development
since 1 July 2020

		FY 2022		FY 2021	
		in €	in %	in €	in %
Fixed remuneration	Fixed remuneration (base salary)	900,000	27	900,000	26
	Fringe benefits (other remuneration)	34,077	1	97,833	3
	Contribution to the company pension scheme	400,000	12	400,000	12
	Total fixed remuneration	1,334,077	39	1,397,833	41
BONUS					
	Earnings component of bonus 2021	(-)	(-)	475,000	14
	Performance component of bonus 2021	(-)	(-)	475,000	14
	Earnings component of bonus 2022	475,000	14	(-)	(-)
	Performance component of bonus 2022	475,000	14	(-)	(-)
SHARE-BASED REMUNERATION					
Variable remuneration	Personal cash investment amount 2021*				
	RoCE component	(-)	(-)	550,000	16
	Strategic focus target component	(-)	(-)	550,000	16
	Personal cash investment amount 2022*				
	RoCE component	550,000	16	(-)	(-)
	Strategic focus target component	550,000	16	(-)	(-)
	Total variable remuneration	2,050,000	61	2,050,000	59
	Total target remuneration	3,384,077	100	3,447,833	100

* Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

4. Remuneration for the 2022 financial year

Following a proposal by the Personnel Committee, the Supervisory Board determined in December 2021 the target remuneration for the members of the Board of Management for the 2022 financial year, as well as the performance criteria for the variable remuneration components provided for in the remuneration system. In March 2023, at the suggestion of the Personnel Committee, the Supervisory Board set or confirmed the amount of the variable remuneration components due to the members of the Board of Management for the 2022 financial year after reviewing and assessing the extent to which the targets had been achieved.

a) Fixed remuneration for the 2022 financial year

Each member of the Board of Management receives a fixed base salary, which is paid monthly on a pro rata basis. The fixed base salary ensures a minimum income appropriate to the tasks and responsibilities of a member of the Board of Management. It counteracts the temptation to take disproportionately high risks in order to achieve short-term goals, and thus contributes to the Company's long-term development.

The amount of the base salary depends on the individual's respective function on the Board of Management and the duration of their tenure on the Board of Management or their appointment period/remuneration level, as applicable.

The fringe benefits include, in particular, non-cash benefits from vehicle use and employee discounts and subsidies for safety equipment. In addition, the Supervisory Board can approve payments to newly appointed members of the Board of Management in order to compensate them for loss of salary from a previous employment relationship and/or to cover relocation costs. No such approvals were issued and no special allowances were made in the 2022 financial year.

Overview of fixed remuneration for financial year 2022

in €	Base salary	Fringe benefits (other remuneration)	Total fixed remuneration
Oliver Zipse	1,950,000	17,249	1,967,249
Ilka Horstmeier ¹	925,000	39,578	964,578
Milan Nedeljković ²	937,500	19,824	957,324
Pieter Nota	1,050,000	19,673	1,069,673
Nicolas Peter	1,050,000	30,825	1,080,825
Joachim Post	900,000	102,259	1,002,259
Frank Weber	900,000	34,077	934,077

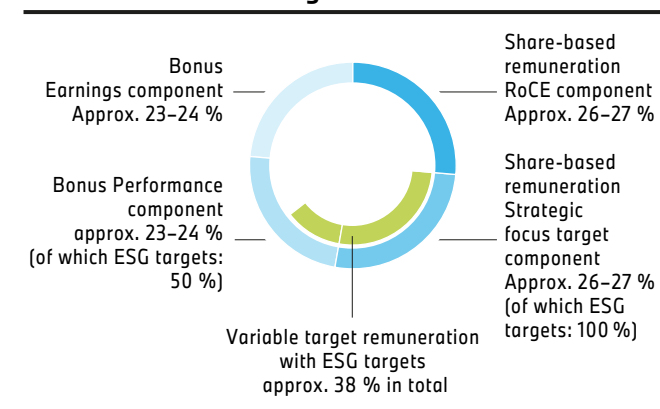
¹ Second remuneration level since 1 November 2022.

² Second remuneration level since 1 October 2022.

b) Variable remuneration for the 2022 financial year

The variable remuneration for the 2022 financial year consists of the bonus and the share-based remuneration. The bonus consists of the earnings and performance components, and the share-based remuneration (personal cash investment amount) consists of the RoCE component and the strategic focus targets component. The performance criteria for the variable remuneration paid to members of the Board of Management are based on the Group's key strategic financial and non-financial targets and performance indicators, and sustainably promote the Group's development. When determining specific target values, the Supervisory Board takes into account, in particular, long-term corporate planning and business development planning for the following year as submitted to the Supervisory Board for approval. For the strategic relevance of the individual remuneration components, see also above [Overview of the remuneration system](#).

Overview of variable target remuneration 2022



(1) Bonus for the 2022 financial year**Overview**

The bonus consists of an earnings component and a performance component. If 100 % of the target is achieved, the share of the bonus attached to each component is 50 % of the individual target amount of the bonus. The bonus amount is capped at 180 % of the individual target amount. The bonus is paid following the Annual General Meeting at which the annual financial statements for the vesting year are presented.

Earnings component of the bonus

The earnings component of the bonus rewards the performance of the business in the vesting year, as measured by the financial indicators "Profit attributable to shareholders of BMW AG" and "Group post-tax return on sales". For this purpose, the Supervisory Board adopts an allocation matrix before the start of the vesting year, from which an earnings factor is derived based on the values achieved.

For both indicators, the Supervisory Board defines a minimum value, a target value and a maximum value before the start of the vesting year. If one of the minimum values is not reached, the earnings factor is zero (corresponding to a target achievement of 0 %). If both target values are reached, the earnings factor is 1.000 (corresponding to a target achievement of 100 %). If both maximum values are exceeded, the earnings factor is 1.800 (corresponding to a target achievement of 180 %, the highest possible percentage). For intermediate values, the earnings factor is derived from the matrix.

Overview of the composition of the bonus**EARNINGS COMPONENT**

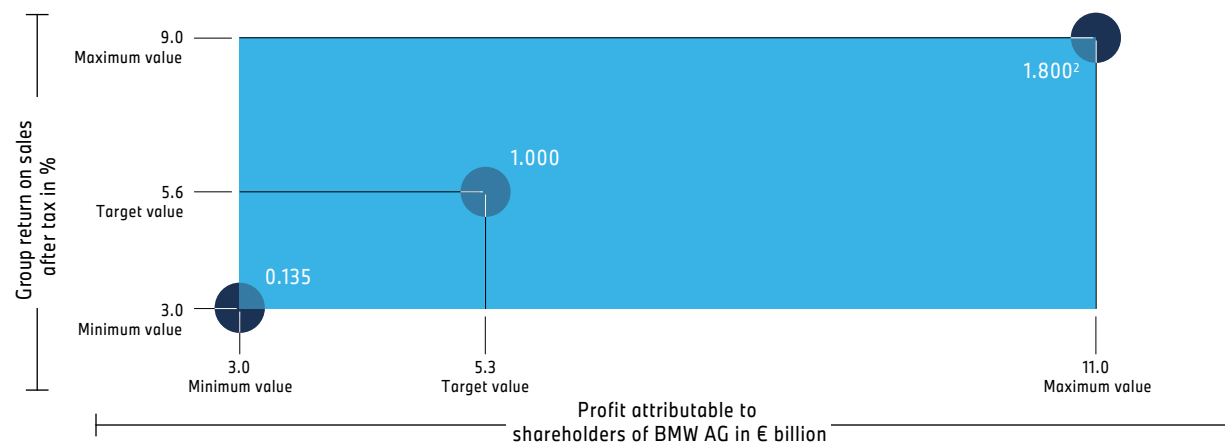
$$50 \% \text{ OF TARGET AMOUNT} \times \text{EARNINGS FACTOR}$$

- Earnings factor is derived from an allocation matrix based on the parameters "profit attributable to shareholders of BMW AG" and "Group post-tax return on sales" in the vesting year.
- Earnings factor may not exceed 1.8

PERFORMANCE COMPONENT

$$50 \% \text{ OF TARGET AMOUNT} \times \text{PERFORMANCE FACTOR} = \text{BONUS}$$

- Performance factor is derived from
 - 50 % cross-divisional targets with ESG criteria,
 - 40 % other cross-divisional targets,
 - 10 % individual departmental targets.
- Performance factor may not exceed 1.8.
- Capped at 180 % of target amount

Earnings component of the bonus: allocation matrix¹¹ Simplified depiction.² Earnings factor 2022.

Targets set and extent of achievement – earnings component of the bonus for the 2022 financial year

The targets set and the extent to which they have been achieved, as well as the specific amounts associated with the earnings component of the bonus for the 2022 financial year, are shown in the following tables. In the 2022 financial year, BMW AG's share of profit attributable to shareholders was € 17.9 billion, and the Group post-tax return on sales was 13.0 %. Both key indicators exceeded the maximum values defined for the assessment of the earnings component, so the earnings factor has been capped at the maximum value of 1.800. This corresponds to a target achievement of 180 %, the highest possible percentage.

Performance component of the bonus

The performance component of the bonus rewards the achievement of certain non-financial targets. Before the beginning of the financial year, the Supervisory Board sets these targets in the form of various non-financial performance criteria and associated metrics. The performance criteria are derived primarily from the corporate strategy, long-term corporate planning and the business development planning done for the following year. The targets 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). The Supervisory Board has discretion in weighting the performance criteria. Approximately 10 % of the target amount for the performance bonus is intended to be allocated to the departmental targets. Departmental targets can be department-specific targets or contributions to shared targets measured individually for each department. The remainder of the target amount for the performance bonus (amounting to approximately 90 %) should be associated with interdepartmental, non-financial targets. In this regard, around 50 % of the target amount should be connected to the achievement of non-financial targets relating to environmental, social and governance (ESG targets).

Targets set and extent of achievement – earnings component of the bonus for the 2022 financial year

Performance criteria	Minimum value	Target value	Maximum value	Actual value	Extent to which target achieved in %	Earnings factor
Profit attributable to shareholders of BMW AG in € billion	3.0	5.3	11.0	17.9	180 %	1.800
Group return on sales after tax in %	3.0	5.6	9.0	13.0		

Overview of earnings component of the bonus for financial year 2022

Member of the Board of Management	Proportionate target bonus amount in €	Earnings factor	Earnings component of the bonus in €
Oliver Zipse	1,050,000	1.800	1,890,000
Ilka Horstmeier ¹	491,667		885,000
Milan Nedeljković ²	500,000		900,000
Pieter Nota	575,000		1,035,000
Nicolas Peter	575,000		1,035,000
Joachim Post	475,000		855,000
Frank Weber	475,000		855,000

¹ Second remuneration level since 1 November 2022.

² Second remuneration level since 1 October 2022.

Targets set and extent of achievement – performance component of the bonus for the 2022 financial year

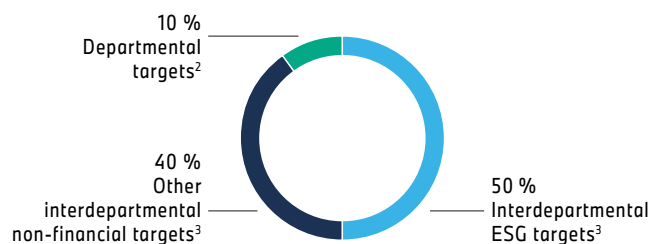
The targets set by the Supervisory Board for the 2022 vesting year as part of the performance component of the bonus, the weighting of the relevant criteria and the individual target achievement are summarised in the tables below.

In order to determine the extent to which targets were achieved in 2022, the Supervisory Board assessed the departmental targets, on the one hand, and the interdepartmental targets, on the other hand, within a target achievement corridor with a partial performance factor between 0 (corresponding to a target being 0 % achieved) and 1.80 (corresponding to a target being 180 % achieved, the highest possible percentage). The performance factor for the bonus was determined from the partial performance factors, with a weighting of 10 % for the departmental targets and 90 % for the interdepartmental targets, in each case in relation to the target amount of the performance component of the bonus. With regard to the interdepartmental targets, 50 % of the weighting is for non-financial environmental, social and governance (ESG) 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.

In order to determine the extent to which targets were achieved, the Supervisory Board assessed the leadership performance of the individual members of the Board of Management and the overall performance of the Board of Management as a whole. With regard to the departmental targets, the Supervisory Board assessed the individual performance of each member of the Board of Management. With regard to the interdepartmental targets, the Supervisory Board considered the Board of Management as a team and assessed the performance of all the members of the Board of Management as a whole. The Supervisory Board's decision-making process is based on a detailed, documented analysis of performance as measured against all the agreed criteria, as well as in-depth discussions at Personnel Committee and full Supervisory Board level. As a basis for its assessment, the Supervisory Board was guided, in particular, by

the quantitative and qualitative metrics defined in the corporate planning that had been carried out before the beginning of the financial year. These metrics include, for example, key indicators such as vehicle sales, segment shares and the share of sales for electrified vehicles, as well as other metrics for assessing sustainability performance, R&D rate, the quality of the customer experience compared to the competition, investments in training and further education and targets for diversity in the workforce. The results of comparative studies and calculations vis-à-vis competitors were also used to assess individual metrics. In addition to a review of performance in 2022, the Supervisory Board carried out a trend review covering several financial years. In doing so, it assessed the effects of decisions, measures and the overall course set in previous financial years on the 2022 financial year and also estimated the significance of the performance in 2022 for the future development of the Company.

Overview of targets for the performance component of the bonus for financial year 2022¹



¹ Based on the target amount of the performance component of the bonus.

² Individual assessment for each member of the Board of Management.

³ Collective assessment of the Board of Management as a team.

Targets set for the performance component of the bonus for financial year 2022

		Target set	Weighting
Interdepartmental ESG targets	Entire Board of Management ¹	Innovation performance (environmental)	50 %
		Develop the Company's reputation (corporate reputation, preventive activities in ensuring compliance)	
Adaptability (investment in training and further education, sustainability)			
Employer attractiveness			
Leadership performance (employee satisfaction)			
Other interdepartmental non-financial targets		Expand market position	40 %
		Innovation performance (economic)	
		Customer orientation (product, customer service quality)	
		Development of reputation (e.g. brand strength)	
Joint departmental targets	All members of the Board of Management ²	Contribute to meeting growth and profitability targets	10 %
		Leadership performance in the department	
		Achievement of departmental diversity targets	
		Preventive activities in ensuring compliance	
Specific departmental targets	Oliver Zipse	Coordinate the work of the Board of Management Represent the Company's interests, present new products Refine the organisation of product variants Develop the BMW Group's sustainability strategy, accelerate market penetration of all-electric vehicles	10 %
	Ilka Horstmeier	Ensure the BMW Group is an attractive employer and improve performance Evaluate and adapt personnel structures, capacities and costs Oversee transformation of required expertise Implement major real estate projects and establish real estate portfolio management	
	Milan Nedeljković	Ensure the production network is managed effectively Deliver dynamic alignment of the production structure in line with strategic and economic factors Develop quality work in production Achieve sustainability targets in production; in particular, reduce carbon emissions	
	Pieter Nota	Plan sales and prices, realise potential in our sales markets Prepare and successfully deliver launches of new products Expand the digital marketing and sales concepts Develop the sales model with a focus on the EU/China	
	Nicolas Peter	Communicate reliably with capital markets and develop sustainability reporting Fully consolidate BMW Brilliance Automotive Ltd. Manage financial risk, secure Group financing and optimise the capital structure Implement performance programme financial targets and realise untapped potential in digitalisation processes	
	Joachim Post	Ensure production flexibility for vehicle components Develop an efficient, flexible supplier network to prevent bottlenecks Meet quality requirements and cost targets in the supplier network Further develop a CO ₂ management system in the supply chain	
	Frank Weber	Develop competitive vehicle models Ensure planned new products are handed over to production on time, advance new vehicle architecture Continue to develop automated driving and hydrogen technology MINI Boost – restructure the partnership with Great Wall Motors	

¹ Collective assessment of the Board of Management as a team.² Individual assessment for each member of the Board of Management.

Overview of target achievement for the performance component of the bonus for financial year 2022

	Targets	Weighting	Average degree to which target achieved in %	Performance factor	Proportionate target bonus amount in €	Performance component of bonus in €
Oliver Zipse	Interdepartmental targets – ESG targets	50 %	104.0 %	0.99	1,050,000	1,039,500
	Interdepartmental targets – Other non-financial	40 %	87.5 %			
	Departmental targets	10 %	116.3 %			
Ilka Horstmeier ¹	Interdepartmental targets – ESG targets	50 %	104.0 %	0.98	491,667	481,833
	Interdepartmental targets – Other non-financial	40 %	87.5 %			
	Departmental targets	10 %	110.0 %			
Milan Nedeljković ²	Interdepartmental targets – ESG targets	50 %	104.0 %	0.98	500,000	490,000
	Interdepartmental targets – Other non-financial	40 %	87.5 %			
	Departmental targets	10 %	110.0 %			
Pieter Nota	Interdepartmental targets – ESG targets	50 %	104.0 %	0.98	575,000	563,500
	Interdepartmental targets – Other non-financial	40 %	87.5 %			
	Departmental targets	10 %	108.8 %			
Nicolas Peter	Interdepartmental targets – ESG targets	50 %	104.0 %	0.99	575,000	569,250
	Interdepartmental targets – Other non-financial	40 %	87.5 %			
	Departmental targets	10 %	115.6 %			
Joachim Post	Interdepartmental targets – ESG targets	50 %	104.0 %	0.98	475,000	465,500
	Interdepartmental targets – Other non-financial	40 %	87.5 %			
	Departmental targets	10 %	106.9 %			
Frank Weber	Interdepartmental targets – ESG targets	50 %	104.0 %	0.98	475,000	465,500
	Interdepartmental targets – Other non-financial	40 %	87.5 %			
	Departmental targets	10 %	111.9 %			

¹ Second remuneration level since 1 November 2022.

² Second remuneration level since 1 October 2022.

(2) Share-based remuneration for financial year 2022

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 in BMW shares of common stock (the "personal cash investment amount"). This amount depends on the achievement of certain financial and non-financial targets in the past financial year (vesting year). The members of the Board of Management are obliged to invest their personal cash investment amounts (less taxes and duties) in BMW shares of common stock immediately after disbursement, and to hold these shares for a period of at least four years (share ownership guideline). The obligation to purchase

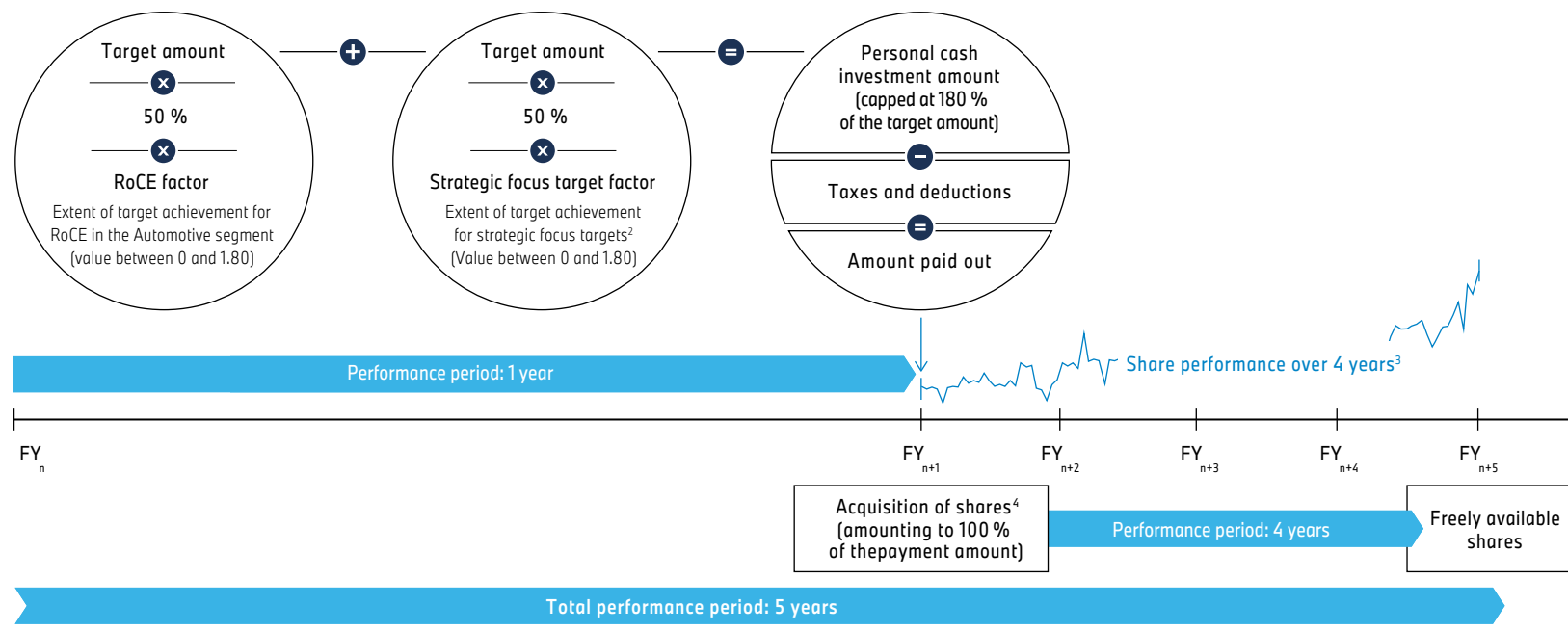
BMW shares of common stock and the multi-year holding period strengthens the entrepreneurial long-term orientation of the Board of Management. Implementing the corporate strategy sustainably by taking appropriate decisions also creates lasting value for the shareholders, and thus regularly provides the basis for positive long-term capital market performance. Due to the substantial investment and the fixed holding period associated with these shares, members of the Board of Management participate in the long-term positive (and negative) development of the Company, as reflected in the share price, even after their departure.

Personal cash investment amount

The personal cash investment amount is paid out after the Annual General Meeting at which the annual financial statements for the vesting year are presented. The size of this amount depends on the target amount, the RoCE achieved in the Automotive segment and the degree to which certain strategic focus targets were achieved in the vesting year. The personal cash investment amount is limited to a maximum of 180 % of the target amount and is calculated as follows:

Personal cash investment amount =
RoCE component + strategic focus target component

Overview of share-based remuneration¹



¹ Simplified depiction.

² At least two strategic focus targets. The number of strategic focus targets and their proportion of the target amount are determined by the Supervisory Board if more than two strategic focus targets are defined.

³ Exemplary illustration of price development.

⁴ Payment of the personal cash investment amount, acquisition of shares and the start of the four-year holding period occur following the Annual General Meeting at which the annual financial statements for the vesting year are presented.

Target amount for the personal cash investment amount

The target amounts for the individual members of the Board of Management for the 2022 financial year are presented in the table ["Overview of share-based remuneration for the 2022 financial year"](#), below.

RoCE component of the personal cash investment amount

Before the beginning of the relevant vesting year, the Supervisory Board sets minimum, target and maximum values for the RoCE

in the Automotive segment in the vesting year on the basis of corporate planning, and assigns a RoCE factor to each of these values. If the minimum value is not reached, the RoCE factor is 0. If the target value is reached, the RoCE factor is 1.00. If the maximum value is reached or exceeded, the RoCE factor is 1.80. The RoCE component of the personal investment cash amount is determined by multiplying the RoCE factor for the vesting year by 50% of the individual target amount.

Strategic focus targets component of the personal cash investment amount

The Supervisory Board sets at least two strategic focus targets before the start of the vesting year. It derives these targets from the corporate strategy and corporate planning. It then sets a minimum, target and maximum value for each strategic focus target, and assigns a factor to each of these values. If the minimum value is not reached, the factor for that target is 0. If the target value is reached, the factor for that target is 1.00. If the maximum value is reached or exceeded, the factor for that target



is 1.80. The strategic focus target component of the personal cash investment amount is determined in a two-step process. In the first step, the factor for the vesting year achieved for the relevant strategic focus target is multiplied by the share of the individual target amount attributable to this target. In the second step, the values determined for the individual strategic focus targets using this calculation are added together. If two strategic focus targets are set, each strategic focus target accounts for 25 % of the individual target amount. If more than two strategic focus targets are set, the Supervisory Board determines the weighting of each target.

Targets set and extent of achievement for the RoCE component for the 2022 financial year

RoCE in the Automotive segment for the 2022 financial year is defined as segment profit before the financial result, divided by the average capital employed in the segment. The definition of

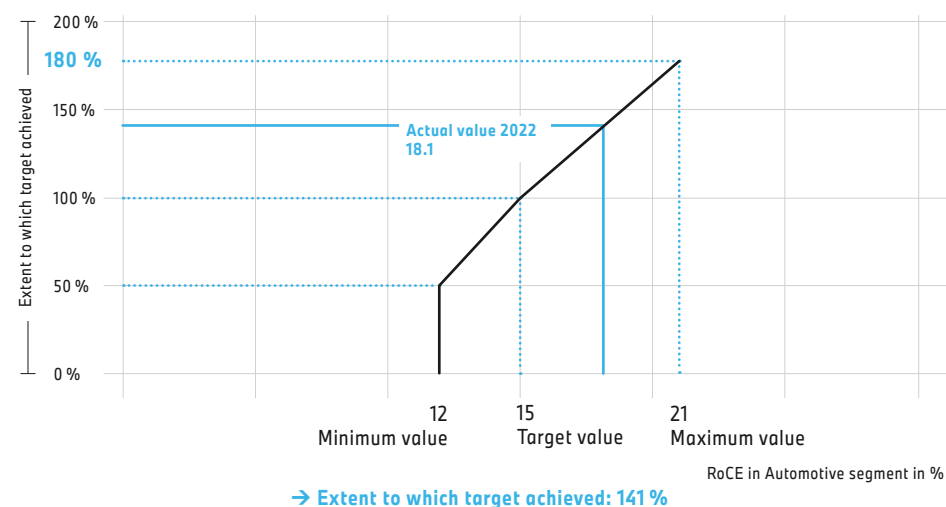
Targets set and extent of achievement for the strategic focus targets component for the 2022 financial year. From 2022 financial year, the definition of capital employed includes the sum of intangible assets, property, plant and equipment and net working capital, the latter comprising inventories and trade receivables less trade payables. This simplified definition aims to make this indicator more transparent and easier to understand. In addition, the capital employed items taken into account reflect the focus of operational segment management. The Supervisory Board determined the following values for the vesting year 2022 in December 2021 based on long-term corporate planning for the RoCE component: minimum value of 12 %, target value of 15 %, maximum value of 21 %. The RoCE achieved for 2022 financial year is 18.1% and the RoCE factor for calculating the personal cash investment amount is therefore 1.41.

Targets set and extent of achievement for the strategic focus targets component for the 2022 financial year

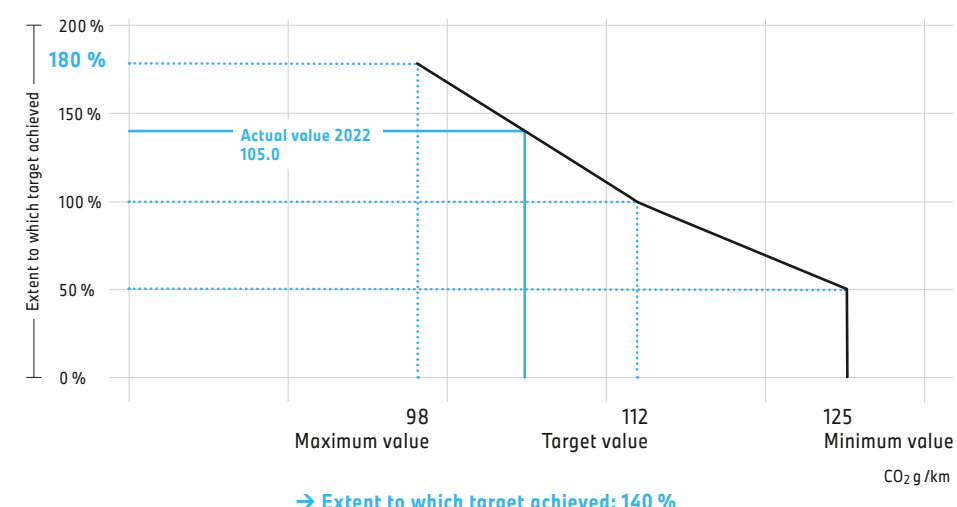
In December 2021, the Supervisory Board set the following strategic focus targets for the vesting year 2022 in accordance with the remuneration system:

- Reduce CO₂ fleet emissions in the EU in accordance with WLTP; weighting in relation to personal cash investment amount: 25 %.
- Sales of all-electric vehicles (battery electric vehicles, BEV); weighting in relation to personal cash investment amount: 12.5 %
- Sales of plug-in hybrid vehicles (PHEV); weighting in relation to personal cash investment amount: 12.5 %

Targets set and extent of achievement – RoCE component



Targets set and extent of achievement – reduction of fleet carbon emissions (EU)





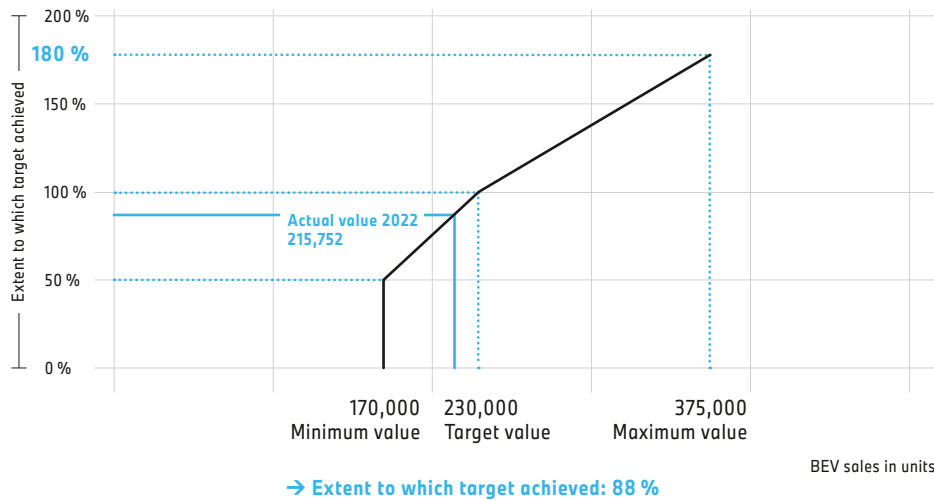
With regard to reducing carbon fleet emissions according to WLTP, the Supervisory Board set the following values in CO₂ g/km under WLTP for fleet consumption in Europe as threshold values relevant to remuneration for vesting year 2022: minimum value of 125 CO₂ g/km, target value of 112 CO₂ g/km, maximum value of 98 CO₂ g/km. The actual value for the 2022 financial year was 105.0 CO₂ g/km, resulting in a target achievement of 140 %.

For sales of all-electric vehicles (BEV), the Supervisory Board set the following reference values in units for vesting year 2022: minimum value of 170,000 units, target value of 230,000 units, maximum value of 375,000 units. The actual value for the 2022 financial year was 215,752 units, resulting in a target achievement of 88 %.

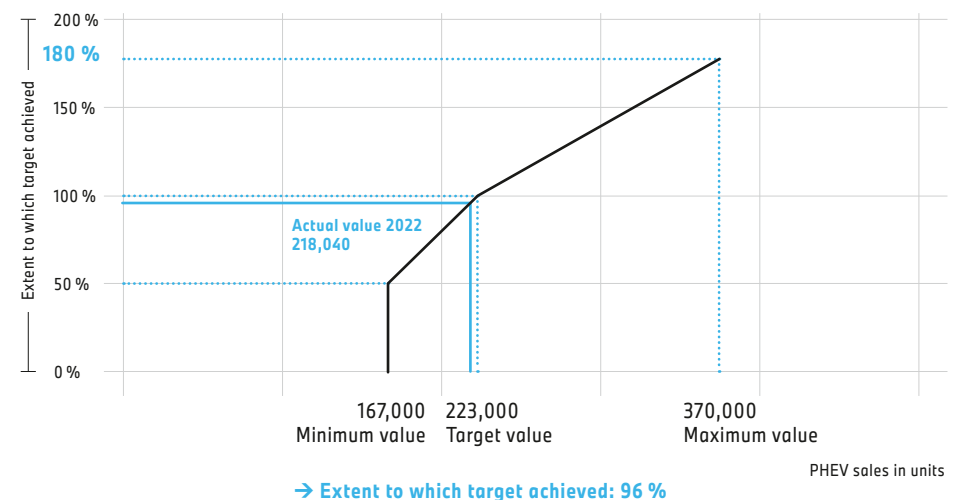
For sales of plug-in hybrid vehicles (PHEV), the Supervisory Board set the following reference values in units for vesting year 2022: minimum value of 167,000 units, target value of 223,000 units, maximum value of 370,000 units. The actual value for the 2022 financial year was 218,040 units, resulting in a target achievement of 96 %.

The personal cash investment amount for vesting year 2022 will be paid out following the Annual General Meeting 2023, where the annual financial statements of BMW AG for the 2022 financial year will be presented. The members of the Board of Management are obliged to invest their personal cash investment amounts (less taxes and duties) in BMW shares of common stock immediately after disbursement, and to hold these shares for a period of at least four years.

Targets set and extent of achievement – BEV sales



Targets set and extent of achievement – PHEV sales



The following tables provide an overview of the targets set and extent of achievement for share-based remuneration for the 2022 financial year.

Targets set and extent of achievement for share-based remuneration for financial year 2022

	Performance criteria	Weighting	Minimum value	Target value	Maximum value	Actual value	Extent to which target achieved	Factor
RoCE component	RoCE in Automotive segment (in %)	50 %	12	15	21	18.1	141 %	1.41
Strategic focus target component	Reduction of fleet CO ₂ emissions in the EU (in g/km)	25 %	125	112	98	105.0	140 %	1.40
	Sales of all-electric vehicles (BEV) in units	12.50 %	170,000	230,000	375,000	215,752	88 %	0.88
	Sales of plug-in hybrid vehicles (PHEV) in units	12.50 %	167,000	223,000	370,000	218,040	96 %	0.96

Overview of share-based remuneration for financial year 2022

Member of the Board of Management	RoCE component		Strategic focus target component (CO ₂)			Strategic focus target component (BEV)			Strategic focus target component (PHEV)			Strategic focus targets total	Total
	Proportionate target amount in €	RoCE factor	Proportionate target amount in €	Strategic focus target factor (CO ₂)	Strategic focus target component CO ₂ in €	Proportionate target amount in €	Strategic focus target factor (BEV)	Strategic focus target component BEV in €	Proportionate target amount in €	Strategic focus target factor (PHEV)	Strategic focus target component PHEV in €	in €	Personal cash investment amount in €
Oliver Zipse	1,175,000		587,500		822,500	293,750		258,500	293,750		282,000	1,363,000	3,019,750
Ilka Horstmeier ¹	565,000		282,500		395,500	141,250		124,300	141,250		135,600	655,400	1,452,050
Milan Nedeljković ²	572,500		286,250		400,750	143,125		125,950	143,125		137,400	664,100	1,471,325
Pieter Nota	640,000	1.41	320,000	1.40	448,000	160,000	0.88	140,800	160,000	0.96	153,600	742,400	1,644,800
Nicolas Peter	640,000		320,000		448,000	160,000		140,800	160,000		153,600	742,400	1,644,800
Joachim Post	550,000		275,000		385,000	137,500		121,000	137,500		132,000	638,000	1,413,500
Frank Weber	550,000		275,000		385,000	137,500		121,000	137,500		132,000	638,000	1,413,500

¹ Second remuneration level since 1 November 2022.

² Second remuneration level since 1 October 2022.

5. Share ownership guideline

The members of the Board of Management in office as at 31 December 2022 hold a total of 118,604 shares of BMW common stock which they are required to hold in accordance with the terms of the share-based remuneration programmes for the financial years 2018 – 2022.

The share-based remuneration (personal cash investment amount) for vesting year 2021 was disbursed after the Annual General Meeting 2022. The shares of BMW common stock were acquired immediately thereafter and must be held until 2026.

Shares of BMW common stock subject to holding requirements in connection with share-based remuneration for the financial years 2018–2021 (2017–2020)¹

	Share portfolio as at 1 January 2022	Additions in the financial year ²	End of the holding period in the finan- cial year	Share portfolio as at 31 December 2022
Oliver Zipse	18,374	20,379	3,053	35,700
	(16,637)	(4,508)	(2,771)	(18,374)
Ilka Horstmeier	3,067	10,241	(-)	13,308
	(782)	(2,285)	(-)	(3,067)
Milan Nedeljković	3,459	10,241	(-)	13,700
	(1,174)	(2,285)	(-)	(3,459)
Pieter Nota	10,935	11,917	(-)	22,852
	(8,650)	(2,285)	(-)	(10,935)
Nicolas Peter	13,614	11,100	3,053	21,661
	(11,110)	(2,504)	(-)	(13,614)
Joachim Post	(-)	(-)	(-)	(-)
	(-)	(-)	(-)	(-)
Frank Weber	1,142	10,241	(-)	11,383
	(-)	(1,142)	(-)	(1,142)
Total	50,591	74,119	6,106	118,604
	(38,353)	(15,009)	(2,771)	(50,591)

¹ Includes only shares of BMW common stock acquired using the cash remuneration component of the share-based remuneration programme for members of the Board of Management, for which the four-year holding period has not yet expired.

² Payment of the 2021 cash remuneration component (personal cash investment amount) in May 2022 with subsequent acquisition of reported shares of BMW common stock, for which the four-year holding period until 2026 applies.

6. Retirement benefits

The retirement benefits system provides for the Company to make annual contributions to a savings account for every year that members of the Board of Management are appointed. After they are confirmed, pension entitlements become vested when the employment relationship has existed for one year. Members of the Board of Management receive a disability pension in the event of invalidity and the termination of the employment relationship. Retired members of the Board of Management are entitled to retirement benefits after the age of 62 at the earliest and after leaving the Board. In the event of the death of a member of the Board of Management entitled to benefits before the occurrence of the insured event, a surviving spouse or registered partner is entitled to a survivor's benefit; otherwise, surviving children are entitled to a survivor's benefit depending on their age and level of education. The amount of the benefits to be paid is determined on the basis of the amount accrued in each Board member's individual pension savings account. This figure is in turn based on the annual contributions and annual profit participation depending on the form of investment. For the contributions made, there is a guaranteed minimum interest rate equal to the maximum interest rate specified in the German actuarial reserve regulation (Deckungsrückstellungsverordnung). The payment is made as a lump sum or in annual instalments at the discretion of the member of the Board of Management. For entitlements arising before 2016, there is an option to receive payment as a lifelong monthly pension or in a combined form. In the event of death or invalidity, a minimum benefit in the amount of the potential annual pension contributions that could have been made up to the age of 60 is approved. This benefit cannot exceed ten years of contributions.

Members of the Board of Management who retire immediately after their service on the Board, or who are deemed to be in an equivalent position, are entitled to acquire vehicles and other BMW Group products and services at conditions that also apply

to BMW pensioners and to lease BMW Group vehicles in accordance with the guidelines applicable to senior heads of departments. Retired Chairmen of the Board of Management also have the option of using the BMW car service, subject to availability and at a charge.

For members of the Board of Management in office in the 2022 financial year, expenses for post-employment benefits of € 3.2 million were incurred. These benefits correspond in their entirety to allocations to pension provisions in accordance with IAS 19.

Pension entitlements 2022 (2021)

in €	Service cost in accordance with IFRS for financial year 2022	Cash value of entitlements to pension benefits in accordance with IFRS as at 31 December 2022
Oliver Zipse	712,729	4,676,070
	(702,274)	(4,644,382)
Ilka Horstmeier	407,533	2,064,034
	(401,765)	(1,953,670)
Milan Nedeljković	407,391	2,485,144
	(401,466)	(2,441,046)
Pieter Nota	407,516	1,790,041
	(402,852)	(1,632,365)
Nicolas Peter	407,274	3,603,378
	(401,099)	(3,731,163)
Joachim Post	408,504	689,846
	(-)	(-)
Frank Weber	407,525	1,330,485
	(402,075)	(1,100,507)
Total	3,158,472	16,638,998
	(2,711,531)	(15,503,133)

7. Malus and clawback provisions

The current remuneration system provides for the possibility of withholding variable remuneration (malus) and reclaiming variable remuneration already paid out (clawback) under certain conditions. The rules allow the Supervisory Board to withhold or reclaim variable remuneration in the event of certain serious compliance-related violations (compliance malus and/or compliance clawback). These provisions can also be applied where variable remuneration components linked to the achievement of certain targets have been paid out on the basis of incorrect calculation bases or incorrect financial statements. Remuneration can also be withheld or reclaimed after an individual's departure from the Board of Management.

The Supervisory Board has not identified any reason to withhold or reclaim variable remuneration components in the 2022 financial year.

8. Premature termination of activities and post-contractual non-competition clause

Board of Management service contracts provide for severance pay to be paid to the Board member in the event of premature termination by the Company without due cause, the amount of which is limited to a maximum of two years' remuneration (severance payment cap). The member will not be compensated for more than the remaining term of the service contract. If the remaining term of the contract is less than two years, the severance payment is reduced proportionately. The annual remuneration paid generally includes the base salary, the target amount of the bonus and target amount of the personal cash investment amount, unless the relevant target amount was not achieved in the previous year. In this case, the bonus that was actually granted or the personal cash investment amount that was actually disbursed will apply.

There are no specific severance arrangements covering early termination of a Board member's mandate due to a change of control or in connection with a takeover offer.

In the event of death or invalidity, special rules apply for early payment of performance cash plans based on the target amounts, and the holding period is also dropped for shares of common stock that were acquired with share-based remuneration components. Where the service contract is terminated prematurely and the Company has an extraordinary right of termination, or if the Board member resigns without the Company's agreement, entitlements to amounts as yet unpaid relating to performance cash plans and share-based remuneration (matching components) are forfeited. The other variable remuneration components (bonus, personal cash investment amount) are settled on the basis of the target amounts.

A one-year post-contractual non-competition clause has been agreed with the Board members under specified circumstances against payment of a remuneration amount. Service contracts provide for the payment of a monthly waiting allowance in the amount of the applicable monthly base salary for the duration of the post-contractual non-competition clause. In accordance with Recommendation G.13 of the German Corporate Governance Code dated 28 April 2022, any severance payment is offset against the non-competition clause remuneration amount. The same applies to other income from third parties, except remuneration for supervisory board appointments approved during the term of office. The Company may unilaterally waive the requirement to comply with the post-contractual non-competition clause.

Dr. Wendt left the Board of Management on 31 December 2021. In accordance with the provisions of his service contract, a one-year post-contractual non-competition clause applied. For the period from 1 January 2022 to 31 December 2022, the waiting allowance contractually owed to him amounts to € 1.1 million.

9. Remuneration granted and owed to members of the Board of Management pursuant to § 162 of the German Stock Corporation Act (AktG)

The following tables [Remuneration granted and owed](#) show the remuneration granted and owed to the members of the Board of Management in the reporting year in accordance with § 162 AktG.

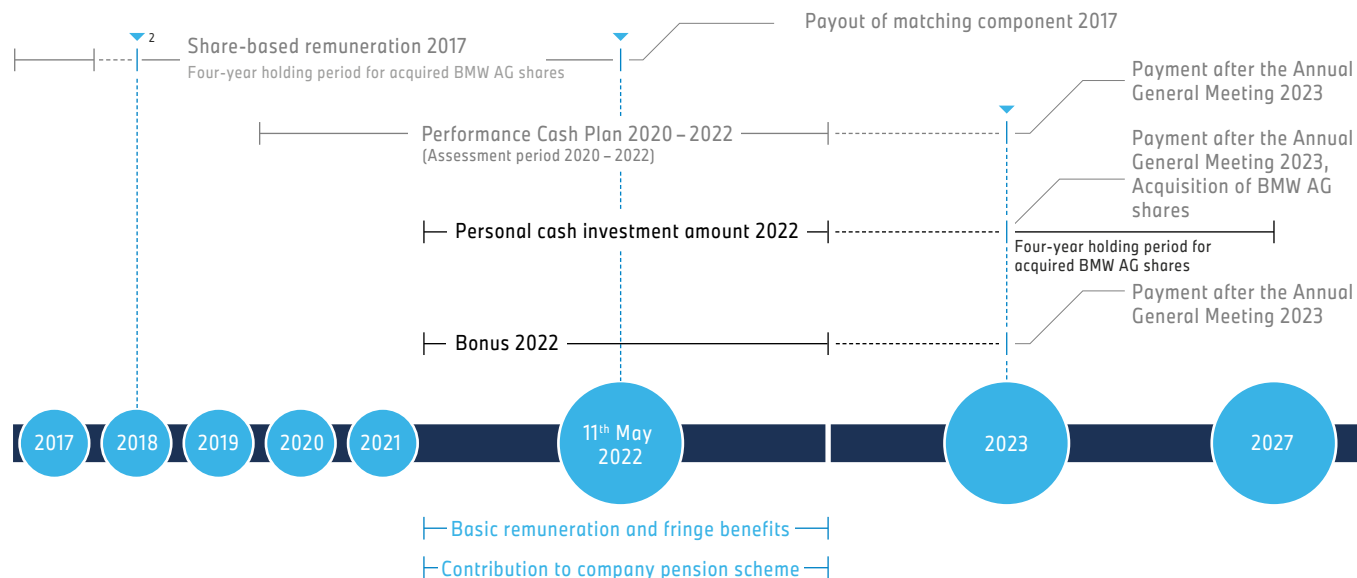
The tables include all amounts received by the individual members of the Board of Management in the reporting period ("remuneration granted") and all remuneration legally due but not yet received ("remuneration owed").

In addition to actual amounts received, "remuneration granted" in the reporting year is also assumed if the activity on which the remuneration component is based has been fully performed by the member of the Board of Management as of the balance sheet date, and if all conditions for the accrual of entitlement (e.g. the expiry of assessment periods or the non-occurrence of forfeiture conditions) have occurred.

Thus, in addition to the fixed remuneration components, the following variable remuneration components are reported as remuneration granted for the 2022 financial year within the meaning of § 162 of the German Stock Corporation Act (AktG):

- Bonus for the 2022 financial year (to be paid out in 2023)
- Share-based remuneration (personal cash investment amount) for the 2022 financial year (to be paid out in 2023)
- Performance Cash Plan 2020–2022, due to the expiry of the three-year assessment period in the 2022 financial year (payments for vesting year 2020 to be paid out in 2023)
- Share-based remuneration component (matching component) for vesting year 2017, due to the expiry of the four-year holding period in the 2022 financial year (paid out in 2022)

Overview of remuneration granted and owed in 2022 financial year with payout profile¹



¹ Simplified depiction.

² Payment of 2017 cash remuneration component (investment component) in 2018, immediately following the acquisition of shares of BMW common stock subject to holding requirements for 2018 – 2022.

Thus, the remuneration granted and owed includes all remuneration components earned through the activities of the members of the Board of Management in the 2022 financial year. In addition, it includes remuneration components already earned as a result of activity in previous financial years, but for which the respective member of the Board of Management's payment entitlement only arose due to the occurrence of conditions or at the end of the 2022 financial year.

In addition to the absolute amount of remuneration, the relative share of the relevant remuneration component in the total remuneration granted and owed is also shown. For the sake of completeness, the individual service cost in accordance with IAS 19 for the company pension scheme is also shown, although this service cost is not classified as granted or owed remuneration within the meaning of § 162 AktG.

a) Variable remuneration for the 2022 financial year

The variable remuneration for the 2022 financial year and the extent to which targets were achieved are set out above in [Variable remuneration for the 2022 financial year](#).

b) Performance Cash Plan 2020–2022

The remuneration system applicable for financial years 2018 – 2020 provided for the Performance Cash Plan (PCP) as a long-term variable cash remuneration component.

For the purposes of calculating the Performance Cash Plan, a fixed target amount is multiplied by a multi-year target achievement factor (PCP factor) after the end of a three-year assessment period. The target amount of the Performance Cash Plan (100 %) for members of the Board of Management is € 0.85 million p.a. in the first period of office and € 0.95 million p.a. from the second

period of office or fourth year of mandate. The target amount for the Chairman of the Board of Management is € 1.6 million p.a. The maximum payment amount is limited to 180 % of the target amount for the Performance Cash Plan p.a. for all members of the Board of Management.

PCP entitlements are paid in cash. The bonus is paid out after the end of the Annual General Meeting at which the annual financial statements for the third year of the assessment period (consisting of the vesting year and the following two years) are presented.

In order to determine the PCP factor, a multi-year profit factor is multiplied by a multi-year performance factor. The PCP factor is limited to a maximum of 1.8.

In order to determine the multi-year earnings factor, an earnings factor is calculated for each year of the three-year assessment period and an average is then calculated for the assessment period. The earnings factor for the individual year of the assessment period is determined on the basis of the Group's net profit and the Group return on sales after tax for the assessment year concerned, and can amount to a maximum of 1.800. The underlying measurement values are determined in advance for a period of three financial years, and may not be changed retrospectively.

In addition to the multi-year earnings factor, the Supervisory Board also sets a multi-year performance factor after the end of the assessment period. To this end, the Supervisory Board takes account in particular of the development of the business during the assessment period, the forecast trend in the development of the business, the Board member's individual contribution to profitability and the status of compliance within the Board member's area of responsibility. The multi-year performance factor can be between 0.9 and 1.1.

The Performance Cash Plan 2020–2022 was approved for the performance of the members of the Board of Management in the 2020 financial year. As at the balance sheet date of the reporting year, the three-year assessment period of this remuneration component, which was subject to certain forfeiture provisions, had expired. In the 2022 financial year, Group net profit of € 18.6 billion and a Group return on sales after tax of 13.0 % were achieved. For both indicators, the defined maximum values of € 11.0 billion for the Group net profit and 9.0 % for the Group return on sales after tax were thus exceeded, meaning that the earnings factor was capped at the maximum value of 1.800 (corresponding to a target being 180 % achieved, the maximum possible percentage). Based on the earnings factors for the individual years of the assessment period (financial year 2020: 0.444, financial year 2021: 1.800, 2022 financial year: 1.800), the multi-year performance factor is 1.348.

In determining the multi-year performance factor for the members of the Board of Management in office for the financial year 2020, the Supervisory Board assessed, in particular, the trend in the development of the business over the assessment period, the forecast trend in the development of the business, the individual contribution made by each Board member to earnings, and the status of compliance in the individual Board member's area of responsibility. In assessing the development of the business over the assessment period and the forecast trend, the Supervisory Board looked in particular at the development of certain key indicators – such as the change in the number of deliveries, EBIT margin for the Automotive segment and RoCE for the Automotive segment. The Supervisory Board took account of the effects of the Covid-19 pandemic and the semiconductor crisis for financial years 2020 and 2021 and the effects of the war in Ukraine for financial year 2022. The multi-year performance factor for all entitled members of the Board of Management was 1.0, resulting in a PCP factor of 1.348 for Performance Cash Plan 2020 – 2022.

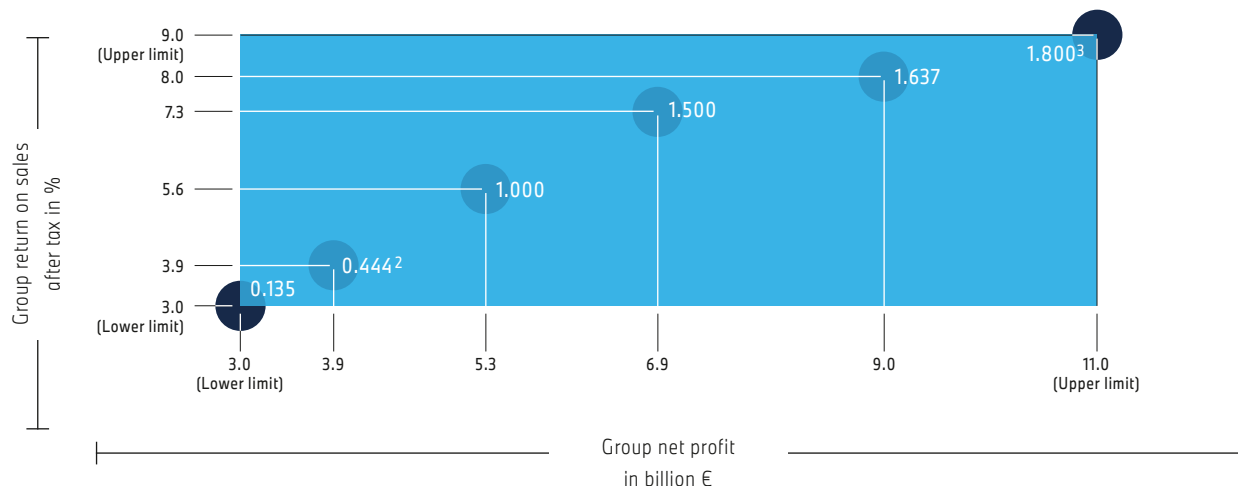
PERFORMANCE CASH PLAN OVERVIEW

TARGET AMOUNT	x	PCP FACTOR	=	AMOUNT PAID OUT
				– Cash payment at the end of the assessment period
				– Capped at 180 % of target amount

Overview of the PCP factor

MULTI-YEAR EARNINGS FACTOR	x	MULTI-YEAR PERFORMANCE FACTOR	=	PCP FACTOR
– Average earnings factor		Measurement based on multi-year performance factor:		
– Based on Group net profit and Group post-tax return on sales		– Trend in business development		
– Value between 0 and 1.800		– Status of compliance in each Board member's area of responsibility		
		– Individual contribution to profitability		
		– Forecast trend in business development		
		– Value between 0.9 and 1.1		

Allocation matrix for calculating the earnings factor for the Performance Cash Plan 2020–2022¹



¹ Simplified depiction. ² Earnings factor 2020. ³ Earnings factor 2021 and earnings factor 2022.

PERFORMANCE CASH PLAN 2020–2022

in €	Target amount	PCP factor	Total amount PCP 2020–2022
Oliver Zipse	1,600,000	1.348	2,156,800
Ilka Horstmeier	850,000	1.348	1,145,800
Milan Nedeljković	850,000	1.348	1,145,800
Pieter Nota	850,000	1.348	1,145,800
Nicolas Peter	950,000	1.348	1,280,600
Joachim Post	(-)	(-)	(-)
Frank Weber	425,000	1.348	572,900

c) Share-based remuneration component (matching component) 2017

Share-based remuneration components have been included in the remuneration of members of the BMW AG Board of Management since 2011. In the 2022 financial year, the matching component of the share-based remuneration for vesting year 2017 was paid out. Under the share-based remuneration programme for financial year 2017, the members of the Board of Management in office in 2017 were each required to invest an amount equal to 20 % of the total bonuses they received as additional cash remuneration for financial year 2017, which were paid exclusive of taxes and social security contributions (the investment component), in shares of the Company's common stock. In principle, the members of the Board of Management must hold these shares of common stock for at least four years. Under a matching plan, the member of the Board of Management receives from the Company – at the Company's discretion – either an additional share of common stock or the equivalent in cash (share-based remuneration component/matching component) for every three shares of common stock held after the four-year holding period. The investment component for financial year 2017 was paid out immediately after the 2018 Annual General Meeting on 17 May 2018, and the shares of common stock were acquired on 18 May 2018. Therefore, the holding period for the acquired shares of common stock expired on 17 May 2022. The Company settled the matching component in cash, and paid out the equivalent value of the matching shares.

d) Presentation of remuneration granted and owed

The following tables show the remuneration granted and owed to the members of the Board of Management.

Remuneration granted and owed in financial year 2022 (2021)**OLIVER ZIPSE**

Chairman of the Board of Management since 16 August 2019, member of the Board of Management since 13 May 2015

		FY 2022			FY 2021		
		Vesting year 2022 in €	Earlier vesting years in € ¹	as a % of total remuneration	Vesting year 2021 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fixed remuneration (base salary)	1,950,000	(-)	19	1,950,000	(-)	22
	Fringe benefits (other remuneration)	17,249	(-)	0.2	19,355	(-)	0.2
	Total	1,967,249		19	1,969,355		23
BONUS							
	Earnings component of bonus 2021	(-)	(-)	(-)	1,890,000	(-)	22
	Performance component of bonus 2021	(-)	(-)	(-)	1,113,000	(-)	13
	Earnings component of bonus 2022	1,890,000	(-)	19	(-)	(-)	(-)
	Performance component of bonus 2022	1,039,500	(-)	10	(-)	(-)	(-)
PERFORMANCE CASH PLAN							
	PCP 2019–2021	(-)	(-)	(-)	(-)	498,449	6
	PCP 2020–2022	0	2,156,800	21	(-)	(-)	(-)
SHARE-BASED REMUNERATION							
Variable remuneration	Share-based remuneration component (matching component) 2016 for holding obligation 2017–2021 ²	(-)	(-)	(-)	(-)	76,941	1
	Share-based remuneration component (matching component) 2017 for holding obligation 2018–2022 ³	(-)	79,326	1	(-)	(-)	(-)
	Personal cash investment amount 2021 ⁴						
	RoCE component	(-)	(-)	(-)	2,115,000	(-)	24
	Strategic focus target component	(-)	(-)	(-)	1,089,813	(-)	12
	Personal cash investment amount 2022 ⁴						
	RoCE component	1,656,750	(-)	16	(-)	(-)	(-)
	Strategic focus target component	1,363,000	(-)	13	(-)	(-)	(-)
	Total variable remuneration for vesting year 2022 or earlier vesting years	5,949,250	2,236,126	59 or 22	6,207,813	575,390	71 or 7
	Total	8,185,376		81	6,783,203		77
Remuneration for vesting year 2022 or earlier vesting years		7,916,499	2,236,126	78 or 22	8,177,168	575,390	93 or 7
Total remuneration according to § 162 German Stock Corporation Act (AktG)		10,152,625		100	8,752,558		100
Service cost⁵		712,729			702,274		
Total remuneration plus service cost⁶		10,865,354			9,454,832		

¹ Remuneration is available for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

² The number of shares purchased in 2017 with the 2016 cash remuneration component (investment component) amounted to 2,771 (purchased on 12 May 2017 at a price of € 87.50). The 2016 matching component was paid out in cash in May 2021. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 923 (holding period expired on 11 May 2021). Reference price for calculating the equivalent value of the matching shares: € 83.36.

³ The number of shares purchased in 2018 with the 2017 cash remuneration component (investment component) is 3,053 (purchase date 18 May 2018 at a price of € 89.18). The 2017 matching component was paid out in cash in May 2022. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 1,017 (holding period expired on 17 May 2022). Reference price for calculating the equivalent value of the matching shares: € 78.00.

⁴ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

⁵ The service cost in accordance with IAS 19 represents the expense for the company; this amount is not paid out to the Board of Management member.

⁶ For the purposes of compliance with the maximum specified remuneration limit, only the service cost and the remuneration for the vesting year are to be taken into account. See table 7 Maximum remuneration and remuneration vested in the 2022 financial year (vesting year).

Remuneration granted and owed in financial year 2022 (2021)**ILKA HORSTMEIER**Human Resources and Real Estate, Labour Director, since 1 November 2019¹

		FY 2022			FY 2021		
		Vesting year 2022 in €	Earlier vesting years in € ²	as a % of total remuneration	Vesting year 2021 in €	Earlier vesting years in € ²	as a % of total remuneration
Fixed remuneration	Fixed remuneration (base salary)	925,000	(-)	19	900,000	(-)	23
	Fringe benefits (other remuneration)	39,578	(-)	1	47,633	(-)	1
	Total	964,578		20	947,633		24
BONUS							
	Earnings component of bonus 2021	(-)	(-)	(-)	855,000	(-)	22
	Performance component of bonus 2021	(-)	(-)	(-)	503,500	(-)	13
	Earnings component of bonus 2022	885,000	(-)	18	(-)	(-)	(-)
	Performance component of bonus 2022	481,833	(-)	10	(-)	(-)	(-)
PERFORMANCE CASH PLAN							
	PCP 2019–2021	(-)	(-)	(-)	(-)	143,650	4
	PCP 2020–2022	(-)	1,145,800	23	(-)	(-)	(-)
SHARE-BASED REMUNERATION							
Variable remuneration	Share-based remuneration component (matching component) 2016 for holding obligation 2017–2021	(-)	(-)	(-)	(-)	(-)	(-)
	Share-based remuneration component (matching component) 2017 for holding obligation 2018–2022	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount 2021 ³						
	RoCE component	(-)	(-)	(-)	990,000	(-)	25
	Strategic focus target component	(-)	(-)	(-)	510,125	(-)	13
	Personal cash investment amount 2022 ³						
	RoCE component	796,650	(-)	16	(-)	(-)	(-)
	Strategic focus target component	655,400	(-)	13	(-)	(-)	(-)
	Total variable remuneration for vesting year 2022 or earlier vesting years	2,818,883	1,145,800	57 or 23	2,858,625	143,650	72 or 4
	Total	3,964,683		80	3,002,275		76
Remuneration for vesting year 2022 or earlier vesting years		3,783,461	1,145,800	77 or 23	3,806,258	143,650	96 or 4
Total remuneration according to § 162 German Stock Corporation Act (AktG)		4,929,261		100	3,949,908		100
Service cost⁴		407,533			401,765		
Total remuneration plus service cost⁵		5,336,794			4,351,673		

¹ Second remuneration level since 1 November 2022.² Remuneration is available for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.³ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.⁴ The service cost in accordance with IAS 19 represents the expense for the company; this amount is not paid out to the Board of Management member.⁵ For the purposes of compliance with the maximum specified remuneration limit, only the service cost and the remuneration for the vesting year are to be taken into account. See table ↗ Maximum remuneration and remuneration vested in the 2022 financial year (vesting year).

Remuneration granted and owed in financial year 2022 (2021)**MILAN NEDELJKOVIĆ**Production since 1 October 2019¹

		FY 2022			FY 2021		
		Vesting year 2022 in €	Earlier vesting years in € ²	as a % of total remuneration	Vesting year 2021 in €	Earlier vesting years in € ²	as a % of total remuneration
Fixed remuneration	Fixed remuneration (base salary)	937,500	(-)	19	900,000	(-)	22
	Fringe benefits (other remuneration)	19,824	(-)	0.4	43,237	(-)	1
	Total	957,324		19	943,237		23
BONUS							
	Earnings component of bonus 2021	(-)	(-)	(-)	855,000	(-)	21
	Performance component of bonus 2021	(-)	(-)	(-)	503,500	(-)	13
	Earnings component of bonus 2022	900,000	(-)	18	(-)	(-)	(-)
	Performance component of bonus 2022	490,000	(-)	10	(-)	(-)	(-)
PERFORMANCE CASH PLAN							
	PCP 2019–2021	(-)	(-)	(-)	(-)	215,475	5
	PCP 2020–2022	(-)	1,145,800	23	(-)	(-)	(-)
SHARE-BASED REMUNERATION							
Variable remuneration	Share-based remuneration component (matching component) 2016 for holding obligation 2017–2021	(-)	(-)	(-)	(-)	(-)	(-)
	Share-based remuneration component (matching component) 2017 for holding obligation 2018–2022	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount 2021 ³						
	RoCE component	(-)	(-)	(-)	990,000	(-)	25
	Strategic focus target component	(-)	(-)	(-)	510,125	(-)	13
	Personal cash investment amount 2022 ³						
	RoCE component	807,225	(-)	16	(-)	(-)	(-)
	Strategic focus target component	664,100	(-)	13	(-)	(-)	(-)
	Total variable remuneration for vesting year 2022 or earlier vesting years	2,861,325	1,145,800	58 or 23	2,858,625	215,475	71 or 5
	Total	4,007,125		81	3,074,100		77
Remuneration for vesting year 2022 or earlier vesting years		3,818,649	1,145,800	77 or 23	3,801,862	215,475	95 or 5
Total remuneration according to § 162 German Stock Corporation Act (AktG)		4,964,449		100	4,017,337		100
Service cost⁴		407,391			401,466		
Total remuneration plus service cost⁵		5,371,840			4,418,803		

¹ Second remuneration level since 1 October 2022.² Remuneration is available for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.³ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.⁴ The service cost in accordance with IAS 19 represents the expense for the company; this amount is not paid out to the Board of Management member.⁵ For the purposes of compliance with the maximum specified remuneration limit, only the service cost and the remuneration for the vesting year are to be taken into account. See table ↗ Maximum remuneration and remuneration vested in the 2022 financial year (vesting year).

Remuneration granted and owed in financial year 2022 (2021)**PIETER NOTA**

Customer, Brands, Sales since 1 January 2018

		FY 2022			FY 2021		
		Vesting year 2022 in €	Earlier vesting years in € ¹	as a % of total remuneration	Vesting year 2021 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fixed remuneration (base salary)	1,050,000	(-)	19	1,050,000	(-)	22
	Fringe benefits (other remuneration)	19,673	(-)	0.4	18,525	(-)	0.4
	Total	1,069,673		20	1,068,525		22
BONUS							
	Earnings component of bonus 2021	(-)	(-)	(-)	1,035,000	(-)	21
	Performance component of bonus 2021	(-)	(-)	(-)	609,500	(-)	13
	Earnings component of bonus 2022	1,035,000	(-)	19	(-)	(-)	(-)
	Performance component of bonus 2022	563,500	(-)	10	(-)	(-)	(-)
PERFORMANCE CASH PLAN							
	PCP 2019–2021	(-)	(-)	(-)	(-)	361,900	8
	PCP 2020–2022	(-)	1,145,800	21	(-)	(-)	(-)
SHARE-BASED REMUNERATION							
Variable remuneration	Share-based remuneration component (matching component) 2016 for holding obligation 2017–2021	(-)	(-)	(-)	(-)	(-)	(-)
	Share-based remuneration component (matching component) 2017 for holding obligation 2018–2022	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount 2021 ²						
	RoCE component	(-)	(-)	(-)	1,152,000	(-)	24
	Strategic focus target component	(-)	(-)	(-)	593,600	(-)	12
	Personal cash investment amount 2022 ²						
	RoCE component	902,400	(-)	17	(-)	(-)	(-)
	Strategic focus target component	742,400	(-)	14	(-)	(-)	(-)
	Total variable remuneration for vesting year 2022 or earlier vesting years	3,243,300	1,145,800	59 or 21	3,390,100	361,900	70 or 8
	Total	4,389,100		80	3,752,000		78
Remuneration for vesting year 2022 or earlier vesting years		4,312,973	1,145,800	79 or 21	4,458,625	361,900	92 or 8
Total remuneration according to § 162 German Stock Corporation Act (AktG)		5,458,773		100	4,820,525		100
Service cost³		407,516			402,852		
Total remuneration plus service cost⁴		5,866,289			5,223,377		

¹ Remuneration is available for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.² Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.³ The service cost in accordance with IAS 19 represents the expense for the company; this amount is not paid out to the Board of Management member.⁴ For the purposes of compliance with the maximum specified remuneration limit, only the service cost and the remuneration for the vesting year are to be taken into account. See table 7 Maximum remuneration and remuneration vested in the 2022 financial year (vesting year).

Remuneration granted and owed in financial year 2022 (2021)**NICOLAS PETER**

Finance since 1 January 2017

		FY 2022			FY 2021		
		Vesting year 2022 in €	Earlier vesting years in € ¹	as a % of total remuneration	Vesting year 2021 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fixed remuneration (base salary)	1,050,000	(-)	18	1,050,000	(-)	22
	Fringe benefits (other remuneration)	30,825	(-)	1	22,746	(-)	0.5
	Total	1,080,825		19	1,072,746		22
BONUS							
	Earnings component of bonus 2021	(-)	(-)	(-)	1,035,000	(-)	21
	Performance component of bonus 2021	(-)	(-)	(-)	609,500	(-)	13
	Earnings component of bonus 2022	1,035,000	(-)	18	(-)	(-)	(-)
	Performance component of bonus 2022	569,250	(-)	10	(-)	(-)	(-)
PERFORMANCE CASH PLAN							
	PCP 2019–2021	(-)	(-)	(-)	(-)	361,900	8
	PCP 2020–2022	(-)	1,280,600	23	(-)	(-)	(-)
SHARE-BASED REMUNERATION							
Variable remuneration	Share-based remuneration component (matching component) 2016 for holding obligation 2017–2021	(-)	(-)	(-)	(-)	(-)	(-)
	Share-based remuneration component (matching component) 2017 for holding obligation 2018–2022 ²	(-)	79,326	1	(-)	(-)	(-)
	Personal cash investment amount 2021 ³						
	RoCE component	(-)	(-)	(-)	1,152,000	(-)	24
	Strategic focus target component	(-)	(-)	(-)	593,600	(-)	12
	Personal cash investment amount 2022 ³						
	RoCE component	902,400	(-)	16	(-)	(-)	(-)
	Strategic focus target component	742,400	(-)	13	(-)	(-)	(-)
	Total variable remuneration for vesting year 2022 or earlier vesting years	3,249,050	1,359,926	57 or 24	3,390,100	361,900	70 or 8
Total	4,608,976		81	3,752,000		78	
Remuneration for vesting year 2022 or earlier vesting years		4,329,875	1,359,926	76 or 24	4,462,846	361,900	93 or 8
Total remuneration according to § 162 German Stock Corporation Act (AktG)		5,689,801		100	4,824,746		100
Service cost⁴		407,274			401,099		
Total remuneration plus service cost⁵		6,097,075			5,225,845		

¹ Remuneration is available for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

² The number of shares purchased in 2018 with the 2017 cash remuneration component (investment component) is 3,053 (purchase date 18 May 2018 at a price of €89.18). The 2017 Matching component was paid in cash in May 2022. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 1,017 (holding period expired on 17 May 2022). Reference price for calculating the equivalent value of the matching shares: € 78.00.

³ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

⁴ The service cost in accordance with IAS 19 represents the expense for the company; this amount is not paid out to the Board of Management member.

⁵ For the purposes of compliance with the maximum specified remuneration limit, only the service cost and the remuneration for the vesting year are to be taken into account. See table [7](#) Maximum remuneration and remuneration vested in the 2022 financial year (vesting year).

Remuneration granted and owed in financial year 2022 (2021)

JOACHIM POST

Purchasing and Supplier Network since 1 January 2022

		FY 2022			FY 2021		
		Vesting year 2022 in €	Earlier vesting years in € ¹	as a % of total remuneration	Vesting year 2021 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fixed remuneration (base salary)	900,000	(-)	24	(-)	(-)	(-)
	Fringe benefits (other remuneration)	102,259	(-)	3	(-)	(-)	(-)
	Total	1,002,259		27	(-)		(-)
BONUS							
	Earnings component of bonus 2021	(-)	(-)	(-)	(-)	(-)	(-)
	Performance component of bonus 2021	(-)	(-)	(-)	(-)	(-)	(-)
	Earnings component of bonus 2022	855,000	(-)	23	(-)	(-)	(-)
	Performance component of bonus 2022	465,500	(-)	12	(-)	(-)	(-)
PERFORMANCE CASH PLAN							
	PCP 2019-2021	(-)	(-)	(-)	(-)	(-)	(-)
	PCP 2020-2022	(-)	(-)	(-)	(-)	(-)	(-)
SHARE-BASED REMUNERATION							
Variable remuneration	Share-based remuneration component (matching component) 2016 for holding obligation 2017-2021	(-)	(-)	(-)	(-)	(-)	(-)
	Share-based remuneration component (matching component) 2017 for holding obligation 2018-2022	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount 2021 ²						
	RoCE component	(-)	(-)	(-)	(-)	(-)	(-)
	Strategic focus target component	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount 2022 ²						
	RoCE component	775,500	(-)	21	(-)	(-)	(-)
	Strategic focus target component	638,000	(-)	17	(-)	(-)	(-)
	Total variable remuneration for vesting year 2022 or earlier vesting years	2,734,000	(-)	73	(-)	(-)	(-)
	Total	2,734,000		73	(-)		(-)
Remuneration for vesting year 2022 or earlier vesting years		3,736,259	(-)	100	(-)	(-)	(-)
Total remuneration according to § 162 German Stock Corporation Act (AktG)		3,736,259		100	(-)		(-)
Service cost³		408,504			(-)		
Total remuneration plus service cost⁴		4,144,763			(-)		

¹ Remuneration is available for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.² Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.³ The service cost in accordance with IAS 19 represents the expense for the company; this amount is not paid out to the Board of Management member.⁴ For the purposes of compliance with the maximum specified remuneration limit, only the service cost and the remuneration for the vesting year are to be taken into account. See table 7 Maximum remuneration and remuneration vested in the 2022 financial year (vesting year).

Remuneration granted and owed in financial year 2022 (2021)**FRANK WEBER**

Development since 1 July 2020

		FY 2022			FY 2021		
		Vesting year 2022 in €	Earlier vesting years in € ¹	as a % of total remuneration	Vesting year 2021 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fixed remuneration (base salary)	900,000	(-)	21	900,000	(-)	23
	Fringe benefits (other remuneration)	34,077	(-)	1	97,833	(-)	3
	Total	934,077		22	997,833		26
BONUS							
	Earnings component of bonus 2021	(-)	(-)	(-)	855,000	(-)	22
	Performance component of bonus 2021	(-)	(-)	(-)	503,500	(-)	13
	Earnings component of bonus 2022	855,000	(-)	20	(-)	(-)	(-)
	Performance component of bonus 2022	465,500	(-)	11	(-)	(-)	(-)
PERFORMANCE CASH PLAN							
	PCP 2019–2021	(-)	(-)	(-)	(-)	(-)	(-)
	PCP 2020–2022	(-)	572,900	14	(-)	(-)	(-)
SHARE-BASED REMUNERATION							
Variable remuneration	Share-based remuneration component (matching component) 2016 for holding obligation 2017–2021	(-)	(-)	(-)	(-)	(-)	(-)
	Share-based remuneration component (matching component) 2017 for holding obligation 2018–2022 ³	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount 2021 ²						
	RoCE component	(-)	(-)	(-)	990,000	(-)	26
	Strategic focus target component	(-)	(-)	(-)	510,125	(-)	13
	Personal cash investment amount 2022 ²						
	RoCE component	775,500	(-)	18	(-)	(-)	(-)
	Strategic focus target component	638,000	(-)	15	(-)	(-)	(-)
	Total variable remuneration for vesting year 2022 or earlier vesting years	2,734,000	572,900	64 or 14	2,858,625	(-)	74
	Total	3,306,900		78	2,858,625		74
Remuneration for vesting year 2022 or earlier vesting years		3,668,077	572,900	86 or 14	3,856,458	(-)	100
Total remuneration according to § 162 German Stock Corporation Act (AktG)		4,240,977		100	3,856,458		100
Service cost³		407,525			402,075		
Total remuneration plus service cost⁴		4,648,502			4,258,533		

¹ Remuneration is available for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.² Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.³ The service cost in accordance with IAS 19 represents the expense for the company; this amount is not paid out to the Board of Management member.⁴ For the purposes of compliance with the maximum specified remuneration limit, only the service cost and the remuneration for the vesting year are to be taken into account. See table 7 Maximum remuneration and remuneration vested in the 2022 financial year (vesting year).

10. Remuneration granted and owed to former members of the Board of Management pursuant to § 162 German Stock Corporation Act (AktG)

The following tables show the fixed and variable remuneration granted and owed in the past financial year to former members of the Board of Management who terminated their service as a member of the Board of Management within the last ten financial years in accordance with Section 162 German Stock Corporation Act (AktG).

For individual former members of the Board of Management, the remuneration granted and owed also includes the Performance Cash Plan 2020-2022 and/or the share-based remuneration component (matching component) 2017. In this regard, please refer to the statements on remuneration granted and owed for the active members of the Board of Management.

Remuneration granted and owed in financial year 2022

		FRANK-PETER ARNDT Member of the Board of Management until 31 March 2013		
		Financial year 2022 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	26,840	(-)	11
	Total fringe benefits	26,840		11
Variable remuneration	PERFORMANCE CASH PLAN 2020-2022	(-)	(-)	(-)
	Share-based remuneration component (matching component) 2017 for holding obligation 2018-2022	(-)	(-)	(-)
	Total variable remuneration	(-)		(-)
Waiting allowance/retirement benefits	Waiting allowance	(-)	(-)	(-)
	Pensions	216,814	(-)	89
	(Partial) capital payments	(-)	(-)	(-)
	Total waiting allowance/retirement benefits	216,814		89
Total remuneration for financial years 2022 or earlier vesting years		243,654	(-)	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		243,654		100

		MILAGROS CAIÑA CARREIRO-ANDREE Member of the Board of Management until 31 October 2019		
		Financial year 2022 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	31,167	(-)	4
	Total fringe benefits	31,167		4
Variable remuneration	PERFORMANCE CASH PLAN 2020-2022	(-)	640,300 ²	83
	Share-based remuneration component (matching component) 2017 for holding obligation 2018-2022	(-)	99,372 ³	13
	Total variable remuneration	739,672		96
Waiting allowance/retirement benefits	Waiting allowance	(-)	(-)	(-)
	Pensions	(-)	(-)	(-)
	(Partial) capital payments	(-)	(-)	(-)
	Total waiting allowance/retirement benefits	(-)		(-)
Total remuneration for financial years 2022 or earlier vesting years		31,167	739,672	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		770,839		100

¹ Remuneration is available for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

² The target amount of the Performance Cash Plan (PCP) 2020-2022 is € 475,000.

³ The number of shares purchased in 2018 with the 2017 cash remuneration component (investment component) is 3,824 (purchase date 18 May 2018 at a price of €89.18). The 2017 Matching component was paid in cash in May 2022. The number of mathematical matching shares for calculating the cash equivalent amounts to 1,274 (holding period expired on 17 May 2022). Reference price for calculating the equivalent value of the matching shares: € 78.00.

Remuneration granted and owed in financial year 2022

		KLAUS DRAEGER			FRIEDRICH EICHNER		
		Member of the Board of Management until 30 September 2016			Member of the Board of Management until 31 December 2016		
		Financial year 2022	Earlier	as a % of	Financial year 2022	Earlier	as a % of
		in €	vesting years in € ¹	total remuneration	in €	vesting years in € ¹	total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	29,474	(-)	9	22,421	(-)	8
	Total fringe benefits	29,474		9	22,421		8
Variable remuneration	Performance Cash Plan 2020–2022	(-)	(-)	(-)	(-)	(-)	(-)
	Share-based remuneration component (matching component) 2017 for holding obligation 2018–2022	(-)	(-)	(-)	(-)	(-)	(-)
	Total variable remuneration	(-)		(-)	(-)		(-)
Waiting allowance/retirement benefits	Waiting allowance	(-)	(-)	(-)	(-)	(-)	(-)
	Pensions	282,784	(-)	91	275,454	(-)	92
	(Partial) capital payments	(-)	(-)	(-)	(-)	(-)	(-)
	Total waiting allowance/retirement benefits	282,784		91	275,454		92
Total remuneration for financial years 2022 or earlier vesting years		312,258	(-)		297,875	(-)	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		312,258		100	297,875		100

		KLAUS FRÖHLICH		
		Member of the Board of Management until 30 June 2020		
		Financial year 2022	Earlier	as a % of
		in €	vesting years in € ¹	total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	18,054	(-)	2
	Total fringe benefits	18,054		2
Variable remuneration	PERFORMANCE CASH PLAN 2020–2022	(-)	640,300 ²	69
	Share-based remuneration component (matching component) 2017 for holding obligation 2018–2022	(-)	79,326 ³	9
	Total variable remuneration	719,626		78
Waiting allowance/retirement benefits	Waiting allowance	(-)	(-)	(-)
	Pensions	(-)	(-)	(-)
	(Partial) capital payments	183,751	(-)	20
	Total waiting allowance/retirement benefits	183,751		20
Total remuneration for financial years 2022 or earlier vesting years		201,805	719,626	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		921,431		100

¹ Remuneration is available for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

² The target amount of the Performance Cash Plan (PCP) 2020–2022 is € 475,000.

³ The number of shares purchased in 2018 with the 2017 cash remuneration component (investment component) is 3,053 (purchase date 18 May 2018 at a price of € 89.18). The 2017 Matching component was paid in cash in May 2022. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 1,107 (holding period expired on 17 May 2022). Reference price for calculating the equivalent value of the matching shares: € 78.00.

Remuneration granted and owed in financial year 2022

		HARALD KRÜGER Chairman of the Board of Management until 15 August 2019			NORBERT REITHOFER Chairman of the Board of Management until 13 May 2015 Chairman of the Supervisory Board since 13 May 2015		
		Financial year 2022 in €	Earlier vesting years in € ¹	as a % of total remuneration	Financial year 2022 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	25,292	(-)	3	40,573	(-)	11
	Total fringe benefits	25,292		3	40,573		11
Variable remuneration	PERFORMANCE CASH PLAN 2020-2022	(-)	718,933 ²	80	(-)	(-)	(-)
	Share-based remuneration component (matching component) 2017 for holding obligation 2018-2022	(-)	158,730 ³	18	(-)	(-)	(-)
	Total variable remuneration	877,663		97	(-)		(-)
Waiting allowance/ retirement benefits	Waiting allowance	(-)	(-)	(-)	(-)	(-)	(-)
	Pensions	(-)	(-)	(-)	326,927	(-)	89
	(Partial) capital payments	(-)	(-)	(-)	(-)	(-)	(-)
	Total waiting allowance/retirement benefits	(-)		(-)	326,927		89
Total remuneration for financial years 2022 or earlier vesting years		25,292	877,663		367,500	(-)	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		902,955		100	367,500		100

		IAN ROBERTSON Member of the Board of Management until 31 December 2017		
		Financial year 2022 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	21,600	(-)	7
	Total fringe benefits	21,600		7
Variable remuneration	PERFORMANCE CASH PLAN 2020-2022	(-)	(-)	(-)
	Share-based remuneration component (matching component) 2017 for holding obligation 2018-2022	(-)	99,372 ⁴	32
	Total variable remuneration	99,372		32
Waiting allowance/ retirement benefits	Waiting allowance	(-)	(-)	(-)
	Pensions	192,948	(-)	61
	(Partial) capital payments	(-)	(-)	(-)
	Total waiting allowance/retirement benefits	192,948		61
Total remuneration for financial years 2022 or earlier vesting years		214,548	99,372	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		313,920		100

¹ Remuneration is available for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

² The target amount of the Performance Cash Plan (PCP) 2020-2022 is €533,333.

³ The number of shares purchased in 2018 with the 2017 cash remuneration component (investment component) is 6,107 (purchase date 18 May 2018 at a price of €89.18). The 2017 matching component was paid in cash in May 2022. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 2,035 (holding period expired on 17 May 2022). Reference price for calculating the equivalent value of the matching shares: € 78.00.

⁴ The number of shares purchased in 2018 with the 2017 cash remuneration component (investment component) is 3,824 (purchase date 18 May 2018 at a price of €89.18). The 2017 Matching component was paid in cash in May 2022. The number of mathematical matching shares for calculating the cash equivalent amounts to 1,274 (holding period expired on 17 May 2022). Reference price for calculating the equivalent value of the matching shares: € 78.00.

Remuneration granted and owed in financial year 2022

		PETER SCHWARZENBAUER		
		Member of the Board of Management until 31 October 2019		
		Financial year 2022	Earlier	as a % of
		in €	vesting years in € ¹	total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	20,356	(-)	17
	Total fringe benefits	20,356		17
Variable remuneration	PERFORMANCE CASH PLAN 2020–2022	(-)	(-)	(-)
	Share-based remuneration component (matching component) 2017 for holding obligation 2018–2022	(-)	99,372 ²	83
	Total variable remuneration	99,372		83
Waiting allowance/retirement benefits	Waiting allowance	(-)	(-)	(-)
	Pensions	(-)	(-)	(-)
	(Partial) capital payments	(-)	(-)	(-)
	Total waiting allowance/retirement benefits	(-)		(-)
Total remuneration for financial years 2022 or earlier vesting years		20,356	99,372	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		119,728		100

		ANDREAS WENDT		
		Member of the Board of Management until 31 December 2021		
		Financial year 2022	Earlier	as a % of
		in €	vesting years in € ¹	total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	38,788	(-)	2
	Total fringe benefits	38,788		2
Variable remuneration	PERFORMANCE CASH PLAN 2020–2022	(-)	1,145,800 ³	51
	Share-based remuneration component (matching component) 2017 for holding obligation 2018–2022	(-)	(-)	(-)
	Total variable remuneration	1,145,800		51
Waiting allowance/retirement benefits	Waiting allowance	1,050,000	(-)	47
	Pensions	(-)	(-)	(-)
	(Partial) capital payments	(-)	(-)	(-)
	Total waiting allowance/retirement benefits	1,050,000		47
Total remuneration for financial years 2022 or earlier vesting years		1,088,788	1,145,800	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		2,234,588		100

¹ Remuneration is available for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

² The number of shares purchased in 2018 with the 2017 cash remuneration component (investment component) is 3,824 (purchase date 18 May 2018 at a price of €89.18). The 2017 matching component was paid out in cash in May 2022. The number of mathematical matching shares for calculating the cash equivalent amounts to 1,274 (holding period expired on 17 May 2022). Reference price for calculating the equivalent value of the matching shares: € 78.00.

³ The target amount of the Performance Cash Plan (PCP) 2020–2022 is € 850,000.



11. Maximum remuneration and remuneration vested in the 2022 financial year (vesting year)

The Supervisory Board has capped the remuneration of the Board of Management members for the financial year (vesting year) 2022 in two respects: It has set maximum limits for all variable remuneration components and has also determined a maximum limit for the total remuneration of each Board of Management member. Both components of the bonus as well as the two components of the share-based remuneration

(personal cash investment amount) are limited to a maximum of 180 % of the respective target amount.

The maximum remuneration of the Board of Management members for the vesting year 2022 determined in accordance with § 87a (1) Sentence 2 No. 1 German Stock Corporation Act (AktG) includes, as fixed components, the basic remuneration for 2022, other fixed remuneration for 2022, the service cost (in accordance with IAS 19) for 2022 and, as variable components, the bonus

and the share-based remuneration (personal investment cash amount) for the vesting year 2022. Any special payments to compensate for salary losses from a previous employment relationship and/or to cover relocation costs in the case of new appointments are also subject to maximum remuneration. However, no such approvals were issued and no special allowances were made in the 2022 financial year.

Maximum remuneration and remuneration vested in the 2022 financial year (vesting year)

		OLIVER ZIPSE Chairman of the Board of Management since 16 August 2019 Member of the Board of Management since 13 May 2015		ILKA HORSTMEIER Human Resources and Real Estate, Labour Director, since 1 November 2019 ¹		MILAN NEDELJKOVIĆ Production since 1 October 2019 ²		PIETER NOTA Customer, Brands, Sales since 1 January 2018	
in €		Max.	Remuneration vested	Max.	Remuneration vested	Max.	Remuneration vested	Max.	Remuneration vested
Fixed remuneration	Fixed remuneration (base salary)	1,950,000	1,950,000	925,000	925,000	937,500	937,500	1,050,000	1,050,000
	Fringe benefits (other remuneration)	17,249	17,249	39,578	39,578	19,824	19,824	19,673	19,673
	Total fixed remuneration	1,967,249	1,967,249	964,578	964,578	957,324	957,324	1,069,673	1,069,673
BONUS									
Variable remuneration	Earnings component of the bonus	1,890,000	1,890,000	885,000	885,000	900,000	900,000	1,035,000	1,035,000
	Performance component of the bonus	1,890,000	1,039,500	885,000	481,833	900,000	490,000	1,035,000	563,500
	SHARE-BASED REMUNERATION (PERSONAL CASH INVESTMENT AMOUNT)³								
	RoCE component	2,115,000	1,656,750	1,017,000	796,650	1,030,500	807,225	1,152,000	902,400
	Strategic focus target component	2,115,000	1,363,000	1,017,000	655,400	1,030,500	664,100	1,152,000	742,400
	Total	8,010,000	5,949,250	3,804,000	2,818,883	3,861,000	2,861,325	4,374,000	3,243,300
Total fixed and variable remuneration		9,977,249	7,916,499	4,768,578	3,783,461	4,818,324	3,818,649	5,443,673	4,312,973
	Service cost ⁴	712,729	712,729	407,533	407,533	407,391	407,391	407,516	407,516
Maximum remuneration⁵/Vested remuneration incl. service cost		9,850,000	8,629,228	5,020,833	4,190,994	5,068,750	4,226,040	5,500,000	4,720,489

¹ Second remuneration level since 1 November 2022.

² Second remuneration level since 1 October 2022.

³ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

⁴ The service cost in accordance with IAS 19 represents the expense for the company; this amount is not paid out to the Board of Management member.

⁵ Maximum remuneration within the meaning of § 87a (1) Sentence 2 No. 1 AktG. The overall cap is lower than the sum of the maximum amounts for the individual components. Any special payments to compensate for salary losses from a previous employment relationship and/or to cover relocation costs in the case of new appointments are also subject to maximum remuneration.

Maximum remuneration and remuneration vested in the 2022 financial year (vesting year)

		NICOLAS PETER Finance since 1 January 2017		JOACHIM POST Purchasing and Supplier Network since 1 January 2022		FRANK WEBER Development since 1 July 2020		
in €		Max.	Remuneration vested	Max.	Remuneration vested	Max.	Remuneration vested	
Fixed remuneration	Fixed remuneration (base salary)	1,050,000	1,050,000	900,000	900,000	900,000	900,000	
	Fringe benefits (other remuneration)	30,825	30,825	102,259	102,259	34,077	34,077	
	Total fixed remuneration	1,080,825	1,080,825	1,002,259	1,002,259	934,077	934,077	
BONUS								
Variable remuneration	Earnings component of the bonus	1,035,000	1,035,000	855,000	855,000	855,000	855,000	
	Performance component of the bonus	1,035,000	569,250	855,000	465,500	855,000	465,500	
	SHARE-BASED REMUNERATION (PERSONAL INVESTMENT CASH AMOUNT)¹							
	RoCE component	1,152,000	902,400	990,000	775,500	990,000	775,500	
	Strategic focus target component	1,152,000	742,400	990,000	638,000	990,000	638,000	
	Total variable remuneration	4,374,000	3,249,050	3,690,000	2,734,000	3,690,000	2,734,000	
	Total fixed and variable remuneration	5,454,825	4,329,875	4,692,259	3,736,259	4,624,077	3,668,077	
	Service cost ²	407,274	407,274	408,504	408,504	407,525	407,525	
	Maximum remuneration³/Vested remuneration incl. service cost	5,500,000	4,737,149	4,925,000	4,144,763	4,925,000	4,075,602	

¹ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

² The service cost in accordance with IAS 19 represents the expense for the company; this amount is not paid out to the Board of Management member.

³ Maximum remuneration within the meaning of § 87a (1) Sentence 2 No. 1 AktG. The overall cap is lower than the sum of the maximum amounts for the individual components. Any special payments to compensate for salary losses from a previous employment relationship and/or to cover relocation costs in the case of new appointments are also subject to maximum remuneration.



Minimum remuneration of Board of Management members is ensured by the fixed remuneration components, in particular the basic remuneration.

The total fixed maximum remuneration is less than the sum of the maximum amounts for the individual components.

In addition to the maximum limits for the individual components of overall remuneration, the Supervisory Board also set minimum thresholds that had to be exceeded in order for a target to be achieved. If these minimum thresholds are not reached, the relevant component of the variable remuneration is not paid.

The maximum limits for each individual element of the variable remuneration in the 2022 vesting year and the stipulated maximum remuneration limits were complied with in all cases.

The remuneration granted and owed pursuant to § 162 German Stock Corporation Act (AktG) for 2022 financial year, [see table Remuneration granted and owed](#), includes a payout from the Performance Cash Plan 2020–2022 for members of the Board of Management who were already in office in the 2020 financial year. This variable component of the remuneration system applicable for financial years 2018 to 2020 falls under the overall caps set by the Supervisory Board for the vesting year 2020. A final confirmation of compliance with the overall caps set for the 2020 vesting year will only be possible when the matching component of the share-based remuneration for the 2020 vesting year is paid out after the expiry of the four-year shareholding period in the 2025 financial year.

The remuneration granted and owed for the 2022 financial year pursuant to § 162 German Stock Corporation Act (AktG) [see table Remuneration granted and owed](#) also includes the payment of the matching component of the share-based remuneration for the 2017 vesting year to the Board of Management members who were in office in that financial year. This payment was made in May 2022, after the expiry of the four-year shareholding period. This component is subject to the overall cap set for the vesting year 2017, which was complied with for the Board of Management members in office at that time.

III. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

1. Articles of incorporation and procedure

The regulation governing remuneration for the Supervisory Board applicable to the reporting year was adopted by the Annual General Meeting on 14 May 2020. It is set out in Article 15 of the Articles of Incorporation, 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. The regulation was confirmed by the Annual General Meeting on 12 May 2021 with a majority of 99.40% of the valid votes cast.

2. Principles and elements of remuneration

The Supervisory Board remuneration is structured as a purely fixed remuneration. In its current form, the Supervisory Board remuneration complies with suggestion G.18 of the German Corporate Governance Code as amended on 28 April 2022. Fixed remuneration strengthens the independence of the supervisory board in advising and monitoring the Board of Management. The structure and amount of the fixed remuneration ensure that highly qualified individuals can be proposed to the Annual General Meeting for membership of the Supervisory Board. This promotes the quality of consulting and monitoring, which contributes to the company's sustainable and long-term development.

In accordance with the Articles of Incorporation, each member of the Supervisory Board of BMW AG who does not exercise any additional function relevant to remuneration receives – in addition to the reimbursement of reasonable expenses – fixed remuneration of € 200,000 p.a.

The latest version of the German Corporate Governance Code, dated 28 April 2022, recommends that exercising the functions of the chair and deputy chair of Supervisory Board should also

be considered when determining the level of remuneration, along with any committees an individual chairs or sits on (Suggestion G.17). This is to take account of the extra time commitment associated with these positions. In view of the particular demands placed on the members and, in particular, on the Chairman of the Audit Committee and the increased scope of the Audit Committee's tasks, a higher level of remuneration is provided for work on this committee than for work on other committees. Accordingly, the Articles of Incorporation of BMW AG stipulate that the Chairman of the Supervisory Board shall receive three times the amount, and each Deputy Chairman twice the amount, of remuneration paid to a Supervisory Board member, excluding amounts relating to additional remuneration-relevant functions. The Chair of the Audit Committee receives two-and-a-quarter times the amount, the Chair of other Supervisory Board committees twice the amount, each member of the Audit Committee twice the amount, and each member of a committee one-and-a-half times the amount of the remuneration paid to a Supervisory Board member, provided the relevant committee convened on at least three days during the financial year. If a member of the Supervisory Board exercises more than one of the functions referred to above, their remuneration is measured only on the basis of the function receiving the highest amount.

In the event of changes in the composition of the Supervisory Board during the year, or if additional remuneration-relevant functions are performed, remuneration is determined on a proportionate basis.

In addition, each member of the Supervisory Board receives an attendance fee of € 2,000 per meeting for each meeting of the Supervisory Board (plenary) in which he or she participates. This also applies to participation by telephone or video link. If they attend more than one meeting on the same day, the meetings are not remunerated separately. A continuous session on two consecutive days is treated as one session.

In accordance with the provisions of the Articles of Incorporation, the remuneration and the attendance fee are only paid after the end of the respective financial year. Furthermore, the company reimburses each member of the Supervisory Board for their reasonable expenses. In order to be able to perform his duties, the Chairman of the Supervisory Board is provided with secretariat and chauffeur services.

3. Remuneration granted and owed to members of the Supervisory Board pursuant to § 162 German Stock Corporation Act (AktG)

The following table shows the remuneration granted and owed to the members of the Supervisory Board in the 2022 financial year in accordance with § 162 (1) Sentence 1 German Stock Corporation Act (AktG). The activity on which the remuneration for the 2022 financial year is based was fully performed by the balance sheet date. Therefore, the remuneration for the Supervisory Board activities is classified as granted for the 2022 financial year, even if the payment of the Supervisory Board remuneration (including the attendance fee) was made after the end of the 2022 financial year.

Overview of remuneration of the members of the Supervisory Board¹

	Factor	Amount in € p.a. ³
Member of Supervisory Board	1.00	200,000
Chairman Supervisory Board	3.00	600,000
Deputy Chairman Supervisory Board	2.00	400,000
Chairman of the Audit Committee ²	2.25	450,000
Chairman of other committee ²	2.00	400,000
Member of the Audit Committee ²	2.00	400,000
Member of other committee ²	1.50	300,000

¹ If Supervisory Board member performs more than one of the functions referred to above, their remuneration is measured only on the basis of the function that is remunerated with the highest amount.

² Provided that the Committee has met on at least three days during the financial year.

³ Plus attendance fee of € 2,000 per plenary session.

Remuneration granted and owed to Supervisory Board members according to § 162 AktG in financial year 2022 (2021)

MEMBERS OF THE SUPERVISORY BOARD IN OFFICE AS AT 31 DECEMBER 2022

	Fixed remuneration		Attendance fee		Total remuneration	
	in €	as a % of total remuneration	in €	as a % of total remuneration	in €	as a % of total remuneration
Norbert Reithofer (Chairman)	600,000	98	10,000	2	610,000	100
	(600,000)	(98)	(10,000)	(2)	(610,000)	(100)
Manfred Schoch (Deputy Chairman)^{1,2}	400,000	98	10,000	2	410,000	100
	(400,000)	(98)	(10,000)	(2)	(410,000)	(100)
Stefan Quandt (Deputy Chairman)	400,000	98	10,000	2	410,000	100
	(400,000)	(98)	(10,000)	(2)	(410,000)	(100)
Stefan Schmid (Deputy Chairman)¹	400,000	98	10,000	2	410,000	100
	(400,000)	(98)	(10,000)	(2)	(410,000)	(100)
Kurt Bock (Deputy Chairman, Chairman of the Audit Committee)	450,000	98	10,000	2	460,000	100
	(450,000)	(98)	(10,000)	(2)	(460,000)	(100)
Christiane Benner¹	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Marc Bitzer	200,000	95	10,000	5	210,000	100
	(127,419)	(94)	(8,000)	(6)	(135,419)	(100)
Bernhard Ebner¹	200,000	95	10,000	5	210,000	100
	(46,237)	(96)	(2,000)	(4)	(48,237)	(100)
Rachel Empey³	250,000	96	10,000	4	260,000	100
	(127,419)	(94)	(8,000)	(6)	(135,419)	(100)
Heinrich Hiesinger	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)

¹ These employee representatives have declared that they will transfer their remuneration to the Hans Böckler Foundation in accordance with the guidelines of the Confederation of German Trade Unions.

² Member of the Supervisory Board until 31 December 2022.

³ Member of the Audit Committee since 1 October 2022.

Remuneration granted and owed to Supervisory Board members according to § 162 AktG in financial year 2022 (2021)

MEMBERS OF THE SUPERVISORY BOARD IN OFFICE AS AT 31 DECEMBER 2022

	Fixed remuneration		Attendance fee		Total remuneration	
	in €	as a % of total remuneration	in €	as a % of total remuneration	in €	as a % of total remuneration
Johann Horn¹	200,000	95	10,000	5	210,000	100
	(126,344)	(95)	(6,000)	(5)	(132,344)	(100)
Susanne Klatten	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Jens Köhler¹	200,000	95	10,000	5	210,000	100
	(82,258)	(95)	(4,000)	(5)	(86,258)	(100)
Gerhard Kurz²	94,624	94	6,000	6	100,624	100
	(-)	(-)	(-)	(-)	(-)	(-)
André Mandl^{1,3}	148,333	95	8,000	5	156,333	100
	(-)	(-)	(-)	(-)	(-)	(-)
Dominique Mohabeer^{1,4}	250,000	96	10,000	4	260,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Anke Schäferkordt	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Christoph Schmidt	200,000	95	10,000	5	210,000	100
	(127,419)	(94)	(8,000)	(6)	(135,419)	(100)
Vishal Sikka	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Sibylle Wankel^{1,5}	198,387	95	10,000	5	208,387	100
	(-)	(-)	(-)	(-)	(-)	(-)
Total acting members of the Supervisory Board	5,191,344	96	194,000	4	5,385,344	100
	(4,087,096)	(97)	(146,000)	(3)	(4,233,096)	(100)

¹ These employee representatives have declared that they will transfer their remuneration to the Hans Böckler Foundation in accordance with the guidelines of the Confederation of German Trade Unions.

² Member of the Supervisory Board since 11 July 2022.

³ Member of the Supervisory Board since 4 April 2022.

⁴ Member of the Audit Committee since 1 October 2022.

⁵ Member of the Supervisory Board since 4 January 2022.

Remuneration granted and owed to Supervisory Board members according to § 162 AktG in financial year 2022 (2021)

FORMER MEMBERS OF THE SUPERVISORY BOARD

	Fixed remuneration		Attendance fee		Total remuneration	
	in €	as a % of total remuneration	in €	as a % of total remuneration	in €	as a % of total remuneration
Thomas Wittig¹	83,333	95	4,000	5	87,333	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Werner Zierer^{2,3}	50,000	96	2,000	4	52,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Total former members of the Supervisory Board	133,333	96	6,000	4	139,333	100
	(400,000)	(95)	(20,000)	(5)	(420,000)	(100)
Total acting and former members of the Supervisory Board	5,324,677	96	200,000	4	5,524,677	100
	(4,487,096)	(96)	(166,000)	(4)	(4,653,096)	(100)

¹ Member of the Supervisory Board until 31 May 2022.

² These employee representatives have declared that they will transfer their remuneration to the Hans Böckler Foundation in accordance with the guidelines of the Confederation of German Trade Unions.

³ Member of the Supervisory Board until 31 March 2022.



IV. COMPARISON OF CHANGE IN REMUNERATION AND EARNINGS PURSUANT TO § 162 (1) SENTENCE 2 NO. 2 OF THE GERMAN STOCK CORPORATION ACT (AKTG)

Pursuant to § 162 (1) Sentence 2 No. 2 German Stock Corporation Act (AktG), the following table shows the change in earnings, the annual change in the remuneration of the members of the Board of Management and the Supervisory Board, and the annual change in the average remuneration of the employees on a full-time equivalent basis over the last five financial years.

For the members of the Board of Management and the Supervisory Board, the remuneration granted and owed in the relevant financial year is presented within the meaning of § 162 (1) Sentence 1 AktG. The remuneration granted and owed to former members of the Board of Management includes any variable remuneration from previous vesting years and any remuneration from any contracts of employment that remained valid beyond the end of their mandate, as well as retirement benefit plans (pension payments, payments from the retirement capital account), fringe benefits and any waiting allowances paid.

The change in earnings is presented on the basis of BMW AG's net profit for the year in accordance with the German Commercial Code (HGB). In addition, the changes in the key indicators "earnings attributable to shareholders of BMW AG" and "Group return on sales after tax" are reported, as these key indicators are relevant for both the calculation of the variable remuneration of the members of the Board of Management (earnings component of the bonus) and the performance-related remuneration of managers and employees.

The presentation of average employee remuneration is based on the average remuneration of all employees of BMW AG on a full-time equivalent basis. In the 2022 financial year, this was 80,071 people. Worldwide, the BMW Group employed 149,475 people at 31 December 2022. In order to calculate the average employee remuneration presented, the principles applicable to the calculation of the remuneration granted and owed to the members of the Board of Management and the Supervisory Board pursuant to § 162 (1) Sentence 1 of the German Stock Corporation Act (AktG) were applied accordingly.

Comparison of changes in earnings and remuneration for employees, the Board of Management and the Supervisory Board

	2018	2019	Change 2019 vs 2018 in %	2020	Change 2020 vs 2019 in %	2021	Change 2021 vs 2020 in %	2022	Change 2022 vs 2021 in %	
I. CHANGES IN EARNINGS										
Net income of BMW AG according to the German Commercial Code (HGB) (in € million)	2,801	2,107	-25 %	1,702	-19 %	4,910	188 %	6,311	29 %	
Profit attributable to shareholders of BMW AG (in € million)	7,117	4,915	-31 %	3,775	-23 %	12,382	228 %	17,941	45 %	
Group return on sales after tax (in %)	7.3	4.8	-34 %	3.9	-19 %	11.2	187 %	13.0	16 %	
II. AVERAGE REMUNERATION OF EMPLOYEES IN €										
Employees of BMW AG	93,522	89,353	-4 %	86,715	-3 %	99,169	14 %	102,394	3 %	
III. REMUNERATION OF THE BOARD OF MANAGEMENT IN €¹										
Oliver Zipse ²	since May 2015, Chairman since 16 August 2019	2,710,234	3,923,856	45 %	5,338,865	36 %	8,752,558	64 %	10,152,625	16 %
Ilka Horstmeier	since November 2019	(-)	384,435	(-)	2,043,706	432 %	3,949,908	93 %	4,929,261	25 %
Milan Nedeljkovic	since October 2019	(-)	537,696	(-)	2,058,305	283 %	4,017,337	95 %	4,964,449	24 %
Pieter Nota ³	since January 2018	2,487,689	2,651,143	7 %	2,757,590	4 %	4,820,525	75 %	5,458,773	13 %
Nicolas Peter ³	since January 2017	2,435,932	2,660,349	9 %	3,117,471	17 %	4,824,746	55 %	5,689,801	18 %
Joachim Post	since January 2022	(-)	(-)	(-)	(-)	(-)	(-)	(-)	3,736,259	(-)
Frank Weber	since July 2020	(-)	(-)	(-)	1,006,759	(-)	3,856,458	283 %	4,240,977	10 %

¹ The reported remuneration for the years 2018–2020 has been recalculated in accordance with § 162 German Stock Corporation Act (AktG).

² For the 2019 and 2020 financial years, the advance payments of € 566,667 and € 712,000 from the 2018–2020 and 2019–2021 Performance Cash Plans, which were paid in 2019 and 2020 respectively, were also included in the calculation of remuneration.

³ For the 2019 and 2020 financial years, the advance payments of € 500,000 each from the 2018–2020 and 2019–2021 Performance Cash Plans, which were paid in 2019 and 2020 respectively, were also included in the calculation of remuneration.

Comparison of changes in earnings and remuneration for employees, the Board of Management and the Supervisory Board

		Change 2019 vs 2018 in %	Change 2020 vs 2019 in %	Change 2021 vs 2020 in %	2022	Change 2022 vs 2021 in %
FORMER MEMBERS OF THE BOARD OF MANAGEMENT IN € ¹						
Frank-Peter Arndt	until March 2013	0 %	4 %	1 %	243,654	-1 %
Milagros Caiña Carreiro-Andree ^{2,3}	until October 2019	8 %	-25 %	-68 %	770,839	-1 %
Klaus Draeger	until September 2016	-8 %	2 %	2 %	312,258	-18 %
Friedrich Eichiner	until December 2016	-8 %	62 %	-32 %	297,875	-25 %
Klaus Fröhlich ²	until June 2020	10 %	-23 %	-69 %	921,431	24 %
Harald Krüger ^{4,5}	until August 2019	10 %	-34 %	-64 %	902,955	-34 %
Norbert Reithofer	until May 2015, since May 2015 Chairman of the Supervisory Board	-10 %	-21 %	1 %	367,500	1 %
Ian Robertson	until December 2017	-83 %	10 %	7 %	313,920	2 %
Peter Schwarzenbauer ⁶	until October 2019	-2 %	-54 %	149 %	119,728	-96 %
Andreas Wendt	until December 2021	265 %	-1 %	120 %	2,234,588	-54 %

¹ The reported remuneration for the years 2018–2020 has been recalculated in accordance with § 162 German Stock Corporation Act (AktG).

² For the 2019 and 2020 financial years, the advance payments of € 600,000 each from the 2018–2020 and 2019–2021 Performance Cash Plans, which were paid in 2019 and 2020 respectively, were also included in the calculation of remuneration.

³ Ms Caiña Carreiro-Andree's contract of employment ended on 30 June 2020.

⁴ For the 2019 and 2020 financial years, the advance payments of € 900,000 each from the 2018–2020 and 2019–2021 Performance Cash Plans, which were paid in 2019 and 2020 respectively, were also included in the calculation of remuneration.

⁵ Mr Krüger's employment contract ended on 30 April 2020.

⁶ For the 2019 and 2020 financial years, the advance payments of € 600,000, respectively € 500,000 from the 2018–2020 and 2019–2021 Performance Cash Plans, which were paid in 2019 and 2020 respectively, were also included in the calculation of remuneration.

Comparison of changes in earnings and remuneration for employees, the Board of Management and the Supervisory Board

		2018	2019	Change 2019 vs 2018 in %	2020	Change 2020 vs 2019 in %	2021	Change 2021 vs 2020 in %	2022	Change 2022 vs 2021 in %
IV. REMUNERATION OF THE SUPERVISORY BOARD IN €										
Norbert Reithofer	since May 2015, Chairman	640,000	640,000	0 %	610,000	- 5 %	610,000	0 %	610,000	0 %
Manfred Schoch ¹	from January 1988 to December 2022, Deputy Chairman	430,000	430,000	0 %	410,000	- 5 %	410,000	0 %	410,000	0 %
Stefan Quandt	since May 1997, Deputy Chairman	430,000	430,000	0 %	410,000	- 5 %	410,000	0 %	410,000	0 %
Stefan Schmid ¹	since January 2007, Deputy Chairman	428,000	430,000	0 %	410,000	- 5 %	410,000	0 %	410,000	0 %
Kurt Bock ²	since May 2018, Deputy Chairperson and Chairperson of the Audit Committee	138,968	220,000	58 %	367,930	67 %	460,000	25 %	460,000	0 %
Christiane Benner ¹	since May 2014	218,000	220,000	1 %	210,000	- 5 %	210,000	0 %	210,000	0 %
Marc Bitzer	since May 2021	(-)	(-)	(-)	(-)	(-)	135,419	(-)	210,000	55 %
Bernhard Ebner ¹	since October 2021	(-)	(-)	(-)	(-)	(-)	48,237	(-)	210,000	335 %
Rachel Empey ³	since May 2021	(-)	(-)	(-)	(-)	(-)	135,419	(-)	260,000	92 %
Heinrich Hiesinger	since May 2017	220,000	220,000	0 %	210,000	- 5 %	210,000	0 %	210,000	0 %
Johann Horn ¹	since May 2021	(-)	(-)	(-)	(-)	(-)	132,344	(-)	210,000	59 %
Susanne Klatten	since May 1997	218,000	220,000	1 %	210,000	- 5 %	210,000	0 %	210,000	0 %
Jens Köhler ¹	since August 2021	(-)	(-)	(-)	(-)	(-)	86,258	(-)	210,000	143 %
Gerhard Kurz	since July 2022	(-)	(-)	(-)	(-)	(-)	(-)	(-)	100,624	(-)
André Mandl ¹	since April 2022	(-)	(-)	(-)	(-)	(-)	(-)	(-)	156,333	(-)
Dominique Mohabeer ^{1,3}	since June 2012	220,000	220,000	0 %	210,000	- 5 %	210,000	0 %	260,000	24 %
Anke Schäferkordt	since May 2020	(-)	(-)	(-)	134,344	(-)	210,000	56 %	210,000	0 %
Christoph Schmidt	since May 2021	(-)	(-)	(-)	(-)	(-)	135,419	(-)	210,000	55 %
Vishal Sikka	since May 2019	(-)	139,532	(-)	208,000	49 %	210,000	1 %	210,000	0 %
Sibylle Wankel ¹	since January 2022	(-)	(-)	(-)	(-)	(-)	(-)	(-)	208,387	(-)
FORMER MEMBERS OF THE SUPERVISORY BOARD IN €										
Thomas Wittig	from May 2019 until May 2022	(-)	139,532	-	210,000	51 %	210,000	0 %	87,333	- 58 %
Werner Zierer ¹	from November 2001 until March 2022	220,000	220,000	0 %	210,000	- 5 %	210,000	0 %	52,000	- 75 %

¹ These employee representatives have declared that they will transfer their remuneration to the Hans Böckler Foundation in accordance with the guidelines of the Confederation of German Trade Unions.

² Dr. Bock was elected Chairman of the Audit Committee in May 2020.

³ Member of the Audit Committee since 1 October 2022.



V. OTHER CONSIDERATIONS

BMW Group companies did not grant any loans to members of the Board of Management or the Supervisory Board in the 2022 financial year, nor did it enter into any contingent liabilities in their favour. In the year under review, members of the Board of Management and the Supervisory Board concluded contracts with BMW Group companies for the purchase of vehicles and vehicle services (maintenance and repair work) at arm's length conditions.

The Company maintains a financial loss liability insurance policy for company directors. The insurance provides cover for legal liability claims and protects the private assets of members of BMW AG's representative bodies if a claim is made against them for financial loss in the course of exercising their function as a corporate entity. A deductible is provided for members of the Board of Management that complies with the requirements of the German Stock Corporation Act (AktG).

VI. OUTLOOK FOR THE 2023 FINANCIAL YEAR

The remuneration system and the target remuneration for the members of the Board of Management, as described in this report for the 2022 financial year, will continue to apply unchanged in the 2023 financial year.

There are no plans to change the remuneration system for members of the Supervisory Board for the 2023 financial year.

Bayerische Motoren Werke Aktiengesellschaft

For the Supervisory Board	For the Board of Management
---------------------------	-----------------------------

Dr.-Ing. Dr.-Ing. E.h.
Norbert Reithofer
Chairman of the
Supervisory Board

Oliver Zipse
Chairman of the
Board of Management



VII. AUDITOR'S REPORT

Bayerische Motoren Werke Aktiengesellschaft Munich

Remuneration Report pursuant to § 162 AktG for the Financial Year from 1 January to 31 December 2022

Auditor's Report

To Bayerische Motoren Werke Aktiengesellschaft, Munich

We have audited the remuneration report of Bayerische Motoren Werke Aktiengesellschaft, Munich, for the financial year from 1 January 2022 to 31 December 2022, including the related disclosures, which was prepared to comply with § 162 of the German Stock Corporation Act.

Responsibility of the Executive Directors and the Supervisory Board

The executive directors and the supervisory board of Bayerische Motoren Werke Aktiengesellschaft are responsible for the preparation of the remuneration report, including the related disclosures, which complies with the requirements of § 162 German Stock Corporation Act (AktG). The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements as promulgated by the Institute of Public Auditors in Germany (IDW). Those standards stipulate that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgement. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of the remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from 1 January to 31 December 2022, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Reference to Another Matter – Formal Audit of the Remuneration Report According to § 162 AktG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 (3) AktG, including the issuance of a report on this audit. As we express an unqualified opinion on the content of the remuneration report, this audit includes an opinion on whether the information required by § 162 (1) and (2) AktG has been disclosed in all material respects in the remuneration report.

Restriction on use

We issue this audit opinion on the basis of the engagement concluded with Bayerische Motoren Werke Aktiengesellschaft. The audit has been performed only for purposes of the company and the auditor's report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended to be relied on by third parties in making investment and/or asset management decisions. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of afforded under this contract. Section 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Munich, 8 March 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Petra Justenhoven
Auditor

Michael Popp
Auditor

**311 Further GRI Information**

[311 Production and Supplier Network](#)

[318 Employees and Society](#)

322 SASB Index

325 TCFD Index

329 NFS Index

330 Consumption and Carbon Disclosures

333 BMW Group Ten-year Comparison

335 Glossary and Explanation of Key Figures*

341 Financial Calendar

342 Contacts

* Part of the Combined Management Report

6 — OTHER INFORMATION



FURTHER GRI INFORMATION

PRODUCTION AND SUPPLIER NETWORK

BMW Group Carbon Footprint

in t CO ₂ / CO ₂ e	2019	2020	2021	2022
Total emissions ¹	133,552,843	118,491,889	122,539,929	117,372,143
SCOPE 1: DIRECT GREENHOUSE GAS EMISSIONS				
Total emissions	678,403	678,967	699,713	694,057
BMW Group locations ^{2,3}	586,638	604,620	631,304	614,117
company vehicles ^{5,6}	85,667	72,554	66,442	76,491 ⁷
company-owned planes	6,098	1,793	1,967	3,449
SCOPE 2: INDIRECT GREENHOUSE GAS EMISSIONS				
Total emissions	354,095	130,090	134,849	91,300
Electricity / heat purchased by BMW Group locations ^{2,3,4}	354,095	130,090	134,849	91,300

¹ The emissions listed account for approximately 90 % of the BMW Group's total Scope 1 to Scope 3 emissions.

² Carbon emissions (excluding climate-changing gases other than carbon dioxide) generated by vehicle production (BMW Group plants including BMW Brilliance Automotive Ltd. and Motorrad, excluding partner plants and contract manufacturing) and by other BMW Group locations not directly related to production (e.g. research centres, sales centres, office buildings).

³ Calculation of Scope 1 and Scope 2 emissions, using the operational control approach in accordance with the GHG Protocol. Leased space without the direct influence of the BMW Group on energy supply is therefore not included.

⁴ Scope 2 emissions calculated using the market-based method in accordance with the GHG Protocol Scope 2 guidance; mainly the use of the VDA emissions factors for electricity, district heating and fuel (each in the current valid version: 12/2022) and in some cases the use of local emissions factors; alternative calculation using the location-based method: 1,187,339 t CO₂. The decrease in carbon emissions compared to the previous year is mainly due to the adjustment of the emission factors.

⁵ Includes all refuelling of function-related vehicles within Germany and at the international test sites of Oxnard and Woodcliff Lake (USA), Arjeplog (Sweden) and Miramas (France). All European refuellings of company vehicles registered in Germany are also included. For systemic reasons, the refuellings of company vehicles include both business and private trips, except refuelling paid for by employees themselves.

⁶ Emissions from company cars (Scope 1) are also partially included under employee commuting and utilisation phase (both Scope 3). A system-related distinction is not currently possible.

⁷ The year-on-year increase in emissions is particularly due to the expansion of refuelling authorisations from Germany to Europe in November 2021.

**BMW Group carbon footprint (continued from previous page)**

in t CO ₂ / CO ₂ e	2019	2020	2021	2022
SCOPE 3: INDIRECT GREENHOUSE GAS EMISSIONS				
Total emissions	132,520,346	117,682,832	121,705,368	116,586,786
Transport logistics ¹	1,570,397	1,322,859	1,878,910	2,274,178
Business trips ²	129,646	25,217	29,765	66,170 ³
Employee commuting ^{4, 5}	146,298	166,586	139,999	145,284
Purchased goods and services ⁶	18,505,921	16,234,959	18,534,765	19,758,702 ^{8, 9}
Utilisation phase ^{4, 7}	110,899,066	98,782,354	99,805,490	92,947,849
Disposal ⁶	1,269,018	1,150,857	1,316,438	1,394,603 ⁸

¹ From 2022, application of the international GLEC Framework V 2.0 directive, along with CleanCargo and DIN EN 16258 still being in force. Due to the resulting adjustments to emissions factors, the average CO₂e intensity has increased by approximately 15 %. As a result, the prior-year figures are not directly comparable. Due to the systems in place, the retroactive adjustment of prior-year figures is not possible.

² Includes business trips made by plane, train and rental cars.

³ Since the 2022 reporting year, the flight date has been used instead of the date on which the ticket was created to determine carbon emissions from flights. Due to the systems in place, the prior-year figures cannot be adjusted. This leads to a one-off double counting of carbon emissions from flights (approx. 3,700 tonnes) booked in 2021 that took place in 2022. The increase in carbon emissions from business trips compared to the two previous years is also attributable to the lifting of travel restrictions imposed during the Covid-19 pandemic.

⁴ Emissions from company cars (Scope 1) are also partially included under employee commuting and utilisation phase (both Scope 3). A system-related distinction is not currently possible.

⁵ The figures from 2020 onwards are not directly comparable with previous years due to the improved data basis. In some cases, figures have been extrapolated based on data collected at major national and international BMW Group locations.

⁶ Based on life cycle assessments in accordance with ISO 14040/44 of representative vehicles of the product lines using the LCA tool GaBi provided by the company Sphera (including the climate-impacting gases CO₂, CH₄, N₂O, SF₆ and NF₃). Corresponding with the CO₂e emissions, the energy consumption values resulting from the life cycle assessments (lower calorific value) are as follows: approx. 92,749,162 MWh in the "Purchased goods and services" category and around 706,565 MWh in the "Disposal" category.

⁷ The absolute emissions in the utilisation phase are based on the [carbon emissions for the new vehicle fleet worldwide, including upstream emissions](#). The total value in tonnes of carbon is the result of multiplying the average value with all BMW Group vehicles sold in the reporting period and an assumed average mileage of 200,000 km (as per VDA 900-100).

⁸ The year-on-year increase in carbon emissions is due to the strong sales growth for electrified vehicles, particularly all-electric vehicles.

⁹ The carbon reductions achieved in the year under report resulting from measures agreed with suppliers were not taken into account when calculating the carbon footprint. See [carbon emissions in the supply chain](#).

**Energy consumption^{1,2}**

in MWh	2019	2020	2021	2022
TOTAL ENERGY CONSUMPTION				
Total energy consumption	6,348,009	6,040,824	6,476,955	6,295,990
TOTAL ENERGY CONSUMPTION BY AREA				
Vehicle production	5,226,227	4,946,865	5,329,550	4,750,321
Motorcycle production	120,583	114,072	125,450	101,574
Non-manufacturing sites	1,001,199	979,887	1,021,955	906,175
CHP losses ³	-	-	-	537,919
TOTAL ENERGY CONSUMPTION BY SOURCE				
Electricity	2,653,855	2,320,314	2,453,215	2,542,434
Community heating	367,040	274,484	284,763	307,163
Community cooling	33,688	33,322	31,882	28,455
Natural gas	3,117,505	3,206,948	3,517,068	3,253,638
of which CHP losses	425,796	498,299	508,318	477,588
Biogas (landfill gas)	164,957	192,911	177,564	144,266
of which CHP losses	68,560	65,065	67,038	60,331
Solar (photovoltaics)	1,703	2,316	2,344	2,209
Other fossil fuels	7,760	9,368	8,908	16,730
Other biogenic fuels	1,501	1,161	1,211	1,095

¹ Energy consumption generated by vehicle production (BMW Group plants including BMW Brilliance Automotive Ltd. und Motorrad, excluding partner plants and contract manufacturing) and by other BMW Group locations not directly related to production (e.g. research centres, sales centres, office buildings).

² Upper calorific value.

³ CHP losses refer to the losses resulting from converting a fuel source into electricity and heat in a combined heat and power plant (CHP plant). These are listed separately as of the 2022 reporting year. Energy consumption for the automotive production, motorcycle production and non-manufacturing sites was not adjusted retroactively for previous years. As a result, the figures for 2022 are not directly comparable with previous years.

**Transport logistics: transport modes and CO₂e emissions¹**

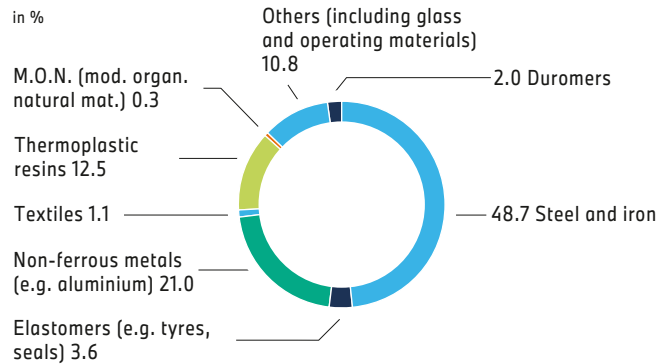
	2018		2019		2020		2021		2022	
INBOUND (MATERIAL SUPPLY OF THE PLANTS AND SPARE PARTS DELIVERY)²										
Transport volume in million tkm	14,491		15,634		13,623		23,244		27,058	
CO ₂ e emissions in t	589,730		577,077		472,290		820,226		999,940	
OUTBOUND (DISTRIBUTION OF VEHICLES AND SPARE PARTS DELIVERY)³										
Transport volume in million tkm	25,777		26,489		23,622		28,497		27,501	
CO ₂ e emissions in t	974,189		993,320		850,569		1,058,685		1,274,238	
TOTAL (INBOUND AND OUTBOUND)										
Transport volume in million tkm	40,268		42,123		37,245		51,741		54,559	
CO ₂ e emissions in t	1,563,919		1,570,397		1,322,859		1,878,910		2,274,178	
PERCENTAGE SHARE OF TRANSPORT MODES IN TOTAL (INBOUND AND OUTBOUND) IN TERMS OF TRANSPORT VOLUME AND CO₂e EMISSIONS										
	tkm	g CO ₂ e	tkm	g CO ₂ e	tkm	g CO ₂ e	tkm	g CO ₂ e	tkm	g CO ₂ e
Sea in %	75.0	50.3	73.0	47.8	74.7	52.0	77.2	51.1	77.1	43.4
Road in %	17.6	31.1	20.1	37.5	17.1	33.6	14.2	27.2	14.4	31.7
Rail in %	6.5	2.3	6.3	2.6	7.7	3.8	7.6	3.8	7.3	5.5
Air in %	0.9	16.3	0.6	12.2	0.5	10.6	1.0	17.9	1.2	19.4

¹ From 2022, application of the international GLEC Framework V 2.0 directive, along with CleanCargo and DIN EN 16258 still being in force. Due to the resulting adjustments to emissions factors, the average CO₂e intensity has increased by approximately 15 %. As a result, the prior-year figures are not directly comparable. Due to the systems in place, the retroactive adjustment of prior-year figures is not possible.

² Figures relate to vehicle production (BMW Group including BMW Brilliance Automotive Ltd. and partner plants, excluding contract manufacturing) and spare parts deliveries to centralised parts distribution centres. In some cases, figures have been extrapolated for individual months.

³ Figures relate to vehicle production (BMW Group including BMW Brilliance Automotive Ltd., contract manufacturing and parts for partner plants) and spare parts deliveries to distribution centres in markets worldwide as well as to dealerships in certain markets.

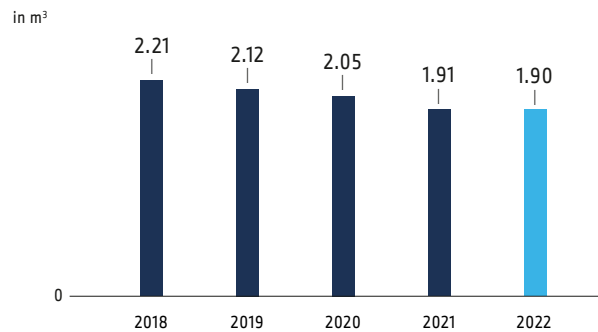
Average distribution of materials in BMW Group vehicles^{1,2}



¹ Calculated using unit-adjusted averages for the BMW 1 Series, 2 Series, 3 Series, 4 Series, 5 Series, 6 Series, 7 Series, 8 Series, X1, X2, X3, X4, X5, X6, X7, Rolls-Royce, MINI, MINI Countryman and M-GmbH as well as the BEV vehicles i3, i4, i7, iX, iX1, iX3, MINI E and PHEV versions.

² The number of vehicles produced (BMW Group plants, including BMW Brilliance Automotive Ltd., partner plants and contract manufacturing) decreased year-on-year to around 2.38 million vehicles (2021: around 2.46 million). Based on an average vehicle weight of BMW Group vehicles of around 1.9 tonnes, the total weight of input materials is around 4.3 million tonnes. To calculate the individual material flows, the total weight is multiplied by the average distribution of the materials in BMW Group vehicles.

Potable water consumption per vehicle manufactured^{1, 2, 3, 4}



¹ Efficiency ratio calculated on the basis of potable water consumption in vehicle production (BMW Group manufacturing sites incl. BMW Brilliance Automotive Ltd., excluding partner plants and contract manufacturing) divided by the total number of vehicles produced (BMW Group manufacturing sites incl. BMW Brilliance Automotive Ltd. and partner plants, excluding contract manufacturing).

² Potable water consumption refers to water obtained from an external water company. If a site does not obtain any water from an external water company, the main source is considered equivalent to potable water. This applies to the BMW Group plants in San Luis Potosí, Mexico and Araquari, Brazil, where groundwater is the main source.

³ Potable water consumption per vehicle produced replaces the previously reported efficiency indicator of water consumption per vehicle produced. The previous year's figures have been adjusted for comparison purposes (2018 prior to adjustment: 2.39; 2019 prior to adjustment: 2.32; 2020 prior to adjustment: 2.25; 2021 prior to adjustment: 2.15).

⁴ Value of the base year 2016 to the target reduction of -25% by 2030: 2.00 (2016 prior to adjustment: 2.25).

Water consumption¹

in m ³	2018	2019	2020	2021	2022
Water consumption	5,425,073	5,417,428	4,722,310	4,924,477	4,840,161
of which potable water in %	90.4	87.4	86.3	85.1	84.0
of which groundwater in %	9.6	12.6	13.6	14.6	15.7
of which surface water in %	0.0	0.0	0.0	0.0	0.0
of which rainwater in %	0.0	0.0	0.1	0.3	0.3

¹ Water consumed by vehicle production (BMW Group plants, including BMW Brilliance Automotive Ltd., excluding partner plants and contract manufacturing).



Waste¹

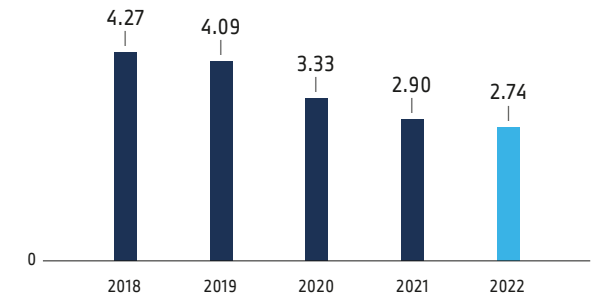
in t	2018	2019	2020	2021	2022
Total waste	789,817	780,911	775,459	829,498	818,387
of which materials for recycling ²	779,911	771,162	768,292	822,848	812,274
of which waste for disposal	9,906	9,749	7,168	6,650	6,113

¹ Waste generated by automobile production (BMW Group plants, including BMW Brilliance Automotive Ltd., excluding partner plants and contract manufacturing.)

² Includes both recycling and thermal utilisation.

Waste for disposal per vehicle produced^{1,2}

in kg

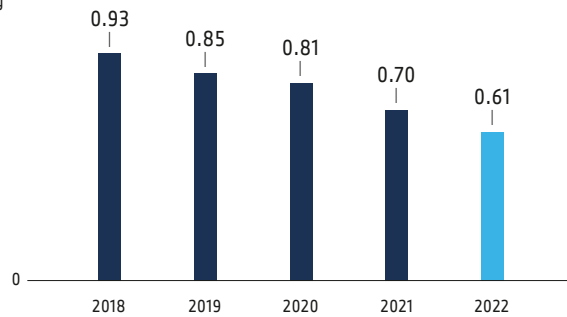


¹ Efficiency ratio calculated on the basis of waste for disposal in vehicle production (BMW Group plants incl. BMW Brilliance Automotive Ltd., excluding partner plants and contract manufacturing) divided by the total number of vehicles produced (BMW Group plants incl. BMW Brilliance Automotive Ltd. and partner plants, excluding contract manufacturing).

² Value of the base year 2016 to the target reduction of -25 % by 2030: 3.51

VOC solvent emissions per vehicle produced^{1,2}

in kg



¹ Efficiency ratio calculated on the basis of VOC solvent emissions (volatile organic compounds = VOC) in vehicle production (BMW Group plants including BMW Brilliance Automotive Ltd., excluding partner plants and contract manufacturing) divided by the total number of vehicles produced (BMW Group plants including BMW Brilliance Automotive Ltd. and partner plants, excluding contract manufacturing).

² Value of the base year 2016 to the target reduction of -25 % by 2030: 1.14



Sustainability assessment¹ of relevant supplier locations

	2018	2019	2020	2021	2022
Proportion of audited supplier sites of production-related material with a contract volume greater than € 2 million in %	97	95	98	98	97
Proportion of supplier locations with identified sustainability deficits and corrective measures agreed upon in % ²	48	62	64	61	67
Number of supplier locations not awarded contracts because they fail to meet the BMW Group's sustainability or other requirements	193	153	108	81	98

¹ Basis: Industry-specific sustainability questionnaire.

² Since the 2022 reporting year, an expanded definition is used to determine the key indicator. As a result, the key indicator is not directly comparable with prior-year figures.

Due to the systems in place, the retroactive adjustment of prior-year figures is not possible. As a result of the change in definition, there was an increase in the 2022 value of around 10 percentage points.

Indication of potential violations in the supply chain

	2018	2019	2020	2021	2022
Number of indications of potential violations of our sustainability principles received through our reporting channels	9	2	3	8	8
of which number of indications that were clarified during the reporting year	9	2	2	8	4

EMPLOYEES AND SOCIETY

Employees at end of year¹

	2018	2019	2020	2021	2022
Group	134,682	126,016	120,726	118,909	149,475
Automotive	121,994	113,719	108,676	106,928	137,056
Motorcycles	3,709	3,503	3,474	3,418	3,711
Financial Services	8,860	8,684	8,473	8,466	8,616
Other	119	110	103	97	92
Employees with fixed-term contracts ²	4,638	3,489	2,892	2,503	15,039
Employees in part-time employment ³	6,299	6,318	6,433	6,846	7,315

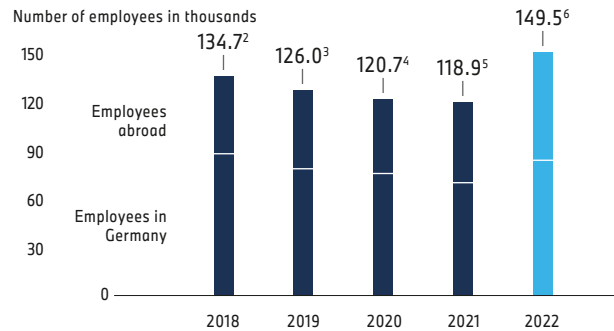
¹ The term "employee" has been redefined with effect from the reporting year 2020 (for definition, see [Glossary](#)).

For the 2018 period, the percentage of employees no longer covered by the new definition is between 7.5 % and 8.0 %.
From 2022 incl. BMW Brilliance.

² Of this figure, around 30 % of women at BMW AG (for system-related reasons, this data is only collected for BMW AG).

³ Permanent and fixed-term employees.

Employees in Germany and abroad¹



¹ The term "employee" has been redefined with effect from the reporting year 2020 (for definition, see [Glossary](#)).

For the 2018 period, the percentage of employees no longer covered by the new definition is between 7.5 % and 8.0 %.

² Of this figure, 35.3 % clock-controlled production employees of the BMW Group.

³ Of this figure, 38.2 % clock-controlled production employees of the BMW Group.

⁴ Of this figure, 37.9 % clock-controlled production employees of the BMW Group.

⁵ Of this figure, 38.0 % clock-controlled production employees of the BMW Group.

⁶ Of this figure, 42.5 % clock-controlled production employees of the BMW Group.

**Percentage of workforce represented by a trade union or falling under collective bargaining agreements¹**

in %	2018	2019	2020	2021	2022
Germany (BMW AG) ²	100	100	100	100	100
UK (Hams Hall, Oxford, Swindon, Goodwood plants, Transport and Logistics Centre (Bognor Regis))	85	85	84	83	82
China (Dadong, Tiexi, Lydia plants)	100	100	100	100	100
Austria (Steyr plant) ²	100	100	100	100	100
South Africa (Rosslyn plant, Sales, IT, Financial Services)	62	59	63	70	70
USA (Spartanburg plant, no collective bargaining agreements in place)	0	0	0	0	0
Mexico (San Luis Potosi plant) ²	-	100	100	100	100

¹ Status: 31.12.2022.² Excluding senior management and representatives.

↗ GRI Index: 2-303

Alternative ways of working at BMWAG¹

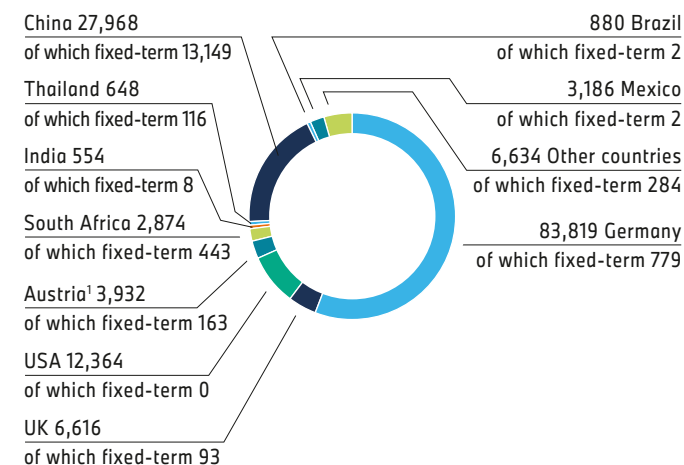
Number of employees	2018	2019	2020	2021	2022
Part-time employment ²	5,000	5,440	5,568	5,951	6,388
in % of total number of employees	5.6	6.6	7.0	7.7	7.8
Teleworking ³	34,339	36,208	43,309	41,180	43,707
in % of total number of employees ⁴	66.1	70.8	87.2	84.3	85.9
Vollzeit Select model	5,508	5,474	4,747	3,736	4,170
in % of total number of employees	6.1	6.6	6.0	4.8	5.1
Sabbaticals	648	764	653	464	493
in % of total number of employees	0.7	0.9	0.8	0.6	0.6
Parental leave	3,675	4,082	4,158	4,211	4,183
in % of total number of employees	4.1	4.9	5.2	5.4	5.1

¹ The term "employee" has been redefined with effect from the reporting year 2020 (for definition, see ↗ Glossary).

For the 2018 period, the percentage of employees no longer covered by the new definition is between 7.5 % and 8.0 %.

² Of which 3,927 were female (61 %). For systemic reasons, this number is only calculated for BMW AG.³ Only workers in administrative positions who engaged in teleworking.⁴ Statistical population not including apprentices, interns, thesis students working at the company and doctoral candidates.**Number of employees per country with production site(s)**

Number of employees

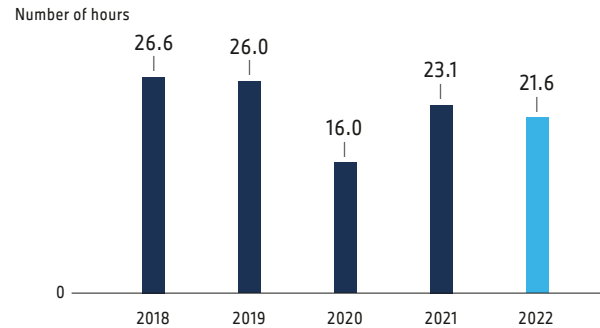
¹ Including the Eastern Europe sales region



Average training hours at the BMW AG Academy, by employee category

Employee category	2020	2021	2022
Non-tariff employees	14.1	30.7	26.4
"Meister" (master craftsmen)	21.1	27.0	43.1
Tariff	7.1	10.8	14.1

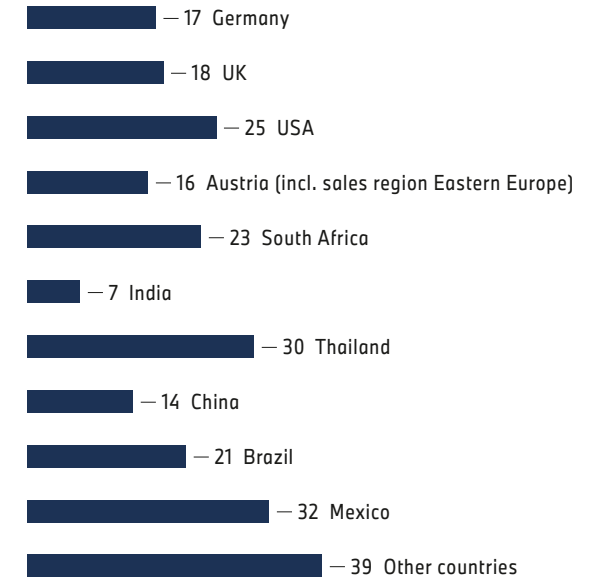
Average number of hours of training and further education per employee of the BMW Group¹



¹ Training for BMW Group employees at consolidated and non-consolidated subsidiaries worldwide. Data is collated on the basis of direct input by participants and, to a small extent, by extrapolation. Data also includes e-learning formats.
 ↗ GRI Index 404-1

Share of women in the workforce by country with production site(s)

in %



Total number of employees leaving BMWAG, by reason for leaving¹

Number	2018	2019	2020	2021	2022
Total	2,247	2,794	4,535	3,720	3,191
Part-time retirement, retirement, death	1,314	1,700	1,884	1,938	2,110
Voluntarily left company (termination or suspension of employment contract by employee)	873	1,029	2,601 ²	1,749 ²	1,011
Dismissed by employer	60	65	50	33	70

¹ Figures refer to employees with permanent contracts.

² Increase mainly due to a set of personnel measures..

Share of local employees in management positions at major company locations¹

	2018	2019	2020	2021	2022
Germany	99.5	99.7	99.7	99.8	99.7
UK	86.9	87.5	89.8	89.5	88.8
USA	88.3	87.4	89.1	88.3	89.2
Austria	85.6	82.3	78.7	79.1	77.7
South Africa	82.8	82.7	85.9	85.4	88.4
India	74.4	82.1	68.4	78.4	80.0
Brazil	77.6	78.2	84.9	85.1	88.2
China ²	76.7	73.7	78.8	82.2	85.1
Thailand	56.8	57.1	57.8	60.0	65.2
Mexico ³	-	48.4	62.9	67.8	72.7

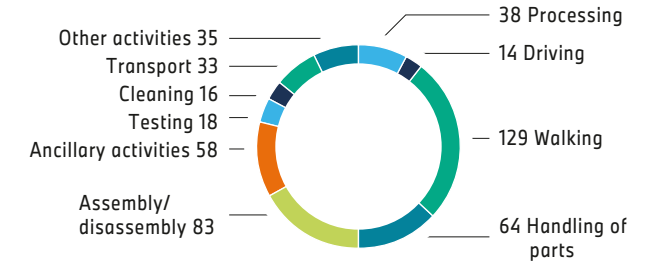
¹ "Local" refers to managers with local contracts. People deployed to work at the location who do not have a local employment contract are not included. These are reflected in the difference to 100 in each case.

² Data for all years including BMW Brilliance Automotive Ltd.

³ Start of production 06/2019.

Principal hazard spots¹

Number of accidents



¹ Number of workplace accidents resulting in at least 1 lost day per 1 million hours worked



SASB INDEX

Topic	Accounting Metric	Category	Unit	Code	Notes
Activity metric	Number of vehicles manufactured	Quantitative	Number	TR-AU-000.A	↗ Production network
	Number of vehicles sold	Quantitative	Number	TR-AU-000.B	↗ Key performance indicators
Product safety	Percentage of vehicle models rated by NCAP programmes with an overall 5-star safety rating, by region	Quantitative	Percentage (%)	TR-AU-250a.1	<p>— 89 % – European New Car Assessment Programme (Euro NCAP)</p> <p>— 100 % – China New Car Assessment Programme (C-NCAP)</p> <p>— 50 % – U.S. National Highway Traffic Safety Administration's (NHTSA) New Car Assessment Programme (NCAP)</p> <p>— 67 % – Korean New Car Assessment Programme (KNCAP)</p> <p>In its report on NCAP programmes, the BMW Group focuses on markets in the EU (including the UK), China, the USA and South Korea.</p> <p>More information about NCAP can be found in the section ↗ Effective safety systems.</p>
	Number of safety-related defect complaints, percentage investigated	Quantitative	Number, percentage (%)	TR-AU-250a.2	<p>100 %* of safety-relevant complaints were reviewed.</p> <p>* The survey period runs from November of the previous year through to November of the reporting year, to allow for a processing time after the receipt of complaints.</p>
	Number of vehicles recalled	Quantitative	Number	TR-AU-250a.3	↗ Quality management in the BMW Group
Labour practices	Percentage of active workforce covered under collective bargaining agreements	Quantitative	Percentage (%)	TR-AU-310a.1	<p>Germany (BMW AG)*: 100 %</p> <p>UK (Hams Hall, Oxford, Swindon, Goodwood plants incl. logistics centre): 82 %</p> <p>China (Dadong plant, Tiexi, Lydia): 100 %</p> <p>Austria (Steyr plant)* 100 %</p> <p>South Africa (Rosslyn plant, Sales, IT, Financial Services): 70 %</p> <p>USA (Spartanburg plant, no collective bargaining agreements in place): 0 %</p> <p>Mexico (San Luis Potosi plant)*: 100%</p> <p>Based on the availability of data, the BMW Group focuses on the aforementioned countries for the purposes of reporting on this accounting metric.</p> <p>* Excluding senior management and representatives.</p>

Topic	Accounting Metric	Category	Unit	Code	Notes
Labour practices	(1) Number of work stoppages and (2) total days idle	Quantitative	Number, days idle	TR-AU-310a.2	<p>(1) The BMW Group provides the number of work stoppages (strikes and lockouts) affecting more than 1,000 employees and that lasted one full shift or longer. The number of work stoppages for 2022 came to zero.</p> <p>(2) The BMW Group provides the total number of days idle resulting from work stoppages as per the definition in (1). The total number of days idle can be calculated from the total number of employees involved with each work stoppage and the number of days the work stoppage lasted. The number of days idle for 2022 came to zero. Strike action is usually taken to reinforce pay rise demands.</p>
	Fuel Economy & Use-phase Emissions	Sales-weighted average passenger fleet fuel economy, by region	Quantitative	Mpg, L / km, gCO ₂ / km, km / L	TR-AU-410a.1
Number of (1) zero emission vehicles (ZEV), (2) hybrid vehicles and (3) plug-in-hybrid vehicles sold.		Quantitative	Number	TR-AU-410a.2	<p>(1) Emission-free vehicles (BEV): 215,752 *</p> <p>(2) The BMW Group portfolio includes BEV (1) and PHEV (2). Under the BMW Group definition see Glossary ⚠ Electrified Vehicles, 48V vehicles are not counted as hybridvehicles.</p> <p>(3) Plug-in hybrid electric vehicles (PHEV): 218,040 *</p> <p>* Including BMW Brilliance Automotive Ltd.</p>
Discussion of strategy for managing fleet fuel economy and emissions risks and opportunities		Discussion and Analysis	n / a	TR-AU-410a.3	<p>In line with its corporate strategy, the BMW Group is pursuing a course of decarbonisation. Against a backdrop of increasing electrification, it is particularly important to consider carbon emissions over the entire life cycle of a vehicle. In this context, the BMW Group has set itself decarbonisation targets by 2030 (base year 2019) during the use phase, in the upstream supply chain and in production. These have been registered with the SBTi and validated (⚠ Decarbonisation targets across the supply chain in detail). The BMW Group is also taking measures to mitigate and adapt to climate change. This includes identifying climate-related risks and opportunities and taking appropriate account of them in the strategic direction to be followed, in corporate governance, and as part of the Group-wide risk management system. For further information, see ⚠ Climate-related Opportunities and Risks. The BMW Group is also working consistently to reduce vehicle pollutants such as nitrogen oxides (NO_x), carbon monoxide (CO) and particulate matter (PM) (⚠ Pollutants).</p>



Topic	Accounting Metric	Category	Unit	Code	Notes
Raw material Sourcing	Description of risk management in the context of the use of critical materials	Discussion and Analysis	n / a	TR-AU-440a.1	<p>➤ Safeguarding raw materials and supply strategy</p> <p>More information about this can be found online.</p>
Materials Efficiency and Recycling	Total amount of waste from manufacturing, percentage recycled	Quantitative	Metric tons (t), percentage (%)	TR-AU-440b.1	<p>➤ Waste</p> <p>➤ Further GRI Information</p> <p>93.4 % of the total amount of waste (818,387 t) was recycled and 5.8 % was thermally utilised.</p>
	Weight of end-of-life material recovered, percentage recycled	Quantitative	Metric tons (t), percentage (%)	TR-AU-440b.2	<p>At the Recycling and Dismantling Centre in Munich, 4,694 vehicles (including motorcycles) were taken back and recycled during the reporting year. This is equivalent to a total vehicle scrap weight of 6,747 t. In relation to the entire vehicle, at least 85 % of materials are recycled and, including thermal utilisation, at least 95 % as stipulated by legal requirements (European End-of-Life Vehicles Directive ELV 2000 / 53 / EC).</p>
	Average recyclability of vehicles sold	Quantitative	Percentage (%) by sales-weighted metric tons (t)	TR-AU-440b.3	<p>➤ Closing material cycles</p> <p>All BMW Group vehicles sold since 2008 meet the currently applicable worldwide requirements for the recycling of end-of-life vehicles, components and materials. Vehicles are already currently required to be 85 % recyclable or 95 % recyclable including thermal utilisation (based on vehicle weight).</p>



TCFD INDEX

[Governance

Disclose the Company's governance around climate-related risks and opportunities.

Recommended TCFD Disclosures	BMW Group Report 2022	CDP Questionnaire 2022
A. Describe the Board's oversight of climate-related risks and opportunities.	<ul style="list-style-type: none"> ➤ BMW Group Integrated Strategy <ul style="list-style-type: none"> — ➤ Strategy Process <ul style="list-style-type: none"> — ➤ Position – What does the BMW Group stand for? — ➤ Performance Indicators and Performance Management <ul style="list-style-type: none"> — ➤ Managing sustainability ➤ Risks and Opportunities <ul style="list-style-type: none"> — ➤ Risk and Opportunity Management <ul style="list-style-type: none"> — ➤ Organisation of Risk Management ➤ Appropriateness and Effectiveness of the Internal Control System and Risk Management System ➤ Products <ul style="list-style-type: none"> — ➤ Carbon emissions 	C1.1a, C 1.1b
B. Describe Management's role in assessing and managing climate-related risks and opportunities.	<ul style="list-style-type: none"> ➤ BMW Group Integrated Strategy <ul style="list-style-type: none"> — ➤ Strategy Process — ➤ Performance Indicators and Performance Management ➤ Risks and Opportunities <ul style="list-style-type: none"> — ➤ Risk and Opportunity Management <ul style="list-style-type: none"> — ➤ Organisation of Risk Management 	C1.2, C1.2a

**Strategy**

Disclose the actual and potential impacts of climate-related risks and opportunities on the Company's businesses, strategy and financial planning where such information is material.

Recommended TCFD Disclosures	BMW Group Report 2022	CDP Questionnaire 2022
A. Describe the climate-related risks and opportunities.	<ul style="list-style-type: none"> ➤ BMW Group Integrated Strategy – ➤ Environmental Analysis and Megatrends ➤ Risks and Opportunities – ➤ Risk and Opportunity Management <ul style="list-style-type: none"> – ➤ Climate-related risks – ➤ Non-financial risks as reported in the non-financial statement (NFS) – ➤ Material Short-term Risks and Opportunities <ul style="list-style-type: none"> – ➤ Strategic and sector-specific risks and opportunities – ➤ Risks and opportunities relating to purchasing – ➤ Climate-related Risks and Opportunities <ul style="list-style-type: none"> – ➤ Climate scenarios – ➤ Transitory climate risks – ➤ Physical climate risks – ➤ Climate-related opportunities 	C2.1, C2.1a, C2.1b, C2.2a, C2.3, C2.3a, C2.4, C2.4a
B. Describe the impact of climate-related risks and opportunities on the Company's businesses, strategy and financial planning.	<ul style="list-style-type: none"> ➤ BMW Group Integrated Strategy – ➤ Environmental Analysis and Megatrends – ➤ Strategy Process ➤ Products – ➤ Innovation, Digitalisation and Customer Orientation <ul style="list-style-type: none"> – ➤ Drivetrain technologies of the future – ➤ Carbon emissions <ul style="list-style-type: none"> – ➤ Carbon reduction targets across the value chain in detail – ➤ Making conventional drivetrains more efficient and generating fewer emissions – ➤ Further reduction in pollutant emissions – ➤ Electromobility <ul style="list-style-type: none"> – ➤ Thinking holistically about electric mobility ➤ Production and Supplier Network – ➤ Purchasing and Supplier Network <ul style="list-style-type: none"> – ➤ Carbon emissions in the supply chain ➤ Risks and Opportunities – ➤ Risk and Opportunity Management – ➤ Material Short-term Risks and Opportunities – ➤ Climate-related Risks and Opportunities 	C2.1b, C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.3, C3.4, C3.5, C3.5a
C. Describe the resilience of the Company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	<ul style="list-style-type: none"> ➤ Risks and Opportunities – ➤ Climate-related Risks and Opportunities <ul style="list-style-type: none"> – ➤ Climate scenarios – ➤ Transitory climate risks – ➤ Physical climate risks – ➤ Climate-related opportunities 	C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.3, C3.4, C3.5, C3.5a

**[Risk Management**

Disclose how the Company identifies, assesses and manages climate-related risks.

Recommended TCFD Disclosures	BMW Group Report 2022	CDP Questionnaire 2022
A. Describe the Company's processes for identifying and assessing climate-related risks.	<ul style="list-style-type: none"> ➤ Risks and Opportunities <ul style="list-style-type: none"> – ➤ Risk and Opportunity Management – ➤ Organisation of Risk Management – ➤ Risk measurement – ➤ Climate-related Risks and Opportunities <ul style="list-style-type: none"> – ➤ Climate scenarios – ➤ Transitory climate risks – ➤ Physical climate risks ➤ BMW Group Integrated Strategy <ul style="list-style-type: none"> – ➤ Performance Indicators and Performance Management – ➤ Managing sustainability – ➤ Strategy Process <ul style="list-style-type: none"> – ➤ Position – What does the BMW Group stand for? 	C2.1, C2.2, C2.2a
B. Describe the Company's processes for managing climate-related risks.	<ul style="list-style-type: none"> ➤ Risks and Opportunities <ul style="list-style-type: none"> – ➤ Risk and Opportunity Management – ➤ Organisation of Risk Management – ➤ Risk measurement ➤ BMW Group Integrated Strategy <ul style="list-style-type: none"> – ➤ Performance Indicators and Performance Management – ➤ Managing and sustainability – ➤ Strategy Process <ul style="list-style-type: none"> – ➤ Position – What does the BMW Group stand for? 	C2.1, C2.2, C2.2a
C. Describe how processes for identifying, assessing and managing climate-related risks are integrated into the Company's overall risk management.	<ul style="list-style-type: none"> ➤ Risks and Opportunities <ul style="list-style-type: none"> – ➤ Risk and Opportunity Management – ➤ Organisation of Risk Management – ➤ Risk measurement – ➤ Climate-related Risks and Opportunities 	C 2.2

**Metrics and Targets**

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended TCFD Disclosures	BMW Group Report 2022	CDP Questionnaire 2022
A. Disclose the metrics used by the Company to assess climate-related risks and opportunities.	<ul style="list-style-type: none"> ➤ BMW Group Integrated Strategy — ➤ Performance Indicators and Performance Management — ➤ Managing sustainability ➤ Further GRI Information (Table BMW Group Carbon Footprint) ➤ Dashboard ➤ Products <ul style="list-style-type: none"> — ➤ Carbon emissions — ➤ Carbon reduction targets across the value chain in detail 	C4.1, C4.1b, C4.2, C4.2a, C4.2c
B. Disclose of Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions.	<ul style="list-style-type: none"> ➤ BMW Group Integrated Strategy — ➤ Performance Indicators and Performance Management ➤ Further GRI Information (Table BMW Group Carbon Footprint) ➤ Products <ul style="list-style-type: none"> — ➤ Carbon emissions ➤ Production and Supplier Network <ul style="list-style-type: none"> — ➤ Circular Economy, Resource Efficiency and Renewable Energy 	C6.1, C6.2, C6.3, C6.4, C6.4a, C6.5, C6.5a, C6.10, C7.2, C7.3, C7.3a, CT07.4, C7.5, C7.6, C7.6a, C-T07.8, C7.9, C7.9a, C7.9b
C. Describe the targets used by the Company to manage climate-related risks and opportunities.	<ul style="list-style-type: none"> ➤ BMW Group Integrated Strategy — ➤ Strategy Process <ul style="list-style-type: none"> — ➤ Position – What does the BMW Group stand for? — ➤ Performance Indicators and Performance Management <ul style="list-style-type: none"> — ➤ Managing sustainability ➤ Products <ul style="list-style-type: none"> — ➤ Carbon emissions — ➤ Carbon reduction targets across the value chain in detail ➤ To Our Stakeholders <ul style="list-style-type: none"> — ➤ Dialogue with Stakeholders — ➤ Financial market player with sustainability credentials ➤ EU Taxonomy 	C4.1, C4.1b, C4.2, C4.2a, C4.2c



NFS INDEX

Mandatory disclosure pursuant to section 289 c – e HGB

Business model

BMW Group Report 2022

➤ **Organisation and Business Model**
➤ **BMW Group Integrated Strategy**

Integration of top management

➤ **BMW Group Integrated Strategy**
— ➤ **Strategy Process**
— ➤ **Performance Indicators and Performance Management**

Risks

➤ **Environmental Analysis and Megatrends**
➤ **Risks and Opportunities**

Connection to figures in financial statements

➤ **About This Report**

Environmental matters

➤ **BMW Group Integrated Strategy**
— ➤ **Environmental Analysis and Megatrends**
— ➤ **Performance Indicators and Performance Management**
➤ **Products**
➤ **Production and Supplier Network**
➤ **Risks and Opportunities**
— ➤ **Climate-related Risks and Opportunities**

Employee matters

➤ **BMW Group Integrated Strategy**
— ➤ **Strategy Process**
— ➤ **Performance Indicators and Performance Management**
➤ **Employees and Society**

Social matters

➤ **Environmental Analysis and Megatrends**
➤ **Purchasing and Supplier Network**

Respect for human rights

➤ **Compliance and Human Rights**
➤ **Purchasing and Supplier Network**

Combatting corruption and bribery

➤ **Compliance and Human Rights**

Mandatory disclosure pursuant to Section 8 of the EU Taxonomy Regulation*

Disclosures regarding revenues that are Taxonomy-eligible and Taxonomy-aligned, capital expenditure (CapEx) and operational expenditure (OpEx)

➤ **EU Taxonomy**

* 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 Commission Delegated Regulation (EU) 2021/2178

CONSUMPTION AND CARBON DISCLOSURES

Disclosures regarding fuel consumption, carbon emissions and electricity consumption

The figures for fuel consumption, CO₂ emissions and power consumption are calculated based on the measurement methods stipulated in the current version of Regulation (EU) 715/2007. The information is based on a vehicle with basic equipment in Germany. Ranges take into account differences in wheel and tyre size selected as well as optional equipment and can change based on configuration. The figures have been calculated based on the new WLTP test cycle and adapted to NEDC for comparison purposes. For vehicles that were newly type approved on or after

1 January 2021, official figures are only based on WLTP. In the vehicles, different figures than those published here may apply for the assessment of taxes and other vehicle-related duties which are also based on CO₂ emissions. Further information about the official fuel consumption and official specific carbon emissions of new vehicles can be found in the "Manual on fuel consumption, carbon emissions and electricity consumption of new vehicles". www.dat.de/co2

Status: February 2023

Model	Figures according to WLTP				Figures according to NEDC		
	Fuel consumption in l/100 km (combined / weighted combined) max / min	CO ₂ emissions in g / km (combined / weighted combined) max / min	Electricity consumption in kWh / 100 km (combined / weighted combined) max / min	Electric range (combined / weighted combined)	Fuel consumption in l/100 km (combined / weighted combined) max / min	CO ₂ emissions in g / km (combined / weighted combined) max / min	Electricity consumption in kWh / 100 km (combined / weighted combined) max / min
BMW							
BMW X1 xDrive25e	1.1 – 0.8	24 – 17	18.2 – 16.4	78 – 89	-	-	-
BMW X1 xDrive 30e	1.1 – 0.8	24 – 17	18.2 – 16.4	78 – 89	-	-	-
BMW iX1 xDrive30	-	-	18.4 – 17.3	413 – 438	-	-	-
BMW 225e xDrive Active Tourer	0.8 – 0.6	18 – 14	19 – 17	83 – 92	-	-	-
BMW 230e xDrive Active Tourer	0.8 – 0.6	18 – 14	19.1 – 16.9	82 – 93	-	-	-
BMW X2 xDrive25e	1.8 – 1.7	42 – 38	15.2 – 14.9	51 – 53	1.9	43	14
BMW 320e	1.8 – 1.3	40 – 29	17.7 – 15.8	52 – 61	-	-	-
BMW 320e Touring	1.9 – 1.4	43 – 31	18.3 – 16.3	52 – 61	-	-	-
BMW 320e xDrive Touring	2.2 – 1.5	48 – 34	19.0 – 16.7	48 – 59	-	-	-
BMW 330e	1.8 – 1.3	40 – 30	17.9 – 16.0	54 – 62	-	-	-
BMW 330e Touring	1.9 – 1.4	42 – 31	18.1 – 16.1	53 – 61	-	-	-
BMW 330e xDrive	2.0 – 1.5	45 – 33	18.7 – 16.6	52 – 60	-	-	-
BMW 330e xDrive Touring	2.1 – 1.5	48 – 35	19.2 – 16.9	47 – 58	-	-	-
BMW X3 xDrive30e	2.6 – 2.0	59 – 45	20.5 – 18.9	42 – 50	-	-	-
BMW iX3	-	-	18.9 – 18.5	453 – 461	-	-	-

Status: February 2023

Model	Figures according to WLTP				Figures according to NEDC		
	Fuel consumption in l/100 km (combined / weighted combined) max / min	CO ₂ emissions in g / km (combined / weighted combined) max / min	Electricity consumption in kWh /100 km (combined / weighted combined) max / min	Electric range (combined / weighted combined)	Fuel consumption in l/100 km (combined / weighted combined) max / min	CO ₂ emissions in g / km (combined / weighted combined) max / min	Electricity consumption in kWh/100 km (combined / weighted combined) max / min
BMW							
BMW i4 eDrive40	-	-	19.1 – 16.1	493 – 590	-	-	-
BMW i4 M50	-	-	22.5 – 18.0	416 – 520	-	-	-
BMW 530e	7.6 – 6.8	39 – 30	17.9 – 16.2	54 – 61	1.9 – 1.7	43 – 39	14.9 – 13.8
BMW 530e Touring	1.9 – 1.5	44 – 35	18.6 – 17.1	51 – 57	2.0 – 1.8	46 – 42	16.1 – 15.4
BMW 530e xDrive	8.0 – 7.1	48 – 36	19.3 – 17.4	47 – 55	2.1 – 2.0	48 – 46	16.2 – 15.9
BMW 530e xDrive Touring	2.2 – 1.8	51 – 41	20.0 – 18.6	53 – 57	2.4 – 2.2	54 – 50	16.7 – 16.1
BMW 545e xDrive	8.5 – 7.7	48 – 37	18.8 – 17.2	49 – 57	2.3 – 2.2	53 – 49	16.3 – 15.8
BMW X5 xDrive45e	1.7 – 1.2	39 – 27	27.7 – 24.3	77 – 88	-	-	-
BMW 750e xDrive	1.2 – 1.0	28 – 22	26.9 – 24.5	80 – 89	-	-	-
BMW M760e xDrive	1.2 – 1.1	28 – 25	26.9 – 25.8	80 – 84	-	-	-
BMW i7 xDrive60	-	-	19.6 – 18.4	591 – 625	-	-	-
BMW X7 xDrive40i	10.6 – 9.6	240 – 217	-	-	-	-	-
BMW X7 xDrive40d	8.6 – 7.7	225 – 203	-	-	-	-	-
BMW X7 M60i xDrive	12.9 – 12.1	292 – 274	-	-	-	-	-
BMW iX xDrive40	-	-	21.1 – 19.5	394 – 422	-	-	-
BMW iX xDrive50	-	-	21.5 – 20.7	587 – 607	-	-	-
BMW iX M60	-	-	24.5 – 22.5	502 – 549	-	-	-
BMW XM	1.6 – 1.5	36 – 33	30.1 – 28.9	82 – 88	-	-	-
BMW Z4 sDrive20i (manual/automatic)	7.2 – 6.8/7.2 – 6.8	165 – 156/164 – 155	-	-	6.9 – 6.7/6.0 – 5.8	158 – 154/136 – 133	-
BMW Z4 sDrive30i	7.3 – 6.9	166 – 157	-	-	6.0 – 5.9	138 – 136	-
BMW Z4 M40i	8.0 – 7.8	182 – 177	-	-	7.2 – 7.1	164 – 162	-

Status: February 2023

Model	Figures according to WLTP				Figures according to NEDC		
	Fuel consumption in l/100 km (combined / weighted combined) max / min	CO ₂ emissions in g / km (combined / weighted combined) max / min	Electricity consumption in kWh /100 km (combined / weighted combined) max / min	Electric range (combined / weighted combined)	Fuel consumption in l/100 km (combined / weighted combined) max / min	CO ₂ emissions in g / km (combined / weighted combined) max / min	Electricity consumption in kWh/100 km (combined / weighted combined) max / min
MINI							
MINI Cooper SE	-	-	17.6 - 15.3	203 - 233	-	-	16.9 - 14.9
MINI Cooper SE Countryman ALL4	2.1 - 1.7	47 - 39	15.9 - 14.8	-	2.1 - 1.9	48 - 44	14.8 - 14.1
ROLLS-ROYCE							
Rolls-Royce Cullinan	16.5 - 16.1	377 - 368	-	-	15.2	348	-
Rolls-Royce Black Badge Cullinan	16.6 - 16.3	377 - 370	-	-	15.1	343	-
Rolls-Royce Dawn	16.9 - 16.2	381 - 367	-	-	16.3 - 16.1	372 - 367	-
Rolls-Royce Ghost	15.8 - 15.2	359 - 347	-	-	15.0	343	-
Rolls-Royce Wraith	16.3 - 15.8	369 - 357	-	-	16.0 - 15.9	365 - 363	-
Rolls-Royce Black Badge Wraith	16.4 - 16.2	370 - 365	-	-	16.1	367	-
Rolls-Royce Spectre*	-	-	21.5	520	-	-	-

* Preliminary data not yet confirmed, subject to change.



BMW GROUP TEN-YEAR COMPARISON

		2022	2021	2020	2019	2018 ¹	2017	2016	2015	2014	2013
DELIVERIES											
Automotive	units	2,399,632	2,521,514	2,325,179	2,537,504	2,486,149	2,465,021	2,349,962	2,259,733	2,117,965	1,963,798
Motorcycles ²	units	202,895	194,261	169,272	175,162	165,566	164,153	145,032	136,963	123,495	115,215
PRODUCTION											
Automotive	units	2,382,305	2,461,269	2,255,637	2,564,025	2,541,534	2,505,741	2,359,756	2,279,503	2,165,566	2,006,366
Motorcycles ²	units	215,932	187,500	168,104	187,116	162,687	185,682	145,555	151,004	133,615	110,127
FINANCIAL SERVICES											
Contract portfolio	Contracts	5,513,129	5,859,890	5,981,928	5,973,682	5,708,032	5,380,785	5,114,906	4,718,970	4,359,572	4,130,002
Business volume in balance sheet terms	€ million	135,689	139,530	133,093	142,834	133,147	124,719	123,394	111,191	96,390	84,347
INCOME STATEMENT											
Revenues	€ million	142,610	111,239	98,990	104,210	96,855	98,282	94,163	92,175	80,401	76,059
Gross profit margin	%	17.2	19.8	13.7	17.3	19.0	20.3	19.9	19.7	21.2	20.1
Earnings before financial result	€ million	13,999	13,400	4,830	7,411	8,933	9,899	9,386	9,593	9,118	7,978
Profit before tax	€ million	23,509	16,060	5,222	7,118	9,627	10,675	9,665	9,224	8,707	7,893
Return on sales (earnings before tax/revenues)	%	16.5	14.4	5.3	6.8	9.9	10.9	10.3	10.0	10.8	10.4
Income taxes	€ million	4,927	3,597	1,365	2,140	2,530	2,000	2,755	2,828	2,890	2,564
Effective tax rate	%	21.0	22.4	26.1	30.1	26.3	18.7	28.5	30.7	33.2	32.5
Net profit	€ million	18,582	12,463	3,857	5,022	7,064	8,675	6,910	6,396	5,817	5,329



		2022	2021	2020	2019	2018 ¹	2017	2016	2015	2014	2013
BALANCE SHEET											
Non-current assets	€ million	154,722	143,354	134,851	137,404	124,202	121,964	121,671	110,343	97,959	86,193
Current assets	€ million	92,204	86,173	81,807	90,630	84,736	73,542	66,864	61,831	56,844	52,184
Capital expenditure (excluding capitalised development costs)	€ million	7,791	5,012	3,922	5,650	5,029	4,688	3,731	3,826	4,601	4,967
Capital expenditure ratio (capital expenditure/revenues)	%	5.5	4.5	4.0	5.4	5.2	4.8	4.0	4.2	5.7	6.5
Equity	€ million	91,288	75,132	61,520	59,907	57,829	54,107	47,363	42,764	37,437	35,600
Equity ratio	%	37.0	32.7	28.4	26.3	27.7	27.7	25.1	24.8	24.2	25.7
Non-current provisions and liabilities	€ million	71,217	77,929	83,175	85,502	79,698	69,634	73,183	63,819	58,288	51,643
Current provisions and liabilities	€ million	84,421	76,466	71,963	82,625	71,411	71,765	67,989	65,591	59,078	51,134
Total equity and liabilities	€ million	246,926	229,527	216,658	228,034	208,938	195,506	188,535	172,174	154,803	138,377
CASH FLOW STATEMENT											
Cash and cash equivalents	€ million	16,870	16,009	13,537	12,036	10,979	9,039	7,880	6,122	7,688	7,671
Free cash flow Automotive segment	€ million	11,071	6,354	3,395	2,567	2,713	4,459	5,792	5,404	3,481	3,003
PERSONNEL											
Workforce at year-end ³		149,475	118,909	120,726	126,016	134,682	129,932	124,729	122,244	116,324	110,351
Personnel cost per employee ³	€	94,952	103,569	99,647	98,901	101,178	100,760	99,575	97,136	92,337	89,869
DIVIDEND											
Dividend total	€ million	5,481 ⁴	3,827	1,253	1,646	2,303	2,630	2,300	2,102	1,904	1,707
Dividend per share of common stock/preferred stock	€	8.50/8.52 ⁴	5.80/5.82	1.90/1.92	2.50/2.52	3.50/3.52	4.00/4.02	3.50/3.52	3.20/3.22	2.90/2.92	2.60/2.62

¹ The 2018 figures were adjusted due to the change in accounting policy in conjunction with the adoption of IFRS 16 (see Annual Report 2019, Note 6 to the Group Financial Statements).

In addition, prior year figures were adjusted due to changes in the presentation of selected items that are of minor importance overall.

² Excluding Husqvarna, deliveries until 2013: 59,776 units; production until 2013: 59,426 units.

³ The term "employee" has been redefined with effect from the reporting year 2020 (for definition, see [Glossary](#)). The figure for 2019 was restated accordingly for comparison purposes (2019 before adjustment: 133,778 employees). For the period 2018 and earlier, the share of employees that are no longer reflected in reporting is between 7.5% and 8.0%.

⁴ Proposal by management. The dividend total may change before the date of the Annual General Meeting due to the share buyback and a resulting change in the number of shares entitled to receive a dividend.



GLOSSARY AND EXPLANATION OF KEY FIGURES*

A

Apprentices

The number of all people on multi-year vocational training courses at a BMW Group company (includes all of the consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares), with these training courses consisting of practical and theory sections.

Asset-backed financing transactions

A form of corporate financing involving the sale of receivables to a financing company.

B

BMW Group employees

Since 2020, all people with active temporary or permanent employment contracts (as of 31 December in the year in question) with the BMW Group (includes all of the consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares) have been considered employees of the BMW Group. This excludes apprentices, interns, temporary staff (working students), temporary employees, dormant/inactive employment contracts due to maternity leave, sabbaticals, parental leave, long-term illness (as defined in the country in question), those in inactive early retirement phase, and employees accompanying their partner abroad. Up to 2019, temporary staff, post-graduate students, interns, apprentices, and people on extended sick leave or on sabbatical were also included in this definition.

Bond

A securitised debt instrument in which the issuer certifies its obligation to repay the nominal amount at the end of a fixed term and to pay a fixed or variable rate of interest.

Business volume in balance sheet terms

The sum of the balance sheet line items "Leased products" and "Receivables from sales financing" (current and non-current), as reported in the balance sheet for the Financial Services segment.

C

Capitalisation rate

Capitalised development costs as a percentage of research and development expenditure.

Cash flow

Liquid funds generated (cash inflows) or used (cash outflows) during a reporting period.

Cash flow at risk

Similar to "value at risk" (see definition below).

Cash flow hedges

Hedges against exposures to the variability in forecasted cash flows, particularly in connection with exchange rate fluctuations.

CO₂e /CO₂ equivalent

CO₂e is a unit of measurement used to standardise the climate impact of various greenhouse gas (GHG) emissions, such as methane or nitrous oxide. This is necessary because the individual gases do not all contribute to the greenhouse effect to the same degree. To this end, 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 CO₂ so that all GHGs are aggregated. For example, over a period of 100 years, methane has 28 times the impact of CO₂, while for nitrous oxide the impact is 265 times higher. Carbon emissions in the supply chain, including in transport logistics, as well as in the upstream fuel production (well-to-tank) are stated as CO₂e. Greenhouse gases under Scope 1 and 2 are not recognised for reasons of materiality.

CO₂e emissions in the supply chain (Scope 3 upstream) and in disposal (Scope 3 downstream)

CO₂e emissions in the supply chain and in disposal in tonnes of CO₂e are based on TÜV-certified life cycle assessments per ISO 14040/44 of representative vehicles of the types produced during the reporting year. This is calculated using the GaBi LCA tool provided by Sphera (considering the greenhouse gases CO₂, CH₄, N₂O, SF₆ and NF₃). Emissions resulting from the components and materials in the manufactured vehicles are taken into account.

* Part of the Combined Management Report

**Capital expenditure ratio**

Investments in property, plant and equipment and other intangible assets (excluding capitalised development costs) as a percentage of Group revenues.

Carbon emissions per vehicle produced (Scope 1 and 2)

This key indicator is calculated from the direct and indirect carbon emissions of BMW Group locations relating to the number of vehicles manufactured during the year under report. The carbon emissions result from energy consumption in the BMW Group plants as well as non-manufacturing sites. Electricity from internally operated solar PV, direct supply agreements for green electricity and certified proof of origin are all taken into account. The conversion is based on the VDA's emissions factors for electricity, district heating and fuels in the most current valid version and isolated local emissions factors. This key indicator is the basis for measuring the strategic target by 2030 with regard to Scope 1 and 2 emissions. The reporting indicator is t CO₂ per vehicle manufactured.

Carbon emissions of the new vehicle fleet in the EU (Scope 3 downstream)

The average carbon emissions of a manufacturer's fleet (utilisation phase) are calculated on the basis of the weighted average of carbon emissions across all vehicles newly registered during the reporting period. New registrations for these purposes comprise all newly registered vehicles of a given manufacturer in the EU, including Norway and Iceland, during the calendar year, plus any individual vehicle-specific carbon emissions determined in accordance with the WLTP type test procedure. In a few countries (< 5 % of the vehicle volume), no monthly registration figures are available at the time of calculation. In these cases, deliveries are used. The BMW Group's fleet carbon emissions figure, as measured internally, includes legally permitted offsetting of eco-innovations of minor importance. The performance indicator for reporting purposes is g CO₂ per kilometre driven.

Carbon emissions of the new vehicle fleet worldwide, including upstream emissions (Scope 3 downstream, well-to-wheel)

This indicator documents the progress made by the BMW Group in its strategic objective of reducing carbon emissions during the utilisation 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 this calculation, the volume-weighted average fleet carbon emissions are calculated for the core markets EU (27 EU countries incl. Norway and Iceland; plus UK) (driving cycle: Worldwide Harmonized Light Vehicles Test Procedure; basis: production volume), USA (driving cycle: United States Combined; basis: production volume) and China (driving cycle: Worldwide Harmonized Test Cycle, subject to China-specific framework conditions for testing; basis: import volumes/local production volumes; incl. BMW Brilliance Automotive Ltd.) before deduction of legally permitted offsetting factors (e.g. supercredits and eco-innovations) and then standardised according to the WLTP (European) driving cycle. These core markets account for more than 80 % of the BMW Group's sales. The calculated figures are increased by 10 % to account for possible discrepancies between cycle values and real emissions, as required by the Science Based Targets Initiative. This indicator also includes the upstream emissions for the respective energy sources (fossil fuels and electricity used for charging), in line with the [Well-to-wheel approach](#). This covers the entire impact chain behind vehicle motion, i.e. from the generation and supply of power to its conversion into drivetrain energy. This approach also includes the environmental impacts associated with the supply of energy. For example, to calculate the volume of emissions resulting from upstream electricity (drivetrain energy supply), the BMW Group uses the energy report published by the International Energy Agency (IEA; reference base: previous year) as a basis in order to assess the emissions associated with the electricity mix in its core markets. The performance indicator for reporting purposes is g CO₂ per kilometre driven.

Carbon-reducing measures in the supply chain

The saved greenhouse gas emissions (in CO₂e) in the supply chain result from the sum of the carbon-reducing measures implemented by suppliers in the reporting year. The focus is on carbon-intensive components and materials required for the manufacture of BMW Group vehicles. The potential carbon footprint for these components and materials before the implementation of measures is initially determined using the LCA tool GaBi provided by Sphera on the basis of the type and quantity of material. The carbon-reducing measures, including the use of green electricity and secondary raw materials, are then verified by an external auditor before being taken into account. When calculating the carbon footprint in 2022, measures affecting individual components are assigned in a simplified manner to the EU manufacturing region and corresponding emissions factors. Emissions-intensive materials and battery cells are taken into account on the basis of their actual manufacturing region.

Commercial paper

Deep-discounted bonds with a term of less than one year.

Consolidation

The process of combining separate financial statements of Group entities into Group Financial Statements, depicting the financial position, net assets and results of operations of the Group as a single economic entity.

Credit default swap (CDS)

Financial swap agreements, under which creditors of securities (usually bonds) pay premiums to the seller of the CDS to hedge against the risk that the issuer of the bond will default. As with credit default insurance agreements, the party receiving the premiums gives a commitment to compensate the bond creditor in the event of default.



D

Deliveries

A new or used vehicle will be recorded as a delivery once handed over to the end user. End users also include leaseholders under lease contracts with BMW Financial Services and – in the US and Canada – dealers when they designate a vehicle as a service loaner or demonstrator vehicle. In the case of used vehicles, end users may include dealers and other third parties when they purchase a vehicle at auction or directly from the BMW Group. Vehicles designated for the end user and suffering total loss in transit will also be recorded as deliveries. Deliveries may be made by BMW AG, one of its international subsidiaries, a BMW Group retail outlet, or independent dealers. The vast majority of deliveries – and hence the reporting to BMW Group of deliveries – are made by independent dealers. In the US and Canada, the period start and end dates for the reporting of retail vehicle deliveries may immaterially deviate from the beginning and, respectively, end of calendar years or calendar quarters and instead follow industry-standard reporting calendars. In the German-language version of the BMW Group Report, the terms “Auslieferungen” (deliveries) and “Absatz” (sales) are used interchangeably.

E

Earnings per share (EPS)

Basic earnings per share are calculated for common and preferred stock by dividing the net profit attributable to BMW Group shareholders (excluding non-controlling interests), as attributable to each category of stock, by the average number of shares in circulation. Earnings per share of preferred stock are computed on the basis of the number of preferred stock shares entitled to receive a dividend in each of the relevant financial years.

EBIT

Earnings Before Interest and Taxes. This is comprised of revenues less cost of sales, selling and administrative expenses and the net amount of other operating income and expenses.

EBIT margin

Profit / loss before financial result as a percentage of revenues.

EBT

EBIT plus financial result.

Effective tax rate

The effective tax rate is calculated by dividing the income tax expense by the Group profit before tax.

Electrified vehicles

The BMW Group uses the terms battery electric vehicle (BEV) to denote fully electric vehicles and plug-in hybrid vehicle (PHEV) to denote vehicles that can be charged and also driven on a fully electric basis.

Employees in the non-work phase of partial retirement working arrangements

The number of people with temporary or permanent employment contracts who have opted for retirement via partial retirement working arrangements and who are in the non-active phase of this model (the second part, following the active phase in this model).

Equity ratio

Equity capital as a percentage of the balance sheet total.

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. Operational expenditures from Taxonomy-aligned activities exist if the economic activities make a material contribution towards the achievement of one or more environmental targets while not causing significant harm to one or more environmental objectives and if minimum safeguards are met.

EU Taxonomy – capital expenditure (CapEx)

Capital expenditure is calculated in accordance with IAS 16.73 (e) (i) and (iii) (Property, Plant and Equipment), IAS 38.118 (e) (i) (Intangible Assets) and IFRS 16.53 (h) (Leases). In accordance with the definition of capital expenditure provided in Annex I of the Delegated Regulation (EU) 2021/2178, the KPI figure used for 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 (including BMW Brilliance up to and including 10 February 2022) are not taken into account. Capital expenditures from Taxonomy-aligned activities exist if the economic activities make a material contribution towards the achievement of one or more environmental targets while not causing significant harm to one or more environmental objectives and if minimum safeguards are met.

EU Taxonomy – revenues

Revenues are calculated in accordance with Article 2(5) of Directive 2013/34/EU. Revenues comprise revenue and income items recognised in accordance with IAS 1.82(a), as amended by Commission Regulation (EC) No. 1126/2008. 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 BMW Brilliance up to and including 10 February 2022 and third parties, insurance premiums, and interest income on deposit-taking and credit business are not included, as these economic activities are not classified as Taxonomy-eligible. Revenues from Taxonomy-aligned activities exist if the economic activities make a material contribution towards the achievement of one or more environmental targets while not causing significant harm to one or more environmental objectives and if minimum safeguards are met.

F

Fair value

The amount at the measurement date for which an asset could be exchanged or a liability settled.

Fair value hedge

A hedge against exposures to fluctuations in the fair value of a balance sheet item.

Free cash flow

Free cash flow is derived from cash flows from operating and investing activities. The cash flows from investing activities from the purchase and sale of marketable securities and investment funds is not included. Cash flows from the purchase and sale of shares and the dividend payout from investments accounted for using the equity method are included in the cash flows from investing activities.

G

Goodwill

Acquired goodwill is considered an intangible asset. It corresponds to the difference between the purchase price and the net assets of the acquired business as measured at fair value.

Gross profit margin

Gross profit as a percentage of Group revenues.

I

Interns

The number of all people obtaining voluntary or mandatory work experience at a BMW Group company (includes all of the consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares) while studying for a degree.

L

Liquidity

Cash and cash equivalents as well as marketable securities and investment funds.

M

Management positions

Management positions are positions at functional levels I to IV below the Board of Management level.

Maternity protection, parental leave

The number of people with active employment contracts who are absent from work, as permitted by law, before and after the birth of a child (maternity protection) or due to parenthood, as provided for by law in the country in question (parental leave).

N

Number of training participants

The number of employees of the BMW Group participating in further education worldwide (includes all consolidated subsidiaries of the BMW Group). Data is collated on the basis of direct input by participants and, to a small extent, by extrapolation. It comprises the overall number of participants in training and qualification courses, including e-learning courses.

O

Offsetting

This entails compensating for carbon emissions which cannot be avoided by reducing emissions elsewhere (avoidance) or else by absorbing them by means of so-called carbon sinks (carbon neutralisation). In its activities, the BMW Group stresses the avoidance of carbon emissions over compensation. Unavoidable carbon emissions are neutralised in accounting terms by means of offsetting. Offsetting involves purchasing certificates on the voluntary carbon market and thus goes beyond any carbon offsetting

approaches that are implemented via the obligatory European Union Emissions Trading System (ETS). Criteria such as additionality, permanence, additional social benefits (e.g. will the avoidance of open fires in enclosed spaces provide health benefits), certification, transparency and the avoidance of double counting contribute to the quality of the certificates used and thus to the effectiveness of offsetting.

Outlook

Unless specific ranges are specified, the BMW Group uses the following terminology and ranges as a basis when forecasting key performance indicators:

At previous year's level	[– 0.9 %/ + 0.9 %]
Slight increase	[+ 1.0 %/ + 4.9 %]
Slight decrease	[– 1.0 %/ – 4.9 %]
Solid increase	[+ 5.0 %/ + 9.9 %]
Moderate decrease	[– 5.0 %/ – 9.9 %]
Significant increase	≥ + 10.0 %
Significant decrease	≤ – 10.0 %

P

Part time, full time

The number of employees (see definition of "Employees"), distinguishing between employees who have contractually stipulated weekly working hours as prescribed by law, in a collective wage agreement or by the company in question (full time) and employees with a contractually stipulated reduction in their number of weekly working hours, which are thus less than the respective number of full-time working hours (part time).

**Payout ratio**

Ratio of unappropriated profit of BMW AG in accordance with HGB to profit attributable to shareholders of BMW AG, based on the BMW Group's net profit for the year under IFRS. Up to the financial year 2021, the payout ratio was defined as the unappropriated profit of BMW AG in accordance with HGB in relation to the Group net profit in accordance with IFRS.

People on extended sick leave

The number of people with active employment contracts who are absent from work on grounds of illness for an extended period of time (as defined in the country in question – in Germany, this means an absence of more than 42 calendar days with a given illness).

Post-tax return on sales

Group net profit as a percentage of Group revenues.

Pre-tax return on sales

Group profit / loss before tax as a percentage of Group revenues.

R**Research and development expenditure**

The sum of research and non-capitalised development cost and investments in capitalised development cost not including the associated scheduled amortisation.

Research and development expenditure ratio

Research and development expenditure as a percentage of Group revenues.

Research and development locations

The engineering, IT and process expertise required for the (pre-) development of hardware and software for all BMW Group products and services is combined at the Group's international research and development locations.

Return on capital employed (RoCE)

RoCE in the Automotive and Motorcycles segments is measured on the basis of relevant segment profit before financial result and the average amount of capital employed – at the end of the last five quarters – in the segment concerned. Capital employed corresponds to the sum of intangible assets, property, plant and equipment and net working capital, the latter comprising inventories and trade receivables less trade payables.

Up to the financial year 2021, capital employed corresponded to the sum of all current and non-current operational assets, less liabilities that generally do not incur interest.

Return on equity (RoE)

RoE in the Financial Services segment is calculated as segment profit before taxes, divided by the average amount of equity capital – at the end of the last five quarters – attributable to the Financial Services segment.

S**Sabbatical**

The number of people with active employment contracts who are absent from work for at least one month and for not more than six months due to an employee-funded leave of absence ("sabbatical").

Scope 1 to Scope 3 carbon emissions

The carbon emissions generated by a company are reported in various categories. 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 up-

stream and downstream stages of the value chain, for instance in the supply chain (upstream) and in the subsequent use of products and services (downstream).

Spending on employee training and development

Investment in training comprises all costs incurred in the reporting year for vocational training within the consolidated subsidiaries of the BMW Group, including 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 training. These costs also include notional depreciation, measured on the basis of inventory lists.

T**Temporary employee**

The number of all people employed by the BMW Group (includes all of the consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares) whom the BMW Group has hired from a temporary employment agency as temporary employees.

Temporary staff/working students

The number of all people employed on an hourly basis as temporary staff at a BMW Group company (includes all of the consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares) while studying for a degree.



V

Value at risk

A measure of the potential maximum loss in value of an item during a set time period, based on a specified probability.

W

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 supply of energy. For example, to calculate the volume of upstream emissions resulting from electric vehicles (providing power supply), the BMW Group uses the latest energy report published by the International Energy Agency (IEA; reference base: previous year) as a basis. As a result, this approach can be divided into the following two components: the well-to-tank method takes into account the carbon emissions in the supply chain, as well as the upstream fuel supply from the oil well or point of power generation. As such, this approach considers the impact 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 impact chain of energy received (fuel, electricity) until it is converted into kinetic energy by the vehicle. As such, this approach considers the impact chain that arises during the use of the vehicle.

Working hours/working times

Contractually stipulated weekly hours of work.



FINANCIAL CALENDAR

2023

15 March 2023

BMW Group Annual Conference

4 May 2023

Quarterly Statement to 31 March 2023

11 May 2023

Annual General Meeting

3 August 2023

Half-Year Report to 30 June 2023

3 November 2023

Quarterly Statement to 30 September 2023

2024

20 March 2024

BMW Group Report 2023

20 March 2024

BMW Group Annual Conference; Media Day

21 March 2024

BMW Group Annual Conference; Analyst and Investor Day

8 May 2024

Quarterly Statement to 31 March 2024

15 May 2024

Annual General Meeting

1 August 2024

Half-Year Report to 30 June 2024

6 November 2024

Quarterly Statement to 30 September 2024



CONTACTS

BUSINESS AND FINANCE PRESS

Telephone + 49 89 382-2 45 44
+ 49 89 382-2 41 18

Fax + 49 89 382-2 44 18

Email presse@bmwgroup.com

INVESTOR RELATIONS

Telephone + 49 89 382-2 53 87

Fax + 49 89 382-1 46 61

Email ir@bmwgroup.com

THE BMW GROUP ON THE INTERNET

Further information about the BMW Group is available online at:

[↗ www.bmwgroup.com](http://www.bmwgroup.com)

Investor Relations information is available directly at:

[↗ www.bmwgroup.com/ir](http://www.bmwgroup.com/ir)

Information about the various BMW Group brands is available at:

[↗ www.bmw.com](http://www.bmw.com)

[↗ www.mini.com](http://www.mini.com)

[↗ www.rolls-roycemotorcars.com](http://www.rolls-roycemotorcars.com)

[↗ www.bmw-motorrad.com](http://www.bmw-motorrad.com)

PUBLISHED BY

Bayerische Motoren Werke
Aktiengesellschaft
80788 Munich
Germany
Telephone + 49 89 382-0



WWW.BMWGROUP.COM