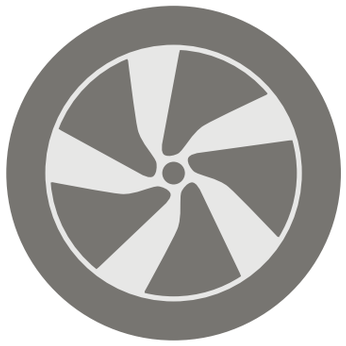
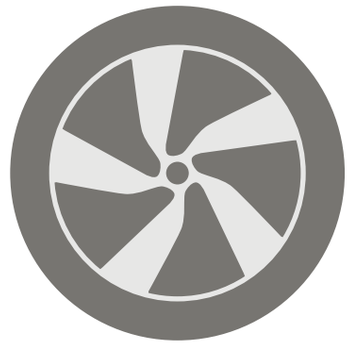
WORKING TOGETHER

SUSTAINABLE VALUE REPORT 2013





TO BRING …

BMW GROUP

Rolls-Royce Motor Cars Limited

WORKING TOGETHER

SUSTAINABLE VALUE REPORT 2013

… A VISIONARY IDEA TO LIFE

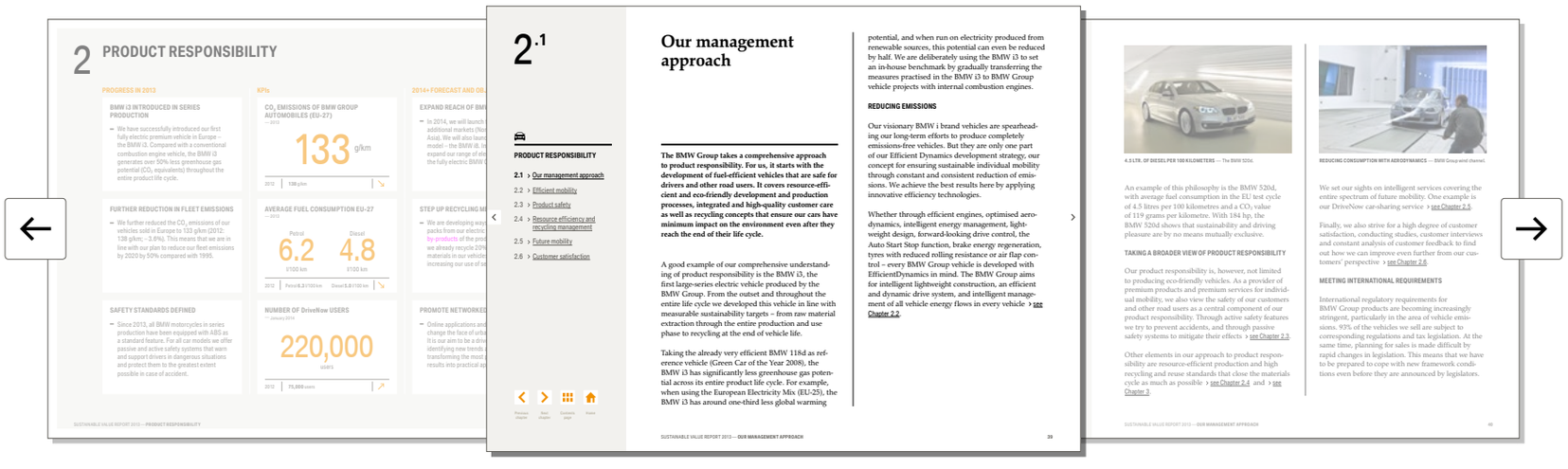
BMW GROUP

Rolls-Royce
Motor Cars Limited

NAVIGATION

CLASSIC METHOD

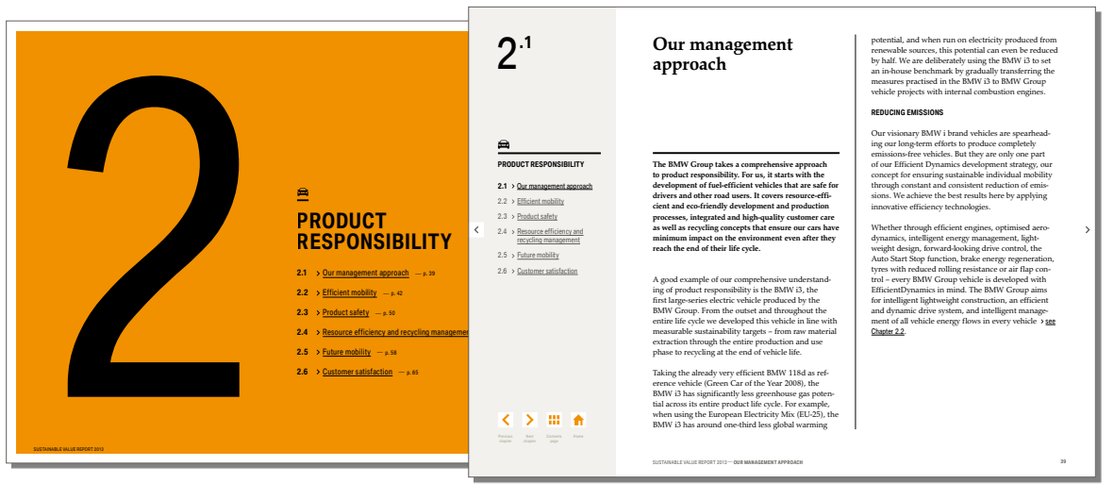
You can read the Sustainable Value Report as you would a normal book: start on page 1 and navigate page by page to the end of the report.
To do this use the arrow keys on your computer or simply swipe on your tablet device.



OR

SELECTIVE METHOD

You can also go straight to the topics that are of specific interest to you. To do this, look for the cross-references and links throughout the document. The navigation elements on the left margin will help you find your way.



1. Use this arrow symbol to go straight to the previous chapter.
2. Use this arrow symbol to go straight to the next chapter.
3. Use this symbol to go back to the contents page.
4. Use this symbol to get back to the beginning of the document at any time.

CONTENTS

Key technical data, fuel consumption and CO_2 emission ratings for the vehicles referred to in this report can be found on page 228.

PREFACE

DR.-ING. DR.-ING. E. H. NORBERT REITHOFER
— Chairman of the Board of Management of BMW AG

Dear Reader,

In 2013, we brought our vision of urban emissions-free electromobility to the streets. The BMW i3 is purpose built for electric driving. It is just one example of our innovative technology and how we view our responsibility in society. We believe premium should be a role model. 2013 was the most successful year yet for the BMW Group. But this is just one more chapter in the long and continuing history of the company. Our focus is on the future and our actions are geared towards the long term.

We take a holistic approach by implementing sustainability along the entire value chain. We see this as an investment in the future. It is our way of ensuring that sustainability is established as part of the very structure of the company, becoming an integral part of our day-to-day lives.

Sustainability is a key component of our long-term corporate strategy. This means we set ourselves ambitious targets concerning both our products and their manufacture and work towards these with determination and conviction. By 2020, we aim to have reduced the CO_2 emissions of our European new-vehicle fleet by at least 50 percent compared to 1995. From the outset, the BMW Group also committed to the EU target of 95 grams of CO_2 per vehicle from 2020 onwards. On our production lines we plan to reduce our resource consumption per vehicle by 45 percent by 2020 compared to 2006. Our vision is to achieve completely CO_2-free vehicle production.

At the BMW Group, all aspects of sustainability are integrated into the work of every division and each one of our 110,000 associates. Every member of the Board of Management also sits on the Sustainability Board. As a result, the BMW Group has been one of the top companies in every major sustainability rating and ranking for many years. As a signatory of the United Nations Global Compact, the BMW Group has implemented its Ten Principles at all locations worldwide since 2001.

Our world and our society are facing huge challenges. As a leading premium manufacturer in the automotive industry, we are shaping individual mobility for our customers today and in the years to come. This is our contribution towards mastering the many challenges of the future whilst also securing our continued viability as a company.

Dr.-Ing. Dr.-Ing. E. h. Norbert Reithofer
Chairman of the Board of Management of BMW AG

OUR POINT OF VIEW

Our business model is based on premium vehicles and services for individual mobility. We look to the future and focus our actions over the long term. Our goal is to be pioneers, offering our customers solutions that pave the way to the future.

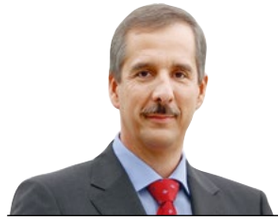
Dr.-Ing. Dr.-Ing. E.h. Norbert Reithofer
Chairman of the Board of Management of BMW AG

We can only realise our full potential as a leading corporation by attracting the best employees. We create the right working conditions worldwide to achieve this.

Milagros Caiña Carreiro-Andree
Member of the Board of Management of BMW AG, Human Resources and Labour Relations

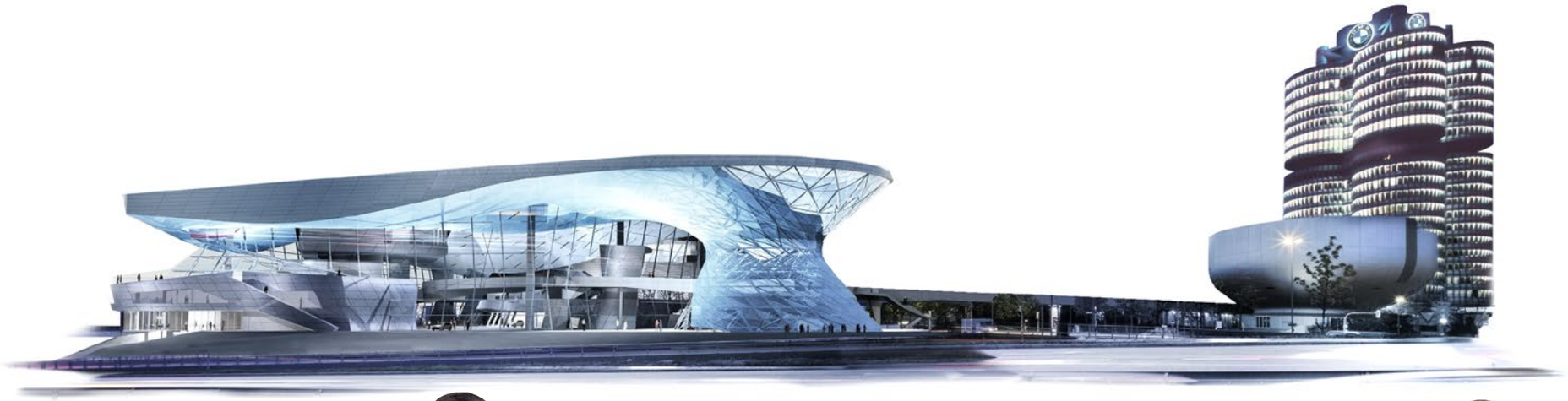
Today's demand for emissions-free vehicles in our fleet and further significant CO_2 reductions call for revolutionary development approaches. BMW i and Efficient Dynamics are our answers to these challenges.

Dr.-Ing. Herbert Diess
Member of the Board of Management of BMW AG, Development



We aim to achieve our sustainability targets by working together with our partners in the supply chain and in cross-sectoral networks. Our goals are greater resource efficiency, more environmental protection and compliance with social standards.

Dr.-Ing. Klaus Draeger
Member of the Board of Management of BMW AG, Purchasing and Supplier Network



The BMW Group is an attractive investment – from a sustainability perspective as well. Investors are increasingly integrating sustainability performance into their investment criteria.

Dr. Friedrich Eichiner
Member of the Board of Management of BMW AG, Finance

For us in the Production division, sustainability means putting our responsibility into practice. We build our vehicles and engines efficiently and with environmental considerations in mind, making increasing use of renewable energy.

Harald Krüger
Member of the Board of Management of BMW AG, Production

Worldwide, customers require new concepts for sustainable individual mobility. As the world's leading premium car company, we are providing solutions with our innovative low emissions and emissions-free vehicles.

Dr. Ian Robertson (HonDSc)
Member of the Board of Management of BMW AG, Sales and Marketing BMW, Sales Channels BMW Group

Car-sharing using electric vehicles relieves traffic jams and protects the environment in city centres. With these services, the BMW Group is enabling even more customers to enjoy the electric driving experience.

Peter Schwarzenbauer
Member of the Board of Management of BMW AG, MINI, BMW Motorrad, Rolls-Royce, Aftersales BMW Group

AN OVERVIEW OF THE BMW GROUP

OUR HISTORY

1916: FOUNDING OF COMPANY AS BAYERISCHE FLUGZEUGWERKE AG (BFW).

OUR PRESENT

WE ARE THE LEADING PROVIDER OF PREMIUM VEHICLES.

OUR FUTURE

SUSTAINABILITY MANAGEMENT IS AN INVESTMENT IN OUR FUTURE SUCCESS.

PRODUCTION AND SALES

28 PRODUCTION AND ASSEMBLY PLANTS IN 13 COUNTRIES.

SALES NETWORK WITH OFFICES IN 140 COUNTRIES.

EMPLOYEES OF THE BMW GROUP 2013

— as of 31.12.2013

110,351

of which 4,445 apprentices

Workforce development	100,306 2011	105,876 2012	↗

AUTOMOBILES DELIVERED IN 2013

— units

1,963,798

of which 84.3% BMW, 15.5% MINI, 0.2% Rolls-Royce

Sales development	1,668,982 2011	1,845,186 2012	↗

OUR BUSINESS

3 BUSINESS SEGMENTS

Automobile, Motorrad, Financial Services

3 BRANDS

BMW, MINI, Rolls-Royce

CO_2 EMISSIONS OF BMW GROUP AUTOMOBILES

— in g/km*

133

* Fleet consumption of newly registered vehicles in Europe (EU-27)

Emissions development	145 g/km 2011	138 g/km 2012	↘

PROFIT BEFORE TAX

— in € million

7,913

Profit before tax development	7,383 2011	7,803 2012	↗

KEY PERFORMANCE INDICATORS

Key performance indicators five-year review

	09	10	11	12	**13**	%
Ordinary activities of the BMW Group						
Revenues (in € million)	50,681	60,477	68,821	76,848	**76,058**	–1.0
Profit before tax (in € million)	413	4,853	7,383	7,803	**7,913**	1.4
Return on capital employed (in %)	3.3	19.1	25.6	23.0	**21.4**	–7.4
Sales volume automobiles (in thousand units)	1,286.3	1,461.2	1,669.0	1,845.2	**1,963.8**	6.4
Product responsibility						
CO_2 emissions of BMW Group vehicles (EU-27) (in g/km)	150.0	148.0	145.0	138.0	**133.0**	–3.6
Research and development expenditure (in € million)	2,448	2,773	3,373	3,952	**4,792**	21.3
Group-wide environmental protection[1]						
Energy consumption per vehicle produced (in MWh/vehicle)	2.80	2.72	2.43	2.41	**2.36**	–2.1
Water consumption per vehicle produced (in m^3/vehicle)	2.66	2.4	2.25	2.22	**2.18**	–1.8
Process wastewater per vehicle produced (in m^3/vehicle)	0.64	0.6	0.57	0.51	**0.47**	–7.8
CO_2 emissions per vehicle produced (in t/vehicle)	0.94	0.89	0.75	0.72	**0.68**	–5.6
Waste for disposal per vehicle produced (in kg/vehicle)	11.03	10.49	8.49	6.47	**5.73**	–11.4
Volatile organic compounds (VOC) per vehicle produced (in kg/vehicle)	1.84	1.66	1.75	1.78	**1.59**	–10.7
Employees						
BMW Group workforce at the end of the year	96,230	95,453	100,306	105,876	**110,351**	4.2
Attrition rate at BMW AG (as a percentage of workforce)	4.59	2.74	2.16	3.87	**3.47**	–10.3
Share of women in total workforce of BMW AG (in %)[2]	–	15.2	16.1	16.8	**17.4**	3.6
Share of women in management positions at BMW Group (in %)[2]	–	–	11.8	12.7	**13.8**	8.7
Average days of further training per BMW Group employee	1.6	2.4	3.3	3.7	**3.5**	–5.4
Accident frequency at BMW Group (per one million hours worked)	3.1	3.6	7.1	5.8	**4.8**	–17.2
Corporate Citizenship						
Expenditure on donations in 2012 by the BMW Group (in € thousand)	7,619	10,242	12,873	9,638	**8,485**	–12.0
Expenditure on Corporate Citizenship by the BMW Group in 2012 (in € thousand)	7,619	26,591	36,846	31,979	**28,944**	–9.5

[1] Due to a change in the calculation method, these figures cannot be compared with the 2012 figures. For more details see figures, facts and objectives section.
[2] Figures for 2012 adapted due to data cleansing.

1

SUSTAINABILITY MANAGEMENT

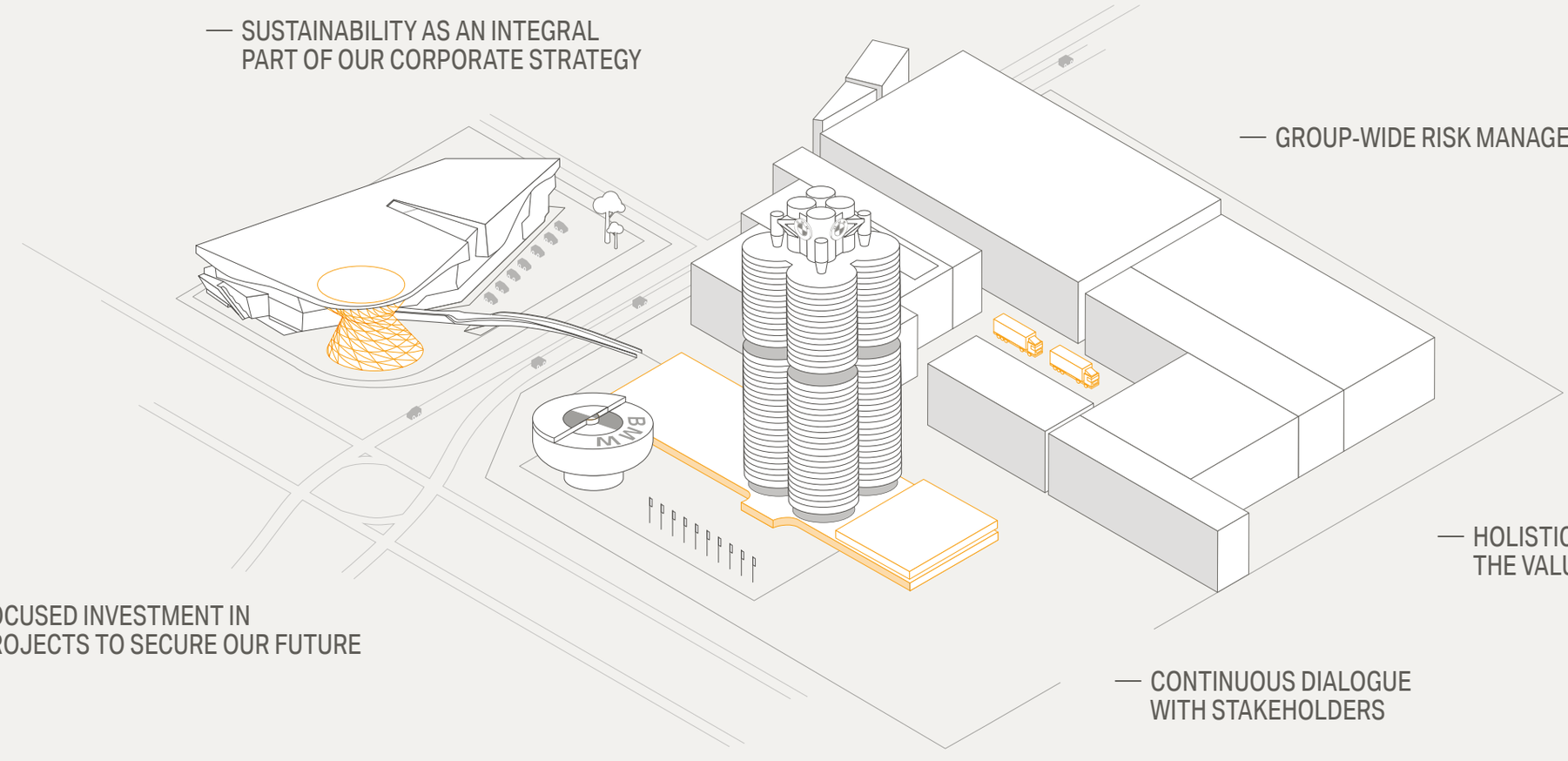
1

SUSTAINABILITY MANAGEMENT

WE INVEST IN OUR FUTURE VIABILITY.

— SUSTAINABILITY AS AN INTEGRAL PART OF OUR CORPORATE STRATEGY

— GROUP-WIDE RISK MANAGEMENT



— FOCUSED INVESTMENT IN PROJECTS TO SECURE OUR FUTURE

— HOLISTIC APPROACH TO THE VALUE CHAIN

— CONTINUOUS DIALOGUE WITH STAKEHOLDERS

Global megatrends such as scarcity of resources, more stringent government regulation and changing values present companies with both opportunities and risks. Sustainability management means leveraging opportunities, identifying risks and thus laying the foundation for long-term success.

1 SUSTAINABILITY MANAGEMENT

PROGRESS IN 2013

BUSINESS POTENTIAL USED

- With the launch of BMW i, we are addressing megatrends in society and the business area. With the BMW i3, we deliver a consistently sustainable product which we have developed with a particular focus on changing customer requirements and needs.

"MISSION: FUTURE" ROLLED OUT WORLDWIDE

- In this online training course, BMW Group employees, dealers and suppliers can learn how to make sustainable decisions and thus secure and enhance the long-term viability of a company.

HUMAN RIGHTS CLAUSE ANCHORED

- All dealer contracts in Europe as well as our contracts with CKD production partners worldwide now contain a binding human rights clause, in particular with regard to compliance with the ILO core labour standards.

KPIs

AUTOMOBILES DELIVERED
— 2013

1,963,798 units

2012 | **1,845,186** units | ↗

REVENUES
— 2013

€ 76,058 million

2012 | **€76,848** million | →

PROFIT BEFORE TAX
— 2013

€ 7,913 million

2012 | **€7,803** million | ↗

2014+ FORECAST AND OBJECTIVES

CONTINUE SUCCESSFUL BUSINESS PERFORMANCE

- We aim to achieve new record levels of sales and Group return on sales in 2014. Our goal is to have an EBIT margin between the range of 8 to 10% in the automotive segment.

INTEGRATE SUSTAINABILITY ACROSS ALL DIVISIONS

- For each individual division, we will continue to derive specific requirements and targets from the sustainability strategy which allow us to systematically establish sustainability criteria in all areas of the company.

CONSOLIDATE STAKEHOLDER ENGAGEMENT

- In the coming years, we will further consolidate our wide-ranging stakeholder engagement activities at the international level and we will integrate stakeholder input into the further refinement of our strategy.

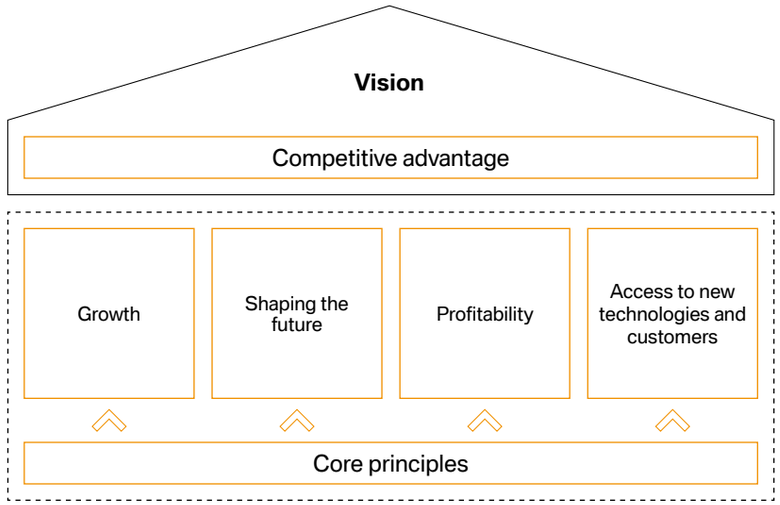
Our management approach

Sustainability management is an investment in our future success. We leverage new business opportunities, minimise risk and seek to overcome social and business challenges at an early stage.

By the year 2020, the BMW Group will be the world's leading provider of premium products and premium services for individual mobility. That is the goal we set ourselves in 2007, when we established our Strategy Number ONE, which has undergone continued development ever since. As we strive to achieve our visions, we will focus consistently on growth, profitability and the continuous development of new technologies, combined with access to the relevant customer groups. Actively shaping the future is a major part of this vision. These core action areas form the four pillars of Strategy Number ONE. Sustainability is one of our core principles and an integral part of each of these pillars > see Figure 01.

For us, sustainable operations constitute a long-term business case: sustainability means making a lasting positive contribution to the company's economic success. However, we don't measure success by financial indicators alone but rather in terms of the solid integration of the company into society. Taking social and environmental responsibility for all we do is an integral part of our corporate image.

F.01 Corporate Strategy Number One



We are convinced that the lasting economic success of any enterprise these days is based increasingly on acting responsibly and ensuring social acceptance. We also believe that the manufacturer with the most efficient and resource-friendly production processes will be the future industry leader, offering its customers state-of-the-art solutions for sustainable individual mobility.

EVOLUTION AND REVOLUTION

Our industry is currently going through a process of technological transformation. We want to be pioneers and drivers of this transformation process. To do this, we are taking two parallel approaches: evolution and revolution. The further development of highly efficient combustion engines, lightweight construction, hybrid drivetrains and resource-efficient production – that is what we call evolution. Carbon-free mobility with new types of drivetrain, combined with ambitious targets based on resource-efficient production, new materials and innovative mobility services – that is what we call revolution.

With the new BMW i family, we are also positioning ourselves as an innovation leader in the area of electromobility, taking the integration of sustainability along the value chain to a new level. We are the only premium manufacturer to take the revolutionary approach of offering since 2013 purpose-built vehicles for electric drivetrains. The carbon body significantly reduces vehicle weight and guarantees pleasurable electric driving. The BMW i services are likewise custom-made for sustainable mobility on the premium level.

In line with our holistic understanding of sustainability, the electricity required to assemble the BMW i3 and BMW i8 at the Leipzig plant comes 100% from renewable sources. BMW i with its first models BMW i3 and BMW i8 is thus launching a new era in urban mobility.

CONSISTENTLY INTEGRATING SUSTAINABILITY

The sustainability strategy passed in 2009 is derived directly from Strategy Number ONE and is applicable worldwide as the overarching strategy for all corporate divisions. The main aim is to establish sustainability along the entire value chain and in all basic processes – thus creating added value for the company, the environment and society. We derive specific requirements and targets for each individual division from the sustainability strategy that allow us to systematically establish sustainability criteria in all areas of the company.

Sustainability has been established as a strategic corporate objective in the BMW Group's management logic since 2009. Every major project must therefore be measurable in terms of "Sustainability" as a corporate objective. This ensures that, in addition to economic factors, environmental and social aspects are also accounted for in the decision-making process – because we know that, today, the value of a company is not measured solely by direct financial indicators but also by its non-financial performance. In addition, sustainability as a corporate objective cascades down to personal target agreements for managers and is thus part of their performance-based remuneration.

A set of key performance indicators (KPIs) and the BMW Group's performance in various external ratings and rankings are the factors that influence our sustainability management.

Our KPIs are summarised in the chapter > Figures, facts and objectives. An overview of the relevant KPIs is provided on the fact sheet at the beginning of each chapter and specific details are provided in the respective chapters.

IDENTIFYING KEY ISSUES

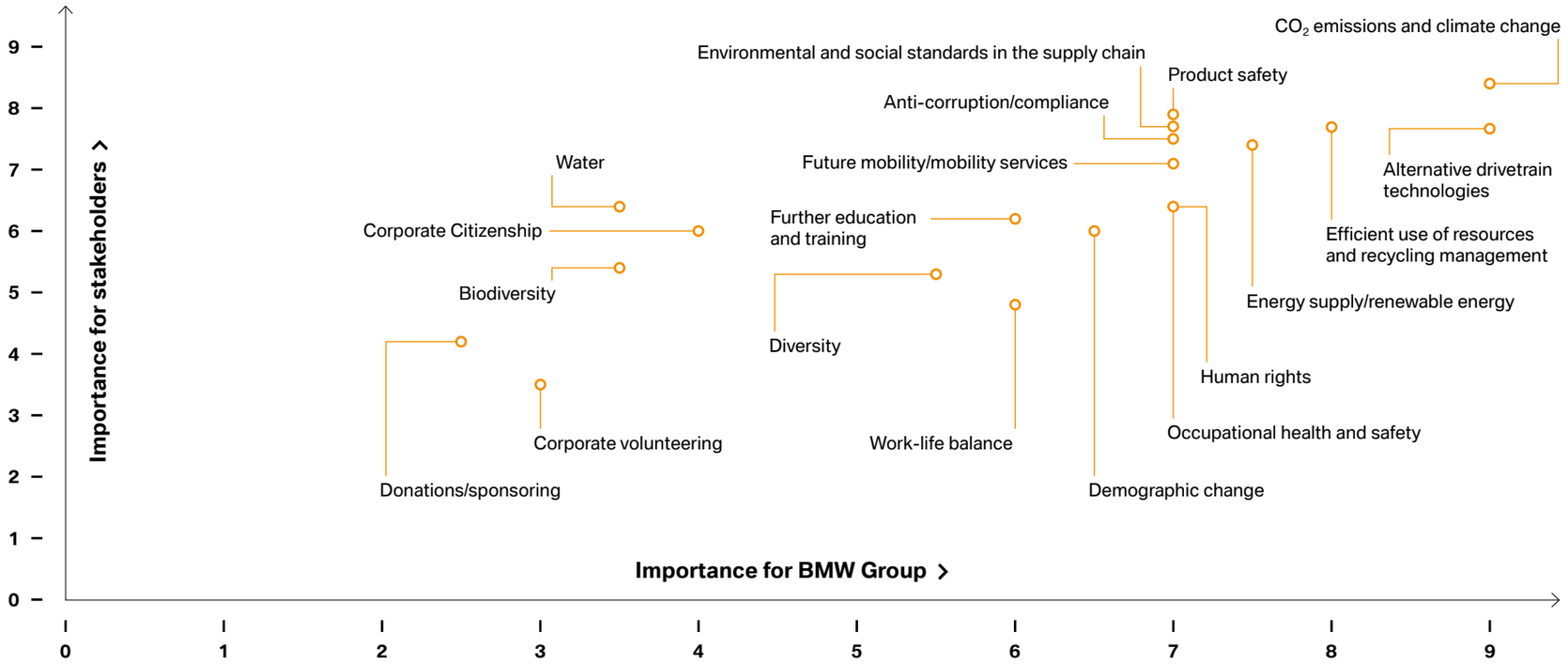
To identify issues that may present opportunities or risks to our business in the future, we regularly analyse various sustainability themes using our materiality process to find out exactly what they mean for our company, both from the point of view of different stakeholder groups as well as from an internal BMW Group perspective.

The results of the materiality analysis – shown in the materiality matrix – form the point of departure for regular verification of the direction our sustainability strategy is taking. We judge a core area to be particularly significant if it is categorised as very important by both our stakeholders and the company > see Figure 02.

MATERIALITY PROCESS 2013

In 2013 we subjected the issues list from the previous year to a thorough review. The review process involved telephone interviews with 12 representative stakeholders, including customers, suppliers, investors, authorities, NGOs and scientists from different regions of the world. We then combined the interview results from 2013 with the results of the stakeholder survey and analysis from 2012. This gave us an updated rating of the issues from an external perspective. To update the internal perspective, we once again conducted a materiality workshop with 18 representatives from the relevant company divisions (including their strategy offices). Finally, our corporate strategy experts evaluated the results of the workshop.

F.02 Materiality analysis



From the materiality matrix it is evident that the topics of CO_2 emissions and climate change continue to be the most relevant for both stakeholders and the BMW Group. The topics of environmental and social standards in the supply chain, product safety as well as alternative drivetrain technologies are also top priorities.

PURSUING LONG-TERM SUSTAINABILITY GOALS

As an active member in the World Business Council for Sustainable Development and the UN Global Compact, we are taking up the challenge of increasing our efforts to promote sustainable development worldwide. It is essential that we take a long-term approach.

We intend to further expand our leading position while focusing on the issues on which we can have the greatest impact through our products. Our long-term goals include efforts in the areas of Products and Services, Production and Value Creation as well as Employees and Corporate Citizenship › see Figure 03.

F.03

For a detailed overview of the 2013 measures and results › **see Figures, facts and objectives**.

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INTEGRATING SUSTAINABILITY INTO THE ORGANISATION

One important goal of our sustainability strategy is to establish sustainability as a core strategy within our organisation. For this reason, our Sustainability and Environmental Protection department has been directly incorporated into our Corporate Planning and Product Strategy unit since 2007, under the mandate of the Chairman of the Board. Its responsibilities include the continued enhancement of our sustainability strategy and the management of all aspects of sustainable operations. Some of the department's tasks are:

- Further development, specification and integration of a sustainability strategy in individual divisions, taking account of the entire value chain
- Development and monitoring of targets
- Identification of and internal approach to addressing core challenges
- Central corporate function for environmental protection (Group Representative) and management of environmental protection network
- Management of global centres of competence for a range of environmental issues

The long-term direction of the core areas of the sustainability strategy is set down by the Sustainability Board, which includes all members of the Group Board of Management as well as the Sustainability and Environmental Protection Manager and Corporate Communications. The Sustainability Board convenes twice a year to assess the company's progress. The topics are prepared for presentation to the Sustainability Board by the Sustainability Circle, which comprises department heads from all divisions.

F.04 Organisation of sustainability in the BMW Group

Sustainability Board

- Comprises the entire Board of Management
- Chairman: Chairman of the Board of Management
- Responsible for strategic alignment

Sustainability Circle

- Comprises department heads from all divisions
- Chairman: BMW Group Sustainability and Environmental Representative
- Responsible for preliminary work to support decision-making

Specialist divisions

- Implement measures and processes needed for the BMW Group to achieve its goals

BUSINESS CASE FOR SUSTAINABILITY

Our core principles form the foundation for consistently sustainable operations at the BMW Group. They stipulate that taking social responsibility is inextricably linked to the Group's perception of itself as a business enterprise. At the same time, sustainability is seen as making a positive contribution to the business success of the company. We are already demonstrating how sustainability measures have led to cost savings or generated revenue – thus validating the business case for sustainability:

- Between 2006 and 2013, we were able to reduce energy and water consumption, waste and VOC emissions by around 40% per vehicle produced.

This was made possible, among other things, by investments in environmentally friendly plants and technologies as part of our Clean Production Strategy. In 2013 we achieved cost savings of €6.8 million.

- Due to global megatrends (e.g. urbanisation, climate change and regulation), customer mobility requirements are also shifting. Premium is increasingly being defined through a product's sustainability. This creates new business potential for the BMW Group. With our new sub-brand BMW i, we began in 2013 to offer products to fulfil these customer requirements to an even greater extent than before. This gives us both a clear competitive edge as well as making a significant contribution to the company's future success.

- Direct feedback from our fleet customers indicates that environmental issues are gaining in significance. Many DAX-listed companies are increasingly focusing their car policies on sustainability, motivating employees to use environmentally friendly vehicles. Thanks to our efficient vehicles as well as the sustainability advice provided by our subsidiary Alphabet, we can fulfil the changing expectations of our fleet customers. Our Efficient Dynamics Programme and our consulting services thus give us a significant edge on the competition.

- In order to develop and offer top-quality products and services, we need the best employees available. Being amongst the most popular employers in many markets is therefore a crucial competitive advantage. We want to continue to expand this edge. To do this, we rely not only on above-average remuneration and social benefits; our leading role in sustainability also increases our attractiveness as an employer, in particular amongst the so-called Generation Y.

- Through projects such as Today for Tomorrow, we reduce health risks and follow-up costs. Raising awareness of health issues and providing ergonomically optimised workstations offset our workforce's age-related physical performance limitations.

RESPECTING HUMAN RIGHTS

As a member of the UN Global Compact, the BMW Group assumes environmental and social responsibility, and by signing the Joint Declaration on Human Rights and Working Conditions at the BMW Group we already pledged in 2005 to observe internationally recognised human rights. Our management process is aligned with the requirements of the UN Guiding Principles on Business and Human Rights. We use these principles as our main guide to critical reflection and continuous improvement of how we entrench human rights requirements within the company.

Our cross-divisional human rights team monitors current developments in the international human rights debate, analyses potential risks for the BMW Group, and promotes further entrenchment of human rights requirements in the company and in the operations of our business partners. The focus is on the core labour standards of the International Labour Organisation (ILO) as well as the core issues defined in the Joint Declaration on Human Rights and Working Conditions at the BMW Group. The human rights team reports to the Sustainability Circle and the Sustainability Board. The integration of human rights requirements in the supply chain is ensured through our supplier management > see Chapter 4.

RAISING AWARENESS OF HUMAN RIGHTS

When the UN Guiding Principles on Business and Human Rights were published, we educated our employees at all hierarchy levels on the position of the BMW Group and on current developments in human rights in business operations. The topic is also addressed in our sustainability training, as part of an introductory event for new employees and our Web-based training. Comprehensive information as well as course materials on human rights are available on the employee portal.

In 2013 we integrated a clause on respecting human rights, including in particular compliance with the ILO core labour standards, into contracts with production partners as well as all dealer contracts in Europe. We plan to implement this contract clause for dealerships and importers worldwide over the next few years. By joining the UN Global Compact at the beginning of 2014, our joint venture BMW Brilliance Automotive Ltd in China also explicitly committed to following the ten principles, including the observance of human rights and fair working conditions.

COMMITMENT TO INTERNATIONAL CONVENTIONS AND PRINCIPLES

In 2001, the BMW Group committed to complying with the ten principles of the UN Global Compact and the International Declaration on Cleaner Production of the United Nations Environment Programme (UNEP). As a member of the UN Global Compact, the company undertakes to comply with internationally recognised human rights, in particular the core labour standards of the ILO. These include freedom of association and the right to collective bargaining, elimination of forced and compulsory labour, abolition of child labour and elimination of discrimination in the workplace. The BMW Group reiterated this position with its Joint Declaration on Human Rights and Working Conditions at the BMW Group, which the Board of Management of BMW AG passed in agreement with employee representatives in 2005 and reconfirmed in 2010. The company also abides by the OECD's principles for multinational corporations and by the Business Charter for Sustainable Development issued by the International Chamber of Commerce (ICC) as well as the UN Guiding Principles on Business and Human Rights.

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AVOIDING HUMAN RIGHTS VIOLATIONS

As well as investment and location decisions, human rights requirements are also integrated into our risk management process.

If employees have any questions, they can ask their line managers or the BMW Group Human Rights Contact helpline. Employees also have the opportunity to submit information about possible human rights violations within the company via the BMW Group SpeakUP Line – anonymously and confidentially. The BMW Group SpeakUP Line is available in a total of 34 languages and can be reached via local toll-free numbers in all of the countries in which BMW Group employees carry out activities.

The Human Rights Response Team, which includes one representative from the Works Council, handles the reports and initiates measures as required to remedy possible violations. In 2013 Human Rights Contact received three internal general requests for information on the management approach in the BMW Group and human resources policy. In none of the cases was any violation of human rights determined.

AWARDS AND SUSTAINABILITY RANKING

In 2013 the BMW Group ranked high in several sustainability indices and received a number of awards > see Figure 05.

F.05 Sustainability Ratings and Rankings 2013

Listings	Evaluation and result
Dow Jones Sustainabilty Index (DJSI)	The BMW Group is the only company in its industry that has been listed on the Dow Jones Sustainability Index World every year since it was founded in 1999. In September 2013, the BMW Group was amongst the top 3 in the industry for the eighth time in succession and as a result was listed in the Dow Jones Sustainability Index World and Europe.
Carbon Disclosure Project (CDP)	The BMW Group achieved a record result in the Global 500 Ranking CDP which was published in September 2013. With the maximum number of points possible, the company is an industry leader and listed on the Carbon Disclosure Leadership Index (CDLI). In addition, the BMW Group is listed on the Carbon Performance Leadership Index (CPLI). The BMW Group is also one of the top participating companies worldwide in any sector in the CDP Global 500 Ranking.
FTSE4Good	The BMW Group was again listed on FTSE4Good in 2013, an index of the British index family on sustainability and corporate governance provided by FTSE in London.
Awards	
SAM Sustainability Award	In June 2013, the SAM Group presented for the second year the SAM Sustainability Awards in Germany. As one of three German carmakers, the BMW Group's commitment to sustainability was again awarded the SAM Gold Class Status and the company was also named industry leader.
Humanitarian Award 2013	In October the United Nations Association of New York bestowed its Humanitarian Award 2013 on the BMW Group and Norbert Reithofer, for innovations in the field of sustainable mobility. The association thus recognised both the BMW Group and the management performance of Chairman of the Board of Management Norbert Reithofer.

Stakeholder engagement

The BMW Group engages in ongoing dialogue with its stakeholders at all its locations and in relevant markets. This is a very important learning process for our company. By using targeted dialogue to gain various perspectives and input on strategically relevant topics, we can identify trends and key topics at an early stage and enhance acceptance of our activities and decisions.

Our main stakeholder groups comprise our customers, employees and representatives of the capital market as well as business partners and suppliers. But non-governmental organisations, political decision-makers, researchers, associations and the media are also among the groups we address.

EXCHANGING VIEWS WITH STAKEHOLDERS

Dialogue is based on continuous and systematic identification and prioritisation of stakeholders based on a regular stakeholder mapping with regard to strategically important and pertinent topics at relevant locations, as well as the implementation of various dialogue formats. In addition, our subsidiaries, our political offices in the different markets as well as our plants engage in regular dialogue with local stakeholders on locally relevant topics. A range of committees and channels allow specialist departments of the company to contact relevant stakeholder groups directly. The results of the interchanges are systematically communicated to internal departments, the Sustainability Circle and the Sustainability Board. Last but not least, specific measures are derived and the input is integrated into our strategy development processes.

Our basic goal is to host one stakeholder dialogue per year in Germany and the USA. We set the themes for these stakeholder dialogues according to how currently relevant they are. In 2013, for example, we conducted stakeholder dialogues on the topics of electromobility, mobility services and energy supply for the company locations.

In addition to these events, we also have direct contact with individual stakeholders on specific occasions. For example, in 2013 some NGOs inquired about compliance with social and environmental standards in our supply chain. In these cases, we respond directly and try to clarify the situation together in dialogue.

STRATEGICALLY ALIGNING STAKEHOLDER ENGAGEMENT

We want to understand the different perspectives of our stakeholders, address them properly, and ultimately also benefit from the knowledge gained. This helps us to build trust and deepen partnerships. In order for that to happen, it is important that we display a unified strategic direction worldwide with respect to our stakeholder engagement. This is why we developed the Stakeholder Engagement Policy of the BMW Group. This policy forms the basis for

our ongoing dialogue and set downs the targets, processes for identification and prioritisation of our stakeholders as well as the selection of dialogue formats and communication principles.

COMMUNICATION ON SOCIAL MEDIA

Communication with stakeholders via social media is gaining in importance. Our BMW Group Facebook page now has over 150,000 followers (March 2014) (approx. 100,000 as of 2012). The Facebook page is another important tool used to foster discussion of sustainability with stakeholders such as our customers as well as to identify new trends and receive feedback on our activities.

CONTINUING THE GLOBAL DIALOGUE WITH OUR STAKEHOLDERS

In 2013, the BMW Group continued the dialogue with its stakeholders both in regular local and international formats and at specific events. Highlights were our contribution to the Delhi Sustainable Development Summit, the UN Framework Convention on Climate Change COP19 in Warsaw, and the International Conference Verantwortung Zukunft organised by the FAZ Institute. Also of note is our commitment in the context of the Aluminium Stewardship Initiative > see Chapter 4. Events with political stakeholders took place additionally in Germany (Berlin, Munich, Leipzig) and Europe (Amsterdam, Brussels, London), in the USA (Washington, DC) as well as in Asia (Seoul, Tokyo, New Delhi).

Worldwide, the BMW Group participates in a large number of initiatives, forums and events with chief executives as well as technical and other experts, organised by government authorities, political parties, scientific organisations and NGOs. In addition, many national and international delegations from government and industry come to our company each year to inform themselves about the latest technological developments and the BMW Group's strategic direction in the face of constantly changing conditions. This can take a variety of forms, from bilateral visits to regular dialogue with representatives of government and industry.

IN DIALOGUE WITH LOCAL STAKEHOLDERS

The dialogue with local stakeholders at our company sites takes place in a wide range of formats. The focus is on personal conversations, plant visits, regular meetings, neighbourhood discussions and press events.

At the beginning of 2013, for example, BMW South Africa in Johannesburg invited some 50 stakeholders to the event. The future of electric mobility by BMW in South Africa – Automobility reinvented. The goal of the event was to give stakeholders a look at the activities of the BMW Group and to discuss the opportunities and challenges of electromobility in South Africa.

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STAKEHOLDER EVENTS IN 2013

- **INFORMATION AND DIALOGUE EVENT IN LEIPZIG:**
  In April 2013, 58 participants from the fields of politics, non-governmental organisations, science and research took part in this event at the BMW plant in Leipzig. During a guided tour through the plant, we gave the participants a glimpse behind the scenes at the development of BMW i. They had the opportunity to discuss key questions on electromobility and to exchange views and suggestions as well as express criticism. In four workshops, our experts provided insights into the topics of production (industrialised CFRP production and body construction), safety (crash, repair and CFRP recycling), range (battery and charging) and energy (CO_2-minimised production).

- **INFORMATION AND DIALOGUE EVENTS IN MAISACH AND AMSTERDAM:**
  In July and October 2013, we continued the dialogue we had launched in Leipzig and offered 33 stakeholders from Germany and the UK a chance to test-drive for the first time pre-series BMW i3 vehicles in Maisach (near Munich) while 24 stakeholders had the same opportunity in Amsterdam. In accompanying workshops, the participants were able to speak with experts from the BMW Group and to make suggestions and voice opinions on the vehicle while expressing their views on the overall concept of urban mobility.

- **STAKEHOLDER DIALOGUE ON THE SUBJECT OF SUSTAINABLE SUPPLY CHAINS IN MUNICH:**
  Stakeholders are increasingly expecting companies like the BMW Group to assume responsibility for the entire supply chain. We took up this topic in December 2013 in an intensive dialogue with ten experts from politics, NGOs, suppliers and the scientific world, discussing it in detail in two workshops. The main topics were the integration of environmental and social considerations in the procurement process, respect for social standards and human rights along the supply chain, resource efficiency in the supply chain, as well as the issue of sustainability in raw materials mining and processing. You can find more details on this in > see Chapter 4.

- **PARLIAMENTARY EVENING ON THE SUBJECT OF MOBILITÄT, DIE VIELES VERÄNDERT (MOBILITY TO CHANGE OUR WORLD) IN BERLIN:**
  In November 2013, high-ranking politicians from the USA, China and Germany convened in Berlin to discuss worldwide success factors for electromobility. Among the 300 guests were members of the German Bundestag, ambassadors, and a number of representatives from the federal ministries, state delegations, associations and NGOs. In the Venture Lounge, Berlin start-ups presented their business models for the mobility services of tomorrow. Participants were also able to test-drive the BMW i3 through Berlin's government district.

- **BMW GROUP DIALOGUE AT THE BMW i3 WORLD PREMIERE IN LONDON:**
  For the world premiere of the BMW i3 in July 2013 in Peking, New York and London, the BMW Group hosted a stakeholder dialogue in the British capital. At the event, the new BMW i3 was presented to more than 200 stakeholders. In a panel discussion with experts from five European countries, mobility trends in various European cities were analysed and innovative solutions reviewed. The key factors identified for the acceptance of electric vehicles were the diversity of government incentive schemes, a growing charging infrastructure in urban areas, the introduction of innovative car-sharing programmes and the use of renewable energies for charging the vehicles.

- **BMW GROUP DIALOGUE ON THE FUTURE OF SUSTAINABLE MOBILITY IN WARSAW:**
  During the UN Framework Convention on Climate Change COP 19 in Warsaw in November 2013, BMW Group hosted another dialogue event on sustainable and emissions-free urban mobility. Many guests from politics, civil society, industry and science took advantage of the occasion to discuss sustainable solutions for public and individual mobility. The panel discussion focused on ways to promote low-emissions and emissions-free vehicles in urban areas as well as sustainable urban planning and development.

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IN DIALOGUE WITH POLITICAL DECISION-MAKERS

By engaging in regular, active and open dialogue with political decision-makers, union representatives and associations as well as non-governmental organisations, we are fulfilling the task of playing a constructive role in shaping the general political framework for our business activities, offering our expertise, promoting fair competition for all involved and finding sustainable solutions.

Our representative offices in Berlin, Brussels, London, Washington, DC and Beijing are the direct point of contact for political stakeholder groups in our main markets. Over the years, we have entered into long-term dialogue in these locations on a range of different topics in the political arena. In recent years additional representative offices were added in Sacramento, Tokyo, New Delhi, Moscow and Seoul in order to intensify dialogue with politicians and non-governmental organisations in these markets. In 2013 offices were also opened in Singapore and Panama City. In addition, the sales organisations of the BMW Group take responsibility for public affairs in their markets.

The representative offices concern themselves with public affairs as they affect environmental, financial and socio-political topics and deal with relevant economic policy and industry-specific issues. In the period under report, the main topics in this regard, apart from how to put CO_2 regulation into practice, were how to deal with trade barriers, fair taxation legislation as well as social challenges such as demographic change.

A central department at our BMW Group headquarters in Munich manages political stakeholder communication. This department ensures that our political communication in all areas and all markets worldwide is always in line with our basic corporate strategy and with the positions, guidelines, codices as well as all basic principles and voluntary commitments published by the BMW Group. In addition, we foster ongoing dialogue with policymakers not only directly, via our employees, but also by way of membership in a number of national associations and umbrella associations as well as international industry representative bodies.

EXAMPLES OF NATIONAL ASSOCIATIONS

- German Association for the Automotive Industry (VDA)
- Association of the Bavarian Economy (vbw)
- Employers' Association of the Bavarian Metal and Electrical Industry (vbm)
- The Society of Motor Manufacturers and Traders (SMMT)

EXAMPLES OF INTERNATIONAL ASSOCIATIONS AND INDUSTRY REPRESENTATIVES

- Federation of German Industry (BDI)
- Confederation of German Employer Organisations (BDA)
- The Confederation of British Industry (CBI)
- National Association of Manufacturers (NAM)
- BusinessEurope
- European Automobile Manufacturers' Association (ACEA)
- The Alliance of Automobile Manufacturers (AUTO ALLIANCE)

INTENSIFYING THE DIALOGUE WITH SUSTAINABILITY-ORIENTED ANALYSTS AND INVESTORS

Not only sustainability-oriented investors but also mainstream investors are increasingly basing their investment decisions on the extent to which companies like the BMW Group integrate environmental and social factors as well as corporate governance into their business models, products and activities. This is particularly true of institutional investors with long-term strategies, such as pension funds.

In 2013 we continued our traditionally intensive dialogue with capital market representatives by holding bilateral talks, road shows and conferences. We stepped up the dialogue with sustainability-oriented investors, analysts and rating agencies while also actively addressing sustainability topics with mainstream investors through our Investor Relations department.

Of note here are individual and group discussions at SRI (Socially Responsible Investment) road shows and conferences in Europe's financial centres and the USA. This presented us with opportunities to inform stakeholders of the BMW Group's current progress in the area of sustainability. In almost all conversations with both mainstream and sustainability-oriented investors, we discussed our future orientation and the implementation of our vision of sustainable mobility, for example on the basis of alternative drive systems. Due to the great interest shown by capital market representatives in the BMW Group's innovative electric car, the BMW i3, we conducted several forums on the product. They took place in Leipzig, London, Paris, Munich and Amsterdam and offered test drives for participants.

IN DIALOGUE WITH OUR EMPLOYEES AND SUPPLIERS

When it comes to evaluating employee satisfaction, what they think of their working environment, personal development opportunities, corporate culture, and of the BMW Group as an employer, we hold regular Group-wide employee surveys. There are also additional dialogue events for employees and managers > see Chapter 5.

We also engage in regular dialogue with our suppliers. The focus here is on formats such as the Learning from Suppliers forum, and on seminars, training courses and lectures > see Chapter 4.

INTENSIFYING OUR DIALOGUE WITH STUDENTS

In our stakeholder dialogues with experts, we frequently talk about longer periods of time (2020 to 2050). We are therefore interested in whether younger target groups who will be professionally active during this period might rate various sustainability issues differently than the senior experts of today. Our experience shows that students in particular sometimes have a different outlook on sustainability. For example, most experts judge our apps for mobility services positively and find them to be effective and up-to-date. Students are, however, much more critical. After our first student round table in 2012, we continued our dialogue with them in 2013. Experts from the BMW Group visited German universities (University of Würzburg, Technical University of Munich), where they gave lectures and took part in discussions on various sustainability issues.

IN DIALOGUE WITH DECISION-MAKERS — BMW Stakeholder Dialogue, Warsaw 2013.

EXPANDING THE RESEARCH AND DEVELOPMENT DIALOGUE

In order to demonstrate the potential and challenges of electromobility in practice and explain what needs to happen in terms of policy, the BMW Group has collaborated with public authorities to carry out comprehensive field tests with electric vehicles such as the MINI E and the BMW ActiveE. In markets where BMW Group electric vehicles have covered over 38 million kilometres in field tests, the information and experience gathered is shared with governments, authorities and scientific institutions and can thus be integrated directly into future framework policy.

The BMW Group also plays a central role in the National Platform for Electric Mobility (NPE), a German government advisory committee on electromobility founded by Chancellor Angela Merkel in May 2010. This platform aims to push for progress on electromobility, create a lead market for it in Germany and speed up the market launch of innovative electric vehicles. Here again, the BMW Group provides the government with its knowledge and research results and actively helps shape political framework conditions via its established political network.

MAINTAINING MEMBERSHIPS

Through a large number of memberships, we engage in dialogue with other organisations and work towards more sustainability, in particular in the following initiatives, networks and associations:

- World Business Council for Sustainable Development (WBCSD)
- econsense – the Forum for Sustainable Development of German Business
- Global Compact Network Germany

FORECAST

We plan to continue fostering and expanding the dialogue with our stakeholders, in particular internationally. Our aim here is to continue to incorporate stakeholder input as we further develop our strategy, while also communicating openly with our stakeholders to give them a more realistic view of what they can expect in certain areas. Only in a common dialogue can solutions be developed to meet successfully the challenges of the future.

Risk management

The BMW Group operates in a dynamic environment where it is constantly confronted with new opportunities and risks. Managing these opportunities and risks is a fundamental prerequisite for being able to deal successfully with changes in the prevailing political, legal, technical and economic conditions. In order to achieve growth, profitability, efficiency and sustainable levels of business in the future, the BMW Group consciously exposes itself to risks.

The aim of the risk management system is to identify, analyse and actively influence any risks within or outside the company that could endanger the achievement of our business objectives. Risk management at the BMW Group is based on a company-wide decentralised network, which is managed by a central risk management function.

RISK MANAGEMENT PROCESS

The risk management process is geared towards meeting the criteria of effectiveness, usefulness and completeness. In the interests of completeness in particular, risk catalogues were developed in 2013 to ensure Group-wide transparency of risk situations. The risk catalogues were integrated into a newly developed IT tool that optimises the recording and reporting of risks in the network, including the required measures, and promotes cooperation and mutual exchanges. The risk management process comprises identifying and scrutinising risks early on, comprehensive analysis and risk assessment, the coordinated deployment of appropriate control tools, and the monitoring and evaluation of measures for the short and medium term of up to two years.

The risks reported by the network to the central steering committee are first presented for examination to the Risk Management Circle, which is chaired by Group Controlling. Following this examination, the risks are reported to the Board of Management and Supervisory Board. Fundamental risks or risks that would present a threat to the company are classified on the basis of the potential scale of impact on the company's earnings, assets and financial position. The risk is quantified, taking into account the probability of occurrence and risk mitigation measures.

DISCUSSING OPPORTUNITIES AND RISKS FROM THE VIEWPOINT OF SUSTAINABILITY

Opportunities and risks in the area of sustainability are discussed by the Sustainability Circle. The resulting strategic options and measures that can be taken by the BMW Group are presented to the Sustainability Board. Risk aspects discussed are integrated into the Group-wide risk network. The close ties between the steering and sustainability committees ensure that risk and sustainability management are closely coordinated.

Dealing with political and global economic risks
As one of the world's leading providers of premium products and premium services, the BMW Group is faced with major challenges. The world is changing at a rapid pace. In many countries, individual mobility remains a key focus of political regulation and national industrial policy. Changing values in society require new mobility solutions. Unpredictable disruptions in economic interdependencies along with increasingly intense competition can result in incalculable chain reactions and their consequences. The ongoing sovereign debt crisis in the eurozone and volatile economic conditions continue to unsettle markets and consumers. The slow-down of economic momentum in China, one of our main markets, poses further risks.

The escalation of political tension, terrorist activities, natural disasters or possible pandemics could all have a negative impact on the global economy and international capital markets. The BMW Group counters these risks primarily by internationalising its sales and production structures in order to reduce the potential impact of risk exposures in individual countries.

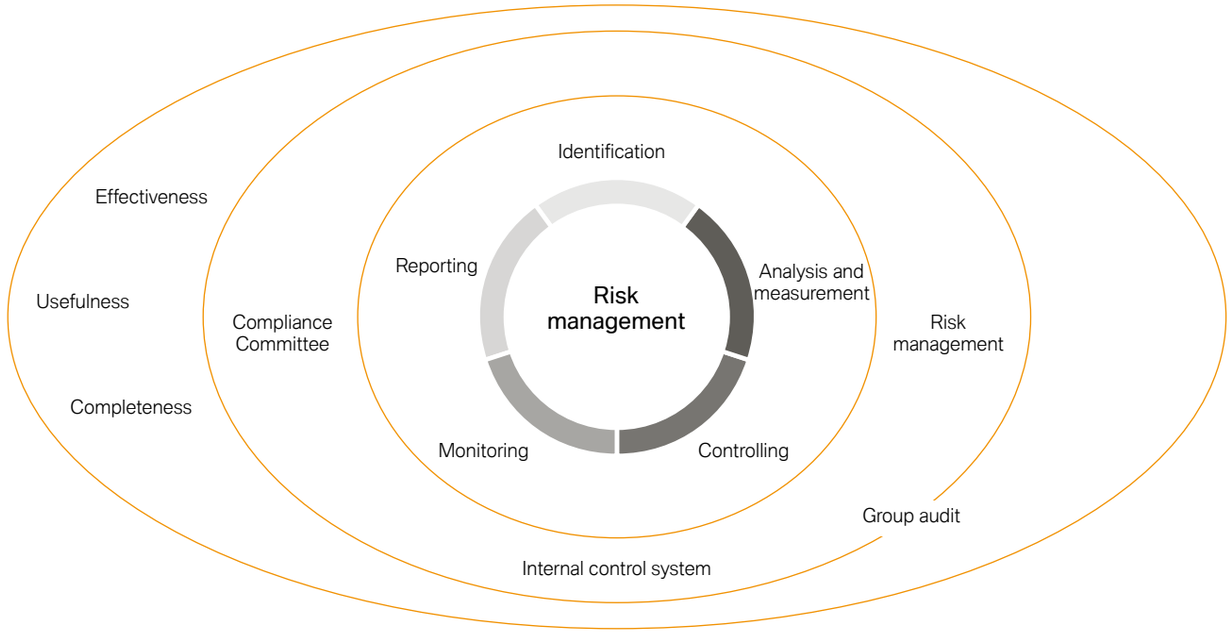
Avoiding environmental and natural risks
The BMW Group minimises natural and environmental risks by implementing a number of technical and organisational measures. These range from fire prevention to direct emergency communications in case of fire.

To avoid negative ground impact and groundwater pollution, the BMW Group has developed and implemented appropriate preventive strategies and initiatives. When choosing a new site for a facility, we analyse the effects of climate change in the region and the risk factors associated with it. We also use this information as a decision-making criterion when choosing suppliers. In order to identify and counteract any risks to our supply of parts and materials early on, we assess the extent to which supplier sites are exposed to natural hazards such as floods or earthquakes.

Turning strategic and industry-specific risks into opportunities
The automotive industry worldwide is faced with the constant challenge of having to reduce fuel consumption and emissions and raise safety standards at the same time. Government intervention into activities that have an impact on climate change is intensifying. Resulting regulatory changes (e.g. city tolls or CO_2 taxes), trends in fuel prices as well as changing values and environmental influences all have an impact on customer behaviour. We are facing these challenges and increasing our competitiveness with our Efficient Dynamics concept and by developing sustainable drivetrain technologies.

Opening up new opportunities through alternative drive systems
The broader market introduction of alternative drive systems means new challenges and additional investment for the automotive industry. At the same time, we also see this as an opportunity to put our technological expertise and innovation strengths to use. Greater fuel economy and the reduction of emissions are fundamental parameters that we automatically include when designing new products.

F.06 Risk management in the BMW Group



In the short and medium term we will achieve greater fuel economy by electrifying the drivetrain and developing comprehensive hybrid systems. We are also working on solutions for sustainable mobility in densely populated areas.

Addressing risks in production, purchasing and sales

We are subject to numerous risks in the operational areas of production, purchasing and sales, which we deal with using a variety of measures.

PRODUCTION

Production interruptions due to fire, plant or IT breakdowns as well as problems with transport and logistics all pose risks. Precautionary measures are therefore already incorporated into the production and logistics structures at the planning stage to make provision for such eventualities, both in terms of likelihood of occurrence and loss impact. In addition to technical fire prevention, these measures include preventive maintenance, spare parts management coordinated between plants as well as the planning of alternative transport routes.

Flexible work schedules and working-time accounts as well as the ability to build certain car models at alternative plants generally help to reduce operational risks. Risks arising from business interruption and loss of production due to fires or natural disasters are insured up to economically reasonable levels with insurance companies that enjoy a good credit rating.

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PURCHASING

The customary distribution of tasks between manufacturers and suppliers within the automotive sector creates economic benefits, but also exposes contracting parties to a certain degree of mutual dependence. Suppliers are hence increasingly joining forces to hedge risk in mission-critical future technologies.

Even in the earliest stages of the supplier selection process, we make sure our future business partners meet the same environmental, social and governance standards the BMW Group has set itself > see Chapter 4.

SALES

Changing global economic conditions and increasing protectionist tendencies are causing fluctuations in the regional spread of sales as well as the composition of the model mix and the demand for mobility services. Sales and production processes within the BMW Group are flexible enough to allow new opportunities to be exploited at short notice. At the same time, we keep close watch over margin and price pressure due to more intense competition in all markets, in particular Western Europe, the USA and China.

Protecting information and data

We attach great importance to protecting individual rights, business secrets, innovative developments and process information from unauthorised access, damage and/or misuse. The protection of information and data is an integral component of our business processes and is based on the International Security Standard ISO/IEC 27001.

The requirement to apply uniform standards across the Group is embedded in the BMW Group's core principles and documented in detailed working instructions. These instructions require employees to handle all information (such as customer and employee data) appropriately and to ensure that information systems are properly used and that risks pertaining to information technology (IT risks) are dealt with transparently.

Regular communication, awareness-raising activities and training measures (e.g. online training on information and data protection issues) create a high degree of security and risk awareness among the employees involved. Employees increasingly also receive training from the Group's Compliance Organisation to ensure compliance with legal and regulatory requirements > see Chapter 1.4.

In view of the current public discussion on the proposal for a new EU directive on data protection and due to the NSA affair, there has been a significant rise in queries with regard to data protection. The global data security network that has been established within the BMW Group ensures the necessary transparency and timely introduction of measures.

In the case of cooperation arrangements and business partnerships we protect our intellectual property as well as customer and employee data by stipulating clear instructions with regard to data protection and the use of information technology.

The board or management team in each BMW Group company is responsible for data protection at that company. Each Group company has its own local Data Privacy Protection Officers.

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Avoiding financial risks

As a global enterprise, the BMW Group conducts business transactions in various currencies, which always entails currency risks. The BMW Group manages currency risks at both a strategic and operating level. Strategic risk management includes increasing the volume of production in foreign countries (natural hedging) as well as increasing the volume of purchases denominated in foreign currency. In this context, the construction of new plants at foreign sites such as the USA, China or Brazil also helps to reduce foreign exchange risks. For operating purposes, currency risks are hedged on the financial markets. Hedging transactions are entered into only with financial partners of good credit standing.

Securing the supply of raw materials

The BMW Group monitors the availability of raw materials and the risk of changes in their prices by means of a well-defined control process. Financial derivatives are employed to hedge against price risks arising for precious metals (i.e. platinum, palladium and rhodium) and non-ferrous metals (i.e. aluminium, copper and lead) and, to some extent, steel and steel ingredients such as iron ore. Medium- and long-term purchase contracts with fixed pricing arrangements for raw materials such as steel and plastics are also in place.

Changes in the price of crude oil (as a basic ingredient in many of our components) have a direct impact on our production costs. Crude oil prices (and exchange rates) also influence fuel prices, which, in turn, directly influence the purchasing behaviour of our customers. The BMW Group counters this by developing and selling efficient and economical engines and by developing alternative drive technologies.

Ensuring liquidity

The liquidity of the BMW Group is ensured at all times by maintaining liquidity reserves and through a broad diversification of refinancing sources. The liquidity position is monitored continuously at a separate entity level and managed by means of a cash flow requirements and sourcing forecast system in place throughout the Group. Liquidity risks can arise in the form of rising refinancing costs on the one hand and restricted access to funds on the other. Most of the Financial Service segment's credit financing and lease business is refinanced on capital markets.

The BMW Group has good access to financial markets thanks to its excellent creditworthiness and, as in previous years, was able to raise funds at good conditions during the reporting period. In addition to a diversified refinancing strategy, this can be attributed to the BMW Group's continued solid financial situation.

Excluding legal risks

Acting responsibly and complying with the law are the basic prerequisites for our success. Current legislation provides the binding framework for our wide range of activities around the world. The growing international scale of operations of the BMW Group, developments in the business world as well as the whole range of complex legal and tax regulations increase the risk of laws being broken, simply because they are not known or fully understood. Several years ago, the BMW Group therefore established a Compliance Organisation aimed at lastingly ensuring that its representative bodies, managers and staff act in a lawful manner at all times > see Chapter 1.4.

COMPANY HEADQUARTERS — BMW tower with BMW Welt.

COPING WITH LEGAL RISKS

Like all enterprises, the BMW Group is, or could be, confronted with the risk of legal disputes relating, among other things, to warranty claims, product liability, infringement of protected rights or proceedings initiated by government agencies. Any of these matters could have an adverse impact on the Group's reputation. Such proceedings are typical for the sector or arise as a consequence of realigning our product or purchasing strategy to suit changing market conditions. Particularly in the US market, class action lawsuits and product liability risks can give rise to substantial financial consequences and cause reputational damage. The BMW Group recognises appropriate levels of provisions for lawsuits.

The high quality of our products, which is ensured by regular quality audits and ongoing improvement measures, helps to reduce this risk.

The BMW Group is not currently involved in any court or arbitration proceedings that could have a significant impact on its financial condition.

FURTHER IMPROVEMENT IN RATING
In December 2013 the rating agency Standard & Poor's raised BMW AG's long-term rating from A (stable outlook) to A+ (stable outlook). BMW AG is the only European automobile manufacturer with this high rating. The short-term rating remained at A-1, also the highest level for the sector.

FORECAST

In the future, both the global economy and our own business processes are sure to grow even more complex. We must therefore further optimise the interplay between risk management, strategy and dialogue with external partners in society.

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Compliance and corporate governance

Responsible and lawful conduct is fundamental to the success of the BMW Group. At the same time, it is an integral part of our corporate culture. The Board of Management and the employees of the BMW Group are obliged to act responsibly and in compliance with the applicable laws and regulations. This principle has been embedded in BMW's internal rules of conduct for many years.

In order to protect the company systematically against compliance-related and reputational risks, the Board of Management created a Compliance Committee several years ago, mandated to establish a worldwide Compliance Management System throughout the BMW Group. The BMW Group Compliance Committee comprises the heads of the following departments: Legal Affairs, Corporate and Governmental Affairs, Corporate Audit, Organisational Development and Corporate Human Resources. It manages and monitors activities necessary to avoid non-compliance with the law (legal compliance). These activities include training, information and communication measures, compliance controls and following up cases of non-compliance. The BMW Group Compliance Committee reports regularly to the Board of Management and the Supervisory Board on all compliance-related issues.

INTEGRATING COMPLIANCE IN THE ORGANISATION

The decisions taken by the BMW Group Compliance Committee are drafted in concept, and implemented operationally, by the BMW Group Compliance Committee Office. The BMW Group Compliance Committee Office is allocated in organisational terms to the Chairman of the Board of Management. Around 170 Compliance Responsibles are integrated into the Compliance Organisation. They report regularly on the compliance status in the different units as well as on any legal risks or infringements and corrective or preventive measures taken.

Compliance management in the BMW Group has instruments and measures in place to ensure that the Group, its representative bodies and all employees act in a lawful manner. Particular emphasis has been placed on compliance with antitrust legislation and the avoidance of corruption risks. Compliance measures are supplemented by a whole range of internal policies, guidelines and instructions, which in part reflect applicable legislation. The BMW Group Policy "Corruption Prevention" deserves particular mention: this document deals with lawful handling of gifts and benefits and defines appropriate assessment criteria and approval procedures for specified actions.

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Compliance measures are determined and prioritised on the basis of an annually updated Group-wide compliance risk assessment with a focus on corruption covering all 276 business units and functions worldwide within the BMW Group. Measures have been realised since 2012 with the aid of a regionally structured compliance management team covering all parts of the BMW Group.

The BMW Group Legal Compliance Code is the cornerstone of the Group's Compliance Organisation, spelling out the Board of Management's acknowledgement of the fact that compliance is a joint responsibility (Tone from the Top). This document, which explains the significance of legal compliance and provides an overview of the various areas relevant for the BMW Group, is available on the intranet in German and English as well as 11 other languages for the convenience of all employees.

We conduct a Group-wide employee survey every two years to measure our performance. In 2013, the survey was conducted on the basis of a representative sample. The results showed that BMW Group employees have an excellent understanding of the topic of compliance and its significance to the company.

COACHING AND COMMUNICATING COMPLIANCE

Managers in particular bear a high degree of responsibility and must set a good example in the process of preventing infringements. Managers throughout the BMW Group accept this principle by signing a written declaration in which they also undertake to inform staff working for them of the content and significance of the Legal Compliance Code and to make staff aware of legal risks.

More than 20,300 (2012: 16,500) managers and staff have received training in compliance basics worldwide since the introduction of the BMW Group Compliance Organisation. Successful participation in the training programme is mandatory for all BMW Group managers. Appropriate processes are in place to ensure that all newly recruited managers and promoted staff undergo compliance training. In this way, the BMW Group ensures full training coverage for its managers in compliance matters. In addition to this basic training, in-depth training is also provided to certain groups of staff on specific compliance issues. Advanced training on competition and antitrust law was introduced in 2013 and already completed the same year by 2,300 employees.

Additional Compliance Market Coachings have also been implemented in local markets since late 2012. These seminars strengthen the understanding of compliance in selected units and enhance cooperation between the central BMW Group Compliance Committee Office and decentralised compliance offices. In 2013, market coaching was performed for Financial Services and National Sales Companies in Argentina, Brazil, China, Mexico and Singapore.

In order to avoid violations of law, employees are kept fully informed of the instruments and measures used by the Compliance Organisation via various internal channels. The central means of communication is the Compliance website within the BMW Group's intranet, where employees can find compliance-related information and have access to training materials in both German and English. The website contains a special service area where various practical tools and aids are made available to employees that help them to deal with typical compliance-related matters. BMW Group employees also have access on the website to an

electronically supported approval process for invitations in connection with business partners.

RESPONDING TO COMPLIANCE-RELATED QUERIES

In order to avoid legal risks, all members of staff are expected to discuss compliance matters with their managers and with the relevant departments within the BMW Group, in particular Legal Affairs, Corporate Audit and Corporate Security. The BMW Group Compliance Contact serves as a further point of contact for both employees and non-employees for any questions regarding compliance.

Employees also have the opportunity to submit information – anonymously and confidentially – via the BMW Group SpeakUP Line about possible breaches of the law within the company. The BMW Group SpeakUP Line is available in a total of 34 languages and can be reached via local toll-free numbers in all countries in which BMW Group employees carry out activities.

Compliance-related queries and concerns are documented and followed up by the BMW Group Compliance Committee Office using an electronic Case Management System. If necessary, Corporate Audit, Corporate Security, the Works Council and Legal Affairs may be called upon to assist in the investigation process.

MONITORING AND AUDITING COMPLIANCE

Compliance with and implementation of the Legal Compliance Code are audited regularly by Corporate Audit and subjected to control checks by Corporate Security and the BMW Group Compliance Committee Office.

As part of its regular activities, Corporate Audit carries out on-site audits. The BMW Group Compliance Committee also engages Corporate Audit to perform compliance-specific checks. In addition, random checks (BMW Group Compliance Spot Checks) specifically designed to identify potential corruption risks are carried out. In 2013, three Compliance Spot Checks were performed in different units. Compliance control activities are coordinated by the BMW Group Panel Compliance Controls. Any necessary follow-up measures are organised by the BMW Group Compliance Committee Office.

It is essential that employees are aware of and comply with applicable regulations. The BMW Group does not tolerate violations of law by its employees. Culpable violations of the law result in employment-contract sanctions and may involve personal liability consequences for the employee involved. The BMW Group reports on legal infringements in its Annual Report if the events in question could be of interest for shareholders, analysts and other stakeholders due to economic consequences. We are not aware of any such infringements having occurred in the period under report.

ENSURING COMPLIANCE BY BUSINESS PARTNERS

In the same way that the BMW Group is committed to lawful and responsible conduct, it also expects no less from its business partners. In the year under report, the BMW Group developed a new Business Relations Compliance programme aimed at ensuring the reliability of its business relations. Relevant business partners are checked and evaluated with a view to identifying potential compliance risks.

These procedures are particularly relevant for relations with sales partners and service providers such as agencies and consultants. Depending on the results of the evaluation, appropriate measures – such as communication measures, training and possible monitoring – are implemented to manage compliance risks. The Business Relations Compliance programme has already been launched in 12 units (from a total of 70) since 2012 and will be rolled out successively over the coming years throughout the BMW Group's worldwide sales organisation. In 2013, the company also began introducing compliance clauses into dealer and importer contracts to protect contractual relationships.

COOPERATING WITH EMPLOYEE REPRESENTATIVES

Compliance is also an important factor in terms of safeguarding the future of the BMW Group's workforce. With this in mind, the Board of Management and the national and international employee representative bodies of the BMW Group have agreed on a set of Joint Principles for Lawful Conduct. In doing so, all parties involved gave a commitment to the principles contained in the BMW Group Legal Compliance Code and to trustful cooperation in all matters relating to compliance. Employee representatives are therefore regularly involved in the process of developing compliance measures within the BMW Group.

CORPORATE GOVERNANCE

The BMW Group manages its business in accordance with principles of responsible corporate governance geared to long-term value creation. In 2002, it confirmed its commitment to these principles in its own Governance Code. Based on the German Corporate Governance Code (GCGC), this document is regularly updated. > You can find more information in the Annual Report under "Statement on Corporate Governance" (p. 166).

FORECAST

In addition to rolling out the Business Relations Compliance programme in further units, the BMW Group plans to conduct three Compliance Spot Checks in the coming year as well as implementing and piloting a corporate hospitality and gifts IT system. A compliance information package for new employees is also planned for 2014.

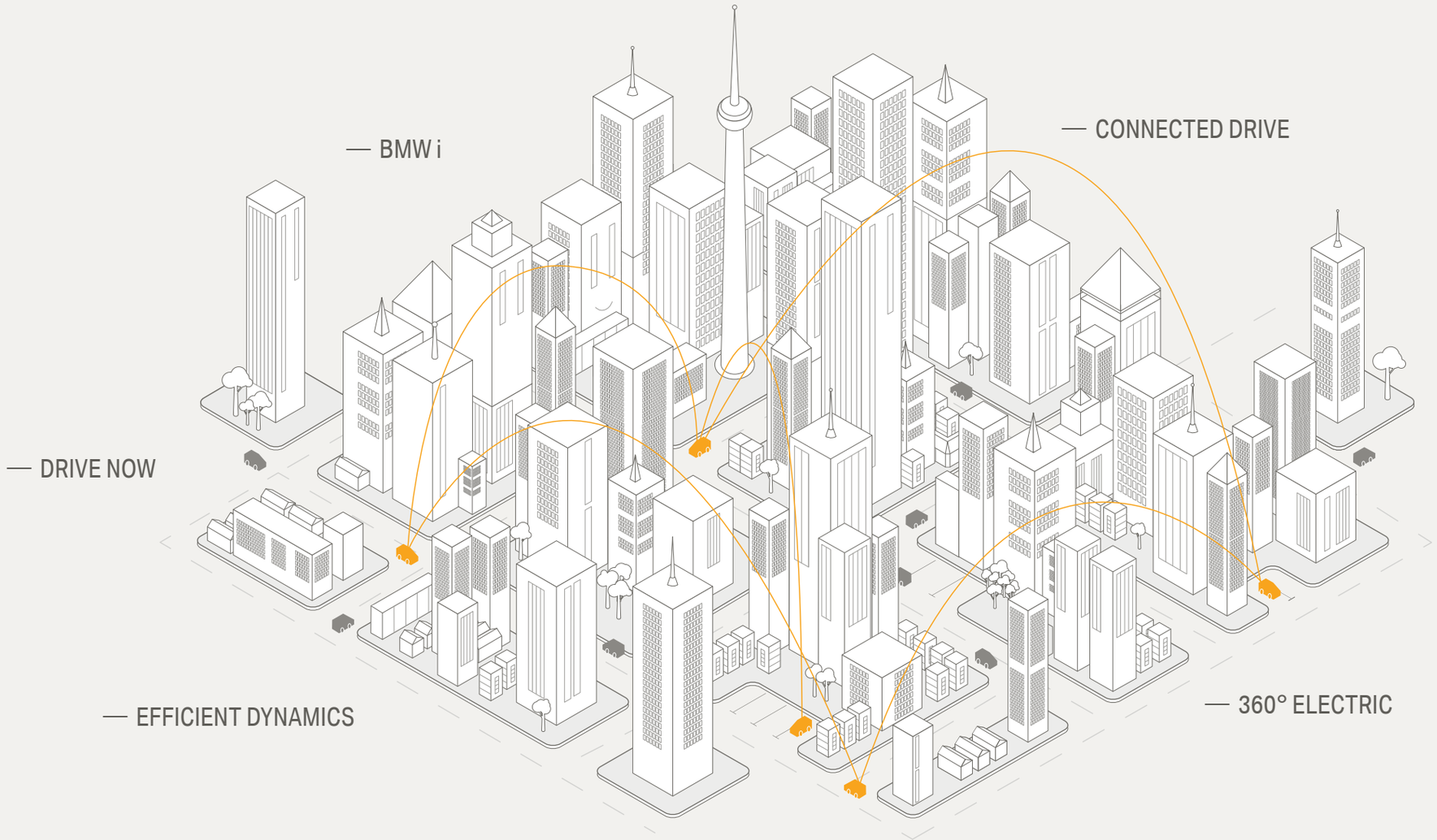
2

PRODUCT RESPONSIBILITY

2

PRODUCT RESPONSIBILITY

WE DELIVER SOLUTIONS FOR INDIVIDUAL MOBILITY.



Forecasts predict that 60% of the global population will live in cities by 2030. Big cities will offer fascinating opportunities to shape new forms of individual mobility.

Source: KPMG - Future State 2030 - The global megatrends shaping governments

2 PRODUCT RESPONSIBILITY

PROGRESS IN 2013

BMW i3 INTRODUCED IN SERIES PRODUCTION

- We have successfully introduced our first fully electric premium vehicle in Europe – the BMW i3. Compared with a conventional combustion engine vehicle, the BMW i3 generates over 50% less greenhouse gas potential (CO_2 equivalents) throughout the entire product life cycle.

FURTHER REDUCTION IN FLEET EMISSIONS

- We further reduced the CO_2 emissions of our vehicles sold in Europe to 133 g/km (2012: 138 g/km; – 3.6%). This means that we are in line with our plan to reduce our fleet emissions by 2020 by 50% compared with 1995.

SAFETY STANDARDS DEFINED

- Since 2013, all BMW motorcycles in series production have been equipped with ABS as a standard feature. For all car models we offer passive and active safety systems that warn and support drivers in dangerous situations and protect them to the greatest extent possible in case of accident.

KPIs

CO_2 EMISSIONS OF BMW GROUP AUTOMOBILES (EU-27)

— 2013

133 g/km

2012 | **138** g/km | ↘

AVERAGE FUEL CONSUMPTION EU-27

— 2013

Petrol	Diesel
6.2 l/100 km	4.8 l/100 km

2012 | Petrol **6.3** l/100 km | Diesel **5.0** l/100 km | ↘

NUMBER OF DriveNow USERS

— January 2014

220,000

2012 | **75,000** users | ↗

2014+ FORECAST AND OBJECTIVES

EXPAND REACH OF BMW i

- In 2014, we will launch the BMW i3 on additional markets (North and South America, Asia). We will also launch a new BMW i family model – the BMW i8. In addition, we will expand our range of electric motorcycles with the fully electric BMW C Evolution Scooter.

STEP UP RECYCLING MEASURES

- We are developing ways to reuse spent battery packs from our electric vehicles as well as by-products of the production. In addition, we already recycle 20% of the thermoplastic materials in our vehicles and are gradually increasing our use of secondary raw materials.

PROMOTE NETWORKED MOBILITY

- Online applications and networking are likely to change the face of urban mobility in the future. It is our aim to be a driver of mobility research, identifying new trends at an early stage and transforming the most promising research results into practical applications.

Our management approach

The BMW Group takes a comprehensive approach to product responsibility. For us, it starts with the development of fuel-efficient vehicles that are safe for drivers and other road users. It covers resource-efficient and eco-friendly development and production processes, integrated and high-quality customer care as well as recycling concepts that ensure our cars have minimum impact on the environment even after they reach the end of their life cycle.

A good example of our comprehensive understanding of product responsibility is the BMW i3, the first large-series electric vehicle produced by the BMW Group. From the outset and throughout the entire life cycle we developed this vehicle in line with measurable sustainability targets – from raw material extraction through the entire production and use phase to recycling at the end of vehicle life.

Taking the already very efficient BMW 118d as reference vehicle (Green Car of the Year 2008), the BMW i3 has significantly less greenhouse gas potential across its entire product life cycle. For example, when using the European Electricity Mix (EU-25), the BMW i3 has around one-third less global warming potential, and when run on electricity produced from renewable sources, this potential can even be reduced by half. We are deliberately using the BMW i3 to set an in-house benchmark by gradually transferring the measures practised in the BMW i3 to BMW Group vehicle projects with internal combustion engines.

REDUCING EMISSIONS

Our visionary BMW i brand vehicles are spearheading our long-term efforts to produce completely emissions-free vehicles. But they are only one part of our Efficient Dynamics development strategy, our concept for ensuring sustainable individual mobility through constant and consistent reduction of emissions. We achieve the best results here by applying innovative efficiency technologies.

Whether through efficient engines, optimised aerodynamics, intelligent energy management, lightweight design, forward-looking drive control, the Auto Start Stop function, brake energy regeneration, tyres with reduced rolling resistance or air flap control – every BMW Group vehicle is developed with Efficient Dynamics in mind. The BMW Group aims for intelligent lightweight construction, an efficient and dynamic drive system, and intelligent management of all vehicle energy flows in every vehicle > see Chapter 2.2.

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4.5 LTR. OF DIESEL PER 100 KILOMETERS — The BMW 520d.

An example of this philosophy is the BMW 520d, with average fuel consumption in the EU test cycle of 4.5–4.9 litres per 100 kilometres and a CO_2 value of 119–129 g/km. With 184 hp, the BMW 520d shows that sustainability and driving pleasure are by no means mutually exclusive.

TAKING A BROADER VIEW OF PRODUCT RESPONSIBILITY

Our product responsibility is, however, not limited to producing eco-friendly vehicles. As a provider of premium products and premium services for individual mobility, we also view the safety of our customers and other road users as a central component of our product responsibility. Through active safety features we try to prevent accidents, and through passive safety systems to mitigate their effects > see Chapter 2.3.

Other elements in our approach to product responsibility are resource-efficient production and high recycling and reuse standards that close the materials cycle as much as possible > see Chapter 2.4 and > see Chapter 3.

REDUCING CONSUMPTION WITH AERODYNAMICS — BMW Group wind channel.

We set our sights on intelligent services covering the entire spectrum of future mobility. One example is our DriveNow car-sharing service > see Chapter 2.5.

Finally, we also strive for a high degree of customer satisfaction, conducting studies, customer interviews and constant analysis of customer feedback to find out how we can improve even further from our customers' perspective > see Chapter 2.6.

MEETING INTERNATIONAL REQUIREMENTS

International regulatory requirements for BMW Group products are becoming increasingly stringent, particularly in the area of vehicle emissions. 93% of the vehicles we sell are subject to corresponding regulations and tax legislation. At the same time, planning for sales is made difficult by rapid changes in legislation. This means that we have to be prepared to cope with new framework conditions even before they are announced by legislators.

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SUSTAINABILITY OVER THE ENTIRE VEHICLE LIFE CYCLE

To ensure the sustainability of our products across their entire life cycle, we set ambitious goals for our vehicles early on in the strategic planning phase. To do so, we apply a holistic accounting method to assess the environmental, economic and social impact of our products across their entire life cycle. This method complements our long-standing Life Cycle Assessment system (ISO 14040/44). The holistic view incorporates aspects of the sustainability risk filter used in supplier management > see Chapter 4.

In the development process, we take into account potential environmental effects throughout the vehicle life cycle, from the selection of materials to production, use and subsequent recycling. These sustainability targets have the same significance as, for example, cost or weight criteria in the development process of the vehicle. Our aim is to improve the environmental impact from one vehicle generation to the next with the help of Life Cycle Engineering in accordance with ISO 14062.

Life Cycle Assessment pursuant to ISO 14040/44 rates progress in this respect as well as the achievement of targets in the development process. The BMW i3 was the first vehicle of the BMW Group to consistently implement the Life Cycle Engineering approach, and it will now be applied just as consistently to BMW Group vehicles with internal combustion engines.

In addition, we already use a holistic accounting approach to assess the environmental impact of innovative technologies and materials in the pre-development phase. This helps us to recognise potential for building sustainability into the life cycle. Another important component in this connection is our commitment to the Aluminium Stewardship Initiative > see Chapter 4.

FORECAST

In the coming years, we will continue to focus on reducing CO_2 emissions and expanding innovative mobility services. We have set ourselves ambitious goals: for example, we intend to reduce CO_2 emissions in the European new vehicle fleet by at least 50% by 2020 (base year: 1995). We also want to take the lead with our holistic approach to premium electromobility and to deploy integrated mobility services in order to lastingly change mobility behaviour in selected metropolitan regions.

You can find further innovations planned in the area of product responsibility at the end of the following sub-chapters.

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Efficient mobility

We are getting closer and closer to our vision of sustainable mobility. We are using innovative efficiency technologies in all models and adding electrically powered cars to our model range. By 2020, we want to cut the CO_2 emissions of our vehicle fleet in half compared to 1995.

Legal regulations on emissions are becoming increasingly stringent worldwide, continually posing new challenges to the automotive industry. 93% of the vehicles we sell are subject to corresponding legislation. Long before the official announcement of regulatory changes in the year 2000, the BMW Group had already set the course for reducing fuel consumption and emissions.

Based on our Efficient Dynamics development strategy, the BMW Group reduces the energy requirements of every vehicle through intelligent lightweight construction and consistently optimised aerodynamics. At the same time, we are improving the efficiency of traditional internal combustion engines as we successively offer more electrified drives based on the BMW i drive technologies, including models of the core BMW brand. Our efficiency technologies are further developed and joined by new technologies on an ongoing basis.

Since 2013, we have added electric drives in products of the BMW i sub-brand to our portfolio. Plug-in hybrids are an increasingly important component of this strategy. We are thus creating the basis for continuing to meet the performance standards for CO_2 emissions and fuel consumption in the future.

CO_2 EMISSIONS REDUCED IN ALL NEW VEHICLES

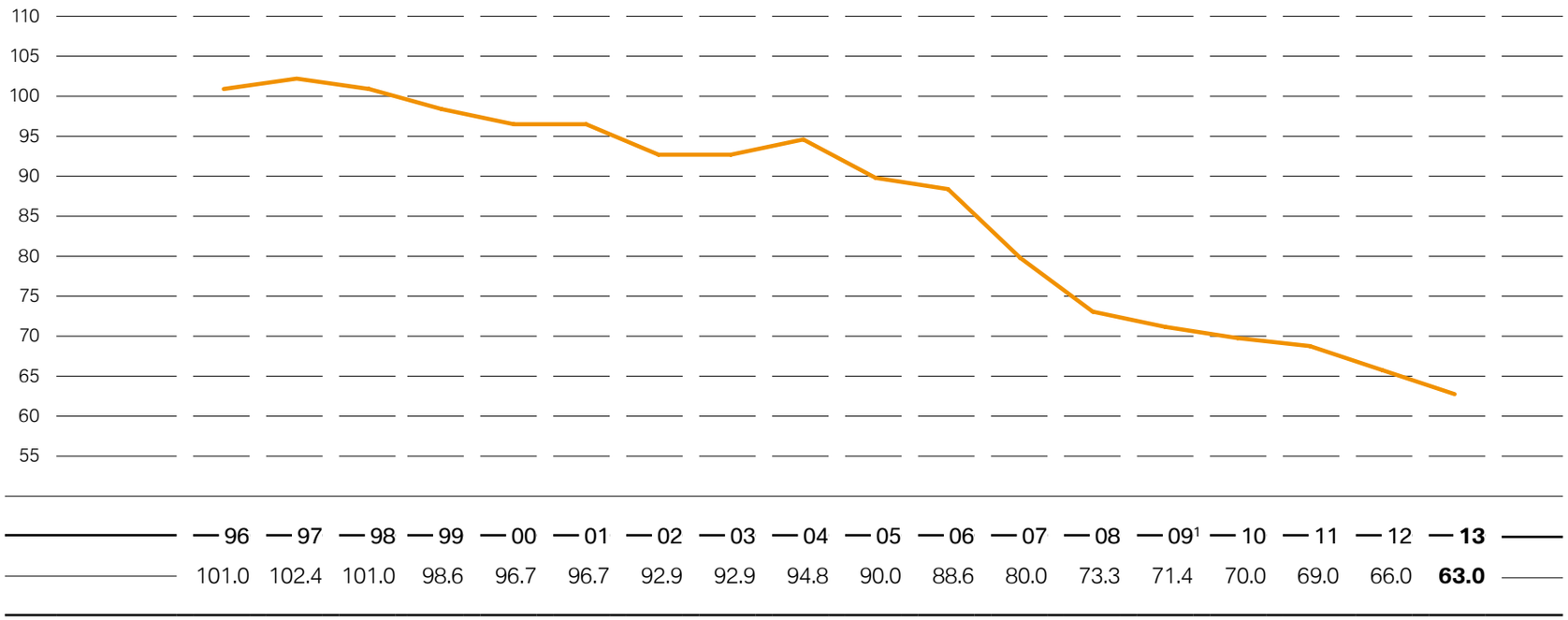
Between 1995 and 2013, we reduced the CO_2 emissions of our newly sold cars in Europe (EU-27) by more than 37%. Average fuel consumption in 2013 was 6.2 litres of petrol per 100 kilometres or 4.8 litres of diesel per 100 kilometres. Average CO_2 emissions were 133 grams of CO_2 per kilometre.

These are important achievements for the BMW Group, but represent only one step towards our goal. As resources dwindle and climate change continues unabated, we must strive to further reduce carbon emissions, improve energy efficiency and switch to alternative drivetrain technologies. By 2020, we will therefore reduce the CO_2 emissions for our vehicle fleet by 50% compared to the base year 1995.

We are steadily moving closer to achieving our long-term goal of sustainable mobility. In 2013, 39 models had maximum CO_2 emissions of 120 g/km. For development of CO_2 emissions in our vehicle fleet > see Figure 07.

F.07 **Development of CO_2 emissions of BMW Group cars in Europe**

(Index: 1995 = 100; Basis: Fleet consumption of newly registered cars in Europe [EU-15] measured on the basis of the New European Driving Cycle in accordance with the ACEA self-commitment)



96	97	98	99	00	01	02	03	04	05	06	07	08	09[1]	10	11	12	**13**
101.0	102.4	101.0	98.6	96.7	96.7	92.9	92.9	94.8	90.0	88.6	80.0	73.3	71.4	70.0	69.0	66.0	**63.0**

[1] Measured only on EU-27 basis from 2009 onwards.

COMPONENTS OF EMISSIONS-FREE MOBILITY

Over a decade ago, the BMW Group had the vision of ensuring the long-term competitiveness of all vehicle models and offering the most efficient and dynamic vehicles.

BMW is thus preparing itself to face changing market conditions (the development of metropolises/mega-cities, regulatory requirements, resource scarcity, etc.) as it also keeps pace with shifting values.

Efficient Dynamics means providing the most efficient overall vehicle concept and the most intelligent energy management possible for every vehicle produced by BMW:

- **Revolutionary lightweight construction concepts** and the industrial use of new materials such as CFRP as well as the reuse of recycled material.
- **Optimal aerodynamics** thanks to our in-house aerodynamics testing centre, one of the most advanced wind tunnels in the world.
- **Intelligent management of all energy flows** in the vehicle and the consistent use of driver assistance systems for optimal energy efficiency across all model ranges.

In addition to the battery-powered BMW i3 for completely emissions-free mobility within cities, we will take the next step in June 2014 by offering our first

plug-in hybrid, the BMW i8. The BMW i8 delivers unlimited mobility for longer distances while achieving the best fuel economy of any BMW Group vehicle powered in part by an internal combustion engine.

In addition to battery-powered electric vehicles, the BMW Group also wants to achieve its vision of completely emissions-free electric driving over longer distances with short refuelling stops for larger vehicles equipped with hydrogen fuel cell technology. At the same time, we are also the benchmark in terms of the efficiency of conventional drive concepts, thanks to the constant evolutionary development of conventional drivetrains as well as ongoing advances in the networking of vehicles, drivers and the environment.

We remain confident that we are thus well equipped worldwide to face the challenges of the coming years.

SAVING FUEL AND REDUCING EMISSIONS THROUGH EFFICIENT TECHNOLOGIES

Among the technologies resulting from the Efficient Dynamics strategy are efficient engines, optimised aerodynamics, intelligent energy management, lightweight construction, forward-looking drive control, the Auto Start Stop function, brake energy regeneration, tyres with reduced rolling resistance, air flap control and laser light technology. These are not optional extras for niche or special models but standard in every new vehicle since March 2007.

Connected Drive

Efficient Dynamics opens up further potential in combination with BMW ConnectedDrive – a package of intelligent technologies that interconnect the driver, vehicle occupants, the vehicle itself and the environment. For example, traffic on the main roads

ADDED VALUE THROUGH CONNECTING — BMW ConnectedDrive.

is shown in real time on the BMW navigation systems. This enables the driver to avoid congested areas and save on fuel.

ECO PRO mode

All BMW models now come standard with a Drive Performance control for activating the ECO PRO mode. Depending on individual driving style, the ECO PRO mode allows fuel savings about 15%. As this mode is not activated in the usual test cycles, the full fuel savings are realised only in real day-to-day driving.

Active Coasting

Active Coasting is an innovative function for automatic vehicles that the BMW Group brought onto the market in 2012 and which now comes as standard in all new models. The principle involved is extremely simple: by releasing pressure on the accelerator, the driver automatically disconnects the engine from the gearbox. The vehicle then decelerates through air resistance and the rolling resistance of the wheels alone. Active Coasting is particularly effective for

drivers who have a predictive driving style of the kind enabled by the Proactive Driving Assistant.

Proactive Driving Assistant
Drivers themselves have a significant influence on actual fuel consumption. The Proactive Driving Assistant uses data from the navigation system to tell the driver about speed limits, tight bends and roundabouts or turns ahead. It gives the driver tips on the most efficient way to drive in these situations, enabling maximum possible fuel economy. Since 2013, we have gradually been introducing Proactive Energy Management as well. Along with the proactive function in ECO PRO mode, an intelligent drive system is also able, in the sport and comfort modes, to change to the right gear in advance of the corresponding driving situation. This avoids unnecessary gear changes and significantly increases fuel economy even beyond the ECO PRO mode.

As well as reducing the carbon emissions of our vehicles, we are working to bring down other emissions. We are playing a pioneering role in meeting the Euro 6 standards, which call for a significant reduction in nitrogen oxide (NOx) levels, in particular for diesel vehicles. Thanks to BMW BluePerformance technology, since 2008 customers can choose from several models with particularly clean diesel engines that comply with Euro 6 standards.

REALISING FURTHER POTENTIAL THROUGH HYBRID SOLUTIONS

The electrification of the drivetrain by way of various hybrid solutions is a vital component of our Efficient Dynamics programme that enables us to realise further fuel-saving potential. Since autumn 2012, the BMW Group has offered the models BMW ActiveHybrid 3, BMW ActiveHybrid 5 and BMW ActiveHybrid 7. Starting in 2014, the BMW i8 will round out the programme. The BMW i8 is the first plug-in hybrid produced by the BMW Group whose battery can also be charged via the electricity grid. It combines the driving performance of a sports car with the fuel efficiency of a compact. Its range when running on electricity will be approximately 37 kilometres, with CO_2 emissions of 49 g/km in the EU cycle.

Plug-in hybrid models use up to 50% less fuel than their combustion-powered equivalents.

According to estimates made by the European Automobile Manufacturers' Association (ACEA), between 3% and 8% of all new vehicles registered will be either fully or partially electrically powered by the year 2020. To make sure that we play an active role in this growing market, we will pioneer radical new solutions in this field as we have elsewhere, reaffirming our technological leadership.

EMPLOYING ALTERNATIVE DRIVETRAIN CONCEPTS

Under the BMW i brand, we bundle our activities in the areas of electromobility and mobility services (e.g. DriveNow), which are geared in particular towards responding to the challenges of future urban mobility.

Since 2007, our Project i has been developing completely new concepts for individual mobility as well as vehicle architecture and production that integrate sustainable solutions in an even more innovative fashion along the entire value chain. The models produced under the BMW i sub-brand don't simply have a different engine; they were conceived from the start

RECHARGING AT HOME — With the optional Wallbox the batteries of the new BMW i3 can be recharged in less than 3 hours.

as electric rather than combustion-powered cars (conversion approach). We conceived these models from the outset as new and independent vehicle concepts (purpose-build approach), because only then could the full potential of these drive concepts be realised and put at the service of customers. This includes intelligent lightweight design – using carbon-fibre-reinforced plastic (CFRP) and a host of new materials to produce vehicles of minimum weight – and especially resource-efficient production. This results in visionary vehicles that combine consistent sustainability with maximum range and driving pleasure.

Charging electric vehicles with green power

An electric car can only reach its full potential when it runs on electricity that is as carbon-neutral as possible. For the German market, we therefore entered into a strategic cooperation with Naturstrom AG in 2012 for the supply of electricity from renewable sources. BMW i customers will have the option in future of purchasing a suitable green electricity package for charging their electric vehicles. In the other international markets where the BMW i3 is sold, we will offer our customers similar solutions with local partners.

CERTIFIABLY SUSTAINABLE: ISO CERTIFICATION FOR THE ENVIRONMENTAL FOOTPRINT OF THE BMW i3

We already set ourselves sustainability goals when launching the development of the fully electrically powered BMW i3. Chief among them was a target for global warming potential (measured in CO_2 equivalents) as a concrete, measurable target across the vehicle life cycle – a good indicator for resource efficiency. This component of the environmental footprint now takes its place alongside the long-established parameters of vehicle weight, vehicle costs and fuel consumption. Over its entire life cycle, including vehicle use, a BMW i3 displays significantly less global warming potential than an extremely efficient car in the same segment with a combustion motor of equal size and performance. When a BMW i3 is run on the European Electricity Mix (EU-25), it has around one-third less global warming potential, and when run on electricity produced from renewable sources, this potential can even be reduced by half.

A large number of individual measures further contribute to the positive environmental scorecard. These have never before been implemented with this degree of consistency at the BMW Group. An important role in optimising the environmental footprint is played by the high proportion of recycled materials used, along with energy-efficient manufacturing processes. This includes the use of aluminium and carbon-fibre-reinforced plastic (CFRP). The lightweight alloy components of the BMW i3 consist to a large extent of so-called secondary aluminium, generated not from ore but from molten production residues and recycled materials. Secondary aluminium can be generated with significantly less energy. Primary aluminium produced using renewable energy also contributes to the sustainability of the BMW i3.

In the production of the so-called “life module” (passenger compartment), the BMW Group in many respects makes use of its expertise in the field of industrial CFRP production, unique in the automotive sector, in combination with sustainable manufacturing processes. In a process developed especially for BMW i models, for example, cutting scraps left over from the production of CFRP components can be returned to the production process. This reduces the need for raw materials from the carbon-fibre plant in Moses Lake (USA), the source of all the materials for CFRP components in the BMW i3. 100% of the electricity required for the manufacture of the carbon fibres is supplied from renewable sources.

For the customer, leather tanned with olive leaf extracts, eco-friendly quality-finished wood from certified European cultivation as well as the visible use of natural fibres in the instrument panel and door panels make tangible the new premium character of the vehicle, designed with sustainability in mind. 25% of the plastics used in the interior and the thermoplastics on the exterior are made up by weight of recycled materials or renewable raw materials.

Moreover, the energy required to assemble the BMW i models at the Leipzig plant comes exclusively from renewable sources. We built a wind farm on-site to directly power production at the plant. The TÜV Süd technical inspection agency reviewed the data and methods in detail according to fixed criteria. The validation certificate of the independent agency verifies that the methods used by BMW i meet the scientific state of the art and fulfil all requirements of the strict ISO standards 14040/14044.

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FULLY ELECTRIFIED DRIVING PLEASURE — The BMW C Evolution Scooter.

Getting around town on electric scooters

We plan to launch our electric scooter in 2014. The fully electric-powered scooter will have 48 hp and a range of 100 kilometres[1]. It has been designed as the first commuting vehicle expressly for travel between the outskirts and the city centre. The main focus here is on two requirements: performance comparable to that of a combustion-powered maxi-scooter and a high range in practice.

EMISSIONS-FREE DRIVING WITH HYDROGEN AND FUEL CELLS

Besides developing electric drivetrains using lithium-ion batteries, the BMW Group is also doing research into hydrogen and fuel cells as a further solution for local emissions-free driving with a greater range. Hydrogen is used here as an energy source that is converted by the fuel cell into electricity and water. This approach offers the possibility of extended ranges and refuelling times that are comparable to those for today's conventional drivetrains.

The BMW Group has been cooperating with the Toyota Motor Corporation (TMC) in this field since 2012. The aim is to jointly develop a basic fuel-cell-powered vehicle system that includes a hydrogen tank, electric engine, fuel cells and battery. Both companies are also cooperating on the development of technologies for producing lightweight bodies.

[1] Consumption: 0,0 l/100 km; CO_2 emissions: 0 g/km.

FORECAST

We will continue to offer innovative solutions for the diverse mobility needs of our customers. We are deliberately focusing our efforts on building a broad technology base so that in the coming years we can offer tailored solutions worldwide for wide-ranging individual mobility needs.

In 2014, the BMW Group will introduce the BMW i3 in many additional markets. The US market in particular promises great potential for electromobility. 2014 will also see the market launch of the BMW i8 and the electric scooter BMW C Evolution. With the electric scooter, the BMW Group is expanding its electromobility product portfolio to the field of two-wheeled vehicles.

We will also expand our range of vehicles that meet the Euro 6 standard.

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AWARD-WINNING SOLUTIONS FOR SUSTAINABLE MOBILITY

We have received several awards for our technological solutions for sustainable mobility, including:

- **FROST & SULLIVAN GLOBAL COMPANY OF THE YEAR AWARD:**
  1st place for the BMW Group in the category “New Mobility Products and Services”
- **AUTO BILD DESIGN AWARD 2013:**
  1st place for the BMW i8 Spyder in the category “Studies and Concept Cars”
- **AUTO BILD / BILD AM SONNTAG GOLDENES / GRÜNES LENKRAD (GOLDEN/GREEN STEERING WHEEL):**
  1st place for the BMW i3
- **AUTO BILD KLASSIK READERS’ CHOICE 2013:**
  1st place for the BMW i3 in the category “Future Classics”
- **AUTO ZEITUNG AUTO TROPHY 2013:**
  1st place for the BMW i3 in the category “Electric Cars”
- **AUTOMOBILE MAGAZINE 2013 DESIGN OF THE YEAR:**
  1st place for the BMW i8
- **COMMUNICATION DIRECTOR MAGAZINE EUROPEAN EXCELLENCE AWARD:**
  1st place for the BMW Group in the category “Automotive and Transport” for the multi-stakeholder approach in the communication for BMW i
- **ENERGY SAVING TRUST FLEET HERO AWARD 2013:**
  Award for the design and production of the BMW i3 in the category “Car and Van Manufacturing”
- **L’ARGUS DE L’AUTOMOBILE:**
  1st place for the BMW i3 in the category “Green Cars”
- **THE SUNDAY TIMES TOP 100 CAR LIST:**
  1st place for the BMW i3 in the category “Electric and Hybrid Car”
- **SCHWEIZER ILLUSTRIERTE SWISS CAR OF THE YEAR:**
  1st place for the BMW i3 in the category “The Greenest Car in Switzerland”
- **UNITED NATIONS ASSOCIATION OF NEW YORK HUMANITARIAN AWARD 2013:**
  Award for the BMW Group for innovations in the field of sustainable mobility
- **WHAT CAR? GREEN CAR OF THE YEAR:**
  1st place for the BMW i3

Product safety

As a provider of premium products and premium services for individual mobility, we regard the safety of our customers and other road users as fundamental to our sense of product responsibility. We take an integrated approach to mastering this challenge, which encompasses not only passive and active safety, but also aspects such as product labelling, safety training, the avoidance of potentially critical materials as well as minimising emissions in the vehicle interior. By addressing all these areas, we try to avoid risks for road users and any adverse health consequences in the event of an accident.

For more than 30 years, we have been carrying out systematic research into the causes of accidents and developing technologies and strategies to improve the safety of all road users. We take an integrated approach to this task, which means we analyse the entire process chain, from accident prevention to post-crash applications. Based on these analyses, we try to prevent accidents from happening in the first place through active safety measures, and to mitigate their consequences through passive safety features.

Avoiding accidents through driver assistance systems

A central measure for promoting safety is the implementation of driver assistance systems, which are now being increasingly integrated into our model ranges. They help make driving safer by identifying critical traffic situations in order to warn the driver and make sure they are handled safely. One example is the pedestrian warning system, which is already available in our BMW i3. Another example is the traffic jam assistant: in long and monotonous driving situations, for example in traffic congestion, the vehicle helps keep the car longitudinally and laterally positioned in the lane, easing the strain on the driver. In the medium term, these new driving features will even be able to assist the driver at higher speeds. For this purpose, we are developing technologies that go beyond today's state of the art in detecting the surrounding traffic situation.

Intelligent emergency call system saves valuable time

Another example is the Advanced Emergency Call system that forms part of our Connected Drive package. If an intelligent emergency call is triggered by a collision, this feature delivers not only exact position data, but also information with which the vehicle can be identified and the likelihood of severe injury predicted. This saves valuable time that can in extreme cases even make the difference between life and death. The Advanced Emergency Call is a forward-looking safety feature with functionality that already exceeds today the EU regulations under discussion for a mandatory and simply designed emergency call system from 2015.

A LIFE SAVER — Intelligent Emergency Call by BMW ConnectedDrive.

SAFETY FIRST ON 2 WHEEELS — BMW Motorrad Sicherheit 360°.

Actively communicating safety

BMW Group products are developed and manufactured in strict compliance with quality management systems. The BMW Group monitors its products on the market and examines all feedback on the topic of safety. If necessary, the responsible authorities are informed and all measures that serve customer safety are initiated. The BMW Group has established the relevant committees, processes and organisations for this purpose.

PASSIVE SAFETY SYSTEMS SAVE LIVES

Energy-absorbing crumple zones, safe passenger cells, restraint systems, airbags and a host of other passive safety features protect the lives and health of drivers on a day-to-day basis.

In order to afford drivers and passengers the greatest possible protection in the event of a collision, various safety elements work hand in hand. A networked system of highly sensitive sensors enables airbags to deploy in the appropriate situation and at precisely the right moment. Pyrotechnically activated seatbelt pretensioners and seatbelt force limiters further minimise risk of injury.

PREVENTING ACCIDENTS THROUGH ACTIVE SAFETY SYSTEMS

Active safety includes perfect chassis coordination, optimal traction and effective brakes. Electronic chassis control systems such as Dynamic Stability Control (DSC) and Electronic Damper Control (EDC) likewise contribute to preventing accidents. These are joined by driver assistance systems. Automatic warning and braking systems are already available as options for the BMW i3, the BMW 1 Series, BMW 3 Series, BMW 5 Series, BMW 6 Series, BMW 7 Series, the BMW X5 and the new MINI.

SETTING SAFETY STANDARDS WITH BMW MOTORRAD

BMW Motorrad is the only manufacturer today to offer a comprehensive safety concept. Safety 360° is based on an ideal meshing of three facets: innovative

safety technologies in the vehicle itself; safety derived from high-quality, functional rider equipment; and safety derived from rider training for every level and every terrain. These three areas cover the full spectrum of active and passive safety. As a safety pioneer, BMW Motorrad is consistently refining this concept.

Since the model year 2013, all BMW motorcycle models are equipped with ABS as a standard component. BMW Motorrad is thus defining the security standards worldwide for all motorcycle manufacturers and legislators. According to EU law, all newly registered motorcycles must be equipped with ABS from 2016.

GUARANTEEING PRODUCT AND SERVICE INFORMATION FOR CUSTOMERS

The BMW Group is obliged by the applicable legal regulations to inform customers about risks, hazards and the proper use of its products and services. In the European Union, for example, we report on the fuel economy of our vehicles based on the NEDC (New European Driving Cycle). Fuel consumption and CO_2 emissions for each vehicle model are also reported on the websites of the individual brands.

Information on vehicle safety and protecting customer health can be found in the respective manuals or in notes inside the vehicle (e.g. rescue card) as well as on our manufacturer websites. Additional background information on service, accessories, parts and BMW ConnectedDrive is likewise available online.

TRAINING FOR SAFETY — BMW Driving Experience.

Technical assessment during the release process ensures that product and service information for customers (manuals in particular) meets all requirements.

DRIVER SAFETY TRAINING

The BMW Group also contributes to protecting road users through driver safety training. Today we offer some 50 different training courses in 26 countries worldwide on BMW and MINI cars and BMW motorcycles. BMW is the first manufacturer of premium automobiles to offer, with the BMW i3 eDrive Experience, a training experience with an electric vehicle. Here, the special product features are combined with extensive driver safety training. In 2013, more than 22,000 participants in driving safety courses learned how to identify critical driving situations and respond properly, and how to avoid such situations in the first place if possible. Over the next few years, these driving safety training modules will be made available on a professional level as Driving Experience courses in further markets in accordance with

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our internationalisation strategy, so that more participants can benefit from them.

The BMW Group also provided police units with 61 vehicles in 2013 for their own driver training. This promotes safety in police operations. Additional vehicles are delivered to fire departments and the Fire Fighters' Association so that they can learn rescue techniques using modern cars.

USING SAFE MATERIALS

For each phase of the vehicle life cycle (from development, to use, to disposal) our specialist departments ensure compliance with the worldwide legal requirements for product safety and human health. In the early development phase, an interdisciplinary working group on "Materials" evaluates the potential materials to be used in a product to determine their risk potential and eliminate any problematic candidates. The working group can then intervene in the selection and development process as well as in BMW's production as needed. This means that new legal requirements such as the EU chemicals regulation REACH can be reliably integrated into product development.

Qualifying the materials used

We test all current and future products according to the exacting standards of the BMW Group. As well as series parts, all auxiliary production substances and process materials such as paint and adhesives also undergo rigorous qualification processes.

The material composition of components is documented in material data sheets. The International Material Data Sheet system (IMDS) is the central data structure used by the global automotive industry. In the IMDS system, material data sheets (MDS) are transmitted along the value chain from raw material suppliers to the automotive manufacturer (OEM) and checked and released by each recipient. After careful examination of the data, the BMW Group then enters the approved IMDS data sheets into our own MDS system. In this system, material data sheets for in-house parts are also created. This BMW Group material data sheet system assists the company for instance in the fulfilment of legal requirements such as the bans on certain materials outlined in the EU End of Life Vehicle Directive.

Furthermore, as part of BMW's production processes, all chemical substances that are used by the BMW Group are documented. They are first inspected to ensure their safety and then released for a specific application through the central recording system for environmentally relevant substances (ZEUS). The system also provides detailed

OUTSTANDING VEHICLE SAFETY

We have received numerous awards for the safety of our vehicles, including:

- **BMW X3** – IIHS TOP Safety Pick
- **BMW i3** – Euro NCAP 4 stars and Euro NCAP Advanced Award
- **BMW 3 Series China Long Wheelbase** – China NCAP 5 stars and 2013 China Annual Top Safety Car, China's premier vehicle safety award
- **BMW 5 Series** – Korea NCAP 5 stars

2.3

specifications and tips on handling these products as well as on first aid, storage and transport.

AVOIDING EMISSIONS INSIDE THE VEHICLE

Emissions inside BMW vehicles have been significantly reduced since the 1990s. This was accomplished through a plan drafted by independent experts setting target levels for interior emissions and its implementation in new material concepts.

By complying with our internal guidelines for the development of new vehicles, our vehicles have lower levels of interior emissions than those legally defined anywhere in the world.

FORECAST

In the coming years, we want to further strengthen both active and passive safety features. We will focus here on the consistent roll-out of warning and emergency braking systems in all vehicle segments.

In 2014 and 2015, we will continue to integrate Active Protection features and AEB (Autonomous Emergency Braking) systems into further models. This also includes the pedestrian warning system, which will be available for all BMW Group vehicles.

Furthermore, with our vision of highly automated driving, we are already building the technological and methodological expertise that will allow us one day to offer a number of cutting-edge driver assistance systems, bringing us one step closer to accident-free mobility.

Several research prototypes equipped with technology that is close to reaching series maturity are already able to function on the motorway with a high degree of automation including switching from one motorway to another at motorway intersections. Our research vehicles slow down, speed up and pass independently – always taking into account the respective traffic situation and observing all traffic laws.

Such vehicles have already covered some 10,000 test kilometres. We are working closely with the relevant authorities to design the legal framework for the highly automated driving features of the future.

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Resource efficiency and recycling management

Intelligent design and the use of secondary and renewable raw materials enable us to reduce our consumption of valuable resources. By optimising our recycling structures, we are preparing now for increasing volumes of electric vehicles in the future.

In the initial development and architecture phase, we already design our vehicles and processes with a view to minimising the use of valuable resources. By processing manufacturing waste, we gain secondary raw materials while protecting the environment. We also save resources through the targeted use of renewable raw materials. We can draw on established systems for the recycling of end-of-life vehicles, components and materials.

Initially implemented on the German and European markets, the BMW Group's recycling systems are gradually being rolled out internationally and have already been established in some 30 different countries. European dealers are contractually obligated to meet BMW retail standards for old-parts recycling. These standards, along with our global network for returning used components, for example old catalytic converters and in the future thermoelectric generators, are helping us to protect resources and make more efficient use of raw materials.

New drivetrain concepts, new challenges

The successive introduction of new forms of drivetrain and the modified vehicle concepts that result are presenting new challenges in the use of resources. One example is the increased application of components made of innovative, lightweight carbon-fibre-reinforced plastic (CFRP), which is used for the passenger compartments of the BMW i3 and BMW i8. When talking about the reuse of carbon fibres from manufacturing waste, we have to distinguish between pure carbon fibres and fibres with a resin matrix. All fibres without a resin component can be reused directly as a raw material. Plastic-reinforced parts are first separated from the resin using an established method (for example pyrolysis) and then processed further.

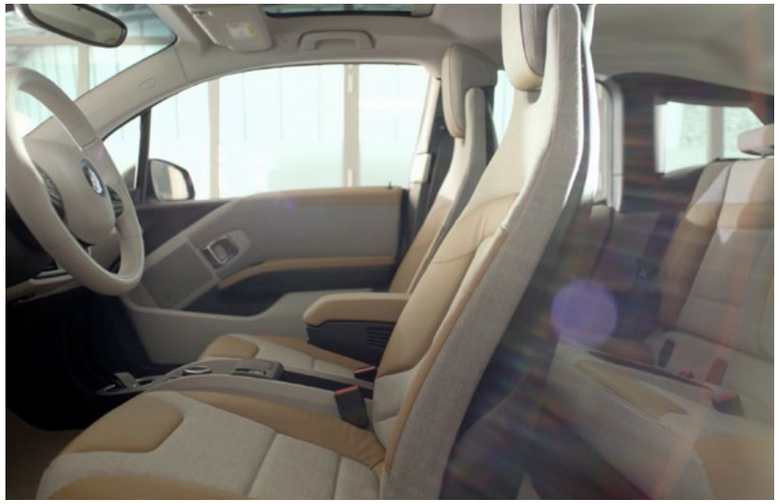
USING RAW MATERIALS AND RESOURCES INTELLIGENTLY

For us, dealing intelligently with raw materials and resources begins long before the time comes to dispose of them.

Making recycling part of the process from the outset

Even in the early stages of vehicle development, the decisions our designers and engineers make, including the selection of materials and components, will determine the reusability of our vehicles decades into the future. In line with our principle of Design for Recycling, we create our vehicles in such a way that their components can largely be reused or recycled efficiently once the vehicle reaches the end of its life cycle.

WASTE SEPARATION — Recycling at the BMW plant in Spartanburg.



INNOVATIVE MATERIALS — Interior of the BMW i3.

At the same time, our BMW Group Recycling and Dismantling Centre (RDZ) near Munich (another one is scheduled to become operational in Shenyang, China in 2016) is working continuously to come up with new solutions for vehicle recycling. The RDZ is currently trialling recycling concepts for the new vehicle components found in hybrid and electric models. Batteries from vehicles of this kind can either be passed on to existing networks of recycling businesses or used, for example, to produce photovoltaic systems.

End-of-life vehicle recovery and recycling

In the early 1990s – long before the legal regulations were established – the BMW Group began to build an extensive network in the European Union for the recovery and recycling of end-of-life vehicles (ELV). Each ELV returned to the BMW Group in this network is recycled at no charge to the last owner. In Europe, the BMW Group has contracts with some 2,500 vehicle recyclers.

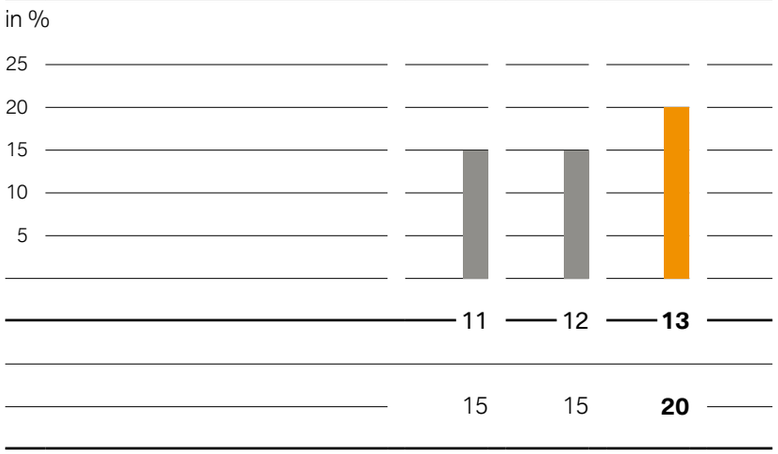
In 2015, the legally required recycling rate for end-of-life vehicles, components and materials will be raised to 85% reuse and recycling of materials and 95% overall recovery. We began to prepare for these requirements at an early stage, so that all vehicles marketed by the BMW Group since 2008 already meet the requirements set for 2015.

USING SECONDARY AND RENEWABLE RAW MATERIALS

Secondary raw materials are finding more and more applications in our vehicles. Up to 20% of the thermoplastic materials in our automobiles are already made from recyclates. One example is the substrate used for the centre console and the door armrest. By using recyclates in our vehicles we reduce the need for mineral oil to manufacture plastic components while contributing to saving energy and to resource efficiency.

2.4

F.08 Ratio of plastic recyclates in vehicles[1]



[1] Recyclate share in thermoplastic materials. The vehicle with the highest share of recyclates is shown.

Wherever it makes technical, business and environmental sense and is socially acceptable, we replace artificial materials with natural, renewable materials. In addition to leather for the interior and biopolymers for technical features, the focus here is on alternative materials with natural fibres as a substitute for classic plastics. Examples are wool upholstery, cotton in sound insulation panels, flax and sisal fibres in substrates for door panels and parcel shelves, or wood fibres in seat back panels.

FORECAST

In the coming years, we want to further improve our resource efficiency and increasingly close our material cycles. An example: due to a new air purification system used in our paint shops, pulverised limestone results as a by-product. Currently, various methods are being researched worldwide for reusing this pulverised limestone in cement factories or coal-fired power plants.

We are also looking into innovative solutions for the reuse of old batteries from electric cars. The aim is to extend the life cycle of lithium-ion batteries developed specifically for use in the BMW i3 as far as possible. To this end, we are developing various concepts for potential reuse. Used batteries can, for example, serve as stationary power storage, thus optimising the use of renewable energy sources as well as providing reliable power supply to buildings.

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Future mobility

We want to shape tomorrow's mobility. To do this, we are developing visionary vehicles and mobility services under the BMW i brand. BMW i represents a new premium standard defined chiefly in terms of sustainability.

The BMW Group today faces the challenge of how to anticipate changing mobility needs early on and meet them successfully. The central questions are: What is the future of individual mobility in cities with increasingly dense populations? What concepts are needed in order to make mobility climate-friendly and easy on resources?

The BMW Group aims to make the entire value chain of future mobility as sustainable as possible. Environmental sustainability is a focus here, along with social impact and economic viability.

Our traffic researchers and engineers are hard at work on new solutions for the mobility of tomorrow. For example, since 1998, the Institute for Mobility Research (ifmo), a research organisation that is part of the BMW Group, has been studying the mobility challenges various means of transport will be facing

THE FUTURE OF MOBILITY — Mobility services by the BMW Group.

in the future. The institute is guided by a Board of Trustees whose members include, along with the BMW Group, high-ranking representatives from the German railway company Deutsche Bahn AG, Deutsche Lufthansa AG, MAN AG, Siemens AG and the World Bank, as well as scientists from various disciplines. The institute's research findings are incorporated into the strategy process of the BMW Group.

DEVELOPING AND IMPLEMENTING SUSTAINABLE MOBILITY SERVICES

Convenient electromobility through BMW i 360° ELECTRIC

One example of our holistic approach to electromobility is our 360° ELECTRIC product and service package. It includes recharging both at home with the BMW i wallbox and on the go at ChargeNow public charging points. 360° ELECTRIC also includes Assistance Services with Connected Drive services designed specifically for electromobility as well as further service and repair offers. In addition, BMW Add-on Mobility gives customers access to conventional BMW vehicles for

long-distance travel as well as the car-sharing service DriveNow. 360° ELECTRIC thus provides easy and convenient electromobility in virtually any situation.

Mobility services in step with the times
BMW i stands not only for innovative electric and hybrid vehicles, but also for a more extensive sustainable mobility concept. Vehicles and mobility services are intelligently linked to promote urban mobility with and without cars. BMW i offers the following mobility services:

Premium car sharing with DriveNow
In 2011, the BMW Group and Sixt AG launched the car-sharing service DriveNow. It is the first car-sharing concept to build exclusively on efficient premium automobiles and comprehensive service. Cars can be picked up and left wherever the customer wishes within certain city limits. So far, the offer is available in Munich, Berlin, Düsseldorf, Cologne, Hamburg and San Francisco. As of the end of January 2014, there were around 220,000 registered members, more than twice as many since December 2012.

We are increasingly combining our car-sharing offers with our electric drivetrain solutions. Since June 2012, 72 electrically powered BMW ActiveE cars have been available to members in San Francisco. In the second quarter of 2013, a total of 60 BMW ActiveE cars joined the DriveNow fleets in Munich and Berlin. With a powerful electric engine, an aerodynamic body and modern lithium-ion battery technology, the BMW ActiveE stands for visionary, zero-emissions mobility.

MORE THAN 220.000 SUBSCRIBERS — Car sharing with DriveNow.

LOW-COST MOBILITY — Corporate Car Sharing mit AlphaCity.

Car sharing for corporate customers: saving on costs with AlphaCity
With the innovative car-sharing product AlphaCity, companies can offer their employees an efficient alternative to taxis, rental cars or public transport, for either business or private use. While DriveNow is specifically aimed at private customers, AlphaCity is an ideal solution for businesses and their employees. With extensive use, the system offers significant savings potential on the total cost of ownership.

AlphaCity is currently available to customers in seven countries: Germany, France, the Netherlands, England, Denmark, Belgium and Spain.

Locating and paying at ChargeNow charging points
ChargeNow, a mobility service of BMW i 360º ELECTRIC, is the largest network of public charging infrastructure suppliers. Drivers can locate ChargeNow charging points via the BMW i ConnectedDrive services in the navigation unit, using a smartphone or on the website. Thus, locating and using public charging points couldn't be easier. Payment can be made cash-free simply by using the ChargeNow card. Once a month, the customer receives a detailed overview of the charging transactions and the associated costs.

Find a parking space using ParkNow
Drivers in the greater San Francisco area can use our ParkNow service to locate unoccupied parking spaces in multi-storey car parks, saving not only time but also fuel and doing both their finances and the environment a favour. The service also provides useful tips such as where to find a car wash or the availability of bicycles for hire in the respective ParkNow locations.

With the BMW i3, ParkNow LongTerm is also being introduced to help customers rent a long-term parking space that is equipped with a charging station.

Investing in mobility services through BMW i Ventures
BMW i Ventures makes high-potential investments in mobility services. We look for long-term strategic partnerships in the areas of e-mobility, navigation, parking, car sharing and intermodality (mobility with several modes of transport). BMW i Ventures belongs to the sub-brand BMW i.

Linking parking spaces with drivers with ParkatmyHouse
The web portal ParkatmyHouse.com (PAMH) is an innovative online marketplace designed to link available private parking spaces with drivers in search of parking. The marketplace is a strategic investment by our venture capital company BMW i Ventures. After getting off the ground in London, the service has now spread throughout the UK and has more than 440,000 registered drivers as well as parking spaces at over 94,400 locations.

Finding your way in the city with MyCityWay
MyCityWay is a free app for smartphones. It supplies traffic information in real time for 70 cities worldwide and identifies shops, restaurants and ATM cash machines in the user's direct vicinity. MyCityWay is an example of how we are offering premium services under the BMW i sub-brand that simplify customers' lives and give them access to real day-to-day benefits regardless of whether or not a car is involved.

Life360 brings family members together
Life360 is an innovative smartphone app that connects families across the city. With the help of location-based technology and the so-called check-in feature, users can see on a map where various family members happen to be at a certain time.

Other features are direct contact via chat and navigation to wherever the other family members are located. There's also an emergency button for rapid on-site assistance in case of emergency. The partnership between Life360 and BMW opens up new

possibilities for innovative, location-based and integrated mobility services. It supports and enriches the way families live in and experience a city. So far, 21 million families have registered.

Investments in charging infrastructure: ChargePoint and Chargemaster

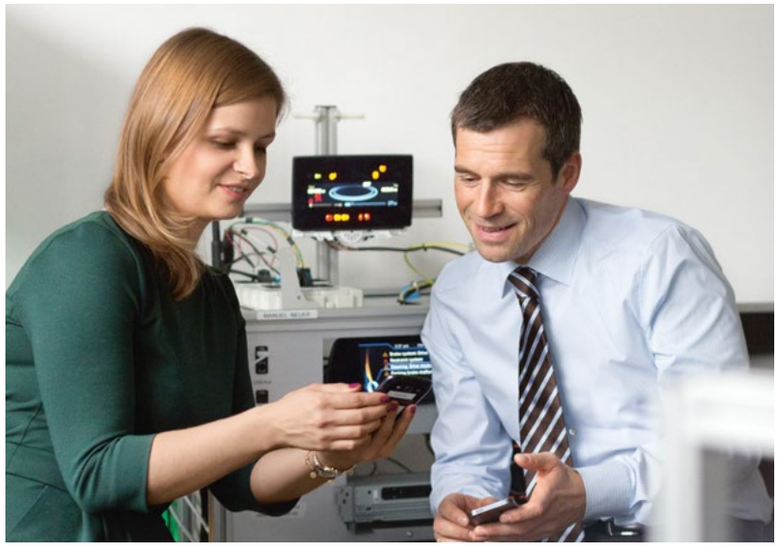
BMW i Ventures has also made investments in ChargePoint and Chargemaster. ChargePoint is a US company with the world's largest network of charging points for electric vehicles. Chargemaster is the largest infrastructure provider for the recharging of electric vehicles in the UK, and is also available in other European countries, and is growing.

Both providers are partners of the BMW i ChargeNow network.

RESEARCHING AND REALISING MOBILITY SOLUTIONS

Our efforts in the field of mobility research already took a step forward in 1995 with the founding of the Inzell Initiative. Within this platform, the city of Munich and the BMW Group are working in close cooperation with other stakeholders to search for new and intelligent solutions for improving the traffic situation in the greater Munich area. Innovative new mobility concepts and traffic systems are playing an important role in paving the way to the future.

One successful result of this partnership is the Intermodal Route Planner pilot project. The goal here is to develop an integrated mobility service enabling simple, convenient door-to-door trip planning using multiple modes of transport. The route planner is available to customers with BMW i ConnectedDrive and the BMW i navigation. For the future, the goal is to integrate not only cars and public transport in the routing, but also pedestrian routes and other mobility services such as bicycle and car sharing.



AHEAD OF THE GAME — Developing mobility solutions for tomorrow.

PROJECT VISION MOBILITÄT 2050: REGION MÜNCHEN

In the project Vision Mobilität 2050: Region München (Vision Mobility 2050: Munich Region), the participants in the Inzell Initiative are attempting to develop a road map for traffic in the Munich region. Similarly promising is the project Modellquartier (Model Quarter), an offshoot of Vision Mobility 2050: Munich Region that aims to develop a model urban district focusing on sustainable and seamless mobility.

WIMOBIL

In 2012, we also launched the research project WiMobil. Here, the BMW Group is investigating the impact of e-car-sharing systems on mobility and the environment in urban areas. Funded by the Federal Ministry for the Environment, Nature Conservation and Nuclear Safety (BMU), the project is scheduled to run for three years. Project partners are the BMW Group and DB Rent GmbH with its Flinkster car-sharing system. Also participating are the cities of Berlin and Munich as well as the Universität der Bundeswehr in Munich and the Institute of Transport Research at the Deutsches Zentrum für Luft- und Raumfahrt e.V. Since the second quarter of 2013, user surveys, mobility tracking and backend data recording conducted as part of the research project have been providing insights on how e-car-sharing is used and by what target groups, which regions demonstrate a demand for this service, what the environmental impact of the systems and charging infrastructure might be, and which development scenarios result for e-car-sharing systems.

ELECTROMOBILITY FOR FUTURE CITY PLANNING

As part of the Schaufenster Elektromobilität (Bayern – Sachsen: Elektromobilität verbindet / Electromobility Showcase Bavaria – Saxony: Electromobility Connects), we launched the research project ePlan in 2013. In this project, the BMW Group explores the impact of electric vehicles on future urban development, infrastructure and city transport planning. The goal is to develop an innovative planning tool, the Electrical Infrastructure Masterplan LHM, for the city of Munich.

The focus is on the systematic planning and development of a city's overall charging infrastructure as well as the analysis of direct empirical data on the operation, use and care of e-vehicles in daily private use. Also planned is the development of a city-friendly, efficient e-car-sharing system as well as analysis of the suitability of electric taxis for everyday use.

The research undertaking is a joint project involving Munich, the BMW Group, the BMW i car-sharing programme DriveNow, Audi AG, the Forschungsstelle für Energiewirtschaft e.V., GE Global Research, the IsarFunk Taxizentrale GmbH & Co. KG, the Städtisches Klinikum München GmbH and the Universität der Bundeswehr.

MOBILITY ACROSS ALL END-DEVICES

As part of the MINI E Berlin powered by Vattenfall project, the BMW Group was able to gain new insights between 2009 and 2012 with an intermodal mobility assistant tested as an iPhone app. The app is currently being further enhanced as part of the Inzell Initiative. Its purpose is to provide people with intermodal route information via a range of different media, both for planning their journeys in advance and for finding answers to questions while they are on the move. Work is under way to enable the seamless transitions needed between PCs, mobile-device-based Web services and in-car navigation systems in order for the system to function.

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BMW ActiveE USER STUDY WITH LONG-DISTANCE COMMUTERS

Since the first quarter of 2013, the BMW Group, together with the Technical University of Chemnitz and the Leipzig public utilities, has been conducting a user study of long-distance commuters in the greater Leipzig area to determine the benefits of the BMW ActiveE. It examines the viability of an electrically powered vehicle in ranges of 40 to 100 kilometres per day. In a total of five phases until 2014, 15 private users in each phase will use a BMW ActiveE over a period of 12 weeks.

MAKING OPTIMAL USE OF WIND ENERGY

The Controlled Charging V2.0 project is a further enhancement of the charging concept developed within the framework of the project MINI E Berlin powered by Vattenfall for the purpose of a functional demonstration. The goal is to improve the charging of electric vehicles using wind energy, considering the limited temporal and local availability of this renewable energy source. Charging should be confined here as much as possible to the timeframe during which wind power availability is high while the grid load is low.

DESIGNING THE ELECTRIC CAR OF THE FUTURE

In the collaborative project Visio.M, scientists at the Technical University of Munich have been working since April 2012 with experienced automobile engineers on concepts for electric cars that are not only efficient and safe, but also inexpensive to manufacture. BMW AG is at the head of the consortium. Supported by the Federal Ministry of Education and Research, the project has a total volume of €10.8 million.

RESEARCH FOCUS ON MOBILITY CULTURES IN THE WORLD'S MEGACITIES

The research focus Mobility Cultures in the World's Megacities is being extended further at the Institute for Mobility Research (ifmo). A new project is providing insights into changes in mobility patterns in modern cities such as New York or Paris. Will New York City one day become a city of bicycles? Is Paris the city of sharing (cars, cycles, etc.)? Where is Berlin currently setting trends? The project sets out to answer these and similar questions and to determine their implications for future urban mobility products and services.

SCENARIOS FOR THE FUTURE OF MOBILITY

The tradition established by the ifmo in 2001 of drafting future scenarios of various means of transporting people and goods in Germany was subsequently extended to the USA and China. Currently, the German scenarios are being updated for the year 2035.

The present study attempts to project central developments in the influential areas of demographics, economy, transport policy, technology and energy into the future and assess their impact on tomorrow's mobility. Independent external experts from the fields of science, business and public administration are contributing to the study. For the first time, attitudes toward mobility are being considered as a separate influence factor, because people's attitudes have a major impact on how mobility will develop going forward. The parameters considered include specific attitudes towards the various modes of transport as well as awareness of environmental issues and the willingness to use information and communication technologies. The ifmo scenarios are still a

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unique product in the field of international mobility research.

SUSTAINABLE MOBILITY PROJECT

The BMW Group is participating in the three-year Sustainable Mobility Project II initiated by the World Business Council for Sustainable Development (WBCSD). Transport and mobility issues are near the top on the agenda these days in many cities and regions. The aim everywhere is to enhance mobility while simultaneously mitigating any negative effects. The WBCSD project brings together a global, cross-industry group of mobility-related companies that are interested in working together with selected city administrations to promote sustainable urban mobility. The goal is to collaborate with the cities on road maps for expanding access to safe, reliable, convenient and intermodal mobility – without losing sight of issues such as affordability, traffic safety and minimal environmental impact. New concepts are to be drafted to facilitate the mobility of people and the transfer of goods and hence contribute to a prosperous and modern society. In the year under report, the BMW Group took charge of the "City Clustering" workstream, which classifies cities according to relevant mobility-related criteria. The typology helps to identify cities with similar mobility challenges in order to be able to scale the proposed solutions. In 2014, the BMW Group will be involved chiefly in the urban projects in Hamburg, Chengdu and Indore.

USING INFORMATION AND COMMUNICATION TECHNOLOGIES TO IMPROVE EVERYDAY MOBILITY

In a further project, the Institute for Mobility Research is examining how information and communication technologies are changing everyday mobility. The main questions include: When we use social media daily, do we spend more or less time on the go? Which modes of transport benefit? What does this mean for future mobility products and services?

FORECAST

Online applications and networking opportunities could very well bring about further changes in future urban mobility. Our goal is to be an engine for mobility research, to identify new trends at an early stage and to translate the most promising research findings into practical applications.

In the coming years, we intend to further expand our car-sharing service both nationally and internationally, increasingly integrating electric cars. At the same time, we will study the impact of car-sharing and e-car-sharing systems on mobility and the environment in urban areas.

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Customer satisfaction

The BMW Group's Strategy Number ONE puts customers at the focus of all we do. Their satisfaction with our products and services is a key prerequisite for our success, both today and in the future.

By means of studies, customer interviews and analysis of customer feedback we constantly explore how our products and services are perceived and what customers think we could do even better. Our strategic goal is to be top in the relevant market segment in terms of customer satisfaction, based on our vehicle concepts and reliability as well as the sales and support experience we offer. We track our success in this area through benchmark studies.

Achieving a high degree of customer satisfaction is largely the responsibility of our international subsidiaries, in cooperation with decision-makers at corporate headquarters. Since 2010, the largest markets (such as the USA, China and Germany) have reported every six months to a specially assembled committee, including the involvement of the Board of Management, which deals exclusively with customer satisfaction. They report on factors such as the key indicators from our ongoing customer satisfaction surveys, as well as the progress of central projects to improve customer satisfaction.

In 2011, we launched the Group-wide initiative CustomerFirst in order to enhance our focus on the customer in all areas of the company. The activities of the initiative aim at ensuring the sustained success of the BMW Group by aligning all processes and decisions for the benefit of the customer. We intend to achieve the highest possible customer satisfaction with our products, services and support, both at the time of purchase as well as during use.

In 2013, the BMW Group continued to take its usual voluntary prompt and consistent action in case of defects. Wherever it was required or useful to the customer, vehicles were recalled and defects eliminated well before any symptoms became obvious to their owners.

IMPROVING RETAIL PERFORMANCE

Transparent customer feedback

In 2010, we set about achieving transparency by enabling customers in a few key markets to see how other clients had rated our BMW and MINI dealerships. This approach was applied in all European markets in 2011 and has also been introduced in further markets.

The basis is formed by the constant use of customer satisfaction surveys. These are conducted by phone, in writing and online. The results are evaluated using a 5-star rating system (5 stars = excellent, 1 star = disappointed) and are published on the respective dealer's website along with brief customer comments. This level of transparency reflects the customer orientation strategy of the BMW Group and gives us and

our dealers added motivation to continue to improve customer focus in the future.

Experiencing sustainability in sales and services
We want BMW Group customers to be able to tangibly experience our philosophy of sustainability. Selected sales facilities have therefore been constructed as environmentally friendly buildings with low energy consumption, high energy efficiency as well as natural light and air conditioning, thus bringing our sustainable approach to life.

We have also ensured that green building requirements are being met for new builds by integrating them into the Europe-wide retail standards for our retail partners > see Chapter 3.2. In addition, sustainability has become an integral part of sales training courses. Our goal is for the sales staff at our dealerships to be so well-informed that they are able to answer any questions customers may have on the BMW Group's sustainability efforts.

Sustainability is therefore also a category in BMW's Excellence in Sales Award, the international BMW Group dealer competition that honours outstanding achievements in sales.

ETHICALLY CORRECT ADVERTISING

In our advertising we take care that we comply with all legal requirements and don't discriminate. The BMW Group develops central advertising campaigns for its brands. The campaigns are adapted by the respective country markets to the local/national circumstances and requirements, which in turn correspond to the country-specific guidelines. By way of internal committees and its own standards, the BMW Group ensures that advertising complies with applicable principles and ethical guidelines. The BMW Group constantly reviews its standards and rules of conduct with regard to advertising.

The BMW Group does not sell any products whose sale is prohibited in specific markets. We provide our customers with all the information necessary for a prudent and deliberate decision. Essential information is neither concealed nor presented in a misleading manner.

Our principles also include incorporating sustainability as a theme in advertising. This is done both by means of stand-alone campaigns (e.g. campaigns advertising the Efficient Dynamics models or the CO_2 Finder on our website) as well as through continuous vehicle-integrated communication.

The marketing specialists in each country are responsible for implementing our advertising activities there. The BMW Group is not aware of having violated any regulations pertaining to advertising during the reporting period.

ENSURING COMPREHENSIVE DATA PROTECTION

The BMW Group meets all data protection requirements when handling personal data from its customers, prospects, employees and business partners.

We have established a Group-wide committee to ensure a uniform level of data privacy worldwide. Personal data is only collected, processed or used if this is legally permissible, or with the consent of the interested party. The corresponding processes regularly review corporate data protection and its international network.

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If customers or prospects lodge any complaints regarding data protection, for example with respect to advertising campaigns, such complaints are promptly addressed and the data for the respective customer or prospect is immediately and permanently removed from the address list if requested.

The BMW Group is committed to the principles of customer self-determination, data processing transparency and data minimisation. In the field of vehicle communication (Connected Drive) as well, data security and prevention of misuse are a key concern.

IMPROVING EVEN FURTHER THROUGH CUSTOMER SURVEYS

Every year, we survey around 1.5 million customers in 94 markets to find out about their wishes and experiences. This feedback is then incorporated into the development and optimisation of our products and services. Feedback on the new BMW 1 Series, BMW 3 Series, BMW X1 and BMW 7 Series models was extremely positive and showed clearly that optimisations compared with previous models on the basis of customer surveys are successful.

Our customer surveys show that our customers' needs vary considerably from country to country, so we must take these national and cultural differences into account. We constantly survey our customers. In 2012, we implemented stricter standardisation requirements for the customer satisfaction surveys carried out in our subsidiaries in order to ensure the completeness and comparability of the results.

AWARD-WINNING SATISFACTION

In 2013, we received the following awards for customer satisfaction:

- **AUTO, MOTOR UND SPORT DIE BESTEN AUTOS 2013 (THE BEST CARS):**
  1st place BMW 3 Series, BMW 5 Series and BMW 6 Series Gran Coupé
- **ÖKOTREND DIE UMWELTFREUNDLICHSTEN AUTOS 2013 (THE MOST ECO-FRIENDLY CARS):**
  1st place BMW X1 sDrive 20d EfficientDynamics Edition and BMW 730d BluePerformance
- **DEKRA GEBRAUCHTWAGENREPORT 2013 (USED CAR REPORT) FAHRZEUG DES JAHRES (CAR OF THE YEAR):**
  1st place BMW Z4
- **AUTO BILD WERTMEISTER 2013 (VALUE MASTER):**
  1st place MINI Cooper S, BMW 320d Touring, BMW 520i, BMW X1 xDrive18d
- **J.D. POWER CSI (CUSTOMER SERVICE INDEX) 2013:**
  1st place for MINI in Japan in the relevant categories
- **J.D. POWER SSI (SALES SATISFACTION INDEX) 2013:**
  1st place for MINI in USA and Japan in the relevant categories
- **J.D. POWER APEAL (AUTOMOTIVE PERFORMANCE, EXECUTION AND LAYOUT) 2013:**
  1st place for BMW 5 Series in the USA

EXCEEDING EXPECTATIONS — Focus on customer satisfaction.

LET'S HELP

One action that has already been launched, and which we further expanded in 2013, is Let's help. Our employees are often approached by customers or prospects from their circle of acquaintances who want to offer suggestions or express their own wishes. The Let's help button on the intranet now enables employees to pass on these concerns quickly and easily to Customer Service.

FORECAST

In the coming years, we plan to further increase customer satisfaction and expand opportunities for direct contact with customers. With the launch in 2012 of the sales programme Future Retail we want to take more than ever the customer's perspective and offer more points of contact with customers and potential customers.

This also includes expanding our test-drive offerings and intensifying follow-up after delivery of a vehicle. To date, customer follow-up has extended to up to seven days after delivery in order to clarify any questions that may have come up and to show customers our appreciation for their business. Improvement measures that have already been initiated focus on measuring the lasting impact of the purchase.

With the BMW Group's Sales Quality Initiative (Q INI V), we continue to optimise the customer experience through process improvements, investments and training measures, in both sales and service as well as in the event of vehicle breakdown.

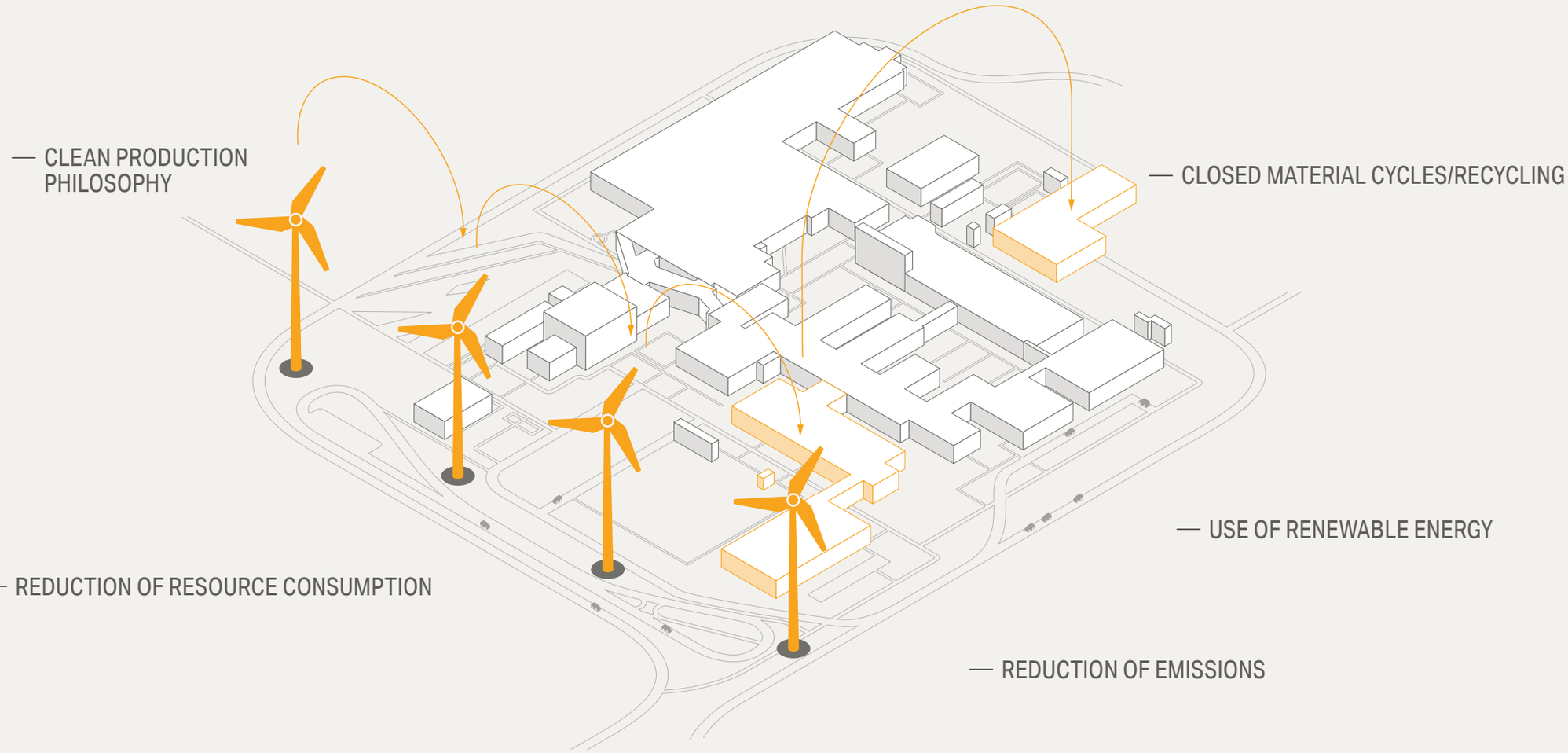
3

GROUP-WIDE ENVIRON-MENTAL PROTECTION

3

GROUP-WIDE ENVIRONMENTAL PROTECTION

WE PRODUCE IN A RESOURCE-EFFICIENT WAY.



Due to economic growth, population growth and technological progress, the demand for raw materials will continue to increase. Demand for energy will increase 40% by 2030.

Source: KPMG 2013. Future State 2030: The global megatrends shaping governments. IEA 2012 - World Energy Outlook.

3 GROUP-WIDE ENVIRONMENTAL PROTECTION

PROGRESS IN 2013

FURTHER REDUCTION IN RESOURCE UTILISATION

- In 2013, we reduced resource utilisation and emissions per vehicle produced by an average of 6.6% compared with the previous year. This is equivalent to cost savings of €6.8 million.

SIGNIFICANT INCREASE IN SHARE OF RENEWABLE ENERGY

- We increased further the share of renewable energy as a percentage of total power consumed across locations by the BMW Group from 36% to 48% in 2013.

WIND POWER PLANT STARTED

- For the production of the BMW i3, four windpower plants with a total installed capacity of 10 MW were commissioned on the premises of the BMW plant in Leipzig. They generate around 26,000,000 kWh of electricity annually.

KPIs

ENERGY CONSUMPTION PER VEHICLE PRODUCED

— 2013

2.36 MWh

2012 | **2.41** MWh | ↘

WASTE FOR DISPOSAL PER VEHICLE PRODUCED

— 2013

5.73 kg

2012 | **6.47** kg | ↘

WATER CONSUMPTION PER VEHICLE PRODUCED

— 2013

2.18 m^3

2012 | **2.22** m^3 | ↘

2014+ FORECAST AND OBJECTIVES

EXPAND SHARE OF RENEWABLE ENERGY SOURCES

- We will continue to expand our use of renewable energy. In 2014, we will use biomass as an energy source to cover part of the energy requirements of our production plant in Rosslyn (South Africa).

FURTHER INCREASE RESOURCE EFFICIENCY

- By 2020, we aim to have reduced resource consumption (energy, water, process wastewater, waste for disposal) and emissions per vehicle produced by 45% compared with 2006.

FURTHER OPTIMISE TRANSPORT LOGISTICS

- In the area of materials supply, we are continuously working to further optimise packaging at our production plants, thus reducing transport volumes. We will further expand rail transport of new vehicles.

3.1

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Our management approach

We aim to be not only the leading, but also the most resource-efficient, premium provider of individual mobility. In order to achieve this goal, we pursue a policy of comprehensive, Group-wide environmental management. This entails integrating environmental considerations into all our major investment decisions at an early stage, as well as tracking and monitoring all the relevant environmental indicators. We set the bar high and transfer best-practice solutions from within the company to the whole production network.

Our tradition of environmental protection at the BMW Group goes back a long way. An environmental protection officer was appointed as far back as the early 1970s, a first for the automotive industry. The Group established its own environmental guidelines in 1993, based on the ICC Charter for Sustainable Development and Agenda 21. In line with our Clean Production philosophy, we design our manufacturing processes for minimum environmental impact and resource consumption. We underscored this commitment in 2001 when we signed the International Declaration on Cleaner Production of the United Nations Environment Programme.

We aim to make a contribution towards combating climate change. The BMW Group plays its part in limiting greenhouse gas emissions, and CO_2 emissions in particular, by manufacturing efficient vehicles, implementing effective production processes, using renewable energy sources and carefully selecting its production locations.

ACHIEVING OUR GOAL OF CLEAN PRODUCTION

We are convinced that with farsighted thinking and by integrating environmental considerations in all business processes we can achieve both ecological and economic added value.

In 2007, we set ourselves the goal of reducing our consumption of resources and emissions per vehicle produced by an average of 30% between 2006 and 2012. We exceeded this goal and reached an efficiency improvement of more than one-third (35.7%). The parameters we use to measure this achievement include energy, water, process wastewater, waste for disposal and solvent emissions.

It is a challenge to achieve further reductions when processes are already very efficient. In spite of this, we set ourselves an ambitious new target in 2012 for the year 2020. We want to reduce our consumption of resources per vehicle produced by 45% compared to 2006.

Since 2006 we have reduced both the resources utilised and the emissions per vehicle produced by an average of over 40% (41.4%). This represents a significant step towards reaching our strategic targets by

the year 2020 – both in terms of increasing overall efficiency as well as the other objectives.

We have been able to achieve the following reductions in the past seven years:

Energy consumption	**–31.0%**
Water consumption	**–33.1%**
Process wastewater	**–42.7%**
Non-recyclable waste	**–69.7%**
Solvent emissions	**–36.7%**
CO_2 emissions	**–35.2%**

In 2013, the utilisation of resources and the emissions per vehicle produced were reduced by an average of 6.6% compared with the previous year, yielding savings of €6.8 million.

Measures implemented due to the continuous improvement process contributed towards improved efficiency in the use of both energy and water. At the Spartanburg plant (USA) in particular, water consumption was lowered by the use of condensed water gained from the cooling system. At the same time, good capacity utilisation at our plants also made a significant contribution to the efficient use of water and energy. A strong contributing factor in the reduction of non-recyclable production waste was a decrease by nearly one-quarter (23.3%) in waste at the Landshut plant, primarily through a higher recovery rate for production waste (e.g. foundry waste). The impressive reduction in solvent emissions per vehicle produced can be mainly attributed to the retrofitting of the paint shop at the Dadong plant in China (BMW Brilliance joint venture) to include an exhaust air filtering system.

F.09 Resource consumption and emissions per vehicle produced compared with previous year

	2012[1]	**2013**	Compared p.a.
Energy consumed in MWh	2.41	**2.36**	–2.1%
Water consumption in m^3	2.22	**2.18**	–1.8%
Process wastewater in m^3	0.51	**0.47**	–7.8%
Waste for disposal in kg	6.47	**5.73**	–11.4%
Volatile organic compounds (VOC) in kg	1.78	**1.59**	–10.7%
CO_2 emissions in t	0.72	**0.68**	–5.6%

[1] Due to a change in the calculation method, these figures cannot be compared with the 2012 figures.

INTEGRATION INTO THE ORGANISATION

Environmental protection is part of our sustainability management. The steering committee of our international environmental protection network controls environmental management under the direction of the Group Representative for Environmental Protection. Every machine, every building and every area at each production site is assigned to an operator. That operator is responsible for the products, processes, machines and technical systems in his or her allocated area as well as their environmental impact.

MOST SUSTAINABLE PLANT IN THE BMW PRODUCTION NETWORK — State-of-the-art paintshop at the BMW plant in Tiexi.

SHARING THE BEST-PRACTICE APPROACH

Environmental improvements that have been effective at one location are implemented at other locations wherever possible. Our six competence centres (for water, waste, energy, emissions, training and the environmental management system) are staffed by environmental experts from the different plants and by specialists from Corporate Environmental Protection. They discuss legal requirements and best-practice solutions with technology experts from the production plants and develop reference systems on which to base future planning and process improvements.

One recent example is the paint shop opened at our Tiexi plant (China) in June 2013, the most resource-efficient paint shop in our production network. This significantly lowers both the environmental impact as well as the ongoing costs of the production site.

CONSIDERING ENVIRONMENTAL ISSUES WHEN MAKING INVESTMENTS

One main method of enhancing resource efficiency is to consistently take account of environmental aspects when planning new investments. This allows potential improvements in efficiency to be identified and implemented at an early stage. If they are found to be insufficient, more environmentally friendly alternatives can be sought.

GROUP-WIDE ENVIRONMENTAL PROTECTION

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MATERIAL OF THE FUTURE — Joint CFRP production with SGL Carbon in Wackersdorf.

ESTABLISHING ENVIRONMENTAL MANAGEMENT SYSTEMS

We establish environmental management systems at all of our existing and future BMW Group production facilities worldwide as well as in our central planning departments (e.g. in Production and Development). With the exception of the motorcycle plant in Manaus, Brazil (national standard), these systems are certified in accordance with ISO 14001. The German and Austrian sites have undergone additional external audits and meet European Eco-Management and Audit Scheme (EMAS) standards. Environmental management coverage of BMW Group production facilities is therefore at 100%. We have also installed environmental management systems at our dealerships in Germany, Austria and Switzerland. All German dealerships, as well as six others in Europe (Vienna, Zurich, Rome, Milan, Madrid and Barcelona) are already certified in accordance with ISO 14001 and OHSAS 18001.

REQUIRING ENVIRONMENTAL PROTECTION FROM SUPPLIERS AND PARTNER COMPANIES

Beyond our own production lines, we also promote compliance with and improvement of environmental standards on the part of our suppliers. For example, in cases where environmental management is relevant and necessary, we require proof that suppliers have installed such a system > see Chapter 4.

We also work closely with our joint venture partners SGL Group and Brilliance Automotive Ltd. to implement continuous improvement. For example, our joint venture with SGL Automotive Carbon Fibers in Moses Lake (USA) uses renewable hydropower to produce its carbon fibres.

OUTLOOK

In the future, the BMW Group will continue to implement its Clean Production philosophy. We will intensify our efforts to achieve zero-emissions energy supply > see Chapter 3.2 **and roll out best-practice solutions Group-wide from our different locations (e.g. Leipzig in Germany, Steyr in Austria and Spartanburg in the USA).**

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Energy consumption and emissions

Our vision is to achieve a completely carbon-neutral energy supply for the BMW Group. With this in mind, we set ourselves the goal of becoming a leader in the use of renewable energy by 2020. Each year we are also reducing our energy consumption and our emissions per vehicle produced.

The BMW Group faces the challenge of guaranteeing a secure and economical, but also environmentally friendly, energy supply. All production sites of the BMW Group are required to use the most environmentally sound and economically sustainable energy source available. In 2013 we were able to continuously increase the percentage of electricity from renewable sources used in the BMW Group to 48% (36% in the previous year and 28% in 2011). An important goal for the future is to further increase this percentage.

DEFINING STRATEGIC AREAS OF ACTION

In order to further enhance our energy efficiency and to move forward with the use of renewable energy, we have defined five strategic areas of action:

- Further development of an integrated energy management system (transparency of consumption, targets management, monitoring at all locations), for which we collaborate with a range of process partners
- Continuous improvement of ongoing operations
- Planning and implementation of energy-efficient properties, plants and technologies
- Implementation of renewable energy projects
- Raising awareness, training and motivating managers and employees on the topics of energy and energy efficiency

LESS ENERGY CONSUMPTION, MORE SECURITY OF SUPPLY

Continuous reductions in energy requirements as well as a strategy of producing our own energy or drawing energy from local renewable sources increase our autonomy and ensure security of supply for the BMW Group. As a result, the probability of our production lines being affected by energy bottlenecks decreases.

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We monitor and optimise our energy consumption on an ongoing basis. To do this, we use an energy management system based on the environmental management systems ISO 14001 and EMAS. We are continuously improving these systems, for example by introducing tools to track the effectiveness of our energy efficiency measures.

SAVING ENERGY PAYS OFF

In addition to the intelligent use of energy, we are also focusing on renewable energy expansion. To this end, we have installed combined heat and power systems at a total of eight locations. These systems allow us to use both the electricity generated as well as the resulting waste heat. We are also continuously improving our vehicle production processes. Energy efficiency studies conducted at various BMW Group locations in 2013 identified potential for improvement amounting to more than 250,000,000 kWh.

We rely on state-of-the-art technologies to help us achieve our efficiency targets. In paint shops, for example, these include the Integrated Paint Process as well as optimising the efficiency of ventilation systems and closing energy cycles. The resulting reduction in energy costs in the face of rising energy prices makes the BMW Group more profitable and more competitive.

Reducing CO_2 emissions not only makes environmental sense – it is also a business opportunity for the BMW Group. In the third period of the European CO_2 emissions trading programme (2013–2020), emissions rights allocation will be reduced further each year. Therefore, every unit of energy saved pays off twofold, as the costs of energy consumption and the purchase of emissions allowances can be reduced as a result.

PIONEERING — Emissions-free building at the BMW branch in Berlin.

ACHIEVING SUSTAINABLE BUILDINGS AND PROCESSES

In general, every new plant is designed to raise the bar in terms of energy efficiency and to become a benchmark for all other plants. The most recent example is the plant our joint venture partner BMW Brilliance Automotive Ltd. (BBA) opened in Tiexi (China) in 2012. Lessons learned and innovations from other plants, for example cooling systems that use groundwater, were integrated into the design of this plant. Many measures were taken to optimise the use of energy, water and waste.

The reference system for sustainable construction is the basis for new-build projects and building conversions at the BMW Group. It sets down principles and concepts for buildings throughout the Group and enables the measures taken during the individual project phases to be monitored. The aim is to minimise consumption of energy and resources as well as environmental impact during all phases of building life cycles – from planning, construction, use and renovation right up to demolition and renaturation.

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Based on this reference system, we were able for example to certify all buildings erected for the production of the BMW i3 at our Leipzig site in accordance with the Leadership in Energy and Environmental Design (LEED) programme.

CONSTRUCTION AND FACILITY CONSULTANCY FOR DEALERS

Sustainability is also an integral part of any new-build advice provided to our dealers by the BMW Group's international construction and facility consultancy. Dealers, investors and local architects are informed about the benefits of "green building" measures when planning new buildings and modernisation measures for our dealers' operations. This enables us to protect the environment and at the same time enhance our image, while saving on operating costs and increasing the value of the buildings.
When the Retail Standards 2013+ are introduced, the reference system for sustainability in real estate projects in dealer organisations will become the mandatory sustainability standard and its implementation at dealer organisations will be verified by a sustainability audit carried out by an external organisation.

TAKING ADVANTAGE OF RENEWABLE ENERGY

Our vision is to draw 100% of our energy requirements from renewable sources. Instead of relying on energy from one specific source we will take a look at local conditions and decide which concept makes most sense at each location. In 2010, we implemented a development plan to assess the potential of each production facility and we are now putting it into practice step by step.

- Since 2013, around 30% of the heat required for our engine plant in Steyr is being supplied by a neighbouring biomass thermal power plant (fuelled by timber waste from the region). This means an annual reduction in CO_2 emissions of 3,000 tonnes. In addition, the complete electricity supply for the plant was switched to renewable sources in 2013.

- Carbon-neutral electricity is used for the entire production process of the BMW i3 in Leipzig. For this purpose, four wind turbines were commissioned on the plant's premises in mid-2013, with a capacity of 10 megawatts.

- At our Rosslyn plant in South Africa, the new independent operator Bio2Watt will provide 40% of the required electricity from a twin-unit power station based on landfill gas (biogas firing, i.e. waste from cattle ranches or chicken farms as well as food waste).

RAISING WORKFORCE AWARENESS OF ENERGY ISSUES

Teaching trainees how to deal with energy efficiently is an integral part of vocational training at the BMW Group. In addition, we offer courses on value-creating production systems, a systematic approach to improving efficiency in technical and administrative processes. This approach is founded on a modern and respectful attitude towards others, in particular production staff, combined with continuous improvement. It applies not only to production processes, but also to administration, planning and development. The programme addresses all company levels: workplaces, production areas and process chains as well as general value flows and business processes. Using a training demonstrator, employees can engage in active learning in energy efficiency.

USE OF RENEWABLE ENERGY IN PRODUCTION — Factory vehicle at the BMW plant in Spartanburg.

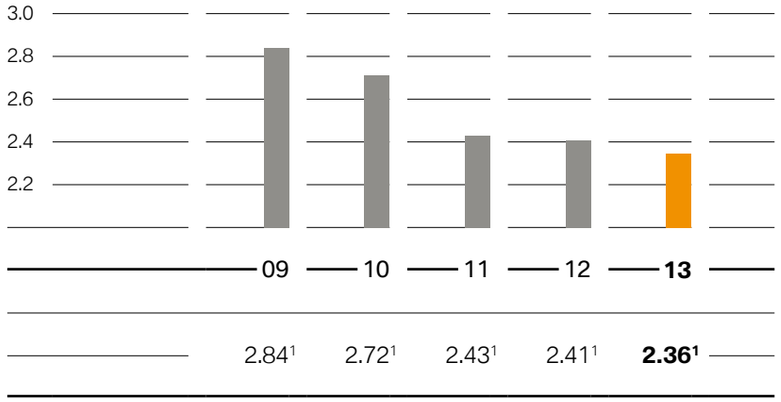
NEW PRODUCTION PROCESSES — CFRP production at the BMW plant in Landshut.

We are also developing an interactive online training module for all employees on the subject of energy efficiency in the BMW Group.

FURTHER REDUCING ENERGY CONSUMPTION

Despite the introduction of new manufacturing processes (for example the production of carbon-fibre-reinforced plastics) and the global construction/commissioning of new structures worldwide (such as the new foundry at the Landshut plant), we managed in 2013 to further reduce energy consumption per vehicle produced to 2.36 MWh (–2.1% compared to 2012) > see Figure 10. This represents an improvement of 31.0% over the base year 2006, bringing us that much closer to our goal of reducing energy consumption per vehicle by 45% compared with 2006.

F.10 Energy consumption per vehicle produced

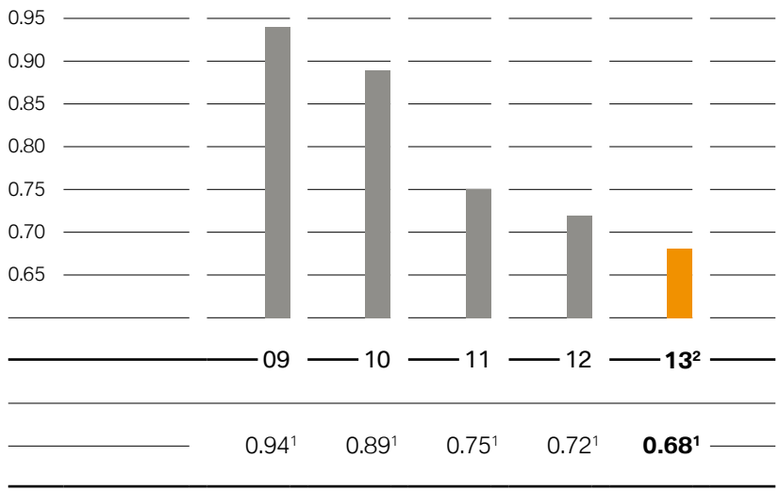


[1] Efficiency indicator = energy consumption minus CHP losses divided by the total number of vehicles produced, not including the vehicles from the Magna Steyr contract production plant.

Improved energy efficiency, the utilisation of highly efficient, ecologically sustainable combined heat and power plants (CHPs) and the use of electricity generated from renewable sources enabled us to reduce the carbon emissions per vehicle produced by 5.6% to 0.68 tonnes during the period under report > see Figure 11. This represents an improvement of 35.2% since 2006.

In terms of absolute carbon emissions throughout our production network, measures such as a change in the energy mix and the purchase of larger quantities of electricity generated from renewable sources resulted in a lower increase in emissions. Despite a 7.0% increase in the number of vehicles produced in the BMW Group production network, overall CO_2 emissions increased by just 5.2%.

F.11 CO_2 emissions per vehicle produced



[1] Efficiency indicator = CO_2 emissions minus CHP losses divided by the total number of vehicles produced, not including the vehicles from the Magna Steyr contract production plant.
[2] Calculations based on updated VDA emissions factors. If the VDA factors used in previous years were applied there would have been a year-on-year reduction of 10.5%.

FORECAST

In the coming years, our main focus will be on achieving our energy targets. We will continue to expand our use of renewable energy. By 2020 we will have designed processes and buildings even more efficiently in order to achieve a 45% reduction in energy requirements per vehicle produced compared with 2006.

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Efficient transport logistics

As a global supplier of premium products and services, the BMW Group transports large volumes of goods, and people within the Group are always on the move. Our aim is to keep the environmental impact of these logistics activities as low as possible. We do so by continuously optimising our transport logistics and expanding our use of low-carbon modes of transport.

The global transport volume required to supply our production plants with materials, to deliver our vehicles and to supply spare parts to the markets has grown considerably in the past few years. This is primarily due to an increase in our global production and sales volume, combined with regional shifts in these volumes. Above-average growth in North America and Asia means that long transport distances must be covered. The increase in transport volume in recent years has also led to more carbon emissions caused by transport logistics. In order to keep these emissions to an absolute minimum, we work on the principle “production follows the market”. In addition, we are also working on improving our packaging and continually increasing the percentage of low-carbon modes of transport.

RAIL TRANSPORT PREFERRED — Delivery of vehicles by railway.

When issuing new invitations to tender, we always aim at further optimisation of capacity utilisation and the choice of transport mode. In this context, we give rail transport preference over road transport wherever possible. Moreover, in 2013 we introduced measures to reduce the volume of goods transported by air freight.

Sustainability requirements apply not only to our suppliers, but also to our transportation service providers. In regularly conducted Supplier Performance Reviews, we discuss relevant topics such as the introduction by transportation service providers of measures for greater fuel efficiency.

EXPANDING THE USE OF LOW-CARBON MODES OF TRANSPORT

Supplying materials to our global production network requires highly flexible logistics structures. This is due in part to the growing need for direct, time-sensitive deliveries as well as the increasing volatility of global markets. Ensuring flexibility while

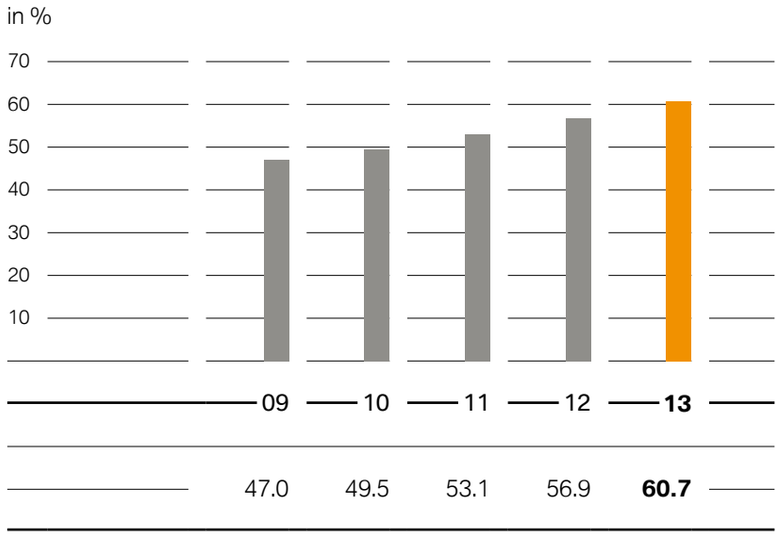
giving priority to rail transport requires very careful planning.

For example, for years we have been using a daily block train from the greater urban areas of Hanover, Wuppertal and Frankfurt to supply each of our Bavarian plants in Munich, Dingolfing, Regensburg and Landshut. This strategy enables us to avoid some 30,000 truck trips per year, saving more than 13,000 tonnes of carbon emissions. We also make a significant contribution to relieving the congestion on traffic routes. A new invitation to bid issued in 2012 for Europe-wide transport of material supplies to the German plants secured these rail transport arrangements for the long term, despite substantial extra expense compared to truck delivery. Two of these railway connections converted to electricity from renewable sources in 2013, and the third will follow in 2014. Overall, this will allow us to avoid over 4,000 tonnes of CO_2 emissions each year.

We increased the average volume of rail transport of BMW Group vehicles from the plants to 60.7% in 2013. This was up from 56.9% the previous year > see Figure 12.

In 2013 we managed in particular to significantly increase the share of rail used to transport new vehicles from our Leipzig plant. All transport of export vehicles from Leipzig to the seaport of Bremerhaven, accounting for a volume of some 30,000 units per year, has been switched from road to rail transport. This saves over 1,000 tonnes of CO_2 emissions per year.

F.12 Share of vehicles shipped by rail from BMW Group plants[1]



[1] Excluding Rolls-Royce automobiles.

SECURING CAPACITIES THROUGH RAIL STRATEGY

In order to secure sufficient rail transport capacity for vehicle delivery, we developed a rail transport strategy. As part of this strategy, around 75% of the relevant covered-wagon rail freight capacity available in Central Europe was secured long term. For this purpose, two of our transportation service providers are investing in additional covered railcars. By 2015, we will have at our disposal over 300 new, state-of-the-art covered wagons. This is essential in order to continue to maintain and increase the high share of rail transport of vehicles leaving the plants, particularly in highly populated areas. In addition, all new wagons are equipped with “whisper brakes” to significantly reduce noise emissions for the benefit of residents living near railway lines.

SOUTH CAROLINA INLAND PORT – BENEFICIAL DESIGN OF LOGISTICS PROCESSES

We launched a new rail-based sea freight carriage concept in the USA at the end of 2013. This lets us shift up to 20,000 containers per year from road carriage to more eco-friendly rail, transporting them per freight train from the Charleston seaport to the BMW plant in Spartanburg.
In the course of a complete overhaul of our logistics processes and after securing the necessary rail capacity, we collaborated with the operators of the port and railway line to build an inland port directly adjacent to the tracks and in close proximity to the Spartanburg plant. In addition, a new shipping centre for assembly kits was also built in the immediate vicinity of the inland port.
In future, rail will be used instead of trucks to transport more than 90% of import containers from the seaport to the inland port and 100% of export containers back to the seaport. The new concept reduces CO_2 emissions by approx. 60%, saving approx. 4,000 tonnes of CO_2 per year.

In cases where rail transport is not possible, we require that our carriers use environmentally friendly vehicles. For example, our catalogue of specifications in Europe stipulates that only transport vehicles that meet at least the Euro 5 standard may be used. Newly acquired vehicles must meet the latest statutory Euro standard.

VOLUME INCREASED AND SYSTEM LIMITS EXTENDED

In 2013, the BMW Group had a total transport volume of around 33.8 billion tonne-kilometres, emitting 1.38 million tonnes of CO_2 in the process > see Figure 13.

Compared with 2012, transport volume increased by around 9.4%. This is due on the one hand to an increase in the number of BMW and MINI brand vehicles produced and delivered, and on the other to an expansion in the system limits for the collection of data to encompass additional transport volumes. For example, since 2013 we have also been able to record data on inbound transports by air and sea freight. In addition, for certain markets in Europe and the USA we can now capture data for dispersion transports from the distribution centres to dealers for around 60% of all vehicles delivered worldwide.

Total CO_2 emissions increased in 2013 by around 11% compared to the previous year, equivalent to a per-unit increase of around 3.7%. Applying the 2012 system limits, however, CO_2 emissions declined per unit by over 5%. This is due primarily to a sharp 17% decline in the volume of air freight used to supply non-European plant locations.

Apparent shifts in 2013 in the ratios of modes of transport used can likewise be attributed mainly to the extension of the system limits for data acquisition; for example, dispersion transports of vehicles are made by truck, which results in a higher percentage of road freight > see Figure 13.

OPTIMISING PACKAGING

When designing transport packaging we always aim for optimal utilisation of the packaging. This means ensuring both ideal packaging density for protecting the product as well as the best use of space when loading packages onto trucks or containers. The BMW Group's packaging manual is an integral part of our purchasing terms and conditions and informs suppliers of our packaging requirements.

F.13 Carriers and CO_2 emissions[1]

	09	10	11	12	**13**
Inbound (material provision of the plants and spare parts delivery)					
Transport capacity in million tkm	2,673	3,810	9,072	10,703	**11,560**
CO_2 emissions in t	201,376	320,526	518,157	547,049	**580,616**
Outbound (distribution vehicles and spare parts)					
Transport capacity in million tkm	9,942	15,088	18,854	20,195	**22,226**
CO_2 emissions in t	106,040	145,501	677,730	700,051	**803,158**
Total (inbound and outbound)					
Transport capacity in million tkm	12,615	18,898	27,926	30,898	**33,786**
CO_2 emissions in t	307,416	466,027	1,195,887	1,247,100	**1,383,774**

Percentage share of carriers in total (inbound and outbound) in terms of transport volume and CO_2 emissions										
	tkm	g CO_2	tkm	g CO_2	tkm	g CO_2	tkm	g CO_2	tkm	g CO_2
Sea	78.0	14.0	79.9	14.1	78.9	51.3	79.2	53.1	**78.9**	**51.6**
Road	15.8	73.4	13.3	61.2	11.9	24.2	10.7	20.2	**12.4**	**23.1**
Rail	6.0	7.1	6.3	7.3	8.2	5.5	8.9	4.6	**7.5**	**3.8**
Air	0.2	5.5	0.5	17.4	1.0	19.0	1.2	22.1	**1.2**	**21.5**

[1] Figures refer to BMW and MINI, excluding Rolls-Royce automobiles. Conversion factor for CO_2 emissions from road, rail and sea freight according to Tremod. Conversion factors from sea freight are reported back directly by shipping companies. Since the 2011 financial year, the scope has expanded significantly and currently comprises: inbound volumes (material supplies to plants and spare parts delivery) are included for BMW and MINI vehicles in Germany, the UK, the USA, South Africa, China, Thailand, India and CKD/SKD locations as well as for delivery of spare parts to the parts supply centre ZTA in Dingolfing. Outbound volumes (distribution of vehicles and spare parts) are included up to arrival at the distribution centres in the markets worldwide as well as for some markets up to arrival at the dealerships.

One of the main requirements is that packaging must always take into account economic and environmental impacts. The focus is on the following principles, which reflect our environmental priorities:

- **Avoidance:** Limit the use of materials to the absolute minimum.
- **Reduction:** Use reusable packaging wherever possible and expedient.
- **Recycling:** Environmentally sound recycling of materials must be possible for both disposable and reusable packaging.

SUSTAINABLE MOBILITY FOR OUR EMPLOYEES

Staff commuting is a major concern on the BMW Group's logistics balance sheet. Here, too, we try to keep our impact on the environment as low as possible.

Among the measures that are in place are our plant buses which reduce the number of individual drives to work. Works buses make sense when they are heavily used by shift workers and employees who live close to one another.

We have works buses in operation both in Germany (Munich, Landshut, Dingolfing, Regensburg, Berlin) as well as at our international locations (Tiexi in China, Rosslyn in South Africa). Around 85% of employees in China use the buses to travel to work. In Germany, 44% of all employees travelled to work by plant bus or public transport in 2013, and another 6% by bicycle or on foot.

Since 2011, the BMW Group has been offering a very successful bicycle-lending programme called ProBike in Munich. ProBike allows employees to cycle between BMW locations in the city of Munich. A total of 48,000 such trips were made in 2013. This not only saves on fuel and reduces CO_2 emissions: with the ProBike programme, we also motivate our employees to be more health conscious and use bikes more often.

PROMOTING HEALTH — Rental bikes for employees.

The carbon footprint for employees at our German locations was 4.6 kg of CO_2 per employee and day of production in 2013.

FORECAST

One way in which we wish to reduce transport volume in the future is by further optimising packaging on inbound transports to our production plants. In the area of vehicle distribution, we will continue to expand the ratio of rail transport used. In 2014, we will switch to rail on further routes for vehicle delivery within Germany. For example, in the future import vehicles will be transported from Bremerhaven to Thuringia and Saxony by rail. In the coming years, additional major international BMW Group locations will be added to our calculations of carbon footprint per employee.

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Materials use and waste management

With raw materials worldwide becoming increasingly scarce, the BMW Group engages in recycling management throughout material life cycles. This is because what we think of as waste is often a valuable resource, which we try to use intelligently. We have therefore set ourselves the goal of reducing the amount of non-recyclable production waste by 45% by 2020 (base year: 2006).

When we recycle materials or waste, we comply with the five-step hierarchical model set down by the EU:

- **Prevention:** Where possible, we avoid creating waste in the first place. This is the best solution, both in economic and environmental terms.
- **Reuse:** We reuse any viable waste material immediately. Otherwise we prepare it for reuse in its original area of application.
- **Recycle:** If reuse is not an option, we recycle the material in such a way that we can reintroduce it to the cycle. It can then replace primary raw materials.
- **Recovery:** We incinerate most non-recyclable waste materials. Other methods of disposal are also used.
- **Disposal:** Only the small volume of non-recyclable waste that is then left over is earmarked as waste for disposal.

Our innovations in the area of electromobility and lightweight construction go hand in hand with new recycling processes for residual materials from vehicle production or recycling. Our focus in 2013 was therefore once again on new uses for materials, for example high-voltage battery systems or carbon-fibre-reinforced plastics (CFRP).

CONTROLLING AND MANAGING WASTE

The process of recording and reusing the waste we produce is managed worldwide by our own BMW waste information system ABIS, which was designed for the German plants in accordance with the law on life cycle management. ABIS can be applied worldwide to determine the best method of disposal for a particular type of waste. The method specified is then implemented at all plants, provided that this is possible in the individual countries. In 2013, we were able to fully integrate our Chinese plants into the ABIS. Integration of the new BMW plant in Brazil is in preparation.

ABIS is also used to document the individual waste flows and categorises waste as hazardous or safe in accordance with country-specific regulations. There were no incidences of the import or export of treated or untreated hazardous waste during the reporting period.

DISPOSAL IN SERVICE OPERATIONS

In Germany, BMW operates a closed, mandatory system for workshop waste disposal. This means that every one of our service companies (dealers and dealerships) must take part in the disposal system organised by BMW. BMW stipulates the materials its service companies must return to the BMW system for recycling and raw material recovery. This applies to all packaging and waste from service, maintenance and repair (e.g. bumpers, batteries, trim).

AVOIDING WASTE THROUGH BEST-PRACTICE SOLUTIONS AT OUR PLANTS

Materials use and waste management are two areas in which we have been applying best-practice solutions that we have gradually rolled out across our production network. We take a whole range of measures to work towards achieving our vision of waste-free production.

For example, the iron dust that results as a waste product in our foundry in Landshut is recycled using a new process, reducing the volume of waste for disposal. At the Rolls-Royce plant in Goodwood (UK), no non-recyclable waste was produced in 2013.

F.14 Waste

in t

	09	10	11	12	**13**
Total waste	450,513	564,117	594,791	664,752	**680,299**
Hazardous waste for recovery	12,073	14,987	18,413	19,979	**21,884**
Hazardous waste for disposal	8,570	9,772	8,720	8,127	**7,668**
Non-hazardous waste for recovery	425,066	534,188	562,482	633,394	**647,725**
Non-hazardous waste for disposal	4,804	5,171	5,176	3,252	**3,022**
Materials for recycling	437,139	549,175	580,895	653,373	**669,609**
Metals for recycling (scrap)	377,700	428,175	449,900	494,894	**500,589**
Waste for disposal	13,374	14,943	13,896	11,379	**10,690**

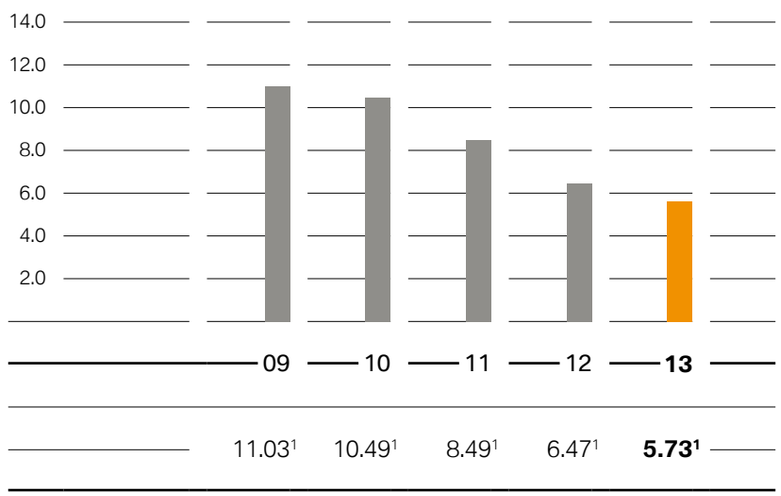
Our Rosslyn plant in South Africa now offers a recycling scheme for the local population. This project serves to raise public awareness of the importance of waste separation and recycling.

WASTE FOR DISPOSAL REDUCED

With 5.73 kg of waste for disposal per vehicle produced in 2013, figures are down by 11.4% compared to the previous year and even by 69.7% compared to 2006.

For the trend over the past few years > see Figure 14 and > see Figure 15.

F.15 Waste for disposal per vehicle produced



[1] Efficiency indicator equals waste for disposal divided by the total number of vehicles produced, not including the vehicles from the Magna Steyr contract production plant.

FORECAST

Although we have already reached our goal for 2020 in the area of waste disposal (a 45% reduction compared to the base year 2006), in 2014 we will continue to work on minimising waste for disposal even further and devote the necessary resources to recycling management.

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Water

Water is an increasingly scarce resource: over one-third of the world's population live in countries where water supply is a problem. As a result, careful use of this natural resource is set to become ever more important in the future. For this reason, we are working hard to reduce our water consumption and are developing wastewater-free processes for our production lines. By 2020, we aim to reduce our water consumption per vehicle produced by 45% compared with 2006.

The three largest water consumers at the BMW Group are the sanitary facilities for our workforce (47%), evaporation, mainly at cooling towers (31%) and the production processes, mainly at the paint shops (22%). We are continuously improving our resource efficiency in all three areas by:

- replacing sanitary fittings with water-efficient versions
- gradually replacing open cooling towers with closed ones and using groundwater for cooling (for example in the plant in Tiexi, China)
- closing water cycles at the paint shops and introducing waterless processes (dry separation)

USING WATER SPARINGLY

Currently, there is no risk to water supply at the BMW Group's production plants, even though we are active in countries with high water risk, such as South Africa, the USA and China. In these countries in particular, we are continuing to reduce our water consumption in order to help conserve scarce resources.

For example, in the USA we more than halved water consumption between 2006 and 2013. We try to use drinking water only when it is necessary for reasons of hygiene. We aim to gradually increase the ratio of process water (industrial water) and hence reduce the consumption of drinking water. We want our wastewater to contain only as many substances as can be broken down naturally.

COMPLYING WITH LEGAL REGULATIONS

Due to legal requirements the limits are regularly controlled. BMW Group water guidelines prescribe how to handle substances that could be hazardous to the water supply. These standards usually exceed the local requirements.

At all international BMW Group production plants and at our German and many international dealerships, we have implemented an environmental management system in accordance with ISO 14001, which also manages our water consumption.

REDUCING WATER CONSUMPTION — Modern dry scrubbing method in the paint shop at the BMW plant in Spartanburg.

By 2020, we aim to reduce our current water consumption by 45% compared to 2006. Our vision is to achieve wastewater-free production processes.

DEVELOPING WASTEWATER-FREE PROCESSES

After carrying out tests to identify the three largest sources of water consumption, we introduced the following ongoing measures:

- To optimise water use at our paint shops, we are gradually switching the paint process from wet to dry. At the Spartanburg plant in the USA, for example, we are already using this state-of-the-art dry separation process in the paint shop. The overspray paint, which does not reach the body of the vehicle during the painting process, can be bound by stone powder and then discharged using this process. No water is used. This procedure will gradually be adopted by all locations over the next few years.
- Since 2012, part of the purified wastewater that results from the corrosion protection process in the paint shop at the Munich plant has been reused in another paint shop process.
- At the Dingolfing plant, an old ion exchanger was replaced by a more efficient one. The number of regenerations that consume water and chemicals was significantly reduced as a result. In addition, the wastewater produced during regeneration is reused in another process.
- At the Regensburg plant, we successfully tested a new procedure to reduce wastewater in cathodic dip painting. Using membrane technology, the anolyte wastewater is purified and returned to the production cycle. We are now gradually introducing this technology at all locations worldwide.
- In South Africa, we installed measuring devices to enhance how we manage our consumption of resources there.
- At many plants, for example in Shenyang (China), we replaced the bathroom fittings to significantly reduce sanitary water consumption.

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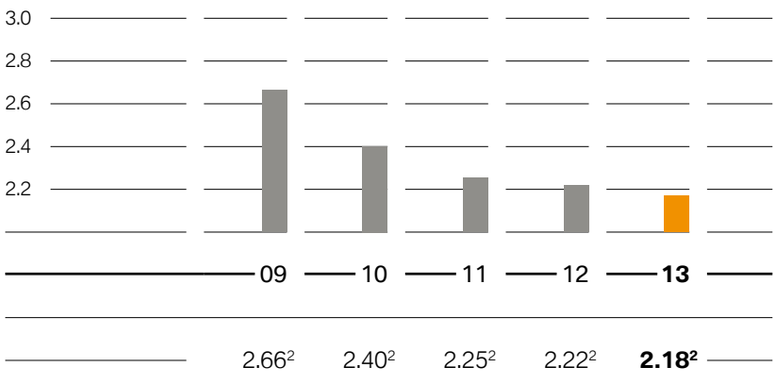
WATER CONSUMPTION REDUCED FURTHER

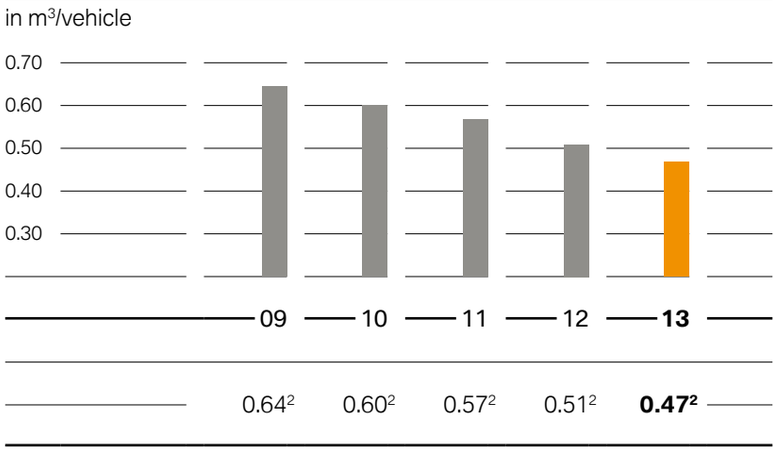
In 2013, the water consumption per vehicle produced was 2.18 m³. This represents a reduction of 33.1% compared to the base year 2006. We thus came closer to achieving our target of reducing water consumption by 45% by 2020. To see how our water consumption has developed over time > see Figure 16 and > see Figure 17.

F.16 Water consumption per vehicle produced[1]



[1] These figures refer to the production sites of the BMW Group.
[2] Efficiency indicator = water consumption divided by the total number of vehicles produced, not including the vehicles from the Magna Steyr contract production plant.

F.17 Process wastewater per vehicle[1]



[1] The key figures refer to production wastewater.
[2] Efficiency indicator = process wastewater divided by the total number of vehicles produced, not including the vehicles from the Magna Steyr contract production plant.

86% of the water used by the BMW Group comes from the public drinking water system. 14% is groundwater. There was no consumption of water from sensitive sources (i.e. water from conservation areas) during the reporting period.

FINDING INDIVIDUAL SOLUTIONS TO CONFLICTS IN MEETING TARGETS

In the period under report, we made great progress in reducing our water consumption. However, we did run into some conflicts when it came to meeting our targets. Individual solutions had to be found. For example, although changing the paint process from wet to dry (dry separation) reduces water consumption, it does create stone powder, which must be disposed of. Our Leipzig plant developed a model solution for this conflict by making the stone powder available for use by a cement plant.

FORECAST

We plan to further reduce our water consumption in the coming years. Our target is to reduce water consumption by 45% by 2020 (base year: 2006). To achieve this, we will continue to close the water cycles in the paints hops and in engine production as well as replace old sanitary facilities and open cooling towers. A concrete example of a reduction in water consumption is the planned switchover by the paint shop at our Dingolfing plant to the dry separation process in 2014.

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3.6

GROUP-WIDE ENVIRONMENTAL PROTECTION

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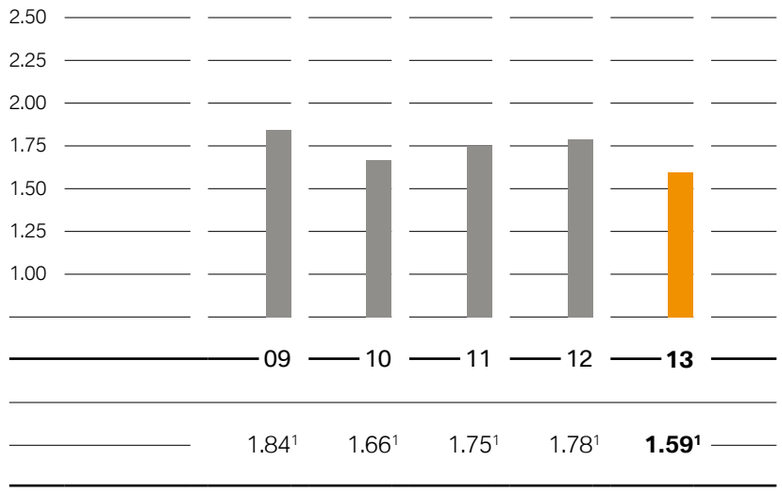
VOC emissions and biodiversity

In our Group-wide environmental efforts, we aim to minimise the impact on the environment of our emissions of volatile organic compounds (VOC). We therefore intend to reduce our VOC emissions by 45% by 2020 (base year: 2006). Furthermore, we monitor the impact our business activities have on flora and fauna and use a biodiversity indicator to determine the environmental status of selected properties.

With an average of 1.59 kg VOC emissions per vehicle produced, we are below the maximum levels stipulated in Germany at almost all plants worldwide. The only exception is the South African BMW plant in Rosslyn near Pretoria, which is below the maximum worldwide limit but not yet below the stricter German VOC levels. Plans have already been made to reduce VOC emissions in the paint shop there.

At the Dadong plant run by our joint venture partner BMW Brilliance Automotive Ltd. in China, we installed a thermal exhaust-air treatment system in 2013. Since initial operation this reduced VOC emissions there from 5.63 kg to less than 1.00 kg per vehicle produced, very efficiently and significantly lessening the environmental impact.

F.18 VOC emissions per vehicle produced



[1] Efficiency indicator = CO_2 emissions minus CHP losses divided by the total number of vehicles produced, not including the vehicles from the Magna Steyr contract production plant.

At our Spartanburg (USA) and Oxford (UK) plants as well, the paint shops have taken measures to further reduce VOC emissions, for example by lowering the number of rinses specified and reusing the rinsing liquid.

By the end of 2013, VOC emissions had been reduced by 36.7% (base year: 2006), bringing us much closer to achieving the goal we have set ourselves of a 45% reduction by 2020.

For the development of VOC emissions over the last five years > see Figure 18.

PROTECTING BIODIVERSITY

At all our locations, we monitor the impact our business activities have on the animal and plant world. We have gathered environmental evidence at selected locations such as Leipzig and Regensburg to identify local animal and plant species and introduce special protective measures for endangered species. For example, at our testing centre in Aschheim, we identified the butterfly species Polyommatus bellargus and Colias hyale/alfacariensis, both of which are on Germany's red list of endangered species.

We use a biodiversity indicator to regularly identify the environmental status of properties at selected locations in order to gain an understanding of the flora and fauna there. Our Spartanburg plant in the USA as well as our testing centres in Miramas (France) and Aschheim (Germany) are the only locations that directly border on a protected area.

In the period under report, there were no significant emissions of hazardous substances. We are not aware of any impact our products and services have had on protected areas or regions of high biodiversity.

PRESERVING NATURAL HABITATS

We try to protect and restore natural habitats. Just a few years after construction of the Leipzig plant, the location was certified as having a high biodiversity factor due to its natural landscape design. The testing centre in Miramas (France) was built away from natural habitats. Driving is only allowed on marked routes at the Enduropark in Hechlingen. Maintenance measures are carried out regularly to further improve biological diversity. In addition, we continue to gather data at locations where the protection of nature is relevant (e.g. Miramas, Regensburg, Wackersdorf, Leipzig and Aschheim).

BIODIVERSITY — At the BMW plant in Regensburg.

FORECAST

Our new plant BMW Brilliance Automotive Ltd. in Tiexi, China will contribute further to achieving a reduction in VOC emissions. In addition, solvent emissions at the South African plant will be reduced in the medium term to the level at other plants.

In 2014, we will continue to work hard on the topic of biodiversity management and to define the next steps in this area.

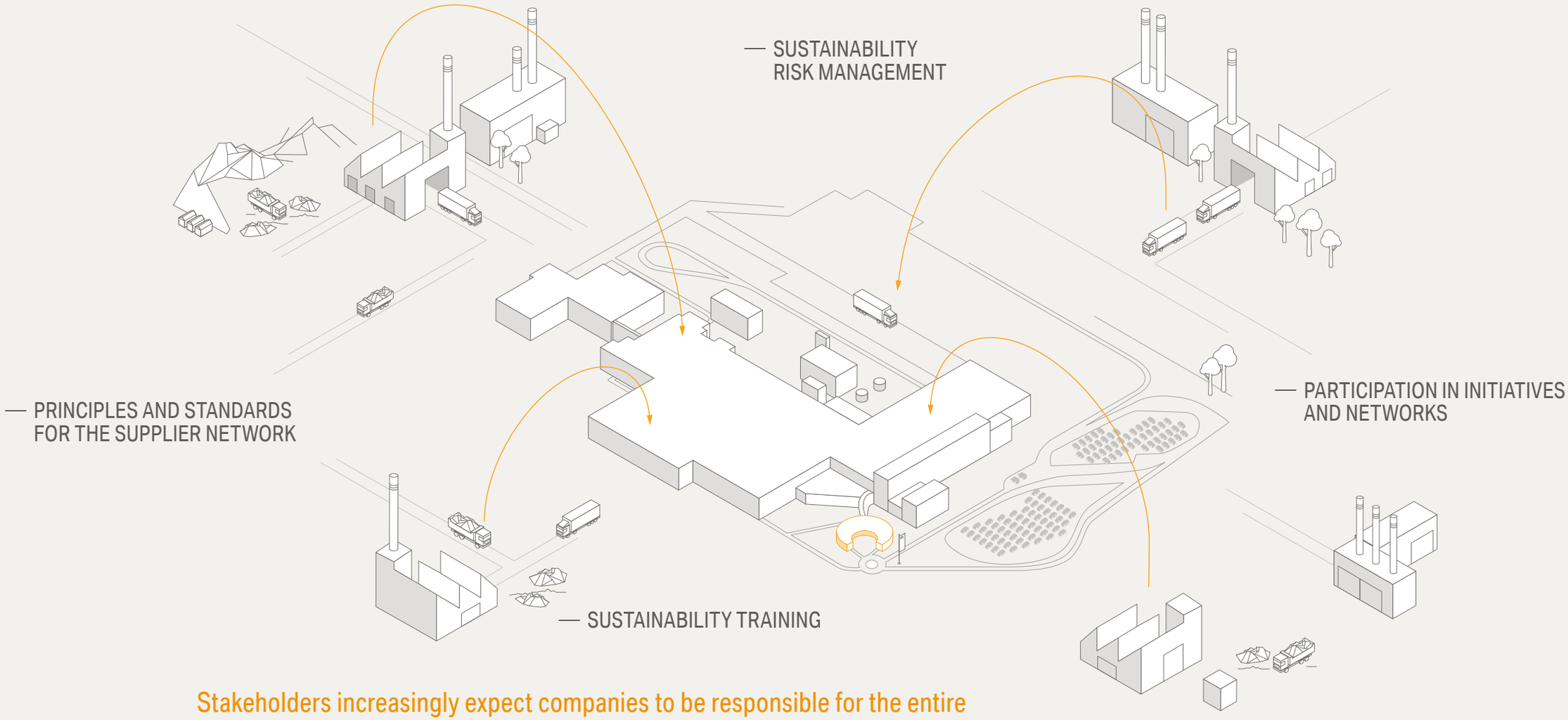
4

SUPPLIER MANAGEMENT

4

SUPPLIER MANAGEMENT

WE FOSTER LONG-TERM SUPPLIER RELATIONSHIPS.



Stakeholders increasingly expect companies to be responsible for the entire product life cycle and to utilise their influence in the supply chain. One-third of consumers today already consider it important that products fulfil their sustainability expectations.

Data source: Globe Scan/SustainAbility: The 2013 Aspirational Consumer Index

4 SUPPLIER MANAGEMENT

PROGRESS IN 2013

FURTHER DEVELOPED OUR RISK MANAGEMENT

- We are continuously working to refine our risk filter. In addition to the annual data update in 2013, we also carried out special risk assessments for all product groups.

EXTENSIVE TRAINING CONCEPT IMPLEMENTED

- In 2013, around 1,000 purchasers, internal process partners and suppliers participated in our wide range of courses, from web-based training modules to two-day certificate courses.

STAKEHOLDER ROUNDTABLE IMPLEMENTED

- In December 2013, we discussed the topic of sustainability in the supply chain and in raw materials production with selected stakeholders from the fields of science, industry, non-governmental organisations and politics.

KPIs

OPERATIONAL PURCHASERS AND COMMODITY MANAGERS RECEIVED TRAINING

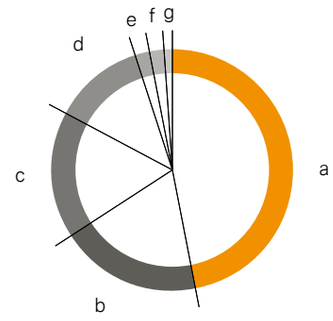
— 2013

over 80 %

REGIONAL DISTRIBUTION OF PURCHASING VOLUME

— 2013

in %, basis: production material



a) Germany	47
b) Rest of Western Europe	19
c) Central and eastern Europe	17
d) NAFTA	12
e) Africa	2
f) Asia/Australia	2
g) China	1

2014+ FORECAST AND OBJECTIVES

CONTINUOUS IMPROVEMENT OF RISK MANAGEMENT

- In order to improve our risk management even further, our focus for 2014 is on better integration of risk assessment into the supplier selection process.

IMPROVE TRANSPARENCY IN THE SUPPLY CHAIN

- We actively promote greater transparency in the supply chain for selected, relevant and critical raw materials and components by engaging in initiatives, networks and projects.

EXPAND COLLABORATION

- At European level, we work closely with other carmakers on the joint development of risk minimisation instruments. We also participate in cross-sectoral networks and initiatives to improve sustainability in supply chains.

4.1

SUPPLIER MANAGEMENT

Our management approach

Our global supply chain network makes a major contribution to value creation, quality and innovative strength, and hence to the success of the BMW Group. Our suppliers therefore play a significant role in helping us to achieve our sustainability goals and in the sustainable development of society as a whole.

Our cooperation with suppliers is marked by a mutual understanding of product and production quality, security of supply, price credibility and innovative strength as well as the continuous integration of our sustainability standards. In times of complex global supplier- and value-added chains, involving a large number of suppliers and sub-suppliers, our demands represent a considerable challenge but also a great opportunity.

In order to ensure sustainability and continuous improvement throughout the entire supplier network, we concentrate mainly on two areas:

- Managing and minimising risks.
  In the risk management process, we identify and analyse potential sustainability risks along the supply chain.
- Utilising opportunities and leveraging potential.
  We achieve this by working closely with suppliers, for example by promoting resource efficiency, training and qualifying our employees and suppliers, as well as by actively engaging in initiatives and in dialogue with stakeholders.

Our approach involves on the one hand to ensure sustainability standards with comprehensive, broad-based risk management – i.e. with all of our direct suppliers – and on the other hand in-depth analysis of specific raw materials and resources along the entire supply chain.

IMPROVING SUSTAINABILITY IN THE SUPPLIER NETWORK

To ensure continuous improvement in our two areas of focus, we continued to develop our risk management and related processes in 2013. We provided sustainability training for over 80% of our operational purchasers and commodity managers and were actively involved in the Aluminium Stewardship Initiative (ASI), an initiative for creating sustainable standards for the aluminium value chain.

We also continued to drive the purchase internationalisation in 2013, and to expand local sourcing. For example, at our production plants in Germany more than 40% of our direct purchasing volume was sourced from suppliers in Germany in 2013. Besides reducing currency risks, local sourcing offers numerous additional benefits. Expanding local sourcing helps us to support communities and regions and also reduces logistics costs and the resulting CO_2 emissions.

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INTEGRATION INTO THE ORGANISATION

Within the BMW Group, the specialist divisions Functional Processes and Sustainability in the Purchasing and Supplier Network, Sustainability and Environmental Protection and Raw Materials Management work together closely and assume joint responsibility to ensure sustainability in our supply chains.

PRINCIPLES AND STANDARDS FOR SUPPLIERS

The BMW Group abides by the principles of the UN Global Compact, the International Labour Organization (ILO) and the UNEP Cleaner Production Declaration. We also align our focus with the guidelines of the OECD and the ICC Charta. On the same basis, we approved the Joint Declaration on Human Rights and Working Conditions at the BMW Group in 2005. With this declaration, the BMW Group has made a commitment to respecting human rights at all times > see section 1.1.

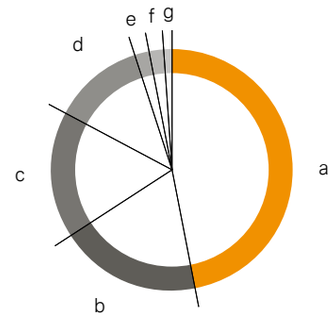
For the BMW Group, it is essential that our business partners meet the same environmental and social standards we have set ourselves. The BMW Group Supplier Sustainability Standard establishes basic principles and standards to be adhered to by all BMW Group suppliers. This includes compliance with all internationally recognised human rights as well as labour and social standards.

INTEGRATION OF SUSTAINABILITY INTO THE PROCUREMENT PROCESS

The BMW Group Supplier Sustainability Standard is an integral part of the documentation and the sustainability self-assessment questionnaire sent to

F.19 Regional mix of BMW Group purchase volumes in 2013

in %, basis: production material



a) Germany	47	e) Africa	2
b) Rest of Western Europe	19	f) Asia/Australia	2
c) Central and Eastern Europe	17	g) China	1
d) NAFTA (+MERCOSUR)	12		

potential new suppliers. This is an important cornerstone for us in the integration of sustainability aspects into the procurement process. Each potential new supplier must take into consideration the BMW Group sustainability requirements when submitting a proposal. Sustainable material properties such as the use of secondary aluminium are also addressed in the request for proposal.

After the proposal has been submitted, these details are included as key decision-making indicators in the procurement process. When the decision for a particular supplier is being made, a standard template provides the committees responsible with all relevant information. Sustainability is one of the decision-making criteria, alongside product and production quality, security of supply, innovative strength and price credibility.

ENGAGEMENT IN INDUSTRY INITIATIVES AND NETWORKS

Engagement in initiatives, networks and associations and the resulting exchanges beyond the boundaries of our company are essential for our activities and our continuous improvement efforts. At the European level, for example, the BMW Group collaborates with eight other car companies in the European Automotive Working Group on Supply Chain Sustainability, which is coordinated by CSR Europe, to jointly promote greater sustainability in the supply chain. This group of companies develops measures to minimise risk and works on projects to increase sustainability in supply chains and to establish standard minimum requirements for suppliers. Furthermore, as a member of econsense, the Forum for Sustainable Development of German Business, we promote cross-industry auditing systems to evaluate sustainability at supplier companies.

ENGAGING WITH STAKEHOLDERS

Engaging with our stakeholders is an additional important tool for us to continuously improve our measures and activities and to identify and discuss key trends that helps us to stay on track while discussing and assimilating external trends. Therefore, in December 2013 we discussed the topic of sustainability in the supply chain and in raw materials production with selected stakeholders from the fields of science, industry, non-governmental organisations and politics.

It became evident in the course of the talks that stakeholders expect companies like the BMW Group to assume more responsibility along the supply chain. Key recommendations included applying solutions from other industries to the automotive industry, and systematically focusing on and prioritising the company's own activities (for example with respect to certain raw materials or specific supply chains). In addition, the stakeholders advised industry-wide and cross-industry cooperation to develop joint approaches.

PROMOTING DIVERSITY IN OUR SUPPLY CHAIN

It is important to us to develop, promote and expand the diversity of our suppliers. We are convinced that these efforts are of great benefit not only for suppliers and society, but also for our long-term economic growth.

In the United States, in contrast with other countries, companies owned by women and minority groups can register separately. This inspired us to launch an initiative to promote supplier diversity at our Spartanburg plant. As part of this initiative, we organised our first Matchmaking Conference in 2012. The conference brings together current and potential first-tier suppliers and sub-suppliers with purchasing executives from the BMW Group to promote purchasing from companies owned by women or minorities.

Around 50 direct suppliers and 300 companies run by women and minorities came to the first conference. In 2013, there were already twice as many suppliers attending as in the previous year: over 600 women- and minority-owned companies and around 100 direct suppliers participated. Thanks to the new contacts made at the conferences between the various companies, we were able over the past two years to heavily increase number of companies run by women and minorities among the direct suppliers at our Spartanburg plant, as well as the

PROMOTING DIVERSITY — Matchmaking conference hosts suppliers and managers of the BMW Group.

number of such companies among our second-tier suppliers.

SUSTAINABLY EXTRACTING AND PROCURING RAW MATERIALS

Raw materials are the basis for every industrial production process and thus indispensable to industry. However, with today's multi-layered global and dynamic supply chains, the intermediate trade and processing stages, and commodity trading on the stock exchange, actually tracing the route of a raw material from the mine to the end product is an extremely complex undertaking. It is therefore a great challenge to influence sustainability standards in raw materials production.

Our approach is to focus on selected, relevant and critical raw materials and supply chains. To this end, we analyse and assess these supply chains and the need for action. From this analysis we derive measures that we implement in conjunction with our suppliers. Furthermore, we also engage in cross-industry initiatives for this purpose. In December 2012, for example, we were the first carmaker to join the Aluminium Stewardship Initiative (ASI). Aluminium plays a major role in lightweight construction, because it weighs significantly less than steel and hence contributes to weight reduction. The aim of the ASI is to create sustainable standards along the entire aluminium value chain – from responsible corporate governance to compliance with environmental and social standards. The ASI is the first comprehensive initiative for creating a sustainable standard for the value chain of a metallic resource.

FORECAST

Ensuring sustainability along the entire supply chain is a lengthy process. To continue making real progress, we will further develop our risk management processes in 2014. We will also work closely with our suppliers in order to achieve greater transparency in the supply chain and to implement resource efficiency projects.

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Three-step process to minimise risk

The main instrument we use to ensure our sustainability standards is our sustainability risk management process, which we are continually refining. It consists of a sustainability risk filter specifically designed for the BMW Group, a voluntary self-assessment questionnaire and sustainability audits. In addition, we identify and analyse relevant and potentially high-risk suppliers using a media screening tool. Through systematic observation and analysis of supplier-specific media coverage and social media posts, we can identify potential risks at an early stage.

STEP 1: SUSTAINABILITY RISK FILTER

First, our proprietary sustainability risk filter evaluates all suppliers with regard to their environmental, social and governance risk potential. We take into account here both location-specific and product-specific risks. This includes for instance an assessment of social risks in certain countries, such as child labour or forced labour. We also consider environmental risks such as damage to nature, emissions, and process materials that contain substances that can be hazardous to health. The respective production facility of the supplier, rather than its head office, is assessed in each case. If a supply chain is thought to be in breach of sustainability standards, it is also evaluated using the sustainability risk filter.

We continuously improve the system used for the risk filter. In addition to the annual update of the data in 2013, we also added special risk assessments for all product groups.

STEP 2: VOLUNTARY SELF-ASSESSMENT QUESTIONNAIRE

The sustainability risk filter forms the basis for the next step – the supplier submits a voluntary self-assessment questionnaire. Since 2009, we have been asking suppliers to complete this questionnaire to provide a self-evaluation of their sustainability management and related activities. The questions cover whether they have an ISO 14001 environmental management system in place, to what extent recyclability is considered in product development, and information on waste utilisation concepts and compliance with human rights. In 2013, around 3,000 suppliers submitted the information we requested.

If the sustainability questionnaire identifies low sustainability performance at the supplier's facility, purchasers and suppliers develop a joint action plan for improvement. This approach reflects our conviction that sustainability in supply chains can only be achieved if we work hand in hand with our suppliers.

All agreements concluded by BMW AG with its suppliers contain clauses based on the principles of the UN Global Compact and the International Labour Organization (ILO). These principles also specify that a contractual commitment must be made to

implement environmental management systems and comply with labour and social standards. They also prohibit bribery and corruption and obligate suppliers to pass this ban on to sub-suppliers.

For suppliers with known sustainability deficits, we supplement the supply contracts with corrective action plans and clauses. We can thus ensure that all sustainability requirements will be met by the beginning of the contract period. Our goal is for compliance with these standards to be viewed as a matter of course. This applies not only to our first-tier suppliers, but also to their sub-suppliers.

As we have at best an indirect influence on sub-suppliers, however, it is only through our first-tier suppliers that we can press for implementation of our standards along the entire supply chain. We therefore support our first-tier suppliers in introducing management systems and require them to ensure that their sub-suppliers likewise comply with our sustainability requirements. We also develop individual action plans for specific supply chains.

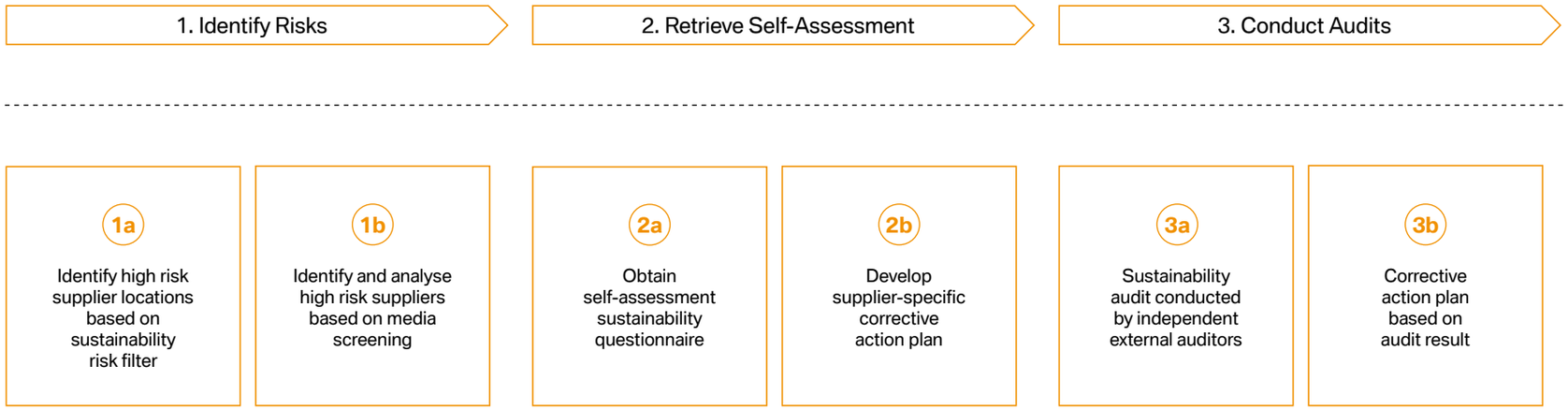
STEP 3: SUSTAINABILITY AUDITS

Supplier production facilities that have an increased risk of breaching sustainability requirements, and facilities suspected of such a breach, are subject to independent audits. The first step is a detailed examination of sustainability performance at the supplier's production facility using a specially designed catalogue of criteria. Based on this, verifications and certifications will be carried out by external auditors. If we conclude at some point that further validation of the supplier is necessary, we then initiate a complete on-site sustainability audit. This audit includes, for example, plant inspections and interviews with management and employees, as well as a review of the management system.

If the results of an audit show non-compliance or potential for improvement, we work with the supplier to develop a specific plan of action and provide assistance with implementing this plan. If the supplier is uncooperative or in breach of a fundamental BMW Group sustainability clause, termination of business relations may follow. Our goal however is to determine the majority of risks through the first two steps, to manage these risks and in this way to help suppliers raise their sustainability standards. Audits represent the final stage of our risk management and are carried out only in exceptional cases and for high-risk suppliers.

When we become aware of individual cases of non-compliance with our sustainability principles, our Supply Chain Response Team handles them, applying a defined process. This team is made up of one representative each from Operational and Strategic Purchasing, Corporate Strategy (a sustainability expert), Corporate Communications and the Works Council. In 2013, the Supply Chain Response Team was called upon in four cases. All four cases involved human rights violations by suppliers or sub-suppliers. The team takes a three-step approach to its response. First, the management of the supplier company receives a written request to provide a statement and agree to a clarifying interview. If clarification is not possible, a visit is made to the supplier company. If non-compliance is confirmed and the supplier is not cooperative or shows no improvement, termination of the current business relations with the supplier may result as a final step. However, it is not our general intention to terminate business relationships with suppliers, but rather

F.20 Risk management process



to raise awareness of this issue amongst suppliers and sub-suppliers to enable them to become more sustainable.

FORECAST

In order to improve our risk management even further, our focus for 2014 is on better integration of risk assessment into the supplier selection process. In addition, we will systematically promote projects for achieving greater transparency in the supply chains for critical raw materials and components. Finally, at the European level, the BMW Group will continue to expand its collaboration with other carmakers to promote sustainability in supply chains.

4.3

Utilising opportunities and leveraging potential

A long-term orientation and close collaboration with our suppliers form the foundation for successful and stable business relations. On this basis, we can cooperate with our suppliers to utilise the challenges in the area of sustainability as an opportunity for development and to leverage the potential in this field. This includes, for example, efficient use of resources, increasing awareness of sustainability along the supply chain, and promoting innovative ideas.

The focus is on three key areas: event concepts such as the Learning from Suppliers forum and the Supplier Innovation Award, training courses and presentations for purchasers and suppliers, and projects to improve resource efficiency in the supply chain.

LEARNING FROM AND WITH SUPPLIERS

Since 2012, in the Learning from Suppliers forum, our suppliers have been showcasing best-practice case studies on innovative and sustainable solutions for products, materials and production processes. In the context of this event series, suppliers have a chance every month to present sustainable product and process innovations at the BMW Group Research and Innovation Centre in Munich. The aim of the event is to encourage an exchange of information on the topics of innovation and sustainability, while connecting these issues in a targeted fashion.

REWARDING INNOVATION — BMW Supplier Innovation Award 2013.

In 2011, the BMW Group introduced a Supplier Innovation Award to recognise and reward especially innovative achievements on the part of suppliers. The prize is awarded in eight categories, including sustainability.

At the award ceremony in April 2013, the winner of the Supplier Innovation Award in the category of sustainability was Aunde Achter & Ebels GmbH. With seat covers made from 100% PET recyclate, Aunde Achter & Ebels GmbH supplied a high-quality upholstery fabric. This seat cover sets new standards in the field of recycling.

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WORKING WITH SUPPLIERS WORLDWIDE — Seat suppliers in China.

TRAINING FOR EMPLOYEES AND SUPPLIERS

We offer a wide range of training courses for purchasers, internal process partners and suppliers. This comprises:

- A basic training course on sustainability in the supply chain for purchasers and commodity managers. In 2013, around 800 (over 80%) of our operational purchasers and commodity managers took part in this training. We thus exceeded our goal of training 80% of our purchasers and commodity managers in sustainability in 2013. The number of participants was reported to top management as the achievement of a target value on the Balanced Score Card.
- A basic training course for new purchasing employees, with a module on sustainability. 154 employees participated in this training in 2013.
- A Web-based training course that includes case studies on sustainability in the supplier network. This training is available to both employees of the BMW Group and its suppliers.
- A two-day course to become a certified sustainability officer for the purchasing and supplier network. In cooperation with the University of Ulm, we offer this course to employees and suppliers. In 2013, a total of 40 people participated in the certification.

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- Presentations at external events as well as participation in roundtables and panel discussions. These include for example conferences and meetings for medium-sized German businesses, as well as colloquiums on expert studies.

WORKING TOGETHER FOR A RESOURCE-EFFICIENT SUPPLY CHAIN

Reducing resource consumption and achieving greater energy efficiency in production have been major goals of the BMW Group for a long time. Because our suppliers are responsible for a large part of the value chain, it is not enough for us to set sustainability standards only for the energy- and resource-efficiency of our own production. In an effort to better identify potential improvements in our suppliers' energy and resource consumption, we joined the Supply Chain Program of the Carbon Disclosure Project (CDP) in 2013. By participating in the CDP Supply Chain Program, suppliers can record their resource consumption on a generally accepted platform. They benefit from greater transparency in their resource use, leading to potential business opportunities and cost savings.

Further, we review, observe, and analyse the resource consumption and CO_2 emissions of our Top 100 suppliers and evaluate their potential for improvement at six-month intervals in Supplier Performance Review meetings. These two measures help us to better assess suppliers' efficiency and to uncover ways to save even more energy and resources together.

FORECAST

In the future, we will continue to offer our events and training courses and to systematically work with our suppliers towards a more resource-efficient supply chain.

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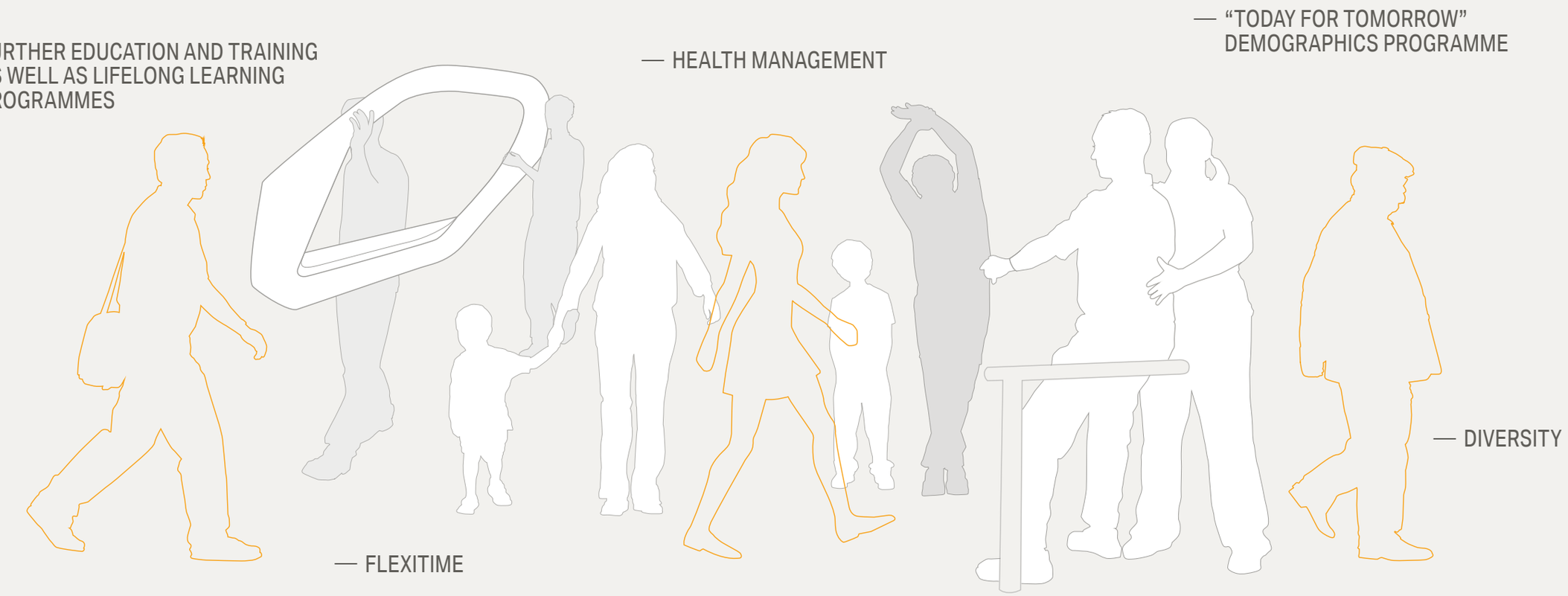
5

EMPLOYEES

5

EMPLOYEES

WE OFFER ATTRACTIVE WORKPLACES.



The average age of the population is steadily increasing. In 2030, one billion people will be 65 years of age or older. This trend as well as the expected shortage of skilled workers in the long term and changing employee requirements have consequences for HR planning at the BMW Group.

Source: KPMG 2013. Future State 2030: The global megatrends shaping governments.

5 EMPLOYEES

PROGRESS IN 2013

HR STRATEGY FURTHER REFINED

- We reviewed our HR strategy and set up a global organisational structure as the basis for coordination of strategic HR topics.

OCCUPATIONAL HEALTH AND SAFETY IMPROVED

- We were able to further reduce accident frequency at the BMW Group to 4.8 accidents per one million hours worked.

PROMOTE COMPATIBILITY OF WORK-LIFE BALANCE

- We opened our own company childcare facility at the Munich location, which can accommodate around 220 children.

KPIs

EMPLOYEES AT THE BMW GROUP

— 2013

110,351

2012 | **105,876** | ↗

SHARE OF FEMALE EMPLOYEES AT BMW GROUP

— 2013

17.4 %

2012 | **16.8%** | ↗

APPRENTICES

— 2013

4,445

2012 | **4,266** | ↗

2014+ FORECAST AND OBJECTIVES

REALIGN HR DEVELOPMENT

- We are bringing our HR processes into line with employee development, focusing on integrating employees to the greatest extent possible and increasing transparency in recruiting, succession management and potential assessment processes.

ENHANCE OUR ATTRACTIVENESS AS AN EMPLOYER

- By introducing mobile working, we have taken a further innovative step towards self-determined working hours, results focus and individual design of working environments.

FURTHER ESTABLISH DIVERSITY

- Diversity and inclusion has become part of the compulsory further training programmes for managers.

5.1

Our management approach

Our success is based on the dedication and technical expertise of our employees. We make every effort to attract and keep the best people. To achieve this, we offer them secure and attractive jobs, comprehensive development and training opportunities and a HR policy geared to the long term. We also pay above-average wages and have a variety of measures in place to enable employees to balance work and private life.

Despite diverse challenging economic conditions for the global automotive industry, the BMW Group was able to achieve very good results in 2013. This is mainly due to the commitment, creativity and expertise of our employees. We want to continue to make every effort to attract and keep the best people. Apart from the fixed and variable salary components, we also offer our employees a wide range of social benefits. Our employees are deployed according to their individual strengths and talents, which they can continue to develop by taking advantage of targeted, future-focused further education and training programmes.

At the same time, we still face challenges ahead. In Germany and other Western industrialised nations in particular, skilled workers will become increasingly scarce in the medium term. Demographic change is also having a considerable effect on the age structure of our workforce. It is therefore essential that we position ourselves on all relevant labour markets as an attractive employer, for all target and age groups. To achieve this we offer an attractive working environment that takes particular account of age and life phases. We constantly develop the skills of our employees to meet our high commitment to innovation.

INTERNATIONAL AND INTERCULTURAL ALIGNMENT OF OUR HUMAN RESOURCES STRATEGY

Based on our Strategy Number ONE, the BMW Group Human Resources Strategy was passed in 2008 and has been continuously developed since then. In 2013, we updated the strategy based on an analysis of the global strategic environment, adapting it to include regional matters. We closely align the HR organisation to the requirements of the HR Strategy. In 2013, we set up for the first time a global structure to coordinate strategic HR matters with and within the regions, in order to accommodate the different cultural challenges faced in an international context. For example, recruiting potential in the threshold countries that are experiencing high levels of growth is significantly lower than in established industrial nations. In spite of the fact that these countries have much better demographics, this trend has developed due to the competition generated by the high number of companies building up workforces. On the other hand, the increase in life expectancy in industrial countries has produced higher cost pressure in the medical and social sectors. In the countries where we

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do business, we address these different challenges by installing country-specific concepts derived from our global strategic projects. Particularly when it comes to employees, we are able to combine our Group-wide intercultural competence with our local expertise.

The main global strategic projects are as follows:

- **Leadership Qualification and Development:** Development of current and future managers to expand their leadership and employee management skills and to enable them to achieve their personal targets as well as company objectives.
- **Future Talent Program:** Recruitment and development of university graduates and future managers from outside the BMW Group in order to build up a long-term and diverse global talent pool.
- **Diversity & inclusion:** Transformation of the existing diversity concept into a diversity-&-inclusion-strategy suitable for global application. Definition of objectives and performance indicators at global, national and regional level to derive and implement suitable measures.
- **Health and Work Environment:** Promotion of the best possible employee performance at the BMW Group, based on demand-oriented measures in the area of health and working environment.

ACHIEVING SUSTAINABILITY OBJECTIVES THROUGH STRATEGIC PROJECTS

From our strategic projects, we also derive most of our long-term sustainability objectives and expectations with regard to employees. In 2012, we introduced long-term objectives which we are continuously developing.

The objectives are anchored within the internal objectives system (e.g. balanced scorecard) with results being tracked on an ongoing basis. These include, for example, our attractiveness as an employer, excellent leadership and employee diversity, reduction of work accidents, promotion of employee health and ongoing further education and training.

One of the key parameters applied in HR policy is the number of employees working at the BMW Group. This number increased worldwide by 4.2% to a total of 110,351 by the end of 2013, partly due to an increase in the number of skilled workers recruited as a result of high demand for our vehicles > see Figure 21.

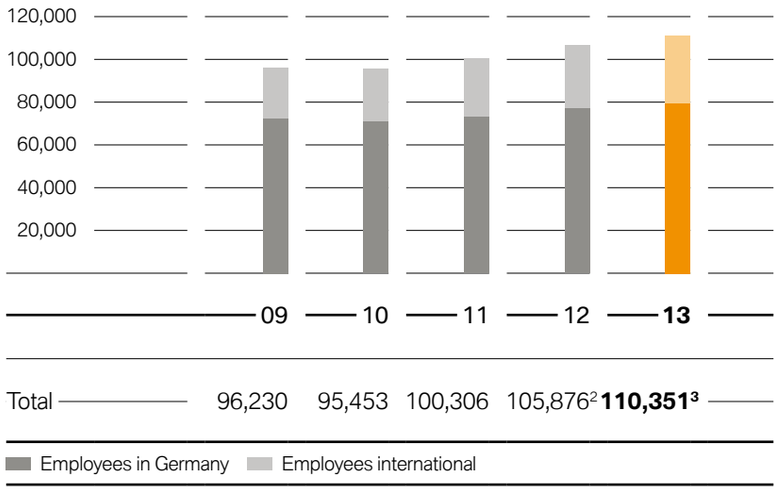
Key decisions that affect employment are taken by the entire Board of Management. BMW AG Human Resources is responsible for the various aspects of employment. Progress on the implementation of the Human Resources Strategy is regularly reported to the Board of Management. Human Resources and the specialist divisions bear equal responsibility for successful implementation.

In our long-term HR policy, we formulate the targets by which the company is to be measured. Some of the main principles here are respect and team spirit. We believe that good teams are more than the sum of their parts; a strong team spirit forms the basis for

5.1

EMPLOYEES

F.21 BMW Group employees at end of year[1]



[1] Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement arrangements and low income earners.
[2] Of whom 35.2% are tariff-bound production employees of the BMW Group.
[3] Of whom 35.1% are tariff-bound production employees of the BMW Group.

long-term success. This also applies to our collaboration with our partners worldwide. Based on this, we can offer our employees secure and attractive jobs.

The principles of our human resources policy are binding for every employee. In addition, our 12 Group-wide basic principles form the foundation for the recruitment and conduct of managers and employees. Group management as well as the national and international employee representatives are committed as well to assuming their social responsibility and to the basic principles of the UN Global Compact > see Chapter 1.

OUR WORKFORCE IN FIGURES
— AS AT YEAR-END 2013

110,351 employees
AT BMW GROUP — 2012: 105,876 employees

4,445 apprentices
AT BMW GROUP — 2012: 4,266 apprentices

99 countries of origin
EMPLOYEES FROM AROUND 99 COUNTRIES ACROSS ALL LOCATIONS OF THE BMW AG

17.4% share of female employees
IN TOTAL WORKFORCE AT BMW GROUP — 2012: 16.8%

13.8% share of female employees
IN MANAGEMENT POSITIONS AT BMW GROUP — 2012: 12.7%

3.5 days
AVERAGE DAYS OF FURTHER TRAINING PER EMPLOYEE AT THE BMW GROUP — 2012: 3.7 days

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COMPLYING WITH THE PRINCIPLES OF HR POLICY AND HUMAN RIGHTS

In order to ensure adherence to our HR principles in daily operations, the BMW Group has established a multi-level monitoring system. When potential legal violations by BMW Group employees are involved, assistance is provided by the BMW Group Compliance Organisation. As an additional point of contact for human rights issues, each employee has access by phone to our Human Rights Contact helpline. To prevent human rights abuses in the supply chain, we identify risks and take action against any violations of our standards > see Chapter 1.4 and > see Chapter 4.1. In addition, the office for health and safety and ergonomics is available to provide advice on all aspects of health and safety.

GUARANTEEING FAIR PAY AND STRATEGIC FLEXIBILITY

The BMW Group policies for remuneration and additional benefits apply for all BMW Group companies. We pursue a total remuneration approach in which salaries as well as our extensive range of benefits are considered part of a total package. The main guiding principle is fair pay. For every location worldwide, the total remuneration package must be above the average of the respective labour market. Minimum wage legislation must be complied with. We ensure that we are complying with these objectives by carrying out regular, centrally managed remuneration studies.

In order to continue to be successful in the future and to be able to secure jobs in the long term, we have made it our mission to reconcile sustainability management with strategic flexibility. We use a range of instruments to ensure flexibility, in order to adapt working hours to fluctuations in demand. These include standard shift models and modular capacity systems, such as defined extensions and reductions in shift hours, working through breaks and collective breaks. We also ensure flexibility by utilising temporary work contracts and to a limited extent by using the services of temping agencies.

OUR PROGRESS IN THE CORE AREAS

The organisational realignment of the HR division also led to a pooling of our talent management. We use integrated young talent programmes as well as training and further education to ensure that we can fulfil our strategic skills requirements worldwide > see Chapter 5.2 and > see Chapter 5.4. We have also pooled the topics of health promotion and sustainable performance > see Chapter 5.3. By restructuring the HR organisation based on international hubs, we want to make a contribution towards more cultural diversity > see Chapter 5.5. Moreover, we added a new BMW company childcare facility to our existing work-life balance packages, and expanded an existing childcare facility > see Chapter 5.6.

FORECAST

In 2014 again, we will continue to work on developing solutions to accommodate the different cultural challenges faced in an international context and will expand the global structure to coordinate strategic HR matters with and within the regions.

You can find information on further planned changes in HR management at the BMW Group at the end of each of the following sub-chapters.

5.2

Attractive employer

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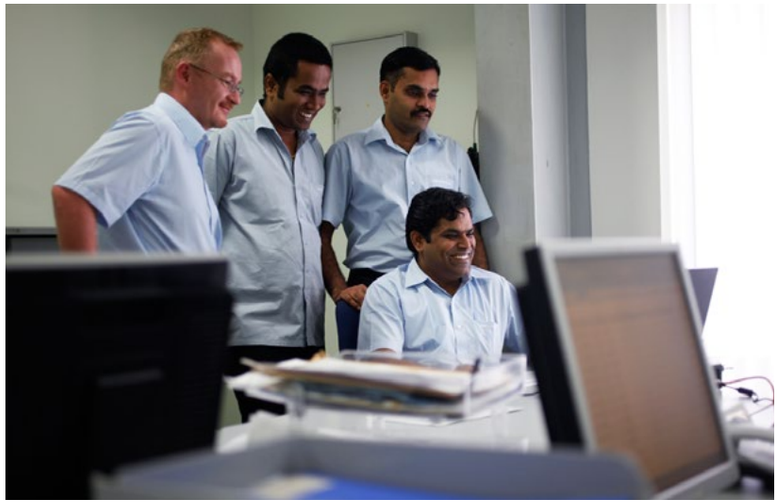
We are one of the most attractive employers worldwide. And we intend to build further on this competitive advantage: through above-average remuneration and social benefits, but also by taking feedback from our employees seriously and offering them opportunities to develop their individual strengths within the BMW Group. In addition, our leading role as a sustainable business significantly strengthens our appeal to employees.

Our premium standards are at the heart of everything we do. We develop and offer our customers first-class products and services. To do this we need the best employees available. We rate amongst the most popular employers, which give us a crucial competitive advantage.

But at the same time, we face many challenges. Highly skilled workers are becoming increasingly scarce. The reasons for this differ from market to market. Today, we are already facing a lack of experts in some key areas. As an innovative business enterprise, it is important that we break new ground and develop new technologies. So we need experts in areas such as electromobility who are ready to take this approach. However, for all our focus on performance, we know from experience that it is only possible when our employees are able to achieve a good work-life balance.



ATTRACTIVE EMPLOYER — A skilled workforce increases competitiveness.

SECURING SKILLS FOR THE FUTURE

We try to set the course at an early stage to ensure we have the skill sets we need for the company in the long run. Therefore, since 2011 we have been determining annually the skill sets we need based on the corporate and departmental strategies, and we align our young talent and further training programmes accordingly.

Also highly relevant for human resources planning are demographic effects on the structure of the workforce. Foreseeable, age-related retirements were therefore systematically analysed in 2013, in Germany and internationally.

In the emerging markets such as China, India and Brazil in particular, demand for qualified employees

is rising steadily. Attractive recruitment programmes and market-specific human resources marketing are therefore an integral part of our international human resources policy.

ATTRACTIVE EMPLOYER AWARDS IN 2013

- **TRENDENCE GRADUATE BAROMETER GERMANY 2013:**
  Number 2 in business and engineering, number 4 in IT.
- **UNIVERSUM GRADUATE SURVEY 2013:**
  Number 2 in business and engineering, number 11 in IT.
- **GLOBAL REPUTATION INSTITUTE 2013 (GLOBAL REPTRACK 100):**
  1st place (across industries and worldwide).
- **TRENDENCE EUROPE'S TOP 500 EMPLOYERS 2013:**
  Number 9 in business, number 5 in engineering.
- **UNIVERSUM WORLD'S MOST ADMIRED EMPLOYERS 2013:**
  Number 14 in business, number 5 in engineering (thus the top automotive company and top German company).
- **TRENDENCE PUPIL BAROMETER GERMANY 2013:**
  Number 4 (thus the top automotive company).
- **TRENDENCE YOUNG PROFESSIONAL BAROMETER GERMANY 2013:**
  1st place in the categories business, engineering and IT.
- **UNIVERSUM PROFESSIONAL SURVEY GERMANY 2013:**
  2nd place in business, 1st place in engineering, number 4 in IT.

STRENGTHENING OUR EMPLOYER BRAND

In 2013, we used all relevant channels to communicate our BMW Group Employer Brand, which was revised and updated in 2012, enabling us to raise the BMW Group's external profile as an attractive employer. However, we want to capture the core of our employer brand even more effectively. In order to do this, all processes for recruiting, developing and retaining employees are being put to the test in the Talent Management initiative. We also conduct internal employee surveys and culture analyses. The findings enable us to pursue our employer branding in an even more targeted manner worldwide.

Our collaboration with universities reinforces graduates' awareness of the BMW Group as a potential employer. Here, we were able to gain new international partners, such as the Nanyang Technological University in Singapore. In addition, we continued to expand our HR marketing worldwide, adapting it to the specific needs of each market.

The Facebook career page launched in 2010 remains among the most visited career portals operated by companies in social networks, with an exceptionally high level of interaction. On a personal level, we engage in dialogue that provides deep insights into the working world of the BMW Group.

REWARDING PERFORMANCE WITH ABOVE-AVERAGE REMUNERATION

We reward the outstanding performance of our employees with above-average remuneration. Our remuneration is aligned with the upper third

of the respective labour market worldwide. The BMW Group thus pays considerably above the local minimum wage.

In addition to a fixed salary, our employees receive a variable share in the company's profits. Due to the positive business development in 2012, employees took home a profit share in 2013 that was almost as high as the record level of the previous year. In Germany, this amount was equivalent to around 2.5 months' salary.

A standardised profit-based component for all of our employees forms part of our variable remuneration packages. Calculated on the basis of dividends, Group profit after tax and Group return on sales after tax, this bonus tracks the profitable, sustainable growth of the company. The same calculation method for profit sharing is used for all levels in the hierarchy, including the Board of Management. This approach is currently unique both in the automotive industry as well as among the DAX-30 companies.

GUARANTEEING FAIR REMUNERATION

Our remuneration system is gender-neutral. To make sure that this is the case all over the world, all our companies are interviewed regularly. There were no discernible differences between the base salaries of women and men for either tariff employees in administration, IT, development and production or for the non-tariff employees.

Based on a voluntary commitment by BMW AG, the compensation received by temporary workers employed by the company is oriented on the collective agreements applicable to our core employees, i.e. primarily the collective agreements in the automotive industry and not the collective agreements in the temporary work sector. This ensures that compensation for core employees and temporary workers is largely the same.

OFFERING EXTENSIVE SOCIAL BENEFITS

Apart from the fixed and variable salary components, the BMW Group also offers its employees a wide range of social benefits, such as a company pension.

The employees at our international sites are similarly offered numerous social benefits geared toward supplementing the social services available in their country. In 2012, for example, a programme of benefits for our employees in China made far-reaching improvements in their accident and health insurance as well as insurance for surviving dependants. These are areas where the government offers only the bare minimum of coverage. Employees at our subsidiary in India, where the health insurance network is still being developed, can benefit from our offer to obtain insurance coverage not just for themselves, but also for their families and a parent.

OFFERING PENSION PROGRAMMES TO OUR EMPLOYEES

The BMW Group supports its employees in Germany and internationally with attractive pension programmes to secure their standard of living when they reach retirement. For example, we are currently setting up a company pension for our employees at a new plant in Brazil. And in the UK and the USA, employees can opt for a comprehensive company pension package. Additional comprehensive health insurance is available to our employees in the USA.

Employees in Germany also receive a company-funded pension and can set aside additional retirement provisions through a deferred compensation programme. All of these systems also include survivors' benefits in case of death of the employee, as well as benefits in case of a reduction in earning capacity.

In Germany, the BMW Group offers members of management (approx. 2% of the workforce) a defined-contribution pension commitment, i.e. BMW deposits a specific monthly sum in a pension account. The money is invested in the capital market and generates an attractive return throughout its entire period. When employees retire, the accumulated funds become available to them.

In Germany, we pay all other employees a fixed pension depending on their years of service and their category. In addition, employees can make voluntary pension contributions through a salary conversion scheme. Approximately 20% of employees participate in the voluntary, employee-funded pension models. The BMW Group guarantees its payment obligations. Already existing obligations are deposited with separately managed capital and secured by an independent legal entity (BMW Trust e.V.).

The present value of additional employee pension entitlements acquired due to longer tenure or promotion is calculated using an actuarial method and also paid annually into the BMW Trust e.V. As the assumed interest rate and return on investment are strongly dependent on external factors, the liquidity ratio of the pension obligations can fluctuate.

At the end of 2013, pension obligations in Germany amounted to around €7.4 billion, while pension assets amounted to approximately €6.7 billion. In recent years, the BMW Group has externalised pension obligations, thus making an essential contribution towards securing its pension commitments. Targeted asset-liability management minimises any risks due to fluctuations on the capital markets and changing evaluation parameters for the pension obligations. Due to the method of calculating the obligations and assets on the balance sheet, with different parameters as at the due date, temporary fluctuations in the liquidity ratio are possible.

In principle, all benefits are also available to part-time and temporary employees. The full payment of some of the benefits, such as profit-sharing and pension commitments, is, however, tied to a minimum period of employment with the company.

ENABLING FLEXIBILITY AND CO-DETERMINATION

Long-term job security is one of the priorities of our human resources policy. Our company agreements on BMW working time accounts and strategic flexibility, which enable us to deal with fluctuations in demand, help us to achieve this goal. The flexibility requirements apply to all BMW Group locations.

The BMW working time accounts make the relation between working time and remuneration more flexible. This enables us to adapt working time to the respective project and order situation without changing employees' pay.

The timely and comprehensive involvement of employee representatives, in particular in the case of major operational changes, is ensured in the BMW Group in a variety of ways and is an integral part of our corporate culture.

In accordance with the German law on co-determination, BMW AG has a Supervisory Board with equal representation of all parties, including external representatives of the competent trade union as well as company representatives from the works councils formed at the BMW AG company locations.

At the German BMW AG locations and the subsidiaries within Germany, works councils are formed according to the German Works Constitution Act. The works councils of BMW AG also delegate representatives to the Group Works Council of BMW AG.

For the European locations of the BMW Group, there is a European Works Council composed of employee representatives from the European production sites of the BMW Group.

Employee representation at the international BMW Group locations follows the respective national regulations, with employee representation most recently having been established in India (Chennai plant) and at the sales and financial services companies in China.

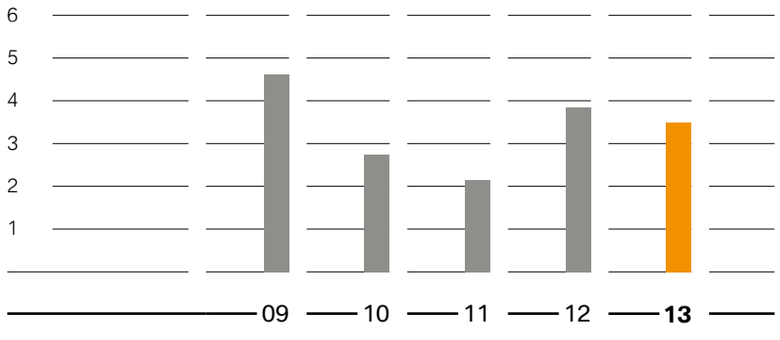
Cooperation with international employee representatives is steered by Labour Relationship Management.

RETAINING SATISFIED EMPLOYEES

At 3.5%, the attrition rate was slightly lower in 2013 than in 2012. Retirement continues to be the primary reason for attrition. The actual attrition rate is very low, demonstrating the effectiveness of the proven programmes and measures of the BMW Group geared toward positioning the company as an attractive employer > see Figure 22.

F.22 Employee attrition rate BMW AG[1]

as a % of the workforce



09	10	11	12	13
4.59[2]	2.74	2.16	3.87	**3.47**

[1] Number of employees on unlimited employment contracts leaving the company.
[2] Increase due to voluntary termination agreements during the global financial crisis 2008/2009.

OFFERING THE OPPORTUNITY TO GIVE FEEDBACK

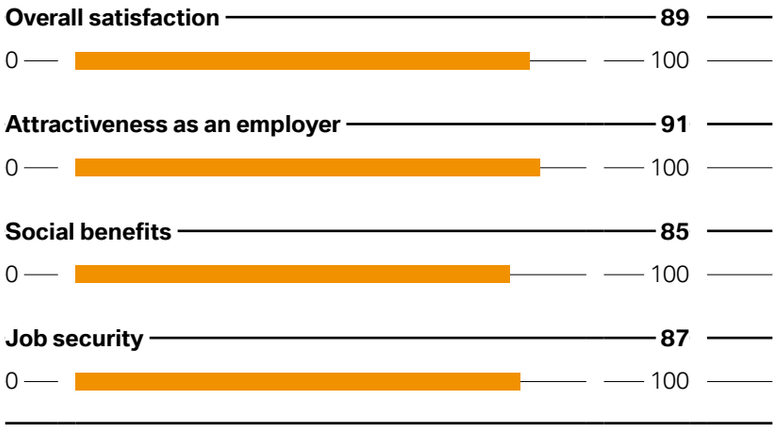
Employee surveys (e.g. on satisfaction, health or customer focus) and other feedback systems are key management tools at BMW.

A Group-wide employee survey is conducted every two years. In 2013, the survey was conducted on the basis of a representative sample. 89% of those surveyed were, on the whole, satisfied with the BMW Group. Very positive ratings were also given

to attractiveness as an employer (91%), social benefits (85%) and job security (87%) > see Figure 23.

F.23 Group-wide employee survey 2013

in %



We complement the employee survey with IT-supported feedback systems for managers: Feedback for Managers (outside Germany) and 360+ Feedback (in Germany; global roll-out is currently starting). With the aid of these tools, managers can compare the feedback provided by their staff, colleagues and superiors with their self-assessment. Careful evaluation of the results as well as practical recommendations for the subsequent processes make feedback the starting point from which individual leadership performance and team development can be improved.

New employees participate in an onboarding programme when they join the company. The aim is to familiarise them with the company from the outset. Later they can emphasise their own personal development in the annual performance assessment process.

The thoroughness of our feedback systems becomes apparent in the fact that we also regularly survey the participants of our young talent programmes as well as students on internships with the BMW Group. These surveys enable us to obtain a realistic picture from young people of how they perceive the BMW Group, and we can derive any necessary measures from this.

DERIVING MEASURES FROM FEEDBACK

In addition to the many positive results, the results of the surveys also show us where we need to take action, especially with regard to processes and structures as well as customer focus. For instance, we can improve how we define responsibilities. The aim is to place even more focus on the requirements and desires of our customers in our day-to-day activities.

FORECAST

Based on the Talent Management initiative launched in 2012, we are gradually aligning HR processes to employee development. In connection with this, HR processes and the required IT system support are being professionalised. When designing these processes and system support, we focus on integrating employees to the greatest extent possible and increasing transparency in recruiting, succession management and potential assessment processes.

Occupational health and safety

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We promote and support our employees' health to secure and reinforce our performance as a company. Integrated health management, working systems to suit an ageing workforce and a high degree of job security help us to achieve this. We also offer extensive prevention, rehabilitation and exercise programmes.

Demographics pose a particular challenge when it comes to occupational health and safety as the BMW Group's workforce is also ageing. In Germany, we have responded to this challenge, both on the production line and in administration, by implementing our Today for Tomorrow demographics programme. We are currently working to extend this programme to additional locations and corporate divisions, both in Germany and at our international locations.

The company is also facing additional challenges with regard to occupational health and safety and how to deal with new technologies. We have just founded a new centre of competence to respond to this challenge worldwide. A range of country-specific occupational health and safety as well as ergonomics legislation also require a higher degree of intercultural collaboration. We were able to enhance intercultural collaboration in 2013 with the introduction of PowerWheel, an international networking platform on occupational health and safety.

OCCUPATIONAL HEALTH AND SAFETY AND ERGONOMIC WORKSTATION DESIGN

In Germany, special committees on occupational health and safety and ergonomics are in place at every plant. These committees convene once every quarter to consult on the topics of occupational health and safety as well as accident prevention. Each committee consists of employer representatives, experts in occupational health and safety as well as environmental protection, company physicians, safety officers, works council representatives and additional experts in the field. Occupational health and safety committees are also in place at all international locations. They are structured in various different ways, also with union participation, and pass among other things union agreements that often go well beyond the statutory requirements.

Based on the globally applicable standards of the BMW Group, each plant creates an individual concept that takes account of country-specific regulations. For instance, in the USA, individual and requirement-specific training courses are offered on accident prevention for employees and managers. Based on this, through to 2015, BMW's plant in Spartanburg intends to continue to build on its leading role in the area of occupational health and safety among the carmakers of North America.

At present, OHRIS and OHSAS-certified occupational health and safety management systems are in place at 19 of our 28 production plants; the other

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facilities work with systems that meet national standards. Further certification is planned for plants in the UK in 2014 and 2015. BMW AG dealerships were also OHSAS 18001-certified in 2013 as part of a matrix certification.

MINIMIZING RISKS OF WORKPLACE ACCIDENTS

There have been no fatal accidents at the BMW Group for the last eight years. All accidents at BMW AG are captured and reported using the ISIS Safety computer system. Accident frequency rates were redefined in 2012. The system no longer bases its calculations on reportable occupational accidents causing more than three days of absence from work (in accordance with the German Social Code VII), but on all occupational accidents with absence from work.

The accident frequency rate at BMW AG (not including dealerships) was 5.3 per million hours worked in 2013; the rate at the BMW Group was 4.8. We aim to reduce the long-term accident frequency rate at BMW Group worldwide to 5.0 accidents per one million hours worked by 2020.

Managers and safety officers cooperate closely to implement measures. Two examples of outstanding initiatives in the reporting period were Null Unfälle (zero accidents) at the Munich plant and 5STOP at the Steyr location. In the same period we also developed a safety standard for large-scale construction sites that goes far beyond what is required by law > see Figure 24.

F.24 Accident frequency rate at BMW AG

[1] Occupational accidents with more than three days of absence from work (calendar days) per one million hours worked.
[2] Occupational accidents with at least one day of absence from work per one million hours worked (data covers around 85% of BMW Group employees due to system constraints).

SAFETY FIRST WITH FUTURE TECHNOLOGIES

As electric drive systems become firmly established in automotive production and maintenance, questions as to how to safely handle high-voltage technologies are gaining importance. The BMW Group has developed a training programme on how to deal safely with high-voltage systems in vehicles.

We also worked with other German carmakers to draw up and implement a safety concept for the verification of lithium-ion batteries in drive systems.

SUPPORTING AN AGEING WORKFORCE

With our Today for Tomorrow project, we are gradually adapting our production lines to suit our ageing workforce. We started in 2007 by launching a pilot project at a segment of our production line in the

Dingolfing plant to map the expected age structure in 2017. The average age at this segment was around 47; in the plant as a whole, it is currently around 43. The production processes and working conditions were adapted by introducing a number of ergonomic measures, employee rotation designed to balance out physical strain as well as age- and health-related measures. This culminated in the automotive industry's first component production system worldwide that is specially designed to meet the needs of older workers. The result: an area with an older age structure can function just as efficiently as comparable areas with much younger employees. The knowledge gained from this project is now being implemented across other German and international BMW Group locations (e.g. in South Africa and USA).

ERGONOMICS IN THE PRODUCT DEVELOPMENT PROCESS

By setting targets for ergonomic production processes, we create age-appropriate working conditions on the production line, starting in the vehicle development phase. We continuously monitor workstations in the production processes for potential to further optimise ergonomics. The integration of measures such as job rotation and workplace physiotherapy are integral parts of our production philosophy.

Over 15,000 employees at the German-speaking BMW Group locations now benefit from Today for Tomorrow.

WORKPLACES TO SUIT AN AGEING WORKFORCE — Today for Tomorrow initiative at the BMW plant in Dingolfing.

Along the same lines of the programme Today for Tomorrow on the production line, we developed an additional concept we call Today for Tomorrow in the office world. This concept has so far been implemented with some 2,000 employees in around 100 departments.

HEALTHY LIVING AND WORKING

The health management department at the BMW Group has developed the Health Initiative, an integrated company approach. It builds up knowledge, determines health conditions, derives and develops targeted measures and evaluates all activities. New measures are developed and existing ones modified based on the results of the evaluation.

The main steering committee on health sets strategic objectives and decides the basic direction health management should take. The various measures are managed by strategic and work groups. The company

agreements on presence management and integration management focus on promoting health and thus decreasing illness-induced absenteeism within the company.

PROMOTING PREVENTIVE MEASURES

Prevention is a core element in our health management. Every employee at our German locations is entitled to use our company-owned PROAKTIV Centres and join the low-cost fitness and health programmes as well as other training courses on offer at these facilities. Our Treppe statt Aufzug (Take the Stairs!) campaign at our Munich location uses amusing slogans to encourage employees to climb the stairs instead of using the lift. And our ProBike project allows employees in the north of Munich to cycle from one meeting to the next.

In 2013, we placed particular focus on the topic of bowel cancer prevention. A physical health campaign that ran for several weeks, Aktionswochen der Psychischen Gesundheit, also offered talks, seminars and workshops on topics such as relaxation techniques and stress management.

PROVIDING HEALTH CHECK-UPS

Health services play an important role at all our international locations. Our Associate Family Health Center at our Spartanburg plant in South Carolina (USA) now provides low-cost employee health-care close to the workplace. Its services are available both to employees of the BMW Group as well as direct family members and retired BMW staff. A total of $5 million were invested in the centre.

In the UK, we began to offer our employees annual health check-ups at the various locations (Oxford, Swindon, Hams Hall, Bracknell, Hook and Goodwood) in 2011. Similar to Checkup35+, which is offered by the statutory health insurers in Germany, a physical check-up is administered and the patient's vital parameters monitored.

Employees on deployment to other countries and their families receive health advice, check-ups and all other necessary preventive care.

SUPPORTING REHABILITATION, INTEGRATING PEOPLE WITH DISABILITIES

The BMW Group supports employees who want to go to rehab after a long period of illness, both through its reintegration management programme and its Netzwerk Reha rehabilitation programme. In 2006, Netzwerk Reha set up a partnership between the health management programme of the BMW Group and the company's health insurer BMW Group BKK on the one hand, and the German pension insurance as well as eight rehabilitation clinics on the other.

At our plants, we make every effort to secure the workplaces of employees with debilitating health issues in the long term. All social partners work together to ensure that employees who are no longer able to carry out the work they once did as well as severely disabled employees are provided with adequate working conditions. Company agreements and standardised processes form the basis for this. As a result, we were able to significantly decrease the number of inadequately designed workplaces in spite of the growing number of employees who are not able to do the work they once did due to disability.

CORPORATE HEALTH MANAGEMENT — Health campaign in 2013.

TRAINING COURSES

How our managers behave influences the health of our employees as well as their satisfaction at work. Raising awareness for health-oriented management styles is therefore an integral part of the BMW Group's manager training courses and the further training of our employees. For instance, as part of the BMW Group's Health Initiative, we developed compulsory five-day health and leadership seminars that raise managers' awareness of the impact they have on the health of their employees.

The BMW Group Academy also expanded its courses on health training. For example, it now offers seminars for shift workers on stress and time management as well as time-zone management for employees working abroad.

There is also a comprehensive compulsory programme on target-group-oriented training in the area of occupational health and safety. For instance, last year, we developed a hybrid training concept on the safe use of hybrid technology as well as a new seminar on ergonomics. Since mid-2012, BMW Motorrad has systematically expanded the area of driver training for all BMW Group employees who drive motorcycles as part of their jobs.

FORECAST

Currently, due to system restrictions, 80% of the BMW Group's workforce is included in accident frequency rate calculations. In 2014, they will include an increasing share of the workforce (e.g. dealerships and CKD plants). Preparations will be made in the Development Division for occupational health and safety certification. Our Today for Tomorrow project will continue to be implemented to adapt additional areas of the company for our ageing workforce.

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Training and further education

In the face of new technological advances in the automotive industry as well as wide-ranging changes on the labour market, the education and further training of our employees is becoming more and more important. Our further training courses aim to cover our requirements in this area by promoting the individual strengths of our trainees, skilled workers and managers.

In the coming years, there will be a significant increase in the demand for well-trained skilled workers. This is particularly true in areas such as drive electrification, the use of hydrogen technology and fuel cells. To continue meeting these requirements going forward, we want to identify and attract talent to our company at an early stage. One way of doing this is to provide comprehensive support for their training and further education. In addition, we offer employees a large number of development and certification programmes. This promotes the concept of life-long learning within the BMW Group.

We want to enable our employees to make full use of their personal and social strengths. To do this, we try to make sure that we recruit candidates whose personal interests and abilities are in line with the specific requirements and development opportunities of the position within the company.

GLOBAL TALENT PROMOTION — Internship programme Te gusta aprender for Spanish graduates.

In addition, we support staff members who want to develop their skills. With the aid of an IT-based tool, we also work with educational needs analyses. These allow us to draw comparisons between operational skills requirements (planned) and existing skills (actual).

We base the further training and education of our employees and managers on a leadership principle that focuses on people's strengths. All managers take part in management training programmes so that they can learn to identify and foster their own strengths and those of their staff. Team workshops also give managers the opportunity to work on developing strength-focused collaboration and task distribution in their teams.

BMW Group employees can gain state-of-the art expertise by taking part in funded study courses outside working hours. We are expanding the range of study courses we offer and are continuously adapting them to the requirements of the company, for example by offering courses in lightweight construction, composite materials and hydrogen/fuel cells.

ATTRACTING AND FOSTERING TALENT

We invest in attracting and training talent on an ongoing basis. This enables us to secure our human resources requirements in a volatile environment. The BMW Group's global package of measures ranges from vocational training to young talent programmes for student target groups to high-potential programmes for future managers.

The young talent programmes are based on a global philosophy that participants are provided with both financial support as well as focused training in their areas of expertise as well as in other areas. They can also gain additional experience through practical work periods. To enable future employees to meet the increasing challenges faced in the multinational context, periods abroad are either obligatory or optional parts of all programmes.

At the end of 2013, around 240 young potentials were taking part in the ongoing, practice-oriented bachelor's and master's programmes funded by the company in Germany. Around 220 doctoral candidates are currently studying for their PhDs with the BMW Group. Their research and innovative spirit supports departments in all areas of the company. In addition, a large number of PhD students working in cooperation with BMW at various universities are involved in BMW Group projects.

IMPLEMENTING YOUNG TALENT PROGRAMMES WORLDWIDE

Special additional training programmes for high-potential trainees round off our young talent portfolio. We aim to retain our young talent within the BMW Group as far as possible. The BMW Group has attractive programmes designed to recruit our future managers at international level. The focus here is on the Group Graduate Programme which is designed to meet requirements in Germany and the Management Associates Programme for our international locations.

MOTIVATING NEW RECRUITS FROM THE OUTSET

In Germany, our Drive onboarding programme established in 2012 is a standardised induction programme for all new employees in administration, IT, etc. The aim is both to give employees relevant expertise and to help them develop an emotional connection to the BMW Group.

Strategic university partnerships help us to attract talent to the BMW Group worldwide. The BMW Group has established strategic partnerships and collaborations with institutions such as Technische Universität München, Karlsruhe Institute of Technology (KIT), University of St. Gallen, Georgia Institute of Technology, Clemson University, Massachusetts Institute of Technology, Nanyang Technological University and Tsinghua University. We will continue to expand our collaboration with these universities in the coming years.

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THE WAY FORWARD IN VOCATIONAL TRAINING — Dual vocational training principle extended to various locations outside Germany.

PIONEERING ROLE IN VOCATIONAL EDUCATION

The BMW Group is a pioneer in focused education and further training. In 2013, the BMW Group had the best vocational trainees in the occupations of vehicle interior trimmer, painter and technical model designer. Among other things, the model designers received the best marks in the state from the Oberbayern and Munich chamber of industry and commerce.

SYSTEMATICALLY PROMOTING APPRENTICES STRENGTHS

The new TaLEnt training concept was introduced at all German locations at the beginning of the 2012 training year.

TaLEnt stands for Talentorientiertes Lernen und Entwickeln (talent-oriented learning and development). The concept focuses not only on good-quality academic training – the personality of each individual is also taken into account. Seminars fostering young people's strengths promote awareness among all

trainees of what they are capable of, and enable the trainers to identify talents and strengths more effectively. This allows us to align personal capabilities very closely with the needs of the company.

DUAL VOCATIONAL TRAINING SYSTEM ROLLED OUT WORLDWIDE

We believe in the dual vocational training system. For this reason, we have set up vocational training according to the German dual system at various international locations. For example, at our Spartanburg location in South Carolina (USA) the third year of the dual vocational training system started successfully in 2013, while students began their second year in Shenyang (China).

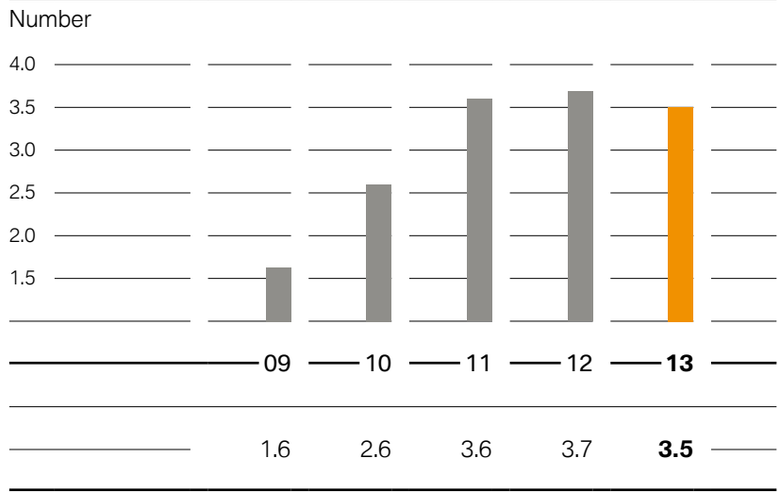
Another example of this was the launch of a training workshop in Oxford in 2012. Prime Minister Cameron took a tour of this new training location in autumn 2013 and described it as a "shining example". In addition to the already existing locations, we plan to launch training courses according to the dual system in Brazil and India in 2015.

We have also adapted our vocational education system to integrate company-relevant special qualifications such as the Hybrid programme. This goes above and beyond the specifications laid down in the German vocational training regulations.

In 2013, we had 1,363 apprentices worldwide, 1,200 of whom were in Germany. We are training 4,445 young people worldwide in vocational and young talent programmes, 3,765 of whom are in Germany.

Our capital expenditure on education and further training amounted to €288 million. On average, our employees participated in 3.5 days of further training in 2013 > see Figure 25.

F.25 Average days of further training per BMW Group employee[1]



[1] Data retrieved by direct capture of the number of participants as well as a small share by qualified extrapolation.

TRAINING MANAGERS

Our vision of corporate leadership is mainly based on the three pillars Managing Business, Leading People and Leading Yourself. We communicate this leadership philosophy to our managers early on in their careers. Our experienced managers also regularly participate in measures to further develop and reinforce our understanding of what leadership should be.

LEARNING TO OPTIMISE THE EFFECTIVENESS OF LEADERSHIP

A Corporate Leadership programme has been in place since 2010, with clear messages on leadership within the BMW Group. In various settings, new and experienced leaders at all levels regularly discuss leadership topics. In 2013, we extended and updated the Corporate Leadership Programme to include

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current corporate strategy requirements as well as HR development (second cycle). Our aim here is to encourage all managers to continuously examine their leadership approaches in order to achieve long-term results, and to increase the effectiveness of their leadership.

WORKING TOGETHER TO EXCHANGE AND CONSOLIDATE LEADERSHIP SKILLS

We continuously develop our vision of Corporate Leadership and establish the concept with our managers. We achieve this by fostering continuous dialogue between BMW Group managers. To do this, we set up two innovative dialogue platforms where managers can discuss the BMW Group's requirements with regard to leadership skills.

PROMOTING INTERNATIONAL EXCHANGE

We promote exchange between employees from our different locations. This results in a more international workforce and makes us a more attractive employer.

In 2013, the BMW Group implemented a number of other training measures as part of the internationalisation process. This included an international summer school, various training courses on intercultural competence and vehicle development training for Chinese employees.

RAISING AWARENESS OF SUSTAINABILITY AND HUMAN RIGHTS

The BMW Group strives for sustainability in its business, environmental and social activities. We therefore raise employee awareness at an early stage by offering training courses and introductory events on these topics. With this in mind, we have developed an interactive Web-based training (WBT), which was rolled out worldwide in 2013.

And we have installed the corporate initiative Wertschöpfungsorientiertes Produktionssystem (WPS – value-creating production system), which among other things aims to save resources and improve efficiency.

FORECAST

In 2014, the first participants will be invited to take part in the international young talent programmes for students – one of our target groups. We plan to increase the number of participants step by step by 2016. In the area of manager training, we will be providing new training formats on health and safety in 2014. Other focus areas in internal further training are the planned expansion of training courses on the topics of quality, new technologies, electrics, electronics and health.

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Diversity and inclusion

In all their diversity, each and every one of our employees is accorded equal levels of appreciation, respect and opportunity. We have also established specific objectives to make our workforce even more diverse. We believe that this further enhances our competitiveness.

Today's society is characterised by a level of diversity that is leading to considerable shifts in population structures and lifestyle choices. This is mainly induced by globalisation, demographic trends and changing values. In this situation, a multicultural workforce, an appropriate gender balance and a good mix of ages are essential.

Diversity and inclusion is a fundamental element in our HR strategy. Changes, including clearly defined indicators, are regularly reported to the Board of Management and the Supervisory Board of the BMW Group.

To further promote diversity among our workforce, the Board of Management passed a targeted diversity concept in November 2010. This defined three dimensions of diversity that apply across the company, with due consideration for local conditions:

- Cultural background
- Age/experience
- Gender

In 2011, the Board of Management and the Supervisory Board approved target ranges for increasing the share of women in our workforce. Our vision is for women to make up 15–17% of our workforce by 2020, both in the general workforce and in management positions within the BMW Group, in Germany and worldwide.

The BMW Group also strives for diversity in the supply chain. This is why we organised a Supplier Diversity Conference in Spartanburg, South Carolina (USA) also in 2013. At this Matchmaker Conference, companies owned by women and by members of minority groups were given the opportunity to introduce themselves to the BMW Group and our suppliers as potential business partners > see Chapter 4.

Managers have had the opportunity since August 2013 to participate in a dialogue-based training course reflecting on various dimensions of diversity. They identify opportunities to foster diversity and inclusion and to improve their effectiveness. Eighteen management circles, with around 140 German and international managers, took place in the course in 2013.

IMPLEMENTING THE DIVERSITY CHARTER

We signed the Diversity Charter in 2011. This initiative is intended to promote the recognition, appreciation and inclusion of diversity as part of the corporate culture in Germany. The organisations that have committed to the Charter aim to create a working environment that is free from prejudice.

We also joined the association Charta der Vielfalt e.V. (Diversity Charter) in 2012. This enables us to finance numerous projects throughout Germany that encourage increased diversity and tolerance. One example is the project Jugend denkt Vielfalt in NRW (Young people think “diversity” in North Rhine-Westphalia). Here, innovation games and youth forums are used to encourage dialogue with young people on the subject of diversity and show them what diversity and inclusion mean for the economy.

PROMOTING OUR INNOVATIVE STRENGTH THROUGH DIVERSITY AND INCLUSION

As a company that is currently involved in over 150 countries, we see diversity among our workforce as an opportunity. In Munich alone, we currently have employees from over 90 countries working together very successfully. The systematic use of different but complementary talents enhances the company’s performance and innovative strength.

The diversity of our employees helps us to understand the specific needs of our customers worldwide, enabling us to provide the best possible service for our existing markets and to tap into new ones. In addition, we address a broad target group in order to ensure we can recruit highly qualified skilled workers. The decisive factor is the quality of an applicant. To ensure that we are attractive for all highly qualified applicants and that all employees can develop to their full potential, we create a corporate culture characterised by mutual respect and appreciation.

PREVENTING DISCRIMINATION

At all of our locations, we seek to prevent discrimination on the grounds of gender, origin, age, disability, religion or sexual orientation. The BMW Group SpeakUP Line offers all employees worldwide the possibility to anonymously and confidentially log complaints of breaches of this principle. Employees can also address their queries to their own managers, the relevant offices of the BMW Group, the HR department, the works council or the Diversity and inclusion office. Questions can also be addressed to the legal, Group auditing and Group security departments. The BMW Group Compliance Contact is a further point of contact employees and people from outside the company can come to with compliance-relevant queries. Our employees can also avail themselves of the Human Rights Contact helpline, which facilitates queries and complaints about human rights. Should cases be reported, they are dealt with by a cross-divisional ad hoc team that includes a representative of the works council.

PROMOTING FEMALE EMPLOYEES AND MANAGERS

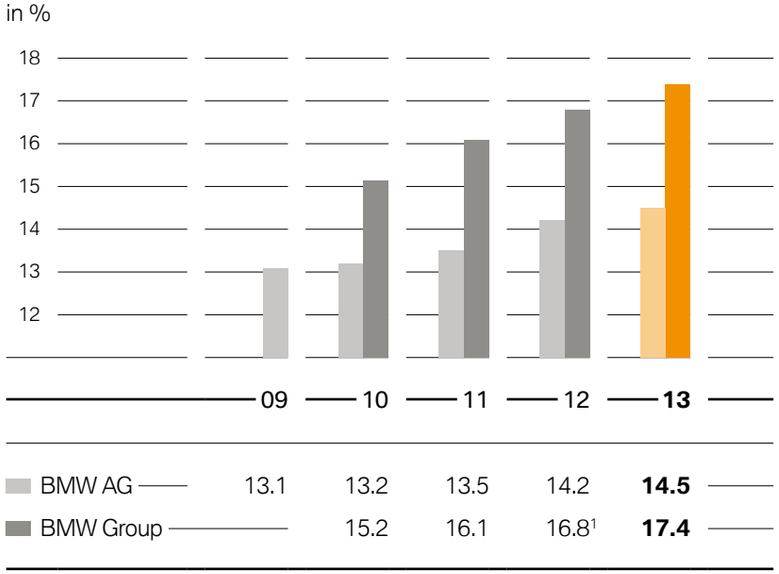
The BMW Group’s Diversity Concept aims to bring the share of women in management positions into line with the overall employee structure. This also means that we are complying with the recommendations of the German Corporate Governance Code. In

2011, together with the other DAX-30 companies, we made a commitment to increase the share of females in management positions. For more information see the Status report.

In 2013, the total share of female employees in the BMW Group workforce was 17.4% (BMW AG: 14.5%) > see Figure 26. The number of female managers increased from 12.7% in 2012 to 13.8% in 2013 (BMW AG: from 10.0% in 2012 to 10.9% in 2013). 20% of our Supervisory Board members are currently women (previous year: 20%). In July 2012, one female joined the BMW Board of Management (12.5%) > see Figure 27. These positive changes show that our measures are having an effect.

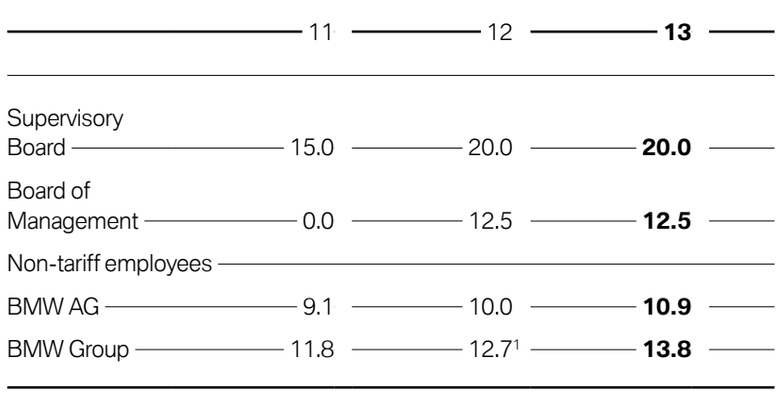
PROVIDING SUPPORT THROUGH COACHING AND MENTORING

F.26 Share of female employees in total workforce of BMW AG/BMW Group



[1] Figures for 2012 adjusted due to data cleansing.

F.27 Share of female employees in management positions at BMW AG/BMW GROUP



[1] Figures for 2012 adjusted due to data cleansing.

Both male and female employees participate in a 100-day Business Coaching Programme to acquire the skills they need to move up in the organisation. The programme teaches them how to be successful managers. Since the programme was launched in 2012, a total of 366 employees from ten countries have taken part, of whom just under half (46%) were women. The training courses took place in Germany, Korea (with participants from Korea, Malaysia and Singapore) and China (with participants from China and Singapore).

Female employees have also initiated a network called Female Managers in Dialogue. This network now has 150 members. In 2009, a complementary network was set up for female staff on collective agreements. In 2012, a further network was established for part-time employees of both sexes.

We are also involved in the Cross-Mentoring Programme run by the city of Munich. The purpose of cross-mentoring is to encourage young female managers by providing individual support from a mentor of either sex. Mentees are accompanied for a year by

GETTING MORE WOMEN INTO TECHNICAL OCCUPATIONS — BMW Group Girls for engineering-camp.

a mentor from another company. Over 30 women have participated in this programme since 2002.

GETTING WOMEN INTERESTED IN TECHNICAL OCCUPATIONS

To attract more female employees in the long term, we are encouraging an interest in the technical professions among women from a young age. At the annual Mädchen für Technik Camp (Girls for Technology Camp), girls are given a two-week practical insight into the technical professions as part of the BMW vocational training programme in Munich. Many BMW locations in Germany are also involved in our annual Girls' Day.

We are encouraging an interest in the technical professions among young people while they are still at school. One example is the BMW Junior Campus, which over 16,000 girls and boys aged five to 13 attended in Munich in 2013. In addition, over 14,000 children have taken part in the workshops offered by the Junior Campus Berlin since its launch in 2011.

We place a special emphasis on women in both our academic young talent programmes and our vocational training programmes. The proportion of women in the BMW Group's management trainee programmes grew to over 30% during the reporting period (Group Graduate programme: 37.5%, Management Associates programme: 35.2%). This creates

INCREASING DIVERSITY — Intercultural workforce for an intercultural company.

the basis for a more feminine, culturally sensitive and well-networked leadership in the future.

With innovative recruiting programmes specially designed for women in the technical professions, we were able to attract female graduates, young professionals and managers to the company in 2013.

ENHANCING CULTURAL DIVERSITY

We enhance cultural diversity by focusing on recruiting new employees at our locations in the growth markets and by recruiting employees from other countries to work in Germany. To enhance cooperation, we also promote employee exchanges between BMW companies worldwide.

As an international company with an intercultural workforce, we focus on recruiting managers with international experience and will also increase the share of non-German top managers in the long run. The international character of the Board of Management and Supervisory Board of BMW AG also reflects the internationality of the company.

TAKING ACCOUNT OF AGE DIVERSITY

When setting up new locations or divisions we recruit people from a range of ages. For example, at our new BMW location in Brazil we are recruiting a mixed-age workforce from the very beginning. This will allow us to avoid age structure issues and to focus on tapping into the specific strengths of different age groups.

As our workforce ages, we are creating conditions worldwide in which young employees can remain healthy as they grow older and in which older employees can contribute their particular strengths. To achieve this, we successfully launched the Today for Tomorrow programme, implemented it internationally and also successfully introduced the health management cycle as a pilot project > see Chapter 5.3.

The number of years each employee works for the BMW Group is increasing. This is due to earlier entry into the company and later exit due to rising retirement ages, for example. To make sure that employees of different ages and in different life phases can contribute their particular strengths to the full, we introduced extensive programmes for flexible and mobile working > see Chapter 5.6. To complement this, we raise the awareness among managers of the challenges posed by mixed-age teams.

PROMOTING AND UTILISING IDEAS

For over 70 years, our Ideas Management system has enabled employees to have a direct influence on the development of the company. In 2013 alone, suggested improvements in Germany and at our international plants combined led to savings of around €38.8 million. The company paid out €3.7 million to employees for their ideas.

The ideas management system CRE8 replaced the imotion programme at the end of 2012. CRE8 comprises a user-friendly IT system, simplified and transparent processes and attractive prizes of up to €120,000.

We modified CRE8 in 2013 by adding new functionalities to the system. For instance, employees in Germany can invest their prize money in pension funds by transforming it into private pension capital. In addition, we introduced continuous improvement process workshops and idea campaigns that call on employees to suggest solutions to specific problems. With the launch of CRE8, we also introduced the new role of ideas process experts to support managers in processing complex ideas, thus speeding up the entire process.

In 2013, we prepared the ground for the international roll-out of CRE8. Worldwide implementation will get as many employees as possible involved and generate a large number of ideas. The emphasis is on improving the transfer of knowledge as well as generating a large number of high-quality, feasible ideas. This should result in synergy effects and multiple applications of the ideas, while avoiding unnecessary duplication of work. Our employees offer suggestions from a wide range of areas, e.g. the environment, quality and occupational health and safety. However, an improvement does not necessarily have to lead to cost savings. Prizes are equally awarded for ideas that lead to improvements in working conditions, quality or customer benefit.

FORECAST

Focused diversity management increases diversity in the BMW Group's workforce. From 2014 onwards, diversity and inclusion will become part of the compulsory further training programmes for managers. Participants reflect on various dimensions of diversity and identify opportunities to foster diversity and inclusion in order to improve their effectiveness.

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Work-life balance

We support our employees in finding the right work-life balance. To achieve this, we offer a wide range of tools to make their working hours and workplaces more flexible and to help them with childcare and other dependants who require care.

In today's world, work and private lives are becoming increasingly interlinked. Ideally, the two should complement each other, but in reality they sometimes do the opposite. The BMW Group would like to help its employees to achieve a harmonious work-life balance. However, this is a challenging task. As society becomes more individualised, the range of different lifestyles also increases. This means that not every tool is right for every employee. Added to this is the fact that the BMW Group is becoming increasingly international. This leads to more international activities, including work across different time zones, which can be difficult to reconcile with your personal life. Needs and requirements can also differ quite significantly from country to country.

To meet the different challenges, we have developed a range of options for our employees. Each BMW Group location develops individual measures with a view to country-specific conditions.

We inform our employees and managers about these offerings on an ongoing basis. For instance, a new intranet page now provides even more comprehensive support to employees in their efforts to improve their work-life balance.

ENABLING FLEXIBLE WORKING TIMES AND MOBILE WORKING

When it comes to ensuring the competitiveness of the BMW Group, flexible working times that can be adjusted to suit demand for our products and tailored to meet changing economic conditions are essential. But variable working time tools and individual working time accounts also offer our employees greater leeway.

The option of working without being tied to a specific location also helps to ensure a positive work-life balance. In 2013, we expanded on the established teleworking programme by integrating it into the Neue Arbeitswelten (New Working Worlds) concept for a test period. Building on this successful mobile working pilot project, we made a new company agreement for all employees of BMW AG in autumn 2013. The agreement came into force on 1 January 2014. Before its introduction, we informed all those involved about the new options. A key element of our communications in this regard was a recommendation on to what extent employees should be available during their leisure time, the principle being work flexibly, but know how to switch off. Dialogue between employees and their superiors promotes both target-focused, flexible working as well as long-term health and employability of our staff.

F.28 Alternative work forms at BMW AG[1]

in hours

	09	10	11	12	**13**
Part-time employees	3,133	3,709	3,825	3,948	**3,966**
in % of total number of employees	4.5	5.3	6.0	5.8	**5.7**
Teleworking positions	7,636	9,209	11,717	15,235	**18,094**
in % of total number of employees	10.9	13.2	16.4	22.5	**25.9**
Sabbaticals	704	498	450	514	**511**
in % of total number of employees	1.0	0.7	0.6	0.8	**0.7**
Parental leave	1,313	1,600	1,513	1,674	**1,968**
in % of total number of employees	1.9	2.3	2.1	2.5	**2.8**

[1] Figures refer to employees with permanent and part-time contracts.

Our Vollzeit Select (Fulltime Select) working time tool allows employees in Germany and Austria to take 20 additional days of leave each year with corresponding adjustments to their salaries, without any complicated red tape. Meanwhile, BMW Group employees in Germany, Austria, the USA and the UK can also take sabbaticals of up to six months (this initiative is open to our managers only). In the UK, up to 40 weeks parental leave can be taken on full pay, well in excess of the statutory allowance > see Figure 28.

TAILORING PART-TIME RETIREMENT TO EMPLOYEES' NEEDS

Employees and managers in Germany can tailor their transition into retirement to their individual needs by agreeing on the starting date and duration of their part-time early retirement programme. In addition, employees at many of our overseas facilities can take early partial or full retirement based on their personal early-retirement models. Our employees are making increasing use of these options. Vollzeit Select, sabbaticals and parental leave have become even more popular in 2013.

In 2013, we also discontinued core working times at the German locations in Munich and Regensburg and expanded flexitime. We facilitate individually tailored working times and promote work-life balance by not obliging employees to be present during certain core periods.

OFFERING CARE SERVICES FOR CHILDREN AND DEPENDANTS

The BMW Group supports its employees with a series of measures to enhance their work-life balance. In Munich, we have been funding a business partner since 1992 that offers advice and consultation services on all questions of childcare. In 2010, this was extended to include Home and Elder Care for dependants who are ill or otherwise require care. In early 2012, the entire programme was extended to cover all of our locations in Germany, including our subsidiaries.

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There was a significant rise in utilisation of this programme in 2013.

A similar service is offered by the Employers' Association for the Bavarian Metalworking and Electrical Industries. We make this service available to our own employees within the Association's catchment area. Since late 2010, it has been providing free support for the care of children and dependants.

SUPPORTING PARENTS WITH CHILDCARE

We have also established childcare services at many of our locations both in Germany and abroad. In Munich and Dingolfing, childcare facilities set up close to the company by the BMW Strolche parents' initiative and supported by the BMW Group are available to parents with small children. In Regensburg, we increased the number of children that can be accommodated in the company facility there from 24 to just under 50 in 2013. In Leipzig and Berlin, facilities near the plants provide childcare.

In September 2013, the BMW Group opened its own childcare facility at the Munich location with places for around 220 children aged between three months and six years. The number of childcare places at BMW's locations in Germany has doubled as a result, to around 440. At the Munich location we offered a full day of childcare for the first time on the Day of Repentance school holiday to 60 children between six and twelve years of age.

At BMW Group facilities around the world, childcare services meet local and regional requirements.

LAUNCH OF COMPANY CHILDCARE FACILITY — BMW Group Strolchgarten.

FORECAST

By introducing mobile working in 2014, we have taken a further innovative step towards self-determined working hours, more focus on results and more flexibility in tailoring working environments to individual requirements. It is supported by top management and the works council and is implemented as a joint effort. The BMW Group is taking up a pioneering role in fostering the resulting dialogue between employees and managers on the topic of availability.

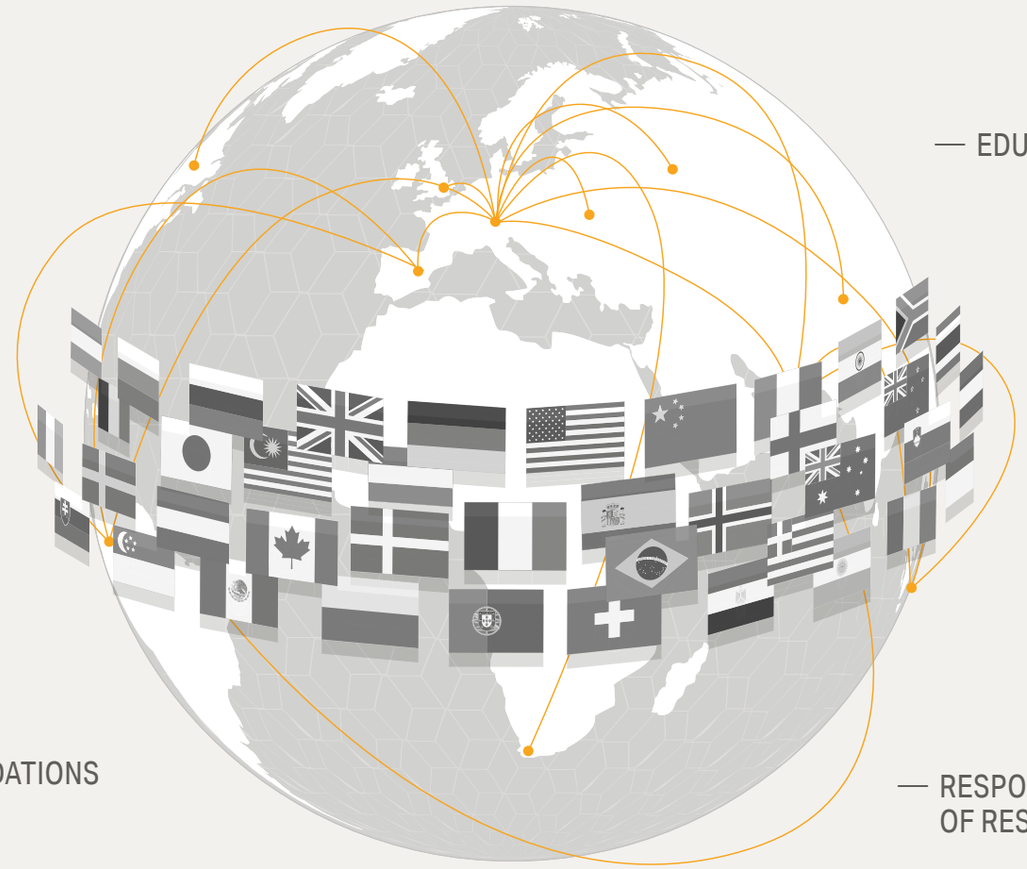
6

CORPORATE CITIZENSHIP

6

CORPORATE CITIZENSHIP

WE PROMOTE INTERCULTURAL INNOVATION.



Many societies are marked by high levels of social and intercultural inequality as well as by scarcity of resources. Intercultural understanding and responsible use of global resources are two essential ingredients in a joint approach towards resolving the issues that arise between cultures.

6 CORPORATE CITIZENSHIP

PROGRESS IN 2013

CORPORATE CITIZENSHIP STRATEGY IMPLEMENTED

- In 2013, we implemented our new Corporate Citizenship strategy in our markets and subsidiaries, thus intensifying our international networks.

FURTHER INTERNATIONALISATION OF JUNIOR CAMPUS

- We promoted the further internationalisation of our Junior Campus, launching a fourth campus in Moscow (Russia) in addition to the existing ones in Berlin, Munich (Germany) and in South Korea.

NEW ASPECTS TO INTERCULTURAL INNOVATION AWARD

- We are reinforcing the active support we provide for finalists of the Intercultural Innovation Award and have networked the prizewinners with our PR management colleagues in their regional markets.

KPIs

EXPENDITURE ON CORPORATE CITIZENSHIP

— 2013

around € 29 million

2012 | **€32** million | ↘

EXPENDITURE OF FOUNDATIONS ON NON-PROFIT PROJECTS

— 2013

around € 5.2 million

2012 | **€4.8** million | ↗

NUMBER OF BENEFICIARIES OF THE INTERCULTURAL INNOVATION AWARD

— 2013

around 175,000

2012 | **70,000** | ↗

2014+ FORECAST AND OBJECTIVES

DISCUSS STRATEGY WITH STAKEHOLDERS

- In 2014, we will be discussing the content of our Corporate Citizenship strategy for the first time with opinion-makers at our national and international stakeholder dialogues.

CONSOLIDATE CONTENT OF MAIN TOPICS

- We will add further detail to content and structure in the focal areas of intercultural innovation and social inclusion as well as efficient use of resources.

LEVERAGE INTERNATIONAL SYNERGIES

- We want to further intensify the exchange of information between our national subsidiaries and headquarters in order to expand the sharing best-practices approach in the area of Corporate Citizenship.

Our management approach

Corporate Citizenship forms an integral part of the BMW Group's vision of itself as a business enterprise. We focus mainly on those areas in which we can apply our core expertise to achieve specific and measureable improvements.

Intercultural innovation and social inclusion as well as responsible use of resources are some of the main focal areas of our corporate citizenship strategy. Our educational projects are the tool we use to promote understanding of these focal areas. In the area of traffic safety we work at a local level. We believe that strategic corporate citizenship contributes towards mastering challenges in society, while at the same time bringing economic benefit to the company. Thus we can utilise the experience and expertise we gain from corporate citizenship projects to the benefit of our core business.

In 2013, our main focus was on intercultural communication and social inclusion. As we are active in 140 countries, intercultural communication is part of our day-to-day business. Many of the markets we serve are characterised by high levels of inequality. We are familiar with the social conditions and realities on a local level. This is why we believe we can contribute towards more intercultural understanding and social inclusion.

TAKING RESPONSIBILITY AS A CORPORATE CITIZEN

For us it is important to scale up our corporate citizenship solutions on an international level and to help people to help themselves in the long term. In addition to our two global focus areas, we also continue to support neighbourhoods around our locations and thus contribute towards local development. It is both our objective and duty to be a dependable partner to society. We work primarily on topics and in regions that are relevant to us and in which we are active ourselves. The aim is to integrate the company into society and to create mutual acceptance and a positive image while taking local conditions into account. Thus, projects close to our production plants in Spartanburg (USA), Chennai (India) and Regensburg (Germany), for example, vary considerably depending on local requirements. However, they are all united by the principle of focused and sustainable engagement with the issues of the respective society. In exceptional cases, such as (natural) catastrophes, we also provide support spontaneously and independently of our focus areas.

As a corporate citizen, we are also active in the area of culture. Here, we want to be a credible force outside our core business while at the same time complementing the public funding available for cultural activities. Our cultural engagement also enhances the reputation of our company and opens up dialogue with opinion-makers.

Through our foundations, we make an effective contribution towards shaping a society characterised by social cohesion and social innovation.

INTEGRATION INTO THE ORGANISATION

Within the company, the Sustainability Board is responsible for corporate citizenship. All members of the Board of Management are on this committee. The Corporate Communications Department, in close collaboration with the department for sustainability strategy and environmental protection, is responsible for managing our corporate citizenship activities. In cooperation with Group Corporate Communications at headquarters, local initiatives are taken care of by local production and sales organisations.

MEASURING THE EFFECTS OF OUR ACTIVITIES

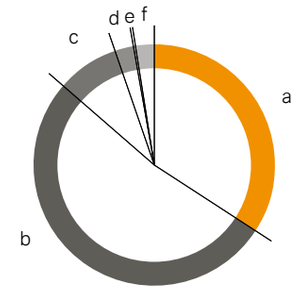
It is essential to be able to measure results. Since 2010, we have therefore been measuring the effects of our corporate citizenship activities using the iooi (Input Output Outcome Impact) method, which was developed in cooperation with other DAX-listed corporations in a working group established by the Bertelsmann Foundation. This method provides guidance for systematic tracking of expenditure on and impact of corporate citizenship activities.

Before we start a corporate citizenship project, we examine the social challenges faced at local level. The key question we ask ourselves is whether and how the expertise we provide is actually improving local conditions.

In 2013, we spent a total of €28,944,466 on our corporate citizenship activities, €8,485,289 of which took the form of donations. To see how these funds were allocated to our various areas > see Figure 29 and > see Figure 30. The main reasons for the decline in expenditure on corporate citizenship in 2013 were previous cases of one-off project funding which no longer applied in 2013, as well as projects whose social impact was not measurable.

F.29 BMW Group donations worldwide in 2013

In %, total amount €8,485,289[1]

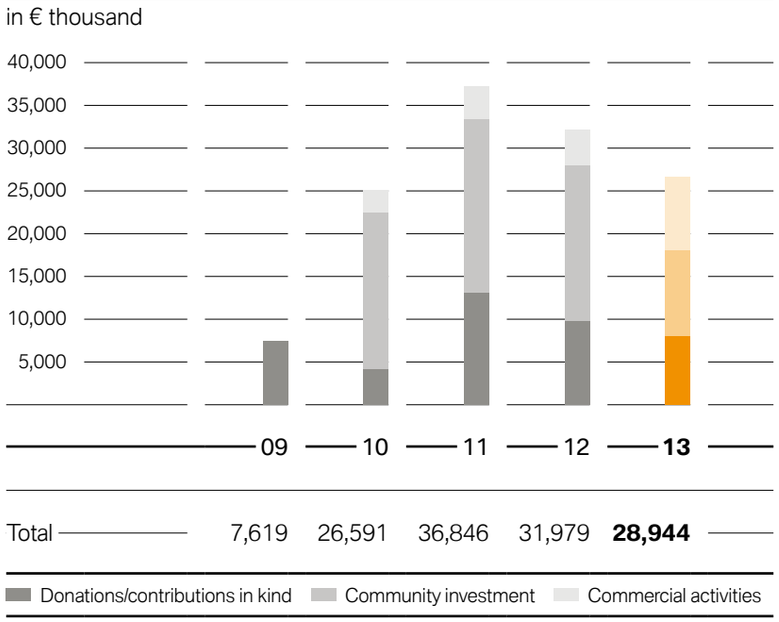


a) Science/Education — 34.3
b) Society/Community — 52.1
c) Culture — 8.4
d) Politics — 2.6
e) Environment/Sustainability — 0.3
f) Sport — 2.3

[1] The sum indicated here does not include either cause-related marketing or sponsorship and does not contain the projects and activities carried out in the context of the company's social and cultural commitment.

The BMW Group focuses its activities in the area of donations on society and the community as well as science and education, providing targeted support of projects connected with the company's core competencies and activities. Donations made by the BMW Group in 2013 were approximately 12% lower than in 2012. The main reason for this was that some funded projects came to an end.

F.30 Amount of expenditure on social commitment, by type of activity



The activities of the BMW Group in the area of corporate social responsibility are divided into three main areas. Firstly: monetary donations and donations in kind. Secondly: community investment. Community investment refers to investment in project initiatives conceived in-house, cooperative endeavours and partnerships as well as corporate volunteering by BMW Group employees. And thirdly: commercial activities, i.e. sponsorship and cause-related marketing.
Total expenditure on corporate citizenship activities of the BMW Group decreased compared to the 2012 financial year. The main reasons for the decline in expenditure on corporate citizenship in 2012 were previous cases of one-off project funding which no longer applied in 2013, as well as projects whose social impact was not measurable.

FORECAST

We plan to further raise the profile of the BMW Group's core competencies in the area of corporate citizenship. Therefore, we will continue to expand on the content and structure in the focal areas of intercultural understanding and social inclusion as well as efficient use of resources. Our aim in 2014 is to further implement our strategy at our locations globally and thus to better leverage synergies.

6.2

Corporate Citizenship

We see ourselves as a corporate citizen and aim to play a role in overcoming the challenges presented by society. Intercultural understanding and responsible use of global resources are two essential ingredients in a joint approach towards resolving the issues that arise between cultures.

As a global corporation, we are familiar with conditions in the countries we do business in, and we can integrate this expertise into our corporate citizenship activities. At the same time we take account of local requirements. We aim to achieve the highest possible impact with our activities. We analyse the costs and the benefits by using the iooi (Input Output Outcome Impact) method. 75% of our production locations carry out corporate citizenship projects, with some of them running for periods of many years.

We also benefit as a company from our corporate citizenship activities. For example, we become more familiar with local social structures, reach new, previously untapped target groups with our intercultural skills and learn to see things from an alternative perspective.

PROMOTING INTERCULTURAL UNDERSTANDING — Intercultural Innovation Award.

Our activities also enhance the reputation of the company and open up dialogue with opinion-makers and stakeholders. And finally, when we address local issues and challenges and provide our support, we are promoting higher levels of acceptance and awareness among the general public.

INTERCULTURAL COMMUNICATION AND SOCIAL INCLUSION

As a global corporation with a multinational workforce, we have been working for many years now to promote understanding between nations, religions and ethnic groups.

Between 1997 and 2010, the BMW Group Award for Intercultural Learning went to a large number of innovative projects and individuals worldwide who support sustainable, open relations in the international community.

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In 2011, we further developed this award to establish the Intercultural Innovation Award in collaboration with the United Nations Alliance of Civilizations (UNAOC). The Intercultural Innovation Award is a one-of-a-kind project to support innovative concepts that work towards solving intercultural tension and conflict.

THIS AWARD IS BASED ON THREE PILLARS

- **Financial support:** Award winners (1st to 5th place) receive prize money amounting to a total of USD 100,000 for further work on their projects.
- **Advisory services:** All ten finalists receive advice tailored to their individual needs. In addition, the BMW Group, in collaboration with the UNAOC, organises webinars as well as worldwide workshops to train and support the finalists in the necessary areas, for instance in HR, communications, or marketing and finances.
- **Network utilisation:** Vigorous dialogue takes place in the Intercultural Leaders network which was set up specifically with the award in mind, with finalists, alumni, the BMW Group as well as the UNAOC as members. The finalists can come to an online market place for expert advice. The aim of the network is to increase the effectiveness of the projects and make them transferable to other contexts.

The new collaboration model between the UN and the private sector has already had considerable impact. For example, some of the award winners have already been able to report concrete success and progress as a result of the support they received. This is documented in the Support to Winners report. The volume of media coverage of the awards ceremony at the Volkstheater, Vienna, in 2013 shows just how important intercultural understanding has become.

YOU WILL FIND MORE INFORMATION ON THE AWARD AND ITS FINALISTS FROM 2013 AT:

www.bmwgroup.com/iia

PROMOTING AN OPEN AND PEACEFUL SOCIETY

The BMW Group supports the Adam Institute for Democracy and Peace. This institute is a leading organisation for teaching democratic values throughout Israel. Since 1999, we have been supporting a programme that teaches democratic values in Jewish and Arab schools, aiming to support the education of Arab and Jewish adolescents. Here, in addition to promoting intercultural understanding, we are also making a contribution towards securing peace. The BMW Group's long-standing commitment has earned the company the Teddy Kollek Award.

LONG-TERM EDUCATIONAL PROJECTS FOR SOCIAL INCLUSION

One of our largest long-term educational projects is in South Africa. The Schools Environmental Education Development Project (SEED) aims to raise young people's awareness of environmental issues and promote social responsibility. This project places

particular focus on children from disadvantaged population groups. They learn about hygiene standards, for example, and develop skills such as how to grow vegetables. Each participating school is also responsible for an environmental project. The schools are inspected annually and their performance evaluated. They receive a financial reward based on how well they have performed. The SEED project was launched in 1996 at 15 schools close to the BMW plant in Rosslyn. The project has had a positive effect both on the children themselves as well as on their families and friends. Over 60 schools are now taking part in the project. We are thus reaching an ever-increasing number of children. We plan to expand the SEED project in the next few years.

SECURING MOBILITY AND TRAFFIC SAFETY

To complement our main topics of intercultural innovation and social inclusion, we also have many educational and traffic safety projects. This allows us to promote people's understanding of technology and sustainability.

For instance, together with renowned educators and scientists, the company developed a concept that enables people to use all their senses to discover mobility and sustainability. Based on this concept we set up the Junior Campus at the BMW Welt in Munich. Since 2007, children are given the opportunity to independently and interactively explore, test and experiment so that they can experience the life cycle of a car from a mobility perspective. In 2013, over 16,000 children and adolescents took part in the workshops. 24,000 guests visited the open laboratory. Visitors can interact free of charge with various exhibits to delve deeper into the topic of mobility. In future, mobility, sustainability and globality will be the focal themes of the newly planned and renovated campus laboratory.

In addition, we opened our Junior Campus Berlin in 2012. It is based on the educational concept of the Junior Campus in Munich and was further expanded in cooperation with the Deutsches Technikmuseum by adding the areas of natural science and mathematics.

The Junior Campus concept is internationally transferrable and is adapted to specific local requirements. At the end of 2012, the BMW Korea Future Fund opened the first international Junior Campus in South Korea. The new mobile laboratory, which is installed in a truck, offers educational opportunities to less privileged children from rural regions of South Korea, thus contributing towards social inclusion. In November 2013, we opened our fourth Junior Campus in Moscow (Russia). A 300-square-meter space gives children between the ages of five and ten the opportunity to take part in interactive workshops and to learn how to proceed with care in traffic. We developed this concept specifically for Russia, in collaboration with teachers and traffic safety experts. Traffic safety in Russia is a serious social issue. In the first half of 2013, around 10,000 people died on Russia's streets; over 300 of them were children. By way of comparison, over 1,400 people died on German streets in the same period, of whom just under 40 were children.

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PROTECTING ALL ROAD USERS

For us, it is not only vehicle safety that matters, but also the safety of all road users. We are committed to increasing safety levels through numerous social initiatives.

In the UK, we have focused on the Internet. Our Safe on the Street programme has provided a designated website for children, parents and teachers since the year 2001. With over 200,000 visitors so far, the portal received the International Visual Communications Gold Award for its innovative and user-friendly approach.

In the USA, around 14,000 adolescents and adults visit our BMW Performance Driving School each year. As part of a long-term cooperation project with dealers nationwide, the Performance Driving School also offers the Teen Driving School for young drivers. The BMW Car Club of America's Teen Driver Safety Program also targets beginners and has reached around 2,600 teenagers in 101 schools so far. Among other things, it runs the DON'T TXT & DRIVE campaign, which uses the full range of media channels to warn about the dangers of becoming distracted when driving.

REALIGNING OUR INTERNATIONAL UNIVERSITY NETWORK

Since 2011, we have been realigning our partnerships with universities worldwide. Eight strategic university partnerships and collaborations have now been set up or expanded in Europe, the USA and Asia. Each strategic university partnership focuses on the areas of research and promotion of young talent.

We also engage in university partnerships via our young talent programmes. In addition, we support universities by installing endowed chairs, providing vehicles for research and teaching purposes as well as having employees engaged as lecturers, making donations towards teaching and research projects and offering internships and a number of other measures.

PROMOTING VOCATIONAL EDUCATION

In addition to its work with universities and the sciences, the BMW Group also needs partners in the area of vocational training. As vocational training scales up at the international locations, the BMW Group also supports vocational schools and comparable institutes outside Germany.

In addition, collaboration with facilities in the UK, Asia and the USA makes an essential contribution towards successfully training young people for various jobs at our production locations and within the dealership network. We frequently provide high-quality components or even entire vehicles to vocational schools and training facilities so that they can be used for teaching and training purposes.

LOCAL COMMITMENT

The BMW Group has 28 manufacturing and assembly plants in 13 countries. Our sales network is made up of 42 subsidiaries. Wherever we are represented in the world, we are committed to social responsibility. While our local activities are generally strategic in character, we also provide immediate assistance when major disasters occur. For example, after the floods in Germany in 2013, we provided a total of €1.5 million in financial support to the municipalities around the

BMW plants in Dingolfing/Landshut, Regensburg/ Wackersdorf and in the region of Leipzig/Halle.

SUPPORTING THE DEVELOPMENT OF LOCAL COMMUNITIES

The foundations China Charity Federation (CCF) BMW Warm Heart Fund and the BMW Korea Future Fund are regionally focused.

The BMW Warm Heart Fund was established in 2008 by BMW China Brilliance Automotive in collaboration with the China Charity Federation. In the first five years a total of almost RMB 100 million in donations were collected. This money goes towards funding various local projects. For instance, the BMW Joy Home Children Care Program was set up to provide material and psychological support to children from economically disadvantaged regions of China, and the BMW Joy Future programme offers financial and educational support to outstanding students from less privileged families.

The BMW Korea Future Fund was established by the BMW Group Korea in 2011, and has since been promoting the development of a responsible elite in Korean society under the motto Responsible Leader for Future. This fund supports various projects to promote the development of children. For instance, the Junior Campus is a scientific educational programme for primary school children. Disadvantaged adolescents are mentored via the Young Engineer Dream Project programme. In addition, the Hope Sharing School programme is supported, which offers meals and schooling to disadvantaged children. The BMW Korea Future Fund's activities are rounded off by its support of the business plan competition From Idea to Startup, which is targeted at students and graduates. Almost 2,000 students have participated in this competition since 2012.

Both funds offer a platform that enables the entire BMW Group, its workforce, dealers and customers to make a contribution towards society in the respective countries.

REWARDING EMPLOYEE ENGAGEMENT

Again in 2013, the BMW Group bestowed social responsibility awards on its employees worldwide. This is the company's way of thanking those employees who do voluntary work in their free time. Employees from 11 countries took part in the competition. This year again, four projects were presented with the award, each of them focusing on different aspects of social responsibility. The projects range from setting up an inclusive football team, to a recycling project in Cairo as well as the support of refugees and migrants, to weekend/holiday care of disabled children and adolescents.

OUTLOOK

In the future, we will further expand our focal topics of intercultural innovation and social inclusion as well as resource efficiency. In these areas, we plan to provide benefits to a total of one million people by 2020. At local level, we will continue to focus on traffic safety and education.

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Cultural engagement

The BMW Group has been promoting art and culture for over 40 years. We support hundreds of projects worldwide in the areas of classical music and jazz, modern and contemporary art as well as architecture and design.

With our cultural activities we want to be perceived as a corporate citizen, enhance our reputation and stand out from the competition. We also aim to achieve a positive image transfer that contributes towards the BMW Group's public image. The unrestricted creative freedom of our cultural partners is guaranteed at all times.

In 2012, we developed our BMW Group Cultural Commitment strategy which standardises all our activities in this area. This umbrella strategy is implemented worldwide and is based on the corporate and brand strategy as well as on the sponsorship strategy launched in 2010. Furthermore, binding guidelines for cultural commitment were developed in 2012 in collaboration with the Strategy department. We have introduced our own Cultural Strategy for the German market, based on the BMW Group Strategy. The main principles of this strategy are:

- Long-term character of engagement
- Subtlety of brand presence
- Guaranteed artistic freedom
- Focus on the three pillars of contemporary and modern art, classical music and jazz as well as architecture and design.

CAREFUL CHOICE OF PROJECTS

The Corporate Communications and Policy departments at the company's headquarters select the projects that are to receive funding. However, the individual locations also support local cultural commitment activities. The cultural commitment office accepts suggestions from within the company. Project proposals can also be submitted to the BMW Group from outside the company. The cultural commitment office reviews the proposals and either implements them itself or in cooperation with other BMW Group departments.

EXPANDING CULTURAL ENGAGEMENT AT NATIONAL AND INTERNATIONAL LEVEL

We want to become active outside the large cities in Germany in particular and to also provide the benefit of our engagement at dealership level. The same goes for integrating projects into markets that are of particular relevance to the BMW Group, such as China.

In 2013, we successfully expanded our cultural commitment at international level. For example, we participated in new art fairs and continued to internationalise the Opera for All format. The feedback we receive from creative artists, customer surveys and in the form of positive media reports demonstrates the high level of public acceptance of our cultural commitment.

A COMMITMENT TO CULTURE — BMW Tate Live 2013.

PROMOTING MODERN ART, MUSIC, ARCHITECTURE AND DESIGN

We support a large range of projects worldwide in the areas of modern and contemporary art, classical music and jazz, as well as architecture and design.

SUPPORTING MODERN AND CONTEMPORARY ART

The Preis der Nationalgalerie für junge Kunst and the Preis für junge Filmkunst in Berlin are two of the BMW Group's contemporary artist awards.

In 2013, we further expanded our engagement with BMW Tate Live. This collaboration between the BMW Group and the Tate Modern in London was designed to run for several years. It showcases performances and interdisciplinary art forms. The programme includes live online transmissions of exclusive artworks as well as live performances at the Tate Modern and think tanks. The partnership aims to use new art forms to reach an international audience and in the process to take changing expectations of art into account.

In 2013, we also published a revised and extended edition of the BMW Art Guide by Independent Collectors. This guide is the first publication of its kind and lists all publicly accessible private art collections worldwide. The guide was complemented by a blog which we launched at the same time. The BMW Group also expanded its commitment in other areas. MINI got involved in art fairs for the first time at the art berlin contemporary in Berlin. In addition, BMW expanded its funding of the Paris Photo Los Angeles, initiated in 2013. And the company was involved for the first time in the international art film festival and competition Kino der Kunst in Munich.

BMW GUGGENHEIM LAB

BMW's Guggenheim Lab, a mobile research laboratory, was the result of a collaboration between the BMW Group and the Solomon R. Guggenheim Foundation. International teams (for example from the areas of urban planning, design, the sciences, technology, education and sustainability) worked on projects and experiments and engaged in public dialogue on issues of modern urban living. Over a million participants from more than 160 countries and regions took part in some 600 free public events, workshops, lectures, research and urban projects.

In 2013, the project was completed with the opening of the exhibition Participatory City: 100 Urban Trends from the BMW Guggenheim Lab. Between October 2013 and January 2014, the Solomon R. Guggenheim Museum in New York City held this exhibition about the experiences and ideas that were

CLASSICAL MUSIC AND JAZZ — Winners of BMW Welt Jazz Awards 2013.

gathered during the BMW Guggenheim Lab's two years on the road. Now that the BMW Guggenheim Lab has reached completion, the BMW Group will continue to collaborate with the Solomon R Guggenheim Museum as a global partner.

The BMW Guggenheim Lab has received a number of international awards and nominations, and it was recognised by the United Nations as a showcase project.

EXPERIENCING CLASSICAL MUSIC AND JAZZ THROUGH BMW

The BMW Welt Jazz Award celebrated an anniversary in 2013: for the fifth time, six international ensembles competed against each other in Munich under the motto Leading Drums. The award, with prize money of €15,000, has become an established name in the jazz world. In addition to the BMW Welt Jazz Award, the BMW Group also supports jazz festivals and concerts in various cities in Europe, South America and Asia.

EXPERIENCING CULTURE — Opera for All.

The BMW Group has been the main partner in the Munich Philharmonic's educational programme Spielfeld Klassik since 2011. This initiative aims to awaken an interest in classical music by offering adults and children from as young as five years of age the opportunity to visit concerts, rehearsals, introductory events and workshops. This programme continued to be successful in 2013. In addition, the BMW Group provided financial assistance and transport during the Munich Philharmonic's tour of Asia.

OPERA FOR ALL

The award-winning Opera for All offers a very special musical experience. We launched this open-air event in 1997 in Munich and in 2007 in Berlin. Opera for All broadcasts performances of the Bavarian State Opera and the Berlin State Opera Unter den Linden in public spaces, thus reaching an audience that would otherwise probably not have access to opera. Again in 2013, tens of thousands of people came to the open-air events at Max-Joseph-Platz in Munich and Bebelplatz in Berlin.

EXPERIENCING DESIGN — Quiet Motion installation at the Salone del Mobile 2013.

We have also gone international with this format. In 2013, the BMW LSO Open Air Classics live concert took place for the second time. The renowned London Symphony Orchestra (LSO) plays free live open-air classical music concerts for the general public once a year. The open-air concert drew a crowd of almost 10,000 to London's Trafalgar Square.

In 2013, our long-term activities in the international markets comprised further collaborations with renowned opera houses such as the Teatr Wielki Opera Narodowa in Warsaw and the Sugi Opera in Seoul.

DESIGN AND ARCHITECTURE

Each year since 2010, the BMW Group has had an installation at the international furniture fair Salone del Mobile in Milan. We want to be inspired by the designs of the furniture manufacturers and at the same time present our own ideas. A look beyond our own industry creates headroom for design innovation. In 2013, the BMW Group had two installations at the fair. The installation QUIET MOTION by designers Ronan and Erwan Bouroullec was inspired by the BMW i models' lightweight design, transparency, sustainable materials and the new experience of driving in silence. The MINI Design Team also showcased the MINI Paceman as a dynamic sculpture.

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In addition, the headquarters building of the BMW Group, the Vierzylinder in Munich, celebrated its 40th anniversary in 2013. Karl Schwanzer's post-war architectural icon was a deliberate choice on the part of the company, selected for its innovative, dynamic construction that was later to be followed by pioneering buildings by Zaha Hadid and Coop Himmelb(l)au. The original cultural commitment activities of the BMW Group date back to the period of the Vierzylinder and the company's successful internationalisation.

MEASURING THE SUCCESS OF OUR CULTURAL ENGAGEMENT

With regard to cultural engagement, we draw important success parameters from the Sigma Milieustudien. These studies show that art and culture are among the main interests of our customers. They include art exhibitions, museums, classical concerts and opera performances in particular.

We also measure the performance of our cultural activities by reviewing media coverage. We gather data on media coverage of individual projects and generate comprehensive reports (Clipreports). In 2013, over 2,300 reports were published on the company's cultural engagement. Performance is also measured by longitudinal studies and economic assessments. In future, we want to further enhance public awareness of the range and quality of our activities.

OUTLOOK

We plan to further expand our cultural commitment activities in 2014. In addition to our hundreds of existing partnerships worldwide, a number of new projects are planned for 2014. We will begin preparations to produce a new BMW Art Car, continue to internationalise the Opera for All concept and increase our engagement in China.

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Foundations

We believe it is possible to successfully shape a society that is based on social cohesion and innovation if the competencies and skills of each individual are harnessed for the general good and used to implement social change. Our foundations contribute towards making this happen.

The BMW Foundation Herbert Quandt provides inspiration and support to people who work for the common good and to prepare society for the challenges of the future. It provides a forum for decision-makers, the aim being to gain an understanding of global challenges and to map out potential ways forward. The foundation takes a cross-sectoral approach and collaborates with partners worldwide. Together, they work to find innovative solutions for government, industry and society.

BMW AG's Eberhard von Kuenheim Foundation sees itself as a creator of forums within which social responsibility can be fostered in Germany. Its mandate is to promote entrepreneurial thinking and action above and beyond the economic context. Under the motto freude am neu:wagen (try something new), it develops and tests new solution models for today's social issues. Projects with selected partners create forums for social innovation and responsibility. When the projects reach completion they become independent entities that have their effect in day-to-day life.

Both foundations plan and manage their programmes themselves. They are independent, both legally and with respect to their content. In some areas, the foundations collaborate with the BMW Group in order to make their commitment effective on a larger scale. In 2013, they invested a total of €5.22 million in non-profit programmes and projects. The foundations provide clear and comprehensible evidence of the success of their various activities.

TAKING THE INITIATIVE

In addition, the BMW Future Fund was established in 2011. This foundation, run by BMW Korea, promotes initiatives for environmentally friendly mobility.

With a mix of their own projects, long-term funding and advice services, the foundations are highly relevant to society as a whole. It is a challenging task to design projects in such a way that they can continue on their own after the funding and support phase. To meet this challenge, the foundations create a strong structure at an early stage.

Since October 2013, the Eberhard von Kuenheim Foundation and the BMW Foundation Herbert Quandt have been implementing the Sinnvestition project. In addition to operational project work and investments as part of the Venture Philanthropy approach, this project aims to support the funding objectives of the foundations directly from fixed assets. This new approach is designed to have an

BMW FOUNDATION HERBERT QUANDT — 4th World Young Leaders Forum in Beijing.

effect on the economy and the financial sector in addition to the non-profit third sector.

THE WORK OF BMW FOUNDATION HERBERT QUANDT

Under the umbrella concepts of social innovation and global dialogue, in 2013 the BMW Foundation Herbert Quandt dedicated itself to the topics of Responsible Leadership, Venture Philanthropy, Pro bono Services, Social Entrepreneurship, Political Participation, Strong Intermediaries and Europe.

A key instrument in the foundation's work in 2013 was its international Young Leaders programmes, which are characterised by cross-sectoral participation and interactive design. The programmes motivate managers to take social responsibility a step further, beyond their professional tasks. The growing number of global alumni of the BMW foundation Responsible Leaders is increasingly becoming a dynamic network for people who wish to work together to make their societies fit for the future.

Six of the selected projects at the 4th World Young Leaders Forum in Beijing (China), which drew over 300 international participants, received substantial support from the network.

Informational events, behind-the-scenes dialogue and financial commitment have enabled the foundation to raise the profile of pro bono work in Germany. In addition, we were able to convince foundations and companies of the benefits of having professional voluntary programmes. This process led to the founding of the independent social company Proboneo.

FOUNDATION

BMW STIFTUNG HERBERT QUANDT

ÜBER DIE STIFTUNG

The BMW Foundation inspires and supports people in their work for the general good and future of society. To achieve this, the foundation works with partners worldwide. Together, we look for innovative solutions in the political arena, industry and society – solutions that bring people and cultures together and strengthen social cohesion.

FACTS

1970 Foundation established

23 employees in 2013

EBERHARD VON KUENHEIM FOUNDATION — Joblinge project provides support for unemployed youth.

At the Munich Economic Summit as well as at the new series of events Island Dialogues and Europe, United in Diversity, we host important discussions about the design of our globalised society and argue for a strong and effective Europe.

READ MORE ABOUT THE WORK OF THE BMW FOUNDATION HERBERT QUANDT AND STORIES OF OUR WORK AT:

↗ www.bmw-stiftung.de

THE WORK OF THE BMW AG EBERHARD VON KUENHEIM FOUNDATION

JOBLINGE – Working together to reduce youth unemployment

In 2007, the foundation collaborated with the Boston Consulting Group on launching the JOBLINGE project. The project gives unemployed young people who have no school leaving certificate or who are resistant to training the opportunity to earn themselves a trainee position or job through their own efforts. The young people are selected as part of a non-profit project and then receive six months of individual support from voluntary mentors and a full-time team. The project became independent in 2012. The umbrella organisation of JOBLINGE is continuing to implement the project as a social franchise.

Many BMW AG employees work on the initiative as voluntary mentors. In the period under report, BMW provided just under 40 internships and 14 trainee positions to JOBLINGE. In addition, since 2009 the BMW Group has been supporting the project with donations and by purchasing shares.

In 2013, JOBLINGE saw considerable growth, in particular after new branches and locations had been opened in Essen, Offenbach and Wiesbaden (Germany). Further locations are being set up in Hamburg and Stuttgart.

The JOBLINGE project has so far supported almost 1,500 disadvantaged young people. The percentage of young job seekers who found training positions or jobs rose from over 60% in 2012 to over 65% in 2013.

tat:funk – Schools learn from student initiatives
In this school radio project, high school children in the upper grades produce their own radio programme. In the process, they learn not only about journalistic principles but also how to independently plan and implement a project.

Over 100 schools have integrated tat:funk into their lessons since its launch in 2002 and 260 radio programmes have been produced. A total of 143 teachers have attended the tat:funk teacher training course.

Lehr:werkstatt – New methods of teacher training
In the Lehr:werkstatt (teaching workshop), a highly motivated student teacher works in tandem with a mentor teacher for an entire school year. This gives both parties the opportunity to reflect on what they have observed in the classroom setting and to collaborate on trying out new things. In this way, the student teachers gain a realistic view at an early stage of what happens in day-to-day classroom life.

In the 2013/2014 school year, 125 teaching workshop tandems were in place in 68 secondary schools and high schools at four different locations in Germany (Munich, Wurzburg, Erlangen-Nuremberg and Passau).

Junge Vor!Denker – Thinking ahead and discovering the joy of responsibility
Philosophising about such topics as sustainability lets children learn and understand things in context. They ask themselves questions such as “How much is enough?” or “What do we need to enjoy life?” The Junge Vor!Denker project promotes social responsibility based on the interplay between knowledge, philosophy and action.

Sixty teachers had been trained in how to implement the project by the end of 2013. The book Wie wollen wir leben? Kinder philosophieren über Nachhaltigkeit (How do we want to live? Children philosophise about sustainability), a collection of philosophical texts, was published by oekom in 2012. The second, revised edition will be published at the beginning of 2014. At the same time, the newly opened BMW Group children’s crèche Strolchegarten in Munich will begin to train its team in the philosophy of sustainability.

VERANTWORTUNG UNTERNEHMEN – ACTING RESPONSIBLY TO OPEN UP A FORUM BETWEEN BUSINESS AND SOCIETY

How can companies and organisations act sustainably, to their own benefit on the one hand, but at the same time to the benefit of society? The Verantwor-

tung Unternehmen initiative aims to find answers to this question. In 2013, the third year of the initiative was completed with ten companies and organisations. Since 2010, 29 companies have taken part in the initiative and have implemented projects in their own core business areas.

The Eberhard von Kuenheim Foundation can look back on a successful year in 2013. For instance, the foundation's initiative Verantwortung Unternehmen completed its third year, with ten companies and organisations participating. The Lehr:werkstatt project expanded to four locations in Bavaria and both the tat:funk school radio project and the JOBLINGE project continued to thrive as independent entities.

FOUNDATION

EBERHARD VON KUENHEIM STIFTUNG

BEREICHE

- Education
- Work
- Sustainability

ÜBER DIE STIFTUNG

This BMW AG foundation was established in honour of Eberhard von Kuenheim, who was Chairman of the Board of Management and Supervisory Board for many years.

DATEN

2000 Founded in the year

11 employees in 2013

READ MORE ABOUT THE WORK OF BMW AG'S EBERHARD VON KUENHEIM FOUNDATION AT:

www.kuenheim-stiftung.de

OUTLOOK

The BMW Foundation Herbert Quandt will continue to pursue its strategy of internationalisation in 2014 by setting up new locations in Istanbul and Moscow. The future topic "resources and security" will be on the foundation's agenda, with an innovative global dialogue format focusing primarily on the newly influential powers in Asia, Africa and Latin America.

In the coming years, the Eberhard von Kuenheim Foundation plans to expand its ongoing projects in Bavaria and throughout Germany. As an enabler of social responsibility forums, the foundation will collaborate with strong partners and experts from industry, society and politics to develop projects that will open up new channels for creating innovative solutions and answers to the questions posed by today's society. After all, the joy of responsibility is what motivates people.

For 2014, the joint Sinnvestition project of the two foundations plans to set up an initial Mission Related Investment Fund (MRI fund) on education. Foundations can invest their funds in the certainty that the very high requirements placed on foundation asset management will apply.

FIGURES, FACTS AND OBJECTIVES

Explanatory notes on figures, facts and objectives

This section contains the strategic Sustainability Targets 2020, relevant measures and results from 2013 as well as the sustainability indicators of the BMW Group.

The sustainability key figures include the following production sites of the BMW Group: Berlin, Dingolfing, Eisenach, Landshut, Leipzig, Munich, Regensburg (Germany), Steyr (Austria), Goodwood, Hams Hall, Oxford, Swindon (UK), Rosslyn (South Africa), Spartanburg (USA), Rayong assembly plant (Thailand), Chennai assembly plant (India) and BMW Brilliance Shenyang (China).

The indicators are arranged according to the chapter structure of the SVR 2013 - Sustainability management, Product responsibility, Group-wide environmental protection, Supplier management, Employees and Corporate Citizenship.

Within the chapters the topics are no longer organised by subheadings. The order in which the indicators are presented is largely based on the GRI.

Performance indicators that are shown in charts are not repeated in the form of tables. This eliminates redundancies and saves space.

The Sustainability Targets are listed at the end of each chapter. In addition to the new strategic Sustainability Targets 2020, General Directions and Measures and Results from financial year 2013 have been listed. The measures shown have been selected according to their relevance and are representative of a large number of measures taken to increase the BMW Group's sustainability performance at all locations.

Financial figures

in € million

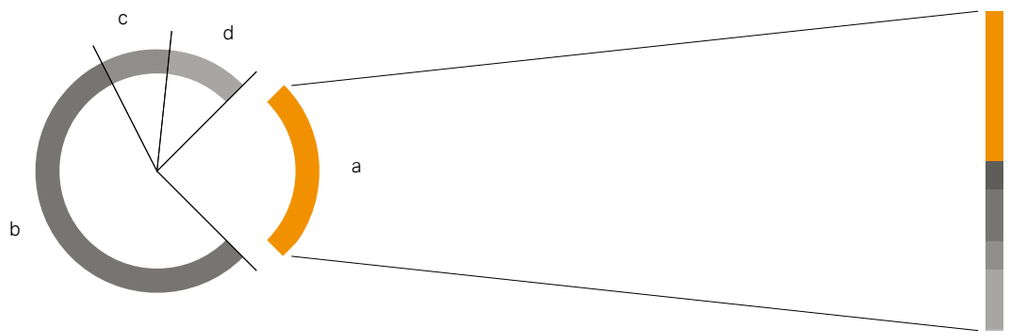
	09	10	11	12	**13**	Change in %
Revenues	50,681	60,477	68,821	76,848	**76,058**	–1.00
Capital expenditure	3,471	3,263	3,692	5,240	**6,687**	27.6
Depreciation and amortisation	3,600	3,682	3,646	3,541	**3,739**	5.6
Operating cash flow	4,921	8,149	8,110	9,167	**9,450**	3.1
Profit before financial result	289	5,111	8,018	8,275	**7,986**	–3.5
Profit before tax	413	4,853	7,383	7,803	**7,913**	1.4
Net profit	210	3,243	4,907	5,111	**5,340**	4.5

BMW Group revenues fell by 1.0% to €76,058 million compared to the previous year (2012: €76,848 million). Cross-segment revenue eliminations rose due to the strong new leasing business. In addition, the devaluation of some key currencies such as the US dollar, the Japanese yen, the Australian dollar and the South African rand led to a slight decrease in revenues despite an increase in volume. Net of currency effects, revenues rose by 1.9%. The profit before financial result amounted to €7,986 million (2012: €8,275 million) in the reporting period.

GRI G3 **Indicator EC1**

BMW Group value added

in %



a) Net value added 24.8 b) Cost of materials 55.2 c) Depreciation and amortisation 9.1 d) Other expenses 10.9

Net value added by the BMW Group in 2013 increased by 1.3% to €19,215 million and remains at a high level. The majority of the net value added (46.8%) is again applied to employees. The proportion applied to providers of finance fell to 9.3%, mainly due to lower refinancing costs in the financial services business on international capital markets. The government/public sector (including deferred tax expense) accounted for 16.1%. The proportion of net value added applied to shareholders, at 8.9%, was higher than in the previous year. Other shareholders take a 0.1% share of net value added. The remaining proportion of net value added (18.8%) will be retained in the Group to finance future operations.

GRI **Indicator EC6**

Return on capital employed

in € million

	Earnings for RoCE purposes		Capital employed		Return on capital employed in %	
	13	12[1]	**13**	12	**13**	12
BMW Group	**8,320**	8,113	35.178		**21.4**	23.0
Automobiles		7,624		10.165	**63.3**	73.7
Motorcycles		9		511	**16.4**	1.8

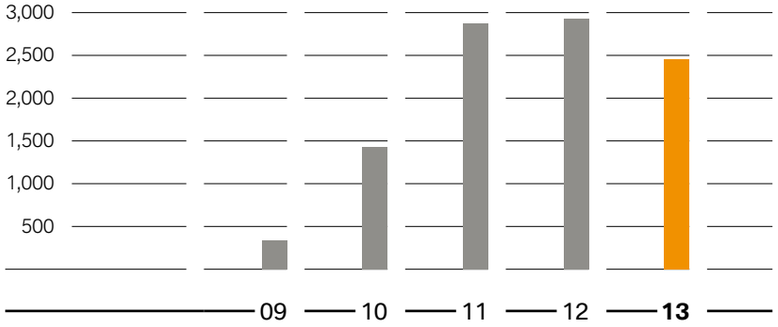
[1] The previous year's figures were adjusted to comply with the amended IAS 19.

RoCE describes the profitability of the operational business. It is measured on the basis of the segment profit before financial result and the average level of capital employed. The strategic RoCE target is 26%.

GRI G3 **Indicator EC1**

Current tax expenses

in € million



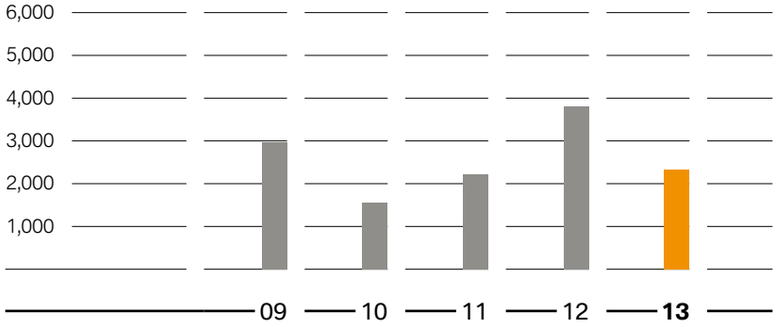
09	10	11	12	**13**
338	1,430	2,868	2,908	**2,435**

Current tax expenses include €222 million in expenses from previous reporting periods (2012: expenses of €128 million).

GRI **Indicators EC1 and EC3**

Pension provisions

in € million



09	10	11	12	**13**
2,972	1,563	2,183	3,813[1]	**2,303**

[1] The previous year's figures were adjusted to comply with the amended IAS 19.

Pension provisions decreased compared to year-end 2012 from €3,813 million to €2,303 million. This was mainly due to rising discount rates in Germany and the USA.

GRI **Indicators EC1 and EC3**

1

FIGURES, FACTS AND OBJECTIVES

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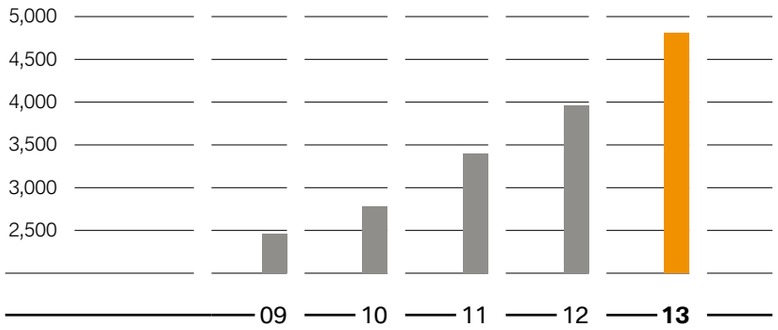
Research and development expenditure

in € million and in € per employee



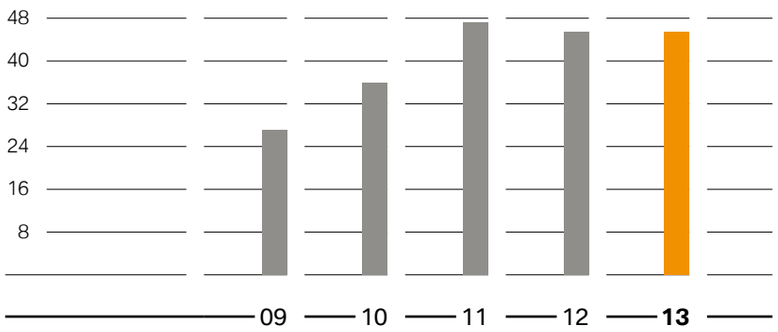
	09	10	11	12	13
in € million	2,448	2,773	3,373	3,952	**4,792**
€ per employee[1]	26,974	31,181	36,998	41,275	**47,939**

[1] Based on the average number of people employed during the financial year (not including trainees and students gaining work experience).

In order to offer our customers top quality products and innovative technologies, we employed a total of 11,359 people in 2013 in our global research and innovation network, at 12 sites in five countries. In the reporting period, expenditure on research and development rose by 21.3% to €4,792 million (2012: €3,952 million). The research and development expenditure ratio was 6.3 %, up 1.2 percentage points on the previous year (2012: 5.1%).

Public sector grants: public subsidies in the form of reduced taxes on assets and consumption-based taxes

in € million

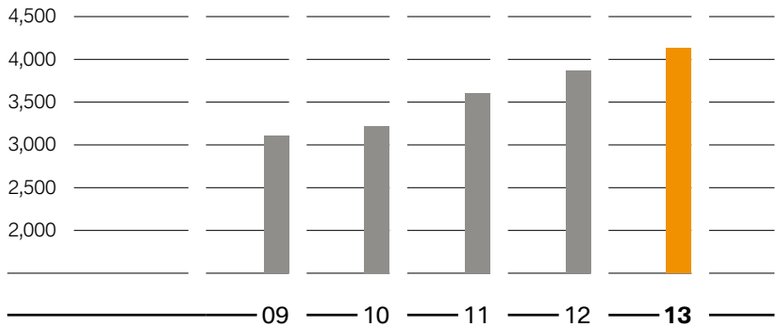


	09	10	11	12	13
	27	36	47	45	**45**

Production costs were reduced by €45 million due to public subsidies in the form of reduced taxes on assets and consumption-based taxes (2012: €45 million).

Contract portfolio of financial services segment

in 1,000 units

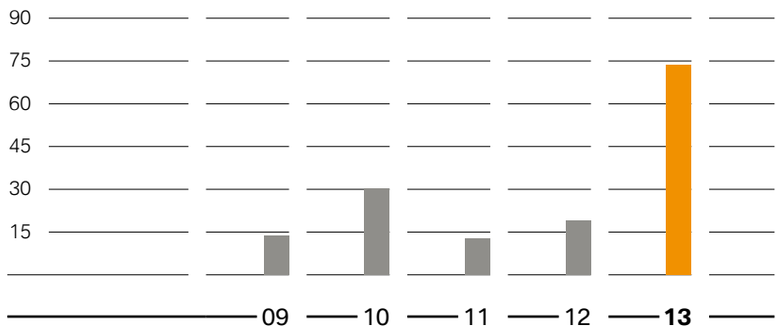


	09	10	11	12	13
	3,086	3,190	3,592	3,846	**4,130**

The Financial Services segment continued to benefit from its attractive product portfolio in 2013, posting profitable growth. The number of leasing and financing contracts in place with retail customers and dealerships rose by 7.4% to 4,130,002 contracts, thus reaching a new record level (2012: 3,846,364 contracts).

Public sector grants: allowances from public institutions

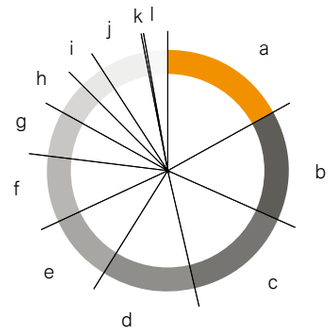
in € million



	09	10	11	12	13
	14	30	13	19	**73**

Vehicle production of the BMW Group by plant in 2013

in 1,000 units



a) Dingolfing	342.6	g) Dadong[1]	126.9
b) Spartanburg	297.3	h) Tiexi[1]	88
c) Regensburg	295.5	i) Rosslyn	65.6
d) Munich	247.3	j) Graz (Magna Steyr)[2]	125.6
e) Leipzig	186.7	k) Goodwood	3.4
f) Oxford	176	l) Assembly plants	51.5

[1] BMW Brilliance joint venture.
[2] Contract production.

In the reporting period, the BMW Group's production network implemented a number of model launches, started series production of the BMW i3 and further expanded the number of international sites. In spite of these many challenges, new records in production volume were achieved. The highly flexible production network balanced out regional sales fluctuations by adapting the production programme.

GRI G3 **Indicator EC9**

Sales volume of the BMW Group by vehicle

	09	10	11	12	**13**
Sales volume – Automobiles					
BMW[1]	1,068,770	1,224,280	1,380,384	1,540,085	**1,655,138**
MINI	216,538	234,175	285,060	301,526	**305,030**
Rolls-Royce	1,002	2,711	3,538	3,575	**3,630**
Total	**1,286,310**	**1,461,166**	**1,668,982**	**1,845,186**	**1,963,798**
Sales volume – Motorcycles					
BMW[2]	87,306	98,047	104,286	106,358	**115,215**

[1] Includes vehicles from the BMW Brilliance joint venture (2009: 43,702 vehicles, 2010: 53,701 vehicles, 2011: 94,400 vehicles, 2012: 141,165 vehicles, 2013: 198,542 vehicles).
[2] not including Husqvarna, sales volume until 2013: 59,776 vehicles.

In 2013, the BMW Group delivered 1,963,798* vehicles of the BMW, MINI and Rolls-Royce brands, more than ever before in the company's history (2012: 1,845,186* vehicles/+6.4%). In spite of continuing volatility on many markets in Europe in particular, the company consolidated its leading position in the premium segment worldwide. All three vehicle brands achieved new record sales.

GRI G3 **Indicator A4**

BMW Group sales volume of vehicles by region and market

in 1,000 units

	09	10	11	12	**13**
Europe	761.9	791.2	858.4	865.4	**859.5**
of which Germany	267.5	267.2	285.3	287.4	**259.2**
Asia[1]	183.2	286.3	375.5	493.4	**578.7**
of which China	90.6	169.6	233.6	327.3	**391.7**
Americas	294.2	329.7	380.3	425.3	**463.8**
of which USA	242.1	266.6	306.3	348.5	**376.6**
Other markets	47.0	54.0	54.8	61.1	**61.8**
Total	**1,286.3**	**1,461.2**	**1,669.0**	**1,845.2**	**1,963.8**

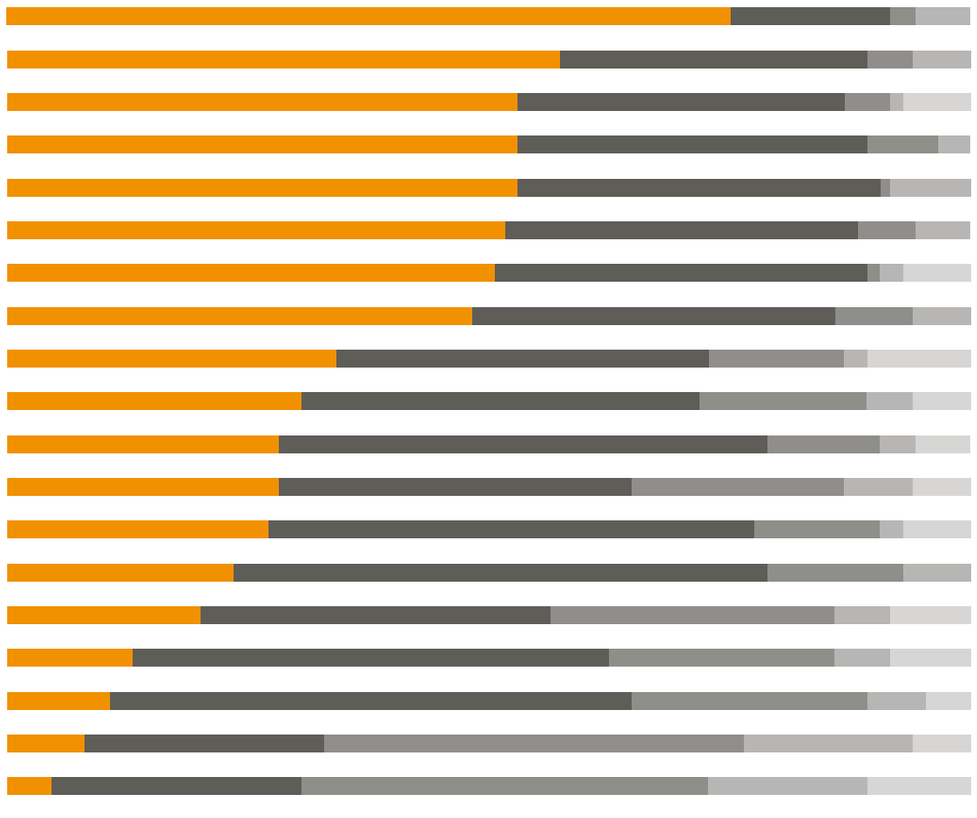
[1] Includes vehicles from the BMW Brilliance joint venture.

BMW Group vehicle sales volume rose by 6.4% year on year. In Asia we significantly exceeded the 500,000 units sold mark in 2013, delivering 578,678* BMW, MINI and Rolls-Royce brand vehicles (+17.3%). Sales on the Chinese mainland increased by 19.7% to 391,713* vehicles sold. The Americas also contributed to our success, with a sales volume of 463,822 vehicles (+9.0%). Sales in the USA rose by 8.1% (376,636 vehicles). In spite of persistently unstable general conditions, vehicles sales of the BMW Group in Europe were almost on a par with the previous year. In 2013, we sold 859,546 vehicles on this market (–0.7%).

GRI G3 **Indicator A4**

FIGURES, FACTS AND OBJECTIVES

BMW Group stakeholder dialogue – stakeholder survey 2013[1]



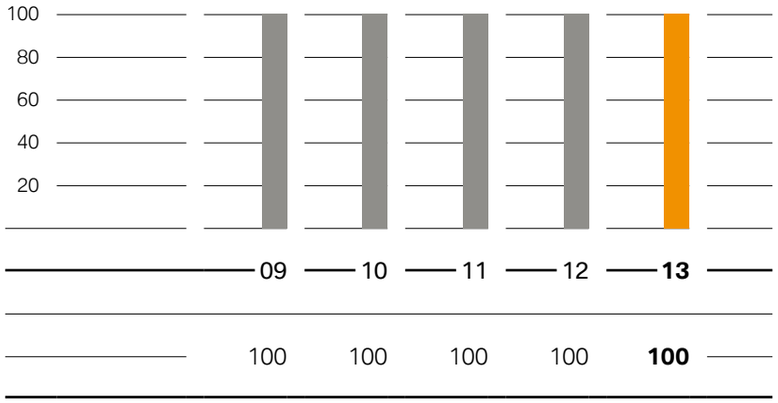
[1] In August and September 2012, an online stakeholder survey was carried out with a total of 88 stakeholders (mainly sustainability experts). In 2013, the results of the 2012 online stakeholder survey were reviewed and expanded based on telephone interviews with 12 selected experts from different regions and a range of focal areas (e.g. NGOs, universities, companies).

2

FIGURES, FACTS AND OBJECTIVES

Coverage rate of the production locations with quality and environmental management systems

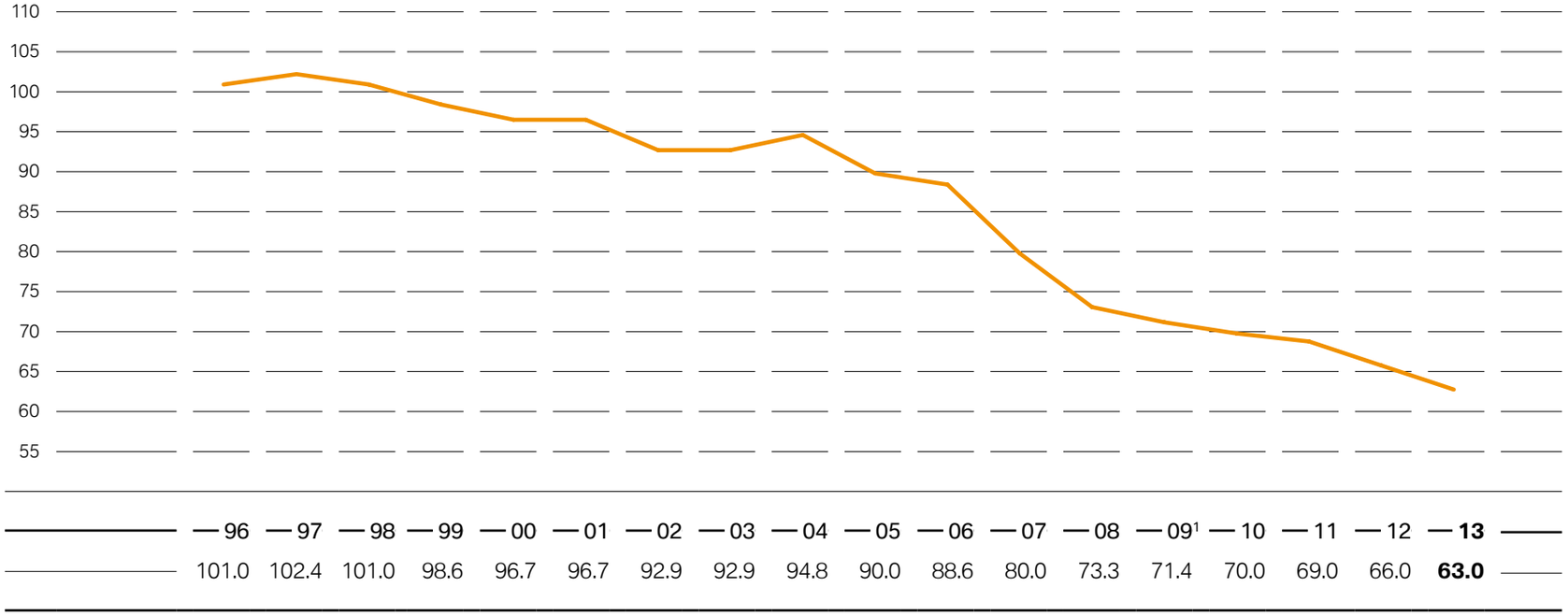
as a % of production location workforce



GRI **Product responsibility management approach**

Development of CO_2 emissions of BMW Group cars in Europe

(Index: 1995 = 100; Basis: Fleet consumption of newly registered cars in Europe [EU-15] measured on the basis of the New European Driving Cycle in accordance with the ACEA self-commitment)



[1] Measured only on EU-27 basis from 2009 onwards.

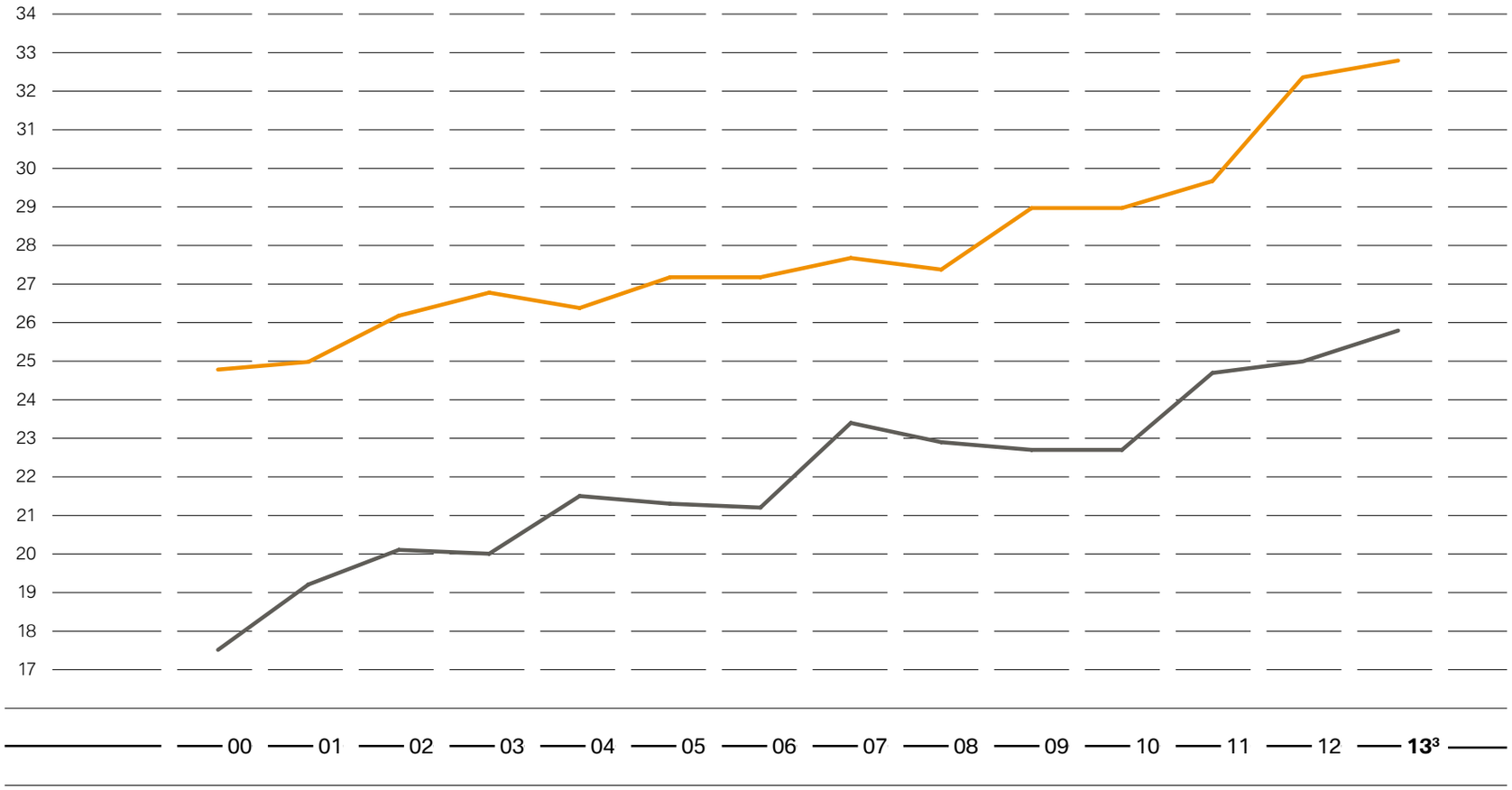
The BMW Group reduced CO_2 emissions of newly sold cars in Europe by more than 37% between 1995 and 2013. In 2013, our vehicle fleet achieved an average fuel consumption in Europe (EU-27) of 4.8 litres of diesel/100 km, 6.2 litres of petrol/100 km and average CO_2 emissions of 133 g/km (internal calculation). We also lead the field among German manufacturers, with CO_2 emissions from our vehicle fleet of 139 g/km. This also applies to the premium segment. Efficient Dynamics gives us a competitive advantage, in particular in markets with a CO_2-based vehicle tax. Our goal is to reduce CO_2 emissions of our vehicle fleet by at least a further 25% between 2008 and 2020.

GRI **Indicator A7 (Sector Supplement)**

2

FIGURES, FACTS AND OBJECTIVES

Fuel savings of BMW Group vehicles sold in the US (according to CAFE[1])



[1] CAFE: Corporate Average Fuel Economy.
[2] mpg: miles per gallon.
[3] BMW Forecast, not yet officially confirmed.

The Corporate Average Fuel Economy (CAFE) value represents the sales-weighted fuel economy of a manufacturer's fleet of vehicles weighing less than approximately 3,850 kilograms (10,000 pounds), manufactured for sale in the USA. If a manufacturer falls below the specified lower limit, penalties must be paid to the government.
Current Environmental Protection Agency (EPA) legislation is valid until 2016. The subsequent legislation will cover the period from 2017 to 2025, with a review in 2021 to verify its viability. The BMW Group supports the legislation.
The BMW Group's Efficient Dynamics Strategy calls for fuel economy technologies to be made available to all customers worldwide as soon as possible.

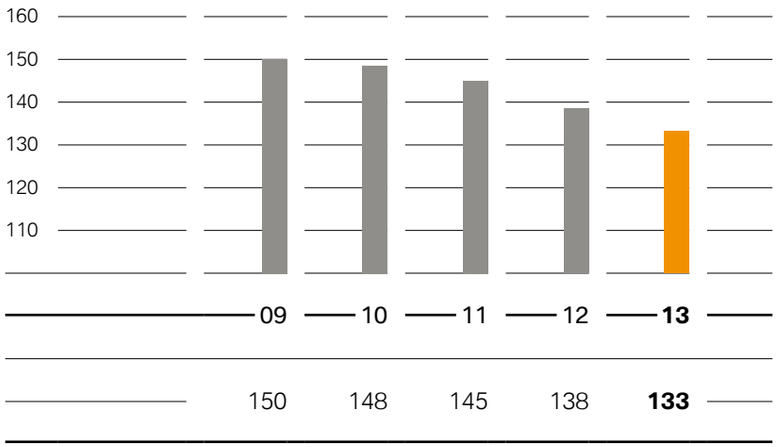
GRI **Indicator A7 (Sector Supplement)**

2

FIGURES, FACTS AND OBJECTIVES

CO_2 emissions of BMW Group automobiles (EU-27)

in g/km CO_2

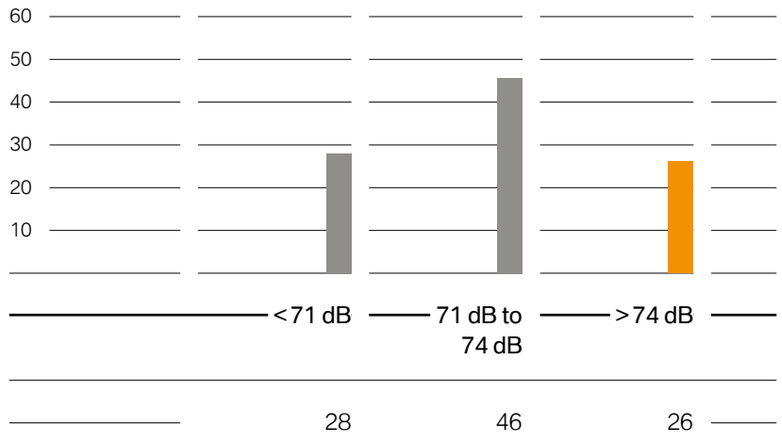


In 2013, the vehicle fleet achieved an average fuel consumption in Europe (EU-27) of 4.8 litres of diesel/100 km, 6.2 litres of petrol/100 km and average emissions of 133 g/km of CO_2.

GRI **Indicator A7 (Sector Supplement)**

Average noise emissions of BMW Group vehicles[1]

Share of models in % of vehicles sold in EU-27 in 2013



[1] Weighted model average for noise emissions (logarithmic average) for noise produced by accelerating while passing (values of type evaluation; in accordance with EU Directive 92/97/EC).

GRI **Indicator A8 (Sector Supplement)**

Fuel efficiency and CO_2 emissions of the most efficient and best-selling models in 2013

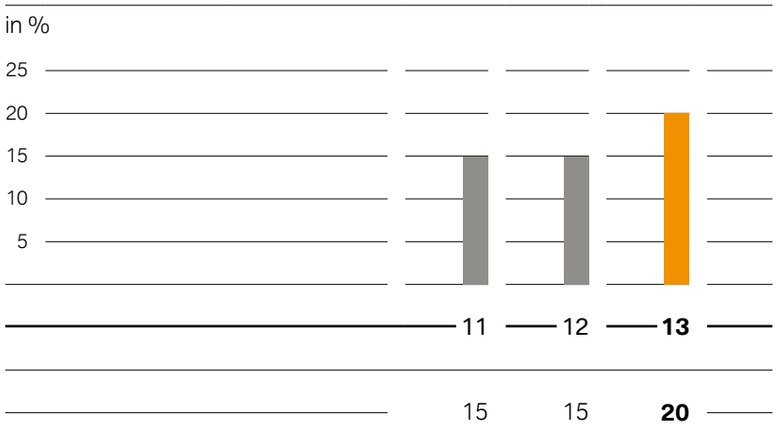
	l/100 km Manual transmission	l/100 km Automatic transmission	g/km CO_2 Manual transmission	g/km CO_2 Automatic transmission
Most efficient models worldwide				
BMW i3 (with range extender)	–	0 (0.6)	–	0 (13)
MINI One D, MINI Cooper D and BMW 116d EfficientDynamics Edition	3.8	–	99	–
Best-selling models in Germany				
BMW X3 xDrive20d	5.6	5.6	149	147
BMW 320d Touring	4.7–4.8	4.7–4.7	124–125	123–124
Best-selling models in the EU-27				
BMW X3 xDrive20d	5.6	5.6	149	147
BMW 520d Limousine	4.8–4.9	4.7–4.9	125–130	123–129

GRI **Indicators A6, A7 (Sector Supplement)**

2

FIGURES, FACTS AND OBJECTIVES

Ratio of plastic recyclates in vehicles[1]



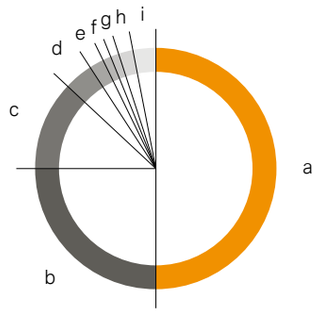
[1] Recycle share in thermoplastic materials. The vehicle with the highest share of recyclates is shown.

In the area of polymers in particular, importance is placed on developing closed material cycles. For thermoplastic resins, for example, up to 20% of the materials used come from secondary sources. The share of thermoplastic resins used in vehicle production has increased considerably in recent years (from 8% to 17%), and, with it, the absolute volume of recyclates deployed.

GRI **Indicator EN2**

Average distribution of materials in BMW Group vehicles[1]

in %



a) Steel and iron	50	f) Textiles	1
b) Non-ferrous metals	25	g) M.O.N.[3]	1
c) Thermoplastic resins	12	h) Other	2
d) Elastomers[2]	4	i) Operating fluids	3
e) Duroplastic resins	2		

[1] Calculation of representative vehicles as in 2012: BMW 1 Series, BMW 3 Series, BMW 5 Series, BMW 5 Series Gran Turismo, BMW X3, BMW X5, Rolls-Royce.
[2] Such as tyres, seals.
[3] Modified organic natural materials.

Steel and iron still make up the largest proportion by weight of materials used in BMW Group vehicles. The overall material mix has changed little since 2012. The influence of materials used in Project i is not yet measurable due to the small number of units produced so far.

GRI **Indicators EN1, EN2, A10 (Sector Supplement)**

BMW Group input/output assessment for 2013 vehicle production

Input	
Raw materials[1]	
Steel	2,361,000 t
Plastics	523,900 t
Aluminium	468,800 t
Magnesium	7,500 t
Operating fluids[2]	62,448 t
Water	4,105,937 m³
Energy	4,721,174 MWh

Output	
Vehicles	
BMW Group vehicles produced in Tsd.	1,880.8
Vehicles produced (contracted) in Tsd.	125.6
Total waste	680,299 t
of which recyclable	669,610 t
of which waste for disposal	10,689 t
Total wastewater	2,825,825 m³
CO_2 emissions	1,322,316 t
Volatile organic compounds (VOC)	2,992 t
NO_X	598 t
CO	380 t
SO_2	7 t
Particulates, dust	60 t

[1] Due to the fact that internal reporting has a different scope, this figure excludes BMW Brilliance (China) but includes Magna Steyr.
[2] Operating fluid for products (e.g. engine and gear oil, brake and cooling fluid, cooling agent, fuel for production refuelling). Due to data capture by the central purchasing system, this figure excludes BMW Brilliance (China) and Magna Steyr.

We reduce our environmental impact and the level of resources we consume by integrating environmental management into all production processes. We see this as an ongoing process. Our goal is to reduce our consumption of resources and emissions per vehicle produced by an average of 45% by 2020 (compared to 2006). The parameters we use to measure this are energy, water, process waste water, waste for disposal, solvent emissions and CO_2.
We improved resource efficiency by an average of 6.6% in the reporting period. Since 2006, we have reduced our use of resources and emissions levels per vehicle produced by an average of over 40% (41.4%).

GRI **Indicators EN1, EN3, EN4, EN8, EN16, EN20, EN21, EN22**

Certified environmental management systems in production facilities of the BMW Group

Site	Environmental management systems	Year of certification
Berlin plant	ISO 14001/EMAS	February 2012
Dingolfing plant	ISO 14001/EMAS	February 2012
Eisenach plant	ISO 14001/EMAS	February 2012
Goodwood plant, GB	ISO 14001	February 2012
Hams Hall plant, GB	ISO 14001	February 2012
Landshut plant	ISO 14001/EMAS	February 2012
Leipzig plant	ISO 14001/EMAS	February 2012
Munich plant	ISO 14001/EMAS	February 2012
Oxford plant, GB	ISO 14001	February 2012
Regensburg plant	ISO 14001/EMAS	February 2012
Rosslyn plant, South Africa	ISO 14001	February 2012
Spartanburg plant, USA	ISO 14001	February 2012
Steyr plant, Austria	ISO 14001/EMAS	February 2012
Swindon plant, GB	ISO 14001	February 2012
Wackersdorf plant	ISO 14001/EMAS	February 2012
Chennai plant, India	ISO 14001	February 2012
CKD production Jakarta, Indonesia	ISO 14001	May 2013
CKD production Cairo, Egypt	ISO 14001	August 2011
CKD production Kaliningrad, Russia	ISO 14001	August 2011
CKD production Kulim, Malaysia	ISO 14001	November 2013
CKD production Manaus, Brazil	ISO 14001	Planned 2015
CKD production Rayong, Thailand	ISO 14001	February 2012
BMW Brilliance Automotive Ltd., Shenyang, China (Joint Venture)	ISO 14001	December 2012
SGL Automotive Moses Lake, USA (Joint Venture)	ISO 14001	Planned 2014
SGL Automotive Wackersdorf (Joint Venture)	ISO 14001	Planned 2014
Magna Steyr Fahrzeugtechnik Graz, Austria (contract production)	ISO 14001/EMAS	July 2012

[1] National standard introduced.

Environmental management systems are in place at all BMW Group production facilities worldwide as well as in the central planning departments. Apart from the Manaus CKD plant, these systems are certified in accordance with ISO 14001.
In addition, the German and Austrian plants were certified by external auditors to confirm compliance with the European environmental management standard EMAS.

Energy consumption in detail

in MWh[4]

	09	10	11	12	**13**
Total energy consumption (upper heating value in case of fossil fuels)					
Total energy consumption	3,635,755	4,072,217	4,278,582	4,549,788	**4,721,174**
Total energy consumption in detail (upper heating value in case of fossil fuels)					
Electricity (external source)	1,491,182	1,654,956	1,702,157	1,790,534	**1,910,065**
Community heating	294,696	319,270	200,808	249,123	**316,532**
from renewable energy sources in %[1]	16	18	28	36	**48**
Fossil fuels					
Fuel oil	37,403	43,828	12,176	12,622	**14,023**
Natural gas	1,533,764	1,756,760	2,034,529	2,169,059	**2,165,362**
of which CHP losses	98,874	110,511	211,680	210,514	**191,840**
Non-fossil fuels					
Biogas (landfill gas)	278,706	288,402	328,912	328,450	**315,192**
of which CHP losses	91,600	86,100	91,600	103,422	**94,486**
Regenerative fuels					
Solar energy (photovoltaics)	4	3	0[2]	114[3]	**142**

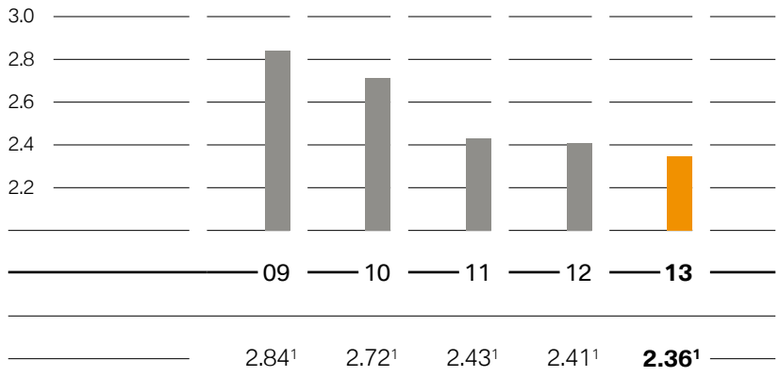
[1] Conservative calculation from the country-specific shares. Method adapted for Germany and Austria by using the transparency data in supplier invoices. Share increased compared to 2012 due to higher volumes of green electricity purchased in Germany and the UK.
[2] No contribution to energy supply due to maintenance work.
[3] Commissioning of a new system in 2012. Further systems planned.
[4] Corresponds to 3600 MJ.

Our vision is to achieve a completely carbon-neutral energy supply for the BMW Group. With this in mind, we set ourselves the goal of becoming a leader in the use of renewable energy by 2020. At the same time, each year we are reducing our energy consumption per vehicle produced with the aim of improving energy efficiency by 45% by 2020 (base year 2006). In 2013, in spite of extensive in-house production (e.g. CFK production) as well as the setting up and launch of new structures worldwide, such as the new smelter at the Landshut plant, we were able to further reduce energy consumption per vehicle produced to 2.36 MWh (–2.1%). Between 2006 and 2013, we thus reduced energy consumption per vehicle produced by 31%.
The BMW Group is increasingly using its own combined heat and power systems (CHP) to generate electricity at its production plants. Energy efficiency at the BMW Group was consistently calculated net of the additional consumption required for conversion due to the increasing use of CHP systems. This figure was 286,326 MWh in 2013. In addition, due to the increasing significance of contract production, we only took account of the BMW Group's own production plants and the vehicles produced there when calculating the environmental efficiency indicators. This will ensure that we continue to present resource efficiency figures of the BMW Group's own production capacities in a transparent manner.

GRI **Indicators EN3, EN4, EN5**

Energy consumption per vehicle produced

in MWh/vehicle



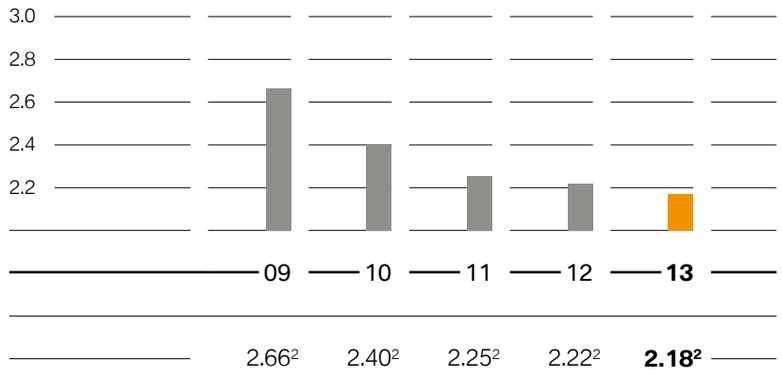
[1] Efficiency indicator = energy consumption minus CHP losses divided by the total number of vehicles produced, not including the vehicles from the Magna Steyr contract production plant.

Improved energy efficiency led to a further reduction in energy consumption per vehicle produced to 2.36 MWh (–2.1%).

GRI **Indicator EN3**

Water consumption per vehicle produced[1]

in m³/vehicle



[1] These figures refer to the production sites of the BMW Group.
[2] Efficiency indicator = water consumption divided by the total number of vehicles produced, not including the vehicles from the Magna Steyr contract production plant.

Water consumption per vehicle produced was reduced by a further 1.8% to 2.18 m³ (2012: 2.22 m³). High capacity utilisation of plants as well as continuous improvements in water management at all production sites were responsible for this drop.

GRI **Indicator EN8**

Water consumption[1]

	09	10	11	12	13
Water consumption in m³	3.222.376	3.418.816	3.678.738	3.910.923	**4.105.937**
of which drinking water in %	91	88	88	**86**	
of which groundwater in %	9	12	12	**14**	
of which surface water in %	0	0	0	**0**	
of which rainwater in %	0	0	0	**0**	

[1] These figures refer to the production sites of the BMW Group.

Water consumption rose in 2013 compared to 2012 by 5.0%. This rise in consumption was disproportionately lower than the increase in production of 7.0%.

GRI **Indicator EN8**

BMW Group CO_2 footprint

in t CO_2

	09	10	11	12	**13**
Total emissions[1]	1,644,100	1,961,348	2,715,364	61,603,503	**64,019,874**
Scope 1: Direct greenhouse gas emissions					
Total emissions	357,793	409,911	450,828	484,612	**492,798**
Emissions of company-owned production sites	291,562	340,131	370,241	395,012	**399,473[2]**
Company vehicles	63,109	65,974	76,120	84,633	**88,695**
Company-owned planes	3,122	3,806	4,468	4,966	**4,630**
Scope 2: Indirect greenhouse gas emissions					
Total emissions	847,500	933,097	858,785	862,214	**922,843[2]**
Electricity/heat purchased by company-owned production sites	847,500	933,097	858,785	862,214	**922,843[2]**
Scope 3: Indirect greenhouse gas emissions					
Total emissions	438,807	618,340	1,405,751	60,256,678	**62,604,233**
Logistics[3]	307,000	466,027	1,195,887	1,247,100	**1,383,774**
Business trips[3]	30,360	48,450	108,492	111,971	**113,388**
Employees' commuter traffic[4]	101,447	103,863	101,372	113,505	**122,584**
Upstream chain[5]	–	–	–	12,592,090	**13,274,865**
Utilisation phase[6]	–	–	–	45,251,958	**46,696,786**
Disposal[5]	–	–	–	940,054	**1,012,836**

[1] Footprint not including emissions from utilisation phase and upstream chain emissions.
[2] Currently applicable VDA emission factors applied.
[3] Emissions figures from 2011 and 2012 are not directly comparable to previous years due to refinement of the calculation method.
[4] Extrapolation from the table "Means of transport used by BMW employees and indirect CO2 emissions from employees' commuter traffic".
[5] Emissions from supply chain and disposal processes are calculated based on the carbon footprints of representative vehicles from the product lines.
[6] The fleet emissions are extrapolated from the average fleet emissions of the main sales markets of the BMW Group. The calculation was based on an average mileage of 150,000 km.

We aim by 2020 to be the leaders in using renewable energy to supply our locations. To achieve this, we use the most environmentally and economically sustainable energy resource at each location. Some of the main measures taken in this process are continuous increases in energy efficiency, use of highly efficient combined heat and power systems (CHP) as well as the use of electricity supplied from renewable sources. In spite of an increase in the number of vehicles produced (comparison of vehicle production not including contract production at Magna Steyr) of 7.0%, this led to an increase in CO_2 emissions from vehicle production of just 5.2% (Scope 1 and Scope 2 including emissions from CHP losses, not including company cars and company-owned airplanes). The emissions were calculated for 2013 using the current VDA emission factors. If the previous VDA factors had been applied, the reduction in total CO_2 emissions from the production network would have been 0.9%.
In addition, we fulfil our responsibilities along the entire value chain. With Efficient Dynamics, we are continuously reducing CO_2 emissions of the new vehicles we sell worldwide. As a result, we were able to further reduce average fleet emissions per kilometre in 2013. Global sales volume rose by 6% in the year under review. Through the application of Efficient Dynamics, the increase in emissions caused by this rise in volume was limited to just 3%. Upstream emissions also make a considerable contribution towards Scope 3 emissions. For this reason, we collaborate with our suppliers to identify and lever resource efficiency potential. For instance, in 2013, we joined the Supply Chain programme of the Carbon Disclosure Project (CDP) in order to achieve greater transparency with regard to resource efficiency and to work together to derive CO_2 savings potential.

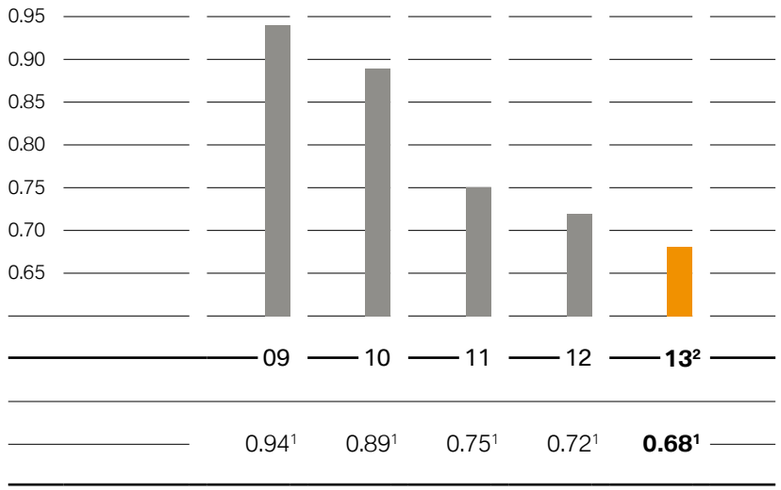
GRI **Indicators EN16, EN18**

3

FIGURES, FACTS AND OBJECTIVES

CO_2 emissions per vehicle produced

in t/vehicle



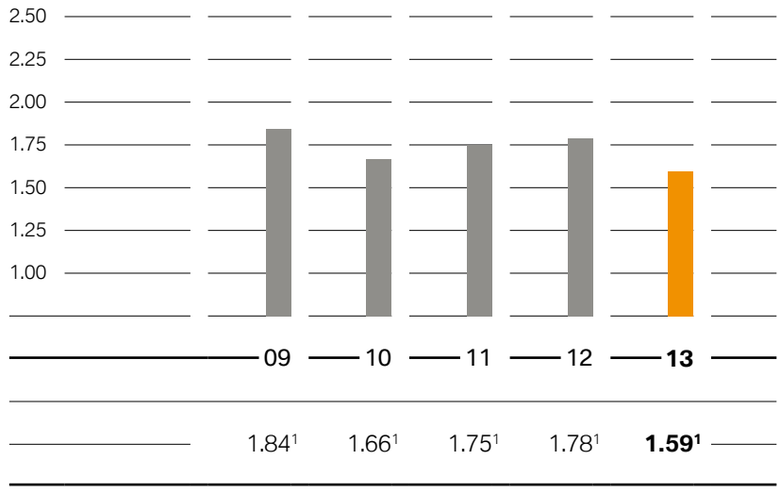
[1] Efficiency indicator = CO_2 emissions minus CHP losses divided by the total number of vehicles produced, not including the vehicles from the Magna Steyr contract production plant.
[2] Calculations based on updated VDA emissions factors. If the VDA factors used in previous years were applied there would have been a year-on-year reduction of 10.5%.

Improved energy efficiency, the use of highly efficient and environmentally sustainable combined heat and power systems (CHP) as well as renewable energy led to a reduction in CO_2 emissions per vehicle produced in the reporting period of 5.6% to 0.68 tonnes.

GRI **Indicators EN16, EN18**

VOC emissions per vehicle produced

in kg/vehicle

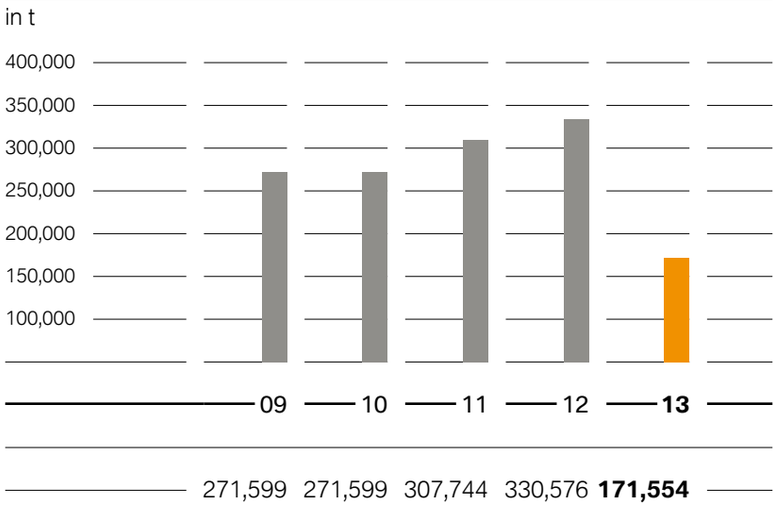


[1] Efficiency indicator = CO_2 emissions minus CHP losses divided by the total number of vehicles produced, not including the vehicles from the Magna Steyr contract production plant.

In 2013, solvent emissions decreased significantly by 10.7% to 1.59 kg per vehicle produced. This is mainly due to the retrofitting of the paint shop in the Chinese Dadong plant with an exhaust air purification system.

GRI **Indicator EN20**

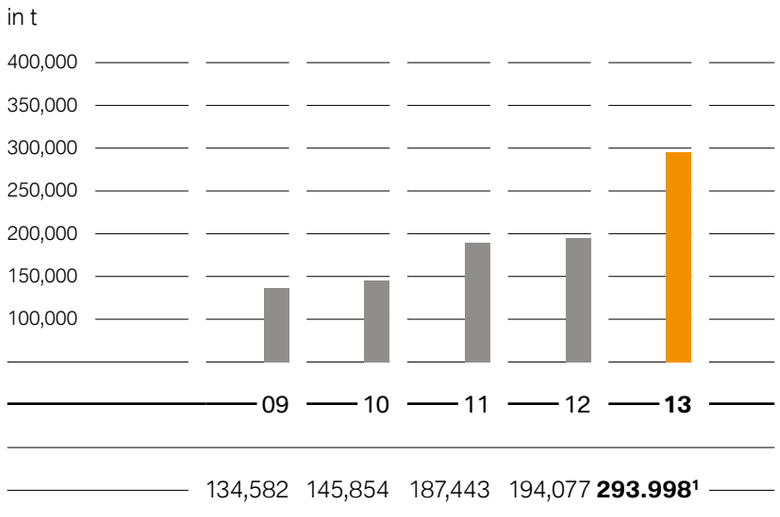
Number of CO_2 emissions allowances allocated by the EU Emissions Trading System



	09	10	11	12	**13**
	271,599	271,599	307,744	330,576	**171,554**

In the 2nd period (2013 – 2020) allocation, free emissions allowances were strongly reduced compared to the previous period. From 2013 onwards, only usable heat volumes can receive allowances, electricity generation is no longer included in free allowances. In addition, free allocations as part of the EU Emissions Trading System are being reduced during the commitment period from 80% in 2013 to 30% in 2020.

CO_2 emissions of locations participating in the EU Emissions Trading System



	09	10	11	12	**13**
	134,582	145,854	187,443	194,077	**293.998**[1]

[1] 4,201 tonnes of emissions relevant for EU emissions trading from operation of BMW-owned planes are included in this figure as of 2013.

The increase in emissions is due to the expansion of plants subject to the emissions trading system in the 2nd commitment period (2013 – 2020).

Wastewater[1]

	09	10	11	12	**13**
Total wastewater m^3	2,130,771	2,427,754	2,557,493	2,535,980	**2,825,825**
of which process wastewater in m^3	778,371	854,013	935,750	896,137	**882,978**
of which wastewater from sanitary facilities in m^3	1,352,400	1,573,741	1,621,743	1,639,843	**1,942,847**
Total heavy metals and heavy metal compounds in kg	314	322	463	474	**465**
COD[2] in kg	1,108,934	1,442,109	1,681,776	1,617,183	**1,770,577**
AOX[3] in kg	57	69	81	77	**79**

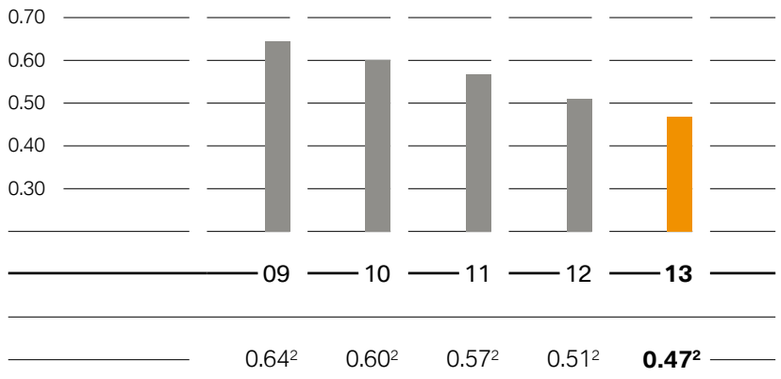
[1] The key performance indicator “Process wastewater” is measured by the wastewater treatment in BMW Group plants. Together with the wastewater from sanitary facilities at the plants, this is the figure for total wastewater. Due to factors such as evaporation, the water input does not correspond to total wastewater.
[2] COD = Chemical Oxygen Demand.
[3] AOX = Adsorbable Organic Halides in water.

Materials input into wastewater should be limited to volumes that will not overtax natural decomposition processes. For all of our plants, we have introduced our own BMW-specific wastewater standards, which exceed local regulations in many cases.

GRI **Indicator EN21**

Process wastewater per vehicle[1]

in m³/vehicle



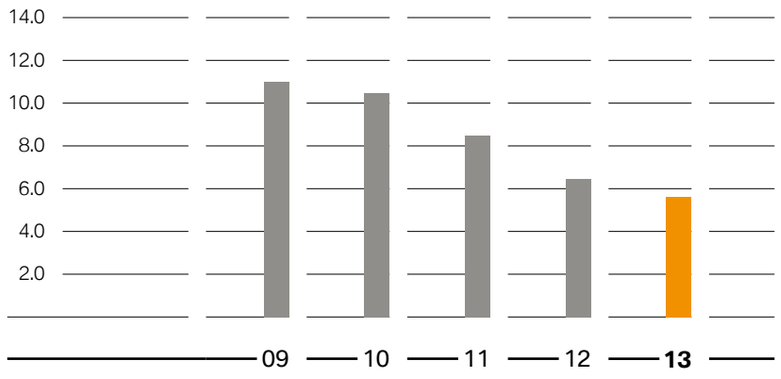
[1] The key figures refer to production wastewater.
[2] Efficiency indicator = process wastewater divided by the total number of vehicles produced, not including the vehicles from the Magna Steyr contract production plant.

Process wastewater per vehicle produced was down 7.8% to 0.47 m³ per vehicle produced. The transfer of the paint shop in Spartanburg to a waterless colouring process as well as continuous improvements at all locations (especially in Oxford and Shenyang) played a significant role in this decrease.

GRI **Indicator EN21**

Waste for disposal per vehicle produced

in kg/vehicle



[1] Efficiency indicator equals waste for disposal divided by the total number of vehicles produced, not including the vehicles from the Magna Steyr contract production plant.

Non-recyclable production waste was significantly reduced in 2013, by 11.4% to 5.73 kg per vehicle produced. The main contributing factor here was the reduction of waste for disposal by almost a quarter (23.3%) at the Landshut plant.

GRI **Indicator EN22**

Waste

in t

	09	10	11	12	**13**
Total waste	450,513	564,117	594,791	664,752	**680,299**
Hazardous waste for recovery	12,073	14,987	18,413	19,979	**21,884**
Hazardous waste for disposal	8,570	9,772	8,720	8,127	**7,668**
Non-hazardous waste for recovery	425,066	534,188	562,482	633,394	**647,725**
Non-hazardous waste for disposal	4,804	5,171	5,176	3,252	**3,022**
Materials for recycling	437,139	549,175	580,895	653,373	**669,609**
Metals for recycling (scrap)	377,700	428,175	449,900	494,894	**500,589**
Waste for disposal	13,374	14,943	13,896	11,379	**10,690**

The BMW Group aims to avoid waste. Unavoidable waste by-products are tested for reuse, material recycling and other uses. Recycling of waste is always given priority over waste disposal. In this way, the proportion of materials for recycling or recovery increased again in 2013, reaching over 98% of total waste volume.

GRI **Indicator EN22**

Land development

	09	10	11	12	**13**
Size of property in m^2	29,075,131	28,524,493	28,666,818	29,421,179	**29,268,154**
Land development in %	17.8	18.8	18.8	19.0	**19.7**

Means of transport used by BMW Group employees and indirect CO_2 emissions from employees' commuter traffic

	10[1]		11[2]		12[3]		**13**	
	in %	in t CO_2	in %	in t CO_2	in %	in t CO_2	in %	in t CO_2
Cars	45	43,414	45	43,008	47	53,036	50	59,882
Public transport	16	4,816	16	4,947	17	3,738	17	3,914
Plant bus	33	13,049	33	12,867	30	15,869	27	13,432
Bicycle/on foot	6	0	6	0	6	0	6	0
Total	**100**	**61,279**	**100**	**60,823**	**100**	**72,643**	**100**	**77,228**

[1] Headquarters, including Research and Innovation Centre Munich; the Munich, Dingolfing, Regensburg and Berlin plants account for 59% of employees of the BMW Group and 81% of employees in Germany.
[2] Headquarters, including Research and Innovation Centre Munich; the Munich, Dingolfing, Regensburg and Berlin plants account for 60% of employees of the BMW Group and 81% of employees in Germany.
[3] Headquarters, including Research and Innovation Centre Munich; the Munich, Dingolfing, Regensburg, Landshut, Leipzig and Berlin plants account for 64% of employees of the BMW Group and 90% of employees in Germany.

As in the previous year, the basis for calculation here was headquarters, including Research and Innovation Centre Munich as well as the Munich, Dingolfing, Regensburg, Landshut, Leipzig and Berlin plants. This accounts for 63% of employees of the BMW Group and 90% of employees in Germany. Mobility patterns changed slightly in 2013 compared to 2012. Current surveys and calculations from the Landshut and Leipzig plants as well as the Research and Innovation Centre show that more employees are now travelling to work by car. The increase in CO_2 emissions compared to 2012 is mainly due to a further increase in employee numbers and the shift towards travelling to work by car. The slightly altered utilisation profile of carriers led to an increase in overall average CO_2 emissions per employee and day of production and/or per kilometre travelled per person to 4.6 kg of CO_2 per employee per day as well as 99 grams of CO_2 per kilometre travelled per person (2012: 4.5 kg of CO_2 per employee per day as well as 94 grams of CO_2 per kilometre travelled per person).

GRI **Indicators EN7, EN17, EN29, A9 (Sector Supplement)**

Carriers and CO_2 emissions[1]

	09	10	11	12	**13**
Inbound (material provision of the plants and spare parts delivery)					
Transport capacity in million tkm	2,673	3,810	9,072	10,703	**11,560**
CO_2 emissions in t	201,376	320,526	518,157	547,049	**580,616**
Outbound (distribution vehicles and spare parts)					
Transport capacity in million tkm	9,942	15,088	18,854	20,195	**22,226**
CO_2 emissions in t	106,040	145,501	677,730	700,051	**803,158**
Total (inbound and outbound)					
Transport capacity in million tkm	12,615	18,898	27,926	30,898	**33,786**
CO_2 emissions in t	307,416	466,027	1,195,887	1,247,100	**1,383,774**

Percentage share of carriers in total (inbound and outbound) in terms of transport volume and CO_2 emissions

	tkm	g CO_2	tkm	g CO_2	tkm	g CO_2	tkm	g CO_2	tkm	g CO_2
Sea	78.0	14.0	79.9	14.1	78.9	51.3	79.2	53.1	**78.9**	**51.6**
Road	15.8	73.4	13.3	61.2	11.9	24.2	10.7	20.2	**12.4**	**23.1**
Rail	6.0	7.1	6.3	7.3	8.2	5.5	8.9	4.6	**7.5**	**3.8**
Air	0.2	5.5	0.5	17.4	1.0	19.0	1.2	22.1	**1.2**	**21.5**

[1] Figures refer to BMW and MINI, excluding Rolls-Royce automobiles. Conversion factor for CO_2 emissions from road, rail and sea freight according to Tremod. Conversion factors from sea freight are reported back directly by shipping companies. Since the 2011 financial year, the scope has expanded significantly and currently comprises: inbound volumes (material supplies to plants and spare parts delivery) are included for BMW and MINI vehicles in Germany, the UK, the USA, South Africa, China, Thailand, India and CKD/SKD locations as well as for delivery of spare parts to the parts supply centre ZTA in Dingolfing. Outbound volumes (distribution of vehicles and spare parts) are included up to arrival at the distribution centres in the markets worldwide as well as for some markets up to arrival at the dealerships.

Compared to 2012, transport volume increased by around 9.4%. This is due on the one hand to an increase in the number of BMW and MINI vehicles produced and sold and on the other hand to the extension of the system boundaries due to the addition of more transport volume. For example, since 2013, additional inbound air and sea transports have been included in the figures. In addition it is now possible for the transport of about 40% of all vehicles sold worldwide from the distribution centres to the dealerships to be included in the figures.
Compared to the previous year, total CO_2 emissions increased by around 11%, leading to an increase in CO_2 emissions per unit of around 3.7%. Based on the system boundaries of 2012, CO_2 emissions per unit decreased by over 5%. This was mainly the result of a significant 17% decrease in air freight volume to plants outside Europe.
Shifts in the shares of the different transport carriers as a proportion of total transport volume are mainly due to changes in system boundaries; for example, when distribution of vehicles to dealerships takes place by truck, this leads to an increase in road freight volume.

GRI **Indicators EN16, EN29, A9 (Sector Supplement)**

3

FIGURES, FACTS AND OBJECTIVES

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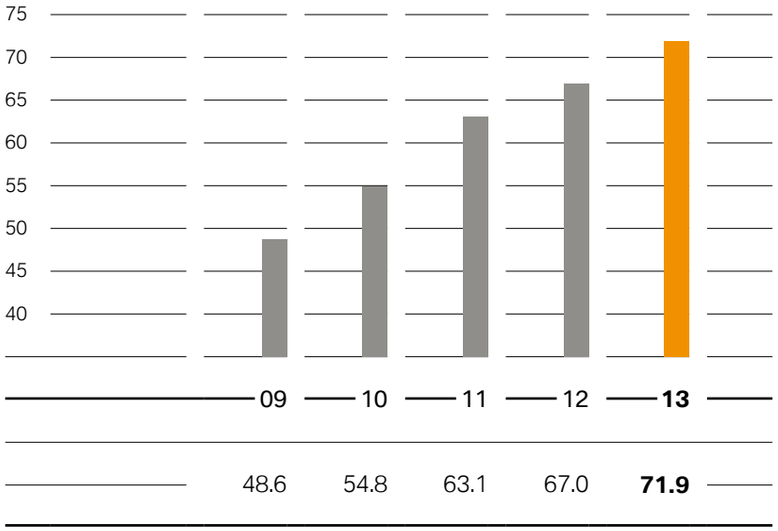
Ongoing expenditure on environmental protection

in € million



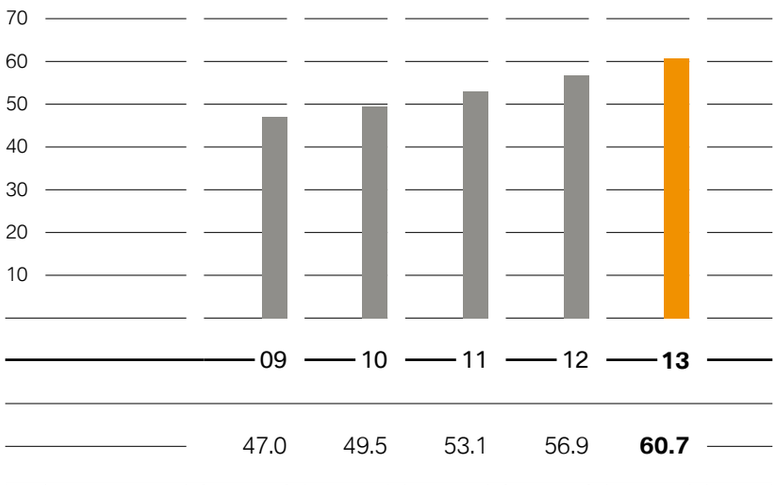
Figures for German production sites.

In line with the increase in production, ongoing expenditure on environmental protection increased further in 2013.

GRI **Indicator EN30**

Share of vehicles shipped by rail from BMW Group plants[1]

in %



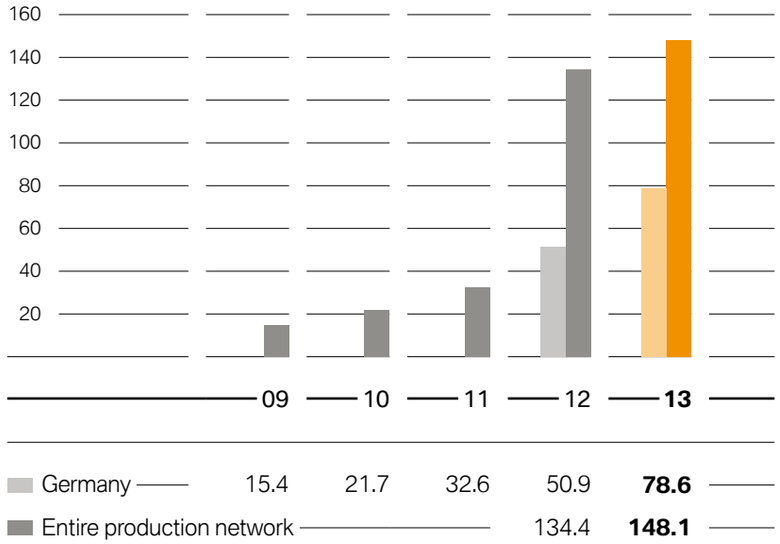
[1] Excluding Rolls-Royce automobiles.

Vehicles for export from the BMW plant in Leipzig are now transported by rail to the port. This led to a further increase in the average volume of rail transport of BMW Group vehicles from the plants to 60.7%.

GRI **Indicators EN29, A9 (Sector Supplement)**

Investment in environmental protection[1]

in € million



Figures for German production sites.
[1] Calculation of integrated environmental investments according to VDA standard.

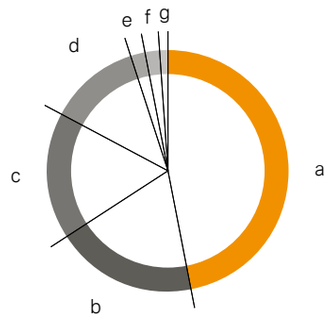
In 2013, we expanded our production structures for new launches and for extra capacity for production of BMW, MINI and Rolls-Royce vehicles and we invested in our production plants for BMW i. An important aspect in these investment decisions was to take into account environmental considerations with a view to increasing resource efficiency. In 2013, this led to a further increase in investment in environmental protection, in particular in Germany (approx. 55%), but also in the entire BMW Group production network (approx. 10%).

GRI **Indicators EN7, EN17, EN29, A9 (Sector Supplement)**

4

Regional mix of BMW Group purchase volumes in 2013

in %, basis: production material



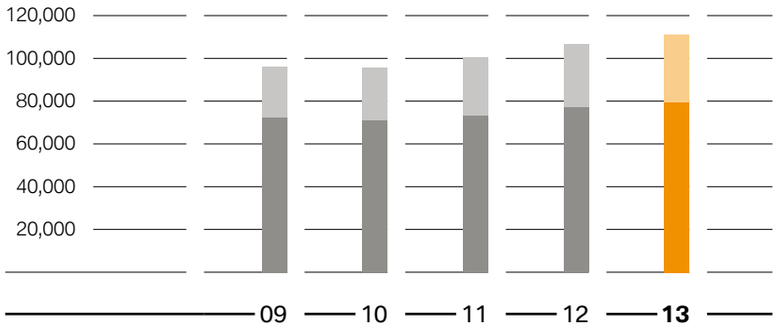
a) Germany	47	e) Africa	2
b) Rest of Western Europe	19	f) Asia/Australia	2
c) Central and Eastern Europe	17	g) China	1
d) NAFTA (+MERCOSUR)	12		

As a global company, the BMW Group continued to develop and expand its international relations with suppliers. This shifts our value added along the supply chain even more strongly towards the respective sales markets. Here, too, local suppliers were selected according to the BMW Group sustainability requirements.

GRI **Indicator EC6**

FIGURES, FACTS AND OBJECTIVES

BMW Group employees at end of year[1]

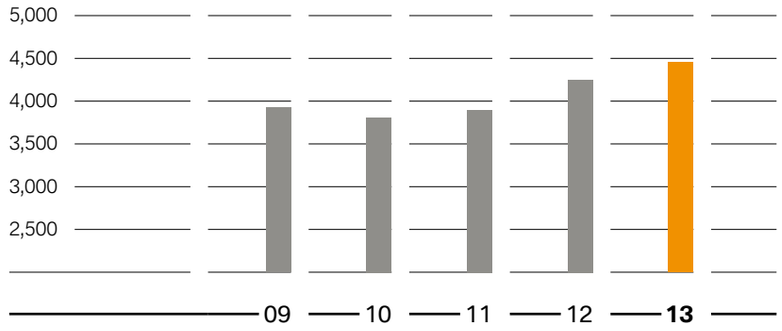


[1] Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement arrangements and low income earners.
[2] Of whom 35.2% are tariff-bound production employees of the BMW Group.
[3] Of whom 35.1% are tariff-bound production employees of the BMW Group.

The number of employees in the BMW Group had increased worldwide by the end of 2013 by 4.2% to a total of 110,351 employees (2012: 105,876 employees). The high demand for our vehicles as well as upcoming challenges led to focused recruiting of skilled experts for development and production of new technologies such as electromobility.

GRI **Indicator LA1**

BMW Group apprentices as at 31 December



1,357 young people began their vocational training at the BMW Group in 2013. The number of vocational training places in Germany remained constant compared to the previous year, at 1,200. Worldwide, a total of 4,445 trainees were employed by the company on the reporting date.

GRI **Indicator LA1**

BMW Group employees

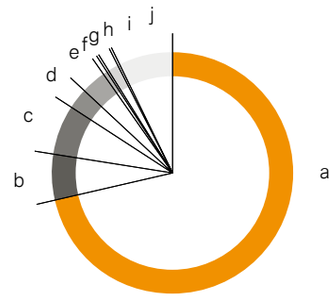
	09	10	11	12	**13**
Workforce according to segment					
Automobiles	89,457	88,468	91,517	96,518	**100,682**
Motorcycles	2,796	2,814	2,867	2,939	**2,726**
Financial Services	3,882	4,053	5,801	6,295	**6,823**
Other	95	118	121	124	**120**
Share of employees with fixed-term contracts[1] in %	1.5	2.0	3.1	3.8	**3.9**

[1] Excluding apprentices, interns and students.

GRI **Indicator LA1**

Share of employees per country with production site(s) in 2013

in %



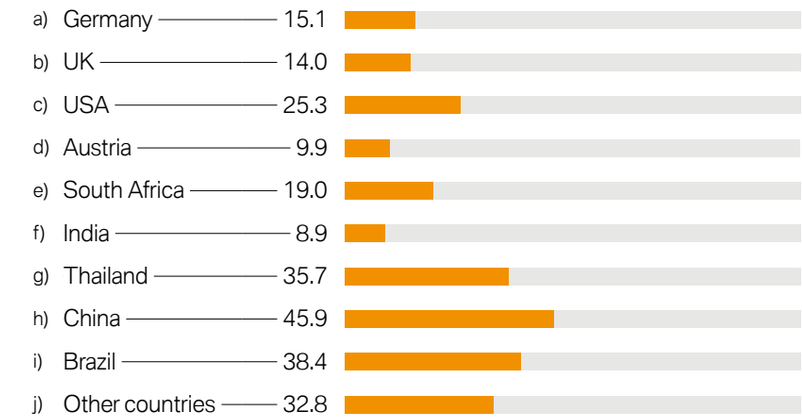
a) Germany	71.6	f) India	0.6
b) UK	6.0	g) Thailand	0.3
c) USA	6.6	h) China	1.3
d) Austria	3.0	i) Brazil	0.2
e) South Africa	3.2	j) Other markets	7.2

Nearly three-quarters of employees at BMW Group production sites work in Germany, followed by 6.6% in the USA and 6.0% in the UK.

GRI **Indicator LA1**

Share of women in the workforce per country with production site(s) in 2013

in %



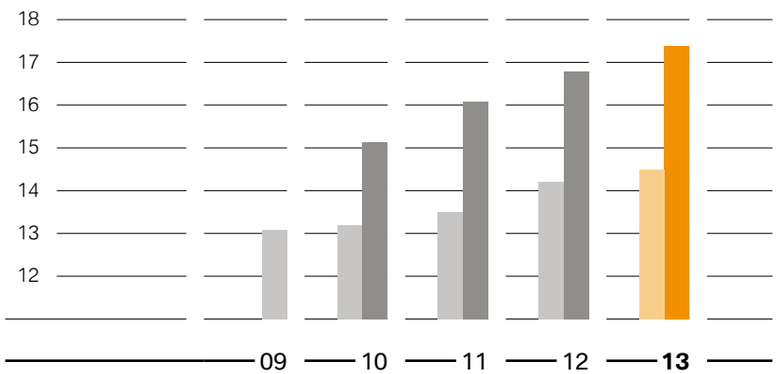
The share of women in the workforce varies strongly in the different functional areas: the share of women in production-related activities is less than 10%, while it is over 20% in sales-related activities.
The employee share and share of women is therefore lower in production-intensive countries.

GRI **Indicator LA13**

FIGURES, FACTS AND OBJECTIVES

Share of female employees in total workforce of BMW AG/ BMW Group

in %



	09	10	11	12	13
BMW AG	13.1	13.2	13.5	14.2	**14.5**
BMW Group		15.2	16.1	16.8[1]	**17.4**

[1] Figures for 2012 adjusted due to data cleansing.

Social diversity at the BMW Group is an integral part of our sustainability strategy and makes an important contribution towards the company's efficiency. With this in mind, the BMW Group's Diversity Concept has an important role to play in the company's strategic direction, in which providing opportunities for women is one of the three dimensions of diversity (along with an international workforce and a good age mix).
The share of women in the overall workforce continued to increase. The share of women at BMW AG, for example, rose from 14.2 to 14.5% and at the BMW Group from 16.8 to 17.4%.

GRI **Indicator LA13**

Share of female employees in management positions at BMW AG/BMW GROUP

in %

	11	12	13
Supervisory Board	15.0	20.0	**20.0**
Board of Management	0.0	12.5	**12.5**
Non-tariff employees			
BMW AG	9.1	10.0	**10.9**
BMW Group	11.8	12.7[1]	**13.8**

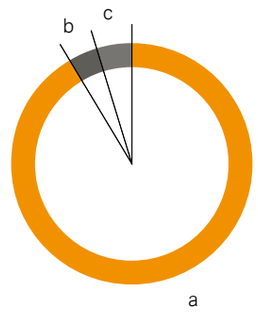
[1] Figures for 2012 adjusted due to data cleansing.

The term "non-tariff employees" primarily refers to managers, which is why it is listed here as the third category of management positions. The share of women also increased in the non-tariff area in 2013. At BMW AG, the share of women rose by 9.0%, at the BMW Group by 8.7%.

GRI **Indicator LA13**

Share of employees at BMW AG from Europe (without Germany) and from non-EU countries

in %



a) From Germany	91.5
b) Europe (without Germany)	3.8
c) Non-EU countries	4.7

As at 31 December 2013, employees from 99 different countries worked for BMW AG.

BMW AG employees according to age group divided into functions and gender[1]

in %

	< 30 years old	30 – 50 years old	> 50 years old
2011 total	9.6	66.8	23.6
2012 total	10.9	65.3	23.8
2013 total	12.5	64.1	23.5
direct[2]	14.2	62.3	23.5
indirect[3]	11.3	65.2	23.4
male	11.3	64.2	24.5
female	20.2	62.9	16.9

[1] Figures refer to employees with permanent contracts.
[2] Clock-controlled production employees.
[3] All employees without clock control.

Demographic change in 2013 is also reflected in the age structure of the BMW AG workforce. The share of employees under 30 years old rose, while the share of employees between the ages of 30 and 50 fell slightly. The share of employees over 50 years of age remained at a similar level to the previous year.

GRI **Indicator LA13**

Share of local employees in management positions at major company locations

in %

	10	11	12	**13**
Munich site	99.5	99.2	98.8	**98.8**
Dingolfing site	99.6	99.7	99.7	**99.7**
Berlin site	100.0	100.0	100.0	**100.0**
Landshut site	100.0	100.0	100.0	**99.2**
Leipzig site	100.0	100.0	100.0	**98.2**
Regensburg site	100.0	100.0	100.0	**100.0**
UK	91.1	92.5	92.5	**89.3**
USA	88.3	90.9	91.2	**89.0**
Austria	90.8	88.8	83.0	**84.7**
South Africa	89.7	91.5	89.2	**89.0**
China[1]	43.0	43.3	28.4	**63.0**
India	45.0	56.0	54.8	**59.5**
Thailand	65.2	70.4	68.0	**75.0**

[1] Including employees of the joint venture BMW Brilliance Automotive, which is not consolidated in the BMW Group.

"Local" refers to managers with local contracts. Persons sent to work at the location who do not have a local employment contract are not included. Such persons are reflected in the difference from 100% in each case.

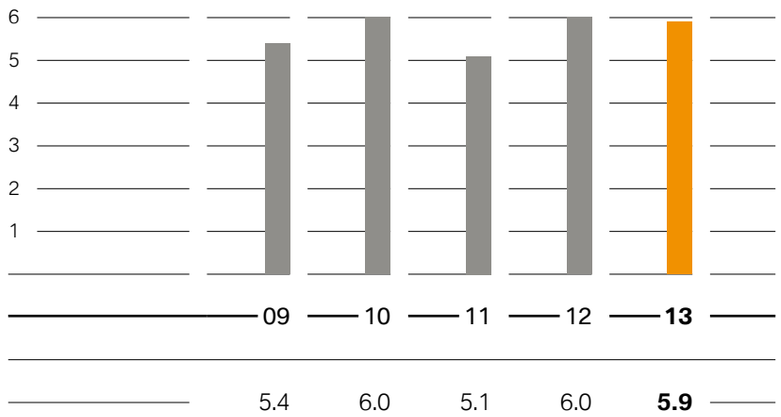
GRI **Indicator EC7**

5

FIGURES, FACTS AND OBJECTIVES

Share of employees with disabilities at BMW AG

in %

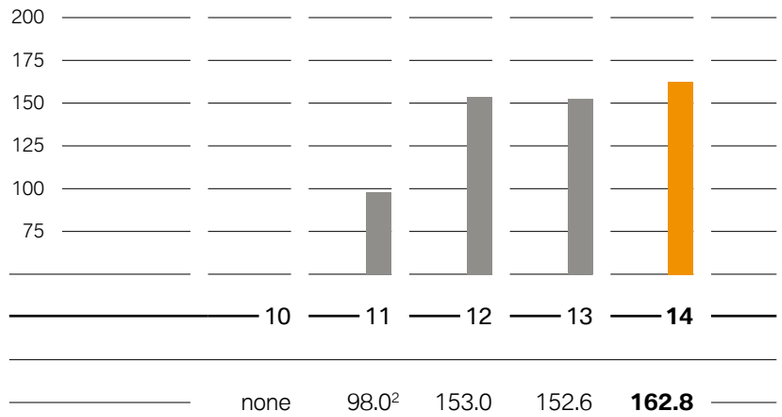


The figure for severely disabled employees is based on the statutory requirements in accordance with the German Social Insurance Code (SGB IX). In addition, the BMW Group awarded contracts amounting to around €22 million to workshops for the severely disabled in 2012. Around €6 million of this figure can be written off in accordance with the compensatory levy act. The contract volume was at around the same level as in the previous year.

GRI **Indicator LA13**

Profit-sharing scheme at BMW AG by year of payment[1]

in % of monthly salary/in % of personal base value (from 2011)



Due to the significant decline in profits, in 2009 and 2010 BMW AG employees did not receive any bonuses for 2008 and 2009.
[1] New employees receive full bonuses after four years of employment.
[2] New bonus system from 2011 based on personal base value.

Since the 2010 financial year (payout in 2011), bonuses at BMW AG have been determined according to a uniform system across all hierarchical levels. Starting in the 2011 financial year (payout in 2012) this system was also introduced for employees worldwide as a standardised corporate success component in nearly all BMW Group companies. The consistency of this component is thus ensured both hierarchically (from production worker to board member) and geographically (worldwide). This portion of the bonus depends on the earnings performance of the BMW Group and is accordingly calculated according to these three parameters: Group earnings after tax, after-tax return on sales, and dividends. Including the post-tax return on sales in the calculation of bonuses (including for the Board of Management and the upper executives) in particular ensures an orientation towards the profitable, and hence sustainable, growth of the BMW Group.

Share of employees represented by a trade union or falling under collective agreements[1]

in %

	09	10	11	12	**13**
Germany[3]	100	100	100	100	**100**
UK[2]	–	75	94	86	**86**
China (plant)	–	100	100	100	**100**
Austria[3]	100	100	100	100	**100**
South Africa	–	46	51	61	**61**
USA (no collective agreements exist)	0	0	0	0	**0**

[1] Figures from the UK, China and South Africa only available from 2010 onwards.
[2] In 2012, all employees from central functions as well as the Goodwood plant were included in the calculation. The figure for the UK is therefore not directly comparable with those of previous years. If the same method were applied, the share would also be 86% in 2011.
[3] Excluding executives.

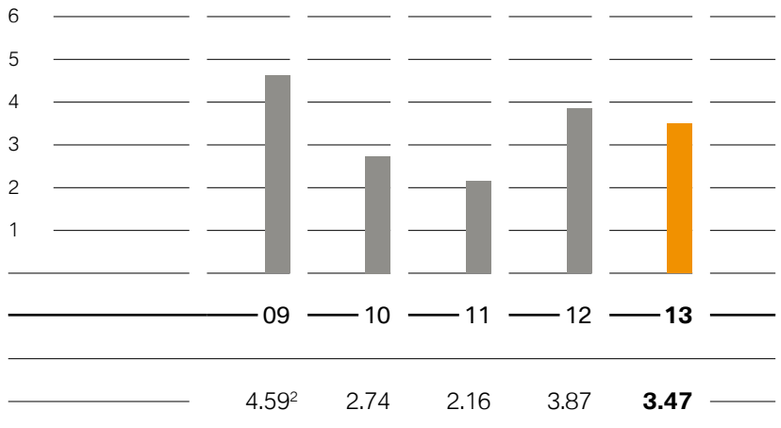
In the BMW Group, institutionalised operational co-determination is implemented Group-wide according to the applicable national regulations. In all BMW AG plants and branches as well as in Austria and the UK, elected works councils observe co-determination for the employees. In China and South Africa, employees are represented by local workers' representatives, while at the company locations in the USA no collective agreements exist.

GRI **Indicator LA4**

FIGURES, FACTS AND OBJECTIVES

Employee attrition rate BMW AG[1]

as a % of the workforce



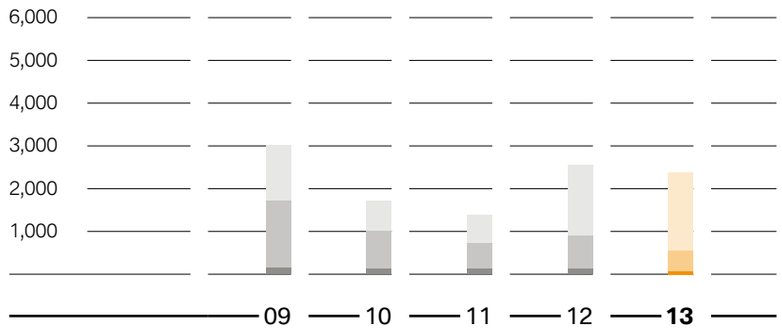
[1] Number of employees on unlimited employment contracts leaving the company.
[2] Increase due to voluntary termination agreements during the global financial crisis 2008/2009.

At 3.5%, the attrition rate was slightly lower in 2013 than in 2012. Retirement continues to be the primary reason for attrition. The actual attrition rate is still very low, demonstrating the effectiveness of the proven programmes and measures of the BMW Group geared toward positioning itself as an attractive employer.

GRI **Indicator LA2**

Total number of employees leaving BMW AG, by reason for leaving[1]

Number



Number dismissed by employer.
Voluntarily left company (termination or suspension of employment contract by employee).
Pension, death, pre-retirement part-time working arrangements.

[1] Figures refer to employees with permanent contracts.

The decline in the number of employment contract terminations on the part of the employer, as well as the decline in the number of employees voluntarily leaving the company led to an overall decrease in total number of employees leaving, despite an increase in the number of retirements (pensions, pre-retirement part-time working arrangements). The share of women in the total number of people leaving the company (2,371) was 11.6% in 2013. The share of women among newly recruited employees was 16.9%.

GRI **Indicator LA2**

Average weekly working time by country[1]

in hours

	09	10	11	12	**13**
Germany					
Industry-wide collective agreement for the Bavarian metal and electronics industries	35.0	35.0	35.0	35.0	**35.0**
Industry-wide collective agreement for commercial workers and employees of the Saxony metal and electronics industries	38.0	38.0	38.0	38.0	**38.0**
Non-tariff employees	40.0	40.0	40.0	40.0	**40.0**
Austria (Steyr plant)	38.5	38.5	38.5	38.5	**38.5**
USA (Spartanburg plant)	40.0	40.0	40.0	40.0	**40.0**
UK (Oxford plant)	37.0	37.0	37.0	37.0	**37.0**
South Africa (Rosslyn plant)	40.0	40.0	40.0	40.0	**40.0**

[1] Usual weekly working time according to employment contract, without part-time work.

The average weekly working time in Germany is 40 hours for non-tariff employees, and up to five hours less in Bavaria and Saxony due to the provisions of collective agreements there. At BMW Group plants abroad the weekly working time is similar to Germany.

Alternative work forms at BMW AG[1]

in hours

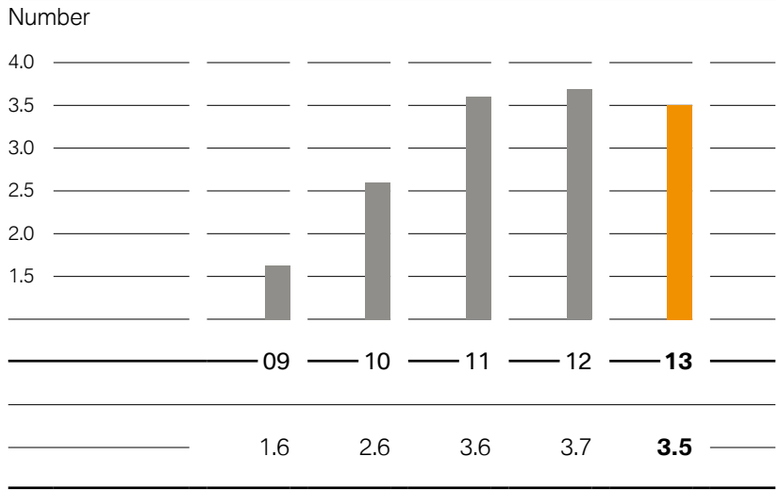
	09	10	11	12	**13**
Part-time employees	3,133	3,709	3,825	3,948	**3,966**
in % of total number of employees	4.5	5.3	6.0	5.8	**5.7**
Teleworking positions	7,636	9,209	11,717	15,235	**18,094**
in % of total number of employees	10.9	13.2	16.4	22.5	**25.9**
Sabbaticals	704	498	450	514	**511**
in % of total number of employees	1.0	0.7	0.6	0.8	**0.7**
Parental leave	1,313	1,600	1,513	1,674	**1,968**
in % of total number of employees	1.9	2.3	2.1	2.5	**2.8**

[1] Figures refer to employees with permanent and part-time contracts.

Part-time work is an important part of the flexible work time instruments at the BMW Group, particularly in view of the increasing demand for structures that allow for a good work-life balance as well as models adapted to different life phases. The number of part-time employees remained unchanged. The number of employees on teleworking models continues to increase.

GRI **Indicator LA1**

Average days of further training per BMW Group employee[1]



[1] Data retrieved by direct capture of the number of participants as well as a small share by qualified extrapolation.

In 2013, the BMW Group increased expenditure on further education and training to €288 million (+2% compared to the previous year). Average days of further training per employee were at a similar level to previous years.

GRI **Indicator LA10**

Average training hours at the BMW AG Academy, by employee category[1]

hours/employee	11	12	**13**
Non-tariff Employees	21.5	27.1	**31.2**
"Meister" (master craftsmen)	24.2	32.5	**40.7**
Tariff[2]	12.7	16.2	**17.0**
Days of further training for managers in the BMW Group			
Number	17,605	16,123	**18,843**

[1] Until 2008: BMW AG Performance Centres.
[2] (w/o "Meister") + trainees + other.

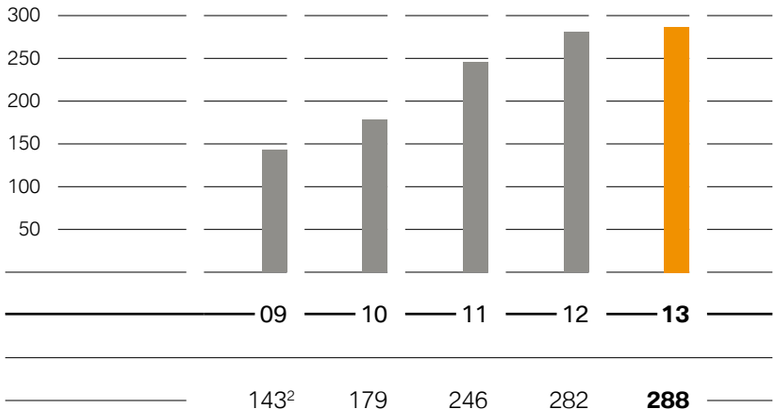
The BMW Academy founded in 2009 unites vocational training and further training for all company locations in Germany and the UK under one roof. This facilitates the coordination of training courses and generates synergies through the use of shared resources. The BMW Group's training offensive was able to expand on its figures from 2013. Both the average amount of time spent on training as well as expenditure were at a similar level to the previous year. This trend can be observed throughout the whole company. In addition to classical training courses and e-learning, brand new education programmes were launched, such as bachelor's and master's degrees in cooperation with universities.
The BMW Group invests continuously in training its managers worldwide.

GRI **Indicator LA10**

FIGURES, FACTS AND OBJECTIVES

Investment in further education and training[1] at BMW Group

in € million



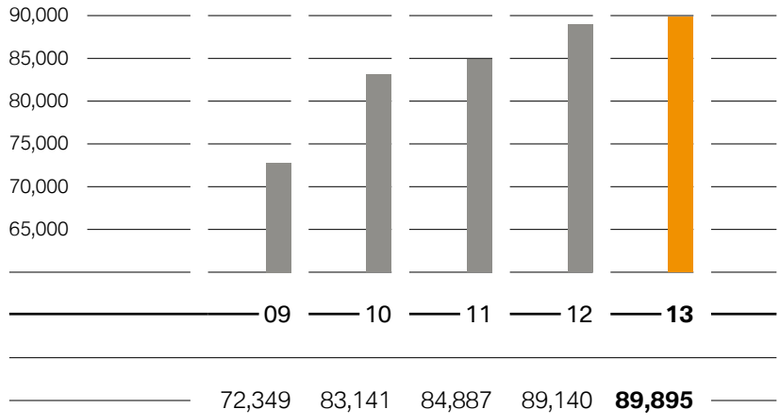
09	10	11	12	13
143[2]	179	246	282	**288**

[1] BMW Group investments are dependent on the current need for further education and training, which may lead to year-on-year fluctuations.
[2] In difficult economic conditions, training programmes focused on select target groups and priority topics during the 2009 financial year.

The BMW Group sees targeted employee training as an investment in the future. For this purpose, investment in education and further training was increased by 2% in 2013. At the same time, building up and maintaining skills expertise within the Group's workforce are key aspects of strategic corporate governance.

BMW Group personnel costs per employee[1]

in €



09	10	11	12	13
72,349	83,141	84,887	89,140	**89,895**

[1] Figures exclude suspended employment contracts, employees in non-work phases of pre-retirement part-time arrangements, trainees, students and low income earners.

Maintaining a competitive level of expenditure on personnel plays a major role in the success of the BMW Group. In addition to focusing on cost, the aim is also to increase efficiency at all levels of the business. The high degree of motivation amongst employees and the positive corporate approach towards the workforce are maintained and underscored by a combination of rewards determined individually on the basis of performance and success.

GRI **Indicator LA10**

Share of performance-related compensation in BMW AG salaries, by employee category[1]

In % of salary group

	11	12	13
Upper management	55–66	54–70	**53–69**
Middle management	38–42	37–40	**37–40**
Lower management	10–11	10	**10**

[1] The definition focuses on the target value and has thus changed compared to the previous years.

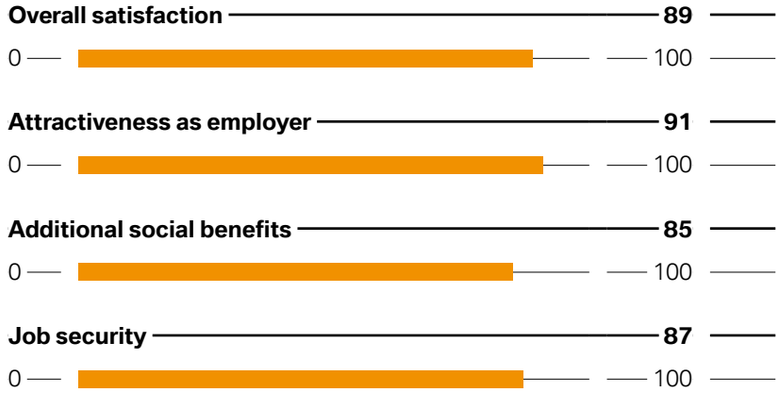
Performance-based remuneration comprises a personal bonus and a corporate earnings-related bonus. The amount of the personal bonus depends on personal performance as well as achievement of the individual's targets. The amount of the corporate bonus depends on the company's performance. The variable part of remuneration increases as more responsibility is taken within the company.

5

FIGURES, FACTS AND OBJECTIVES

Group-wide BMW Group employee survey in 2013

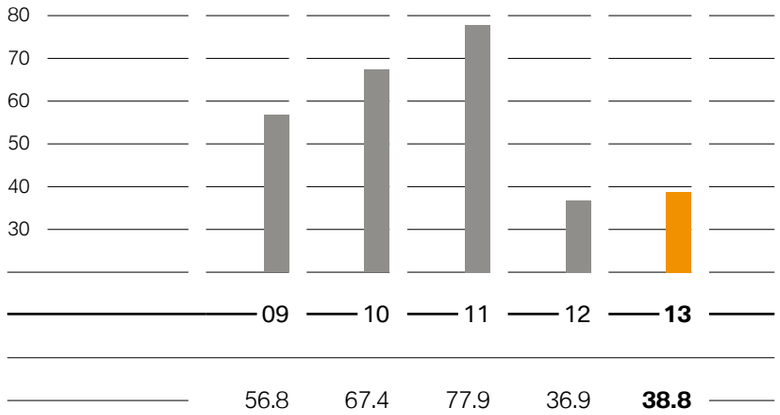
in %



A Group-wide employee survey is conducted every two years. In 2013, the survey was conducted on the basis of a representative sample. 89% of those surveyed were satisfied on the whole with the BMW Group. Very positive ratings were also given to attractiveness as an employer (91%), social benefits (85%) and job security (87%). The next Group-wide survey will take place in the summer of 2015. The results will be available online.

Savings for BMW Group resulting from suggestions for improvement

in € million



Group-wide idea management at the BMW Group improves the company's competitiveness and is a worldwide tool to involve and empower employees, giving them the opportunity to contribute their ideas and have an impact on change within the company. Internal marketing campaigns were carried out in 2013 to further establish this tool. In Germany, for example, the participation rate in 2013 was 7.3%, up 23.7% on the previous year. 9,400 ideas were submitted, an increase of 19.8%.
Group-wide idea management led to savings of €38.8 million in 2013 resulting from suggestions for improvement. In general, strong fluctuation is possible as certain ideas may make a larger contribution to the savings achieved in some years than in others. In 2013, the course was set for implementation in the UK at the beginning of 2014 of the updated ideas management concept already introduced in Germany. The UK will be the first international location to introduce the concept.

Occupational health and safety management systems at BMW Group sites

Plant occupational health and safety certification	Occupational health and safety management system	Most recent year of certification
Berlin plant	OHSAS 18001	December 2011
Dingolfing plant	OHRIS	May 2012
Eisenach[3]	OHRIS	OHSAS 18001 planned 2014
Goodwood plant, GB[1]	HS(G) 65[4]	Introduced
Hams Hall plant, GB[1]	HS(G) 65[4]	Introduced
Landshut plant	OHRIS	October 2012
Leipzig plant	OHRIS	March 2013
Munich plant	OHRIS	April 2012
Oxford plant, GB[1]	HS(G) 65	Introduced
Regensburg plant	OHRIS	June 2012
Rosslyn plant, South Africa	OHSAS 18001	December 2011
Spartanburg plant, USA	OHSAS 18001	February 2013
Steyr plant, Austria	OHSAS 18001	December 2012
Swindon plant, GB[1]	HS(G) 65[4]	Introduced
Wackersdorf plant[5]	OHRIS	June 2012
Chennai plant, India	OHSAS 18001	January 2013
CKD production Jakarta, Indonesia	OHSAS 18001	January 2014
CKD production Cairo, Egypt	OHSAS 18001	August 2011
CKD production Kaliningrad, Russia[6]	National standard	Introduced
CKD production Kulim, Malaysia	OHSAS 18001	December 2012
CKD production Manaus, Brazil	National standard	Introduced
CKD production Rayong, Thailand	OHSAS 18001	January 2013
BMW Brilliance Automotive Ltd., Shenyang, China[2] (Joint Venture)	OHSAS 18001	January 2011
SGL Automotive Moses Lake, USA (Joint Venture)	OHSAS 18001	Planned 2014
SGL Automotive Wackersdorf (Joint Venture)	OHSAS 18001	Planned 2014
Magna Steyr Fahrzeugtechnik Graz, Austria (contract production)	OHSAS 18001	July 2012

[1] OHSAS certification planned 2015.
[2] Includes the Dadong, Tiexi and Powertrain plants.
[3] OHSAS 18001 certification in 2014.
[4] HS(G) 65, Successful health and safety management, British Government guidelines on safety at the workplace. Does not require certification.
[5] Jointly certified with BMW Regensburg plant.
[6] GOST (state standard specification) 12.0230-2007 SSBT.

At present, OHRIS- and OHSAS-certified occupational health and safety management systems are in place at 19 of our 28 production plants (including joint ventures and contract production in Jakarta, Cairo, Kaliningrad, Kulim, Manaus and Graz). Six additional facilities work with systems that meet national standards. OHSAS certification was introduced at the Indonesia plant in January 2014. Further certification is planned for the Eisenach plant and the SGL Automotive joint venture locations in Moses Lake and Wackersdorf in 2014 as well as for the plants in the UK in 2015.

GRI **Indicator LA8**

Occupational safety at BMW AG/BMW Group[1]

number/number of participants

	09	10	11	12	**13**
Total accidents BMW AG (number)	4,619	4,458	3,941	4,128	**4,413**
Accidents BMW AG with days absent from work (number)	303[2]	348[2]	744[3]	639[3]	**539[3]**
Accident frequency rate[4] BMW AG	3.2	3.7	7.9	6.6	**5.3**
Fatal accidents BMW AG (number)	0	0	0	0	**0**
Safety training by BMW AG occupational safety association	2,098	1,419	1,059	4,315	**2,387**
Web-based training in occupational safety at BMW Group[5]				11,935	**15,902**
Other training courses in occupational safety at BMW Group[5]				16,513	**10,892**
—— Employees at BMW Group (number)				10,626	**9,611**
—— Employees of third-party companies (number)				5,887	**1,281**
BMW Group risk assessments[6]	16,891	19,967	21,612	26,040	**26,462**

[1] Figures for BMW AG excluding branches.
[2] Occupational accidents with more than three days absence from work.
[3] Occupational accidents with at least one day of absence from work.
[4] Number of occupational accidents per one million hours worked (up to 2010 – occupational accidents with more than three days of absence from work; up to 2011 – with at least one day of absence).
[5] Training courses captured in 2012 for the first time.
[6] Safety assessments of workplaces, including with regard to possible ergonomic and health strains (ABATech method). Figures are cumulative and apply to the BMW Group.

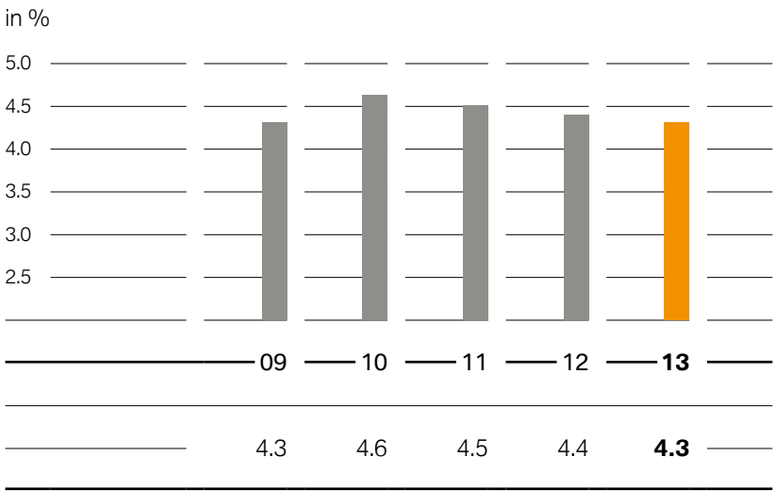
There have been no fatal accidents at the BMW Group for the last eight years. Continuous improvements in workplace safety and special safety training are bearing fruit. In addition to training by the occupational safety association, a large number of internal training courses is carried out, data on which has been captured since 2011. A total of 10,892 employees of the BMW Group as well as employees of third-party companies took part in safety training. In addition 3,984 people underwent training in first aid in Germany alone.
From 2011 onwards, the system no longer bases its calculations of the accident frequency rate on reportable occupational accidents (>3 days absence from work) but on all occupational accidents with absence from work of more than one day. These figures are presented in this report.

GRI **Indicators LA7, LA8**

5

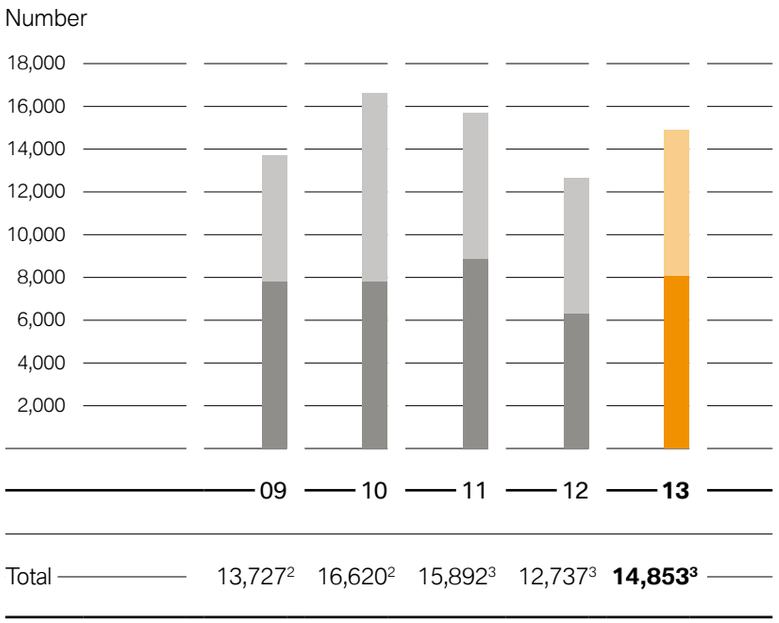
FIGURES, FACTS AND OBJECTIVES

Sickness rate at BMW AG



The sickness rate at BMW AG (4.3%) is again lower than the previous year's level (4.4%). Thus, the sickness rate was reduced for the third consecutive time.

Total days of work missed at BMW AG[1]



[1] Figures for BMW AG, excluding branches.
[2] Days of absence from work due to notifiable occupational accidents and/or accidents on the way to or from work (> 3 days of absence from work).
[3] Days of absence from work due to notifiable occupational accidents and/or accidents on the way to or from work with at least one day of absence from work.

The number of occupational accidents with days absent from work dropped by 15.6% in 2013 compared to the previous year. The correlating increase in days absent from work was 29.4%. The average duration of absence from work per occupational accident was 14.9 days, the figure for the previous year was 9.7 days.

GRI **Indicator LA7**

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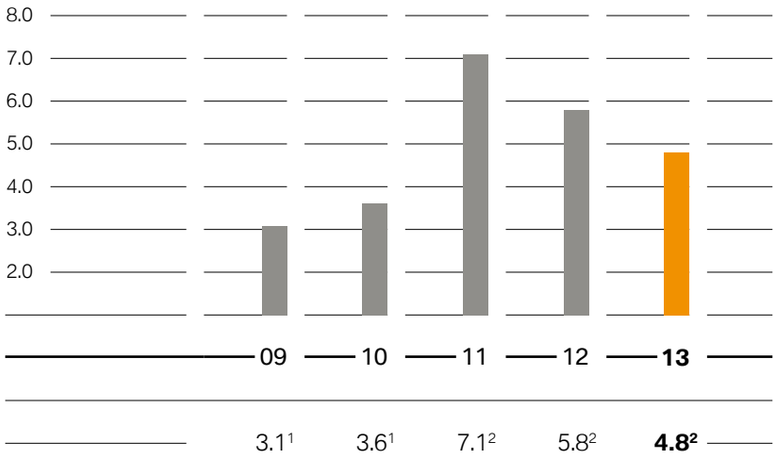
Accident frequency rate at BMW AG

per one million hours worked



[1] Occupational accidents with more than three days of absence from work (calendar days) per one million hours worked.
[2] Occupational accidents with at least one day of absence from work per one million hours worked (data covers around 85% of BMW Group employees due to system constraints).

Occupational safety takes absolute priority at the BMW Group and is firmly anchored in all work processes in production.
A new method of calculating the accident frequency rate was introduced on 1 January 2011. This system no longer bases its calculations on reportable occupational accidents causing more than three days absence from work, but on all occupational accidents with absence from work.
A large number of measures to reinforce the culture of safety contributed to a reduction in the Group-wide accident frequency rate of 5.8 (2012) to 4.8 (2013).

GRI **Indicator LA7**

Accident frequency rate at BMW Group by region[1]

per one million hours worked

	Accident frequency
Germany (BMW AG excluding branches)	5.3
North America[2]	2.2
South Africa[3]	3.3
UK[4]	3.6
Austria[5]	4.8

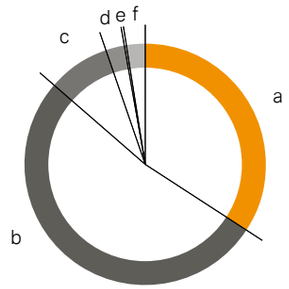
[1] Occupational accidents with at least one day of absence from work per one million hours worked.
[2] Spartanburg plant, Financial Services, sales centres.
[3] Rosslyn plant, Financial Services, sales centres.
[4] Oxford plant, Swindon, Hams Hall, Goodwood, Financial Services, sales centres.
[5] Steyr plant.

Occupational accidents at BMW AG (excluding branches) are currently captured on a region-specific basis as well as in the regions of our production sites. Gradual application to other BMW Group locations (e.g. dealerships, regions with CKD plants) is planned over the coming years.

GRI **Indicator LA7**

BMW Group donations worldwide in 2013

In %, total amount €8,481,660[1]



a) Science/Education	34.3	d) Politics	2.6
b) Society/Community	52.1	e) Environment/Sustainability	0.3
c) Culture	8.4	f) Sport	2.3

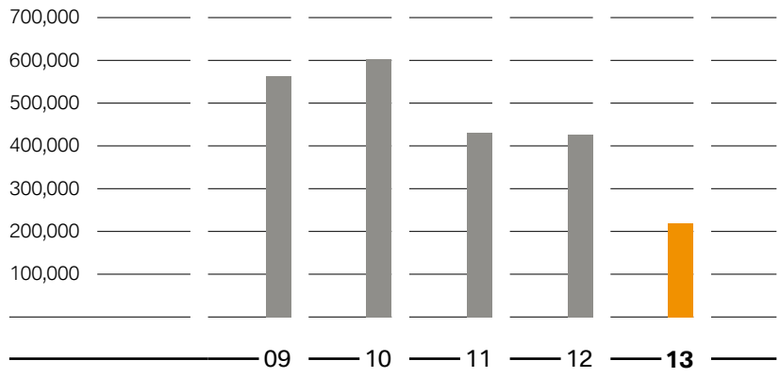
[1] The sum indicated here does not include either cause-related marketing or sponsorship and does not contain the projects and activities carried out in the context of the company's social and cultural commitment.

The BMW Group focuses its activities in the area of donations on society and the community as well as science and education, providing targeted support of projects connected with the company's core competencies and activities. Donations made by the BMW Group in 2013 were approximately 12% lower than in 2012. The main reason for this was that some funded projects came to an end.

GRI **Indicators EC1, SO6**

Donations in the field of politics

in €



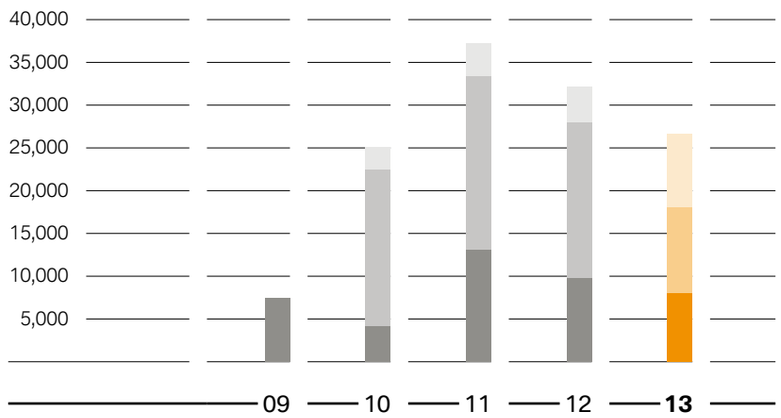
09	10	11	12	**13**
565,274	603,145	430,517	427,442	**223,701**

The BMW Group supports the work of the democratic parties CDU, CSU, SPD, FDP and Bündnis90/Die Grünen (Green Party). All BMW Group donations (above 10.000 €) for each year are published by name in the accounts included in the party financing report of the President of the German Federal Parliament. In 2013 the procedure for supporting political parties was successively changed. In the past, the BMW Group has mainly donated vehicles for use free of charge. The parties provide the BMW Group with confirmation of receipt of a donation by stating the corresponding value or rental rate. In 2013, this procedure was temporarily continued for the CSU due to different contractual periods. From 2014 onwards, the BMW Group will support the socio-political work of this party as well as the other parties by way of individual topic-based cooperation projects that are subject to the clear sponsorship regulations of the BMW Group. Vehicle donations in 2013 amounted to a value of €201,314 (CSU: €143,371, CDU: €16,232 FDP: €11,000, SPD: €9,108, Green Party: €21,603). In addition to vehicle donations, the CSU received a cash donation of €250 for a district association in 2013. International political donations by the BMW Group are only made in clearly defined and exceptional cases which are subject to the respective legal framework conditions. Expenditure on international political donations in 2013 amounted to around 0.9% of total expenditure on international donations (2012: around 0.4%).

GRI **Indicator SO6**

Amount of expenditure on social commitment, by type of activity

in € thousand



	09	10	11	12	**13**
Total	7,619	26,591	36,846	31,979	**28,944**

Donations/contributions in kind | Community investment | Commercial activities

The activities of the BMW Group in the area of corporate social responsibility are divided into three main areas. Firstly: monetary donations and donations in kind. Secondly: community investment. Community investment refers to investment in project initiatives conceived in-house, cooperative endeavours and partnerships as well as corporate volunteering by BMW Group employees. And thirdly: commercial activities, i.e. sponsorship and cause-related marketing.
Total expenditure on corporate citizenship activities of the BMW Group decreased compared to the 2012 financial year. The main reasons for the decline in expenditure on corporate citizenship in 2012 were previous cases of one-off project funding which no longer applied in 2013, as well as projects whose social impact was not measurable.

GRI **Indicator EC1**

Sustainability targets in the area of sustainability management

Group Strategy Number ONE/Sustainability strategy

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
The BMW Group is the world's most successful and sustainable premium provider of individual mobility	**Group Strategy Number ONE:** - Growth: Our aim is to tap into existing and new business fields, to focus on the entire value chain and in particular to grow profitably - Shaping the future: Keeping close contact to our customers during the entire life cycle and along the entire value chain in order to grow profitably - Profitability: Our aim is to continuously increase the value of the BMW Group in its competitive environment in the long term - Access to technologies and customers: Strategic cooperation with the best partners is part of our Strategy Number ONE **Sustainability strategy:** - Derivation of Group sustainability strategy from all divisions, including development and integration of corresponding objectives. - Further development of sustainability management including stakeholder dialogue - International expansion of external sustainability network	**Group EBT** The BMW Group continued on its successful course in 2013 and posted a new record result in earnings before tax due to a strong increase in vehicle sales. Despite greater investment in future technologies, increased intensity of competition and higher personnel costs, earnings before tax rose at Group level by 1.4% to €7,913 million (2012: €7,803 million). As forecast for 2013, earnings before tax were on a par with the previous year, in line with our expectations.	✓
		Vehicle sales of two million units (original target: two million units by 2020, already revised to 2016) All three brands – BMW, MINI and Rolls-Royce – achieved record sales in 2013; as a result, the company further established its position as a leading manufacturer of premium automobiles worldwide. 1,963,798 BMW, MINI and Rolls-Royce vehicles sold.	✓
		Motorcycle sales Although the majority of motorcycle markets contracted considerably during the reporting period, our Motorcycles segment broke its previous sales volume record in the year under report. We handed over 115,215 BMW motorcycles to customers worldwide.	✓
		Profitability of 8–10% in Automobiles segment as well as Return on Equity (RoE) of 18% in FS segment (EBIT margin) The EBIT margin in the Automobiles segment was 9.4%. This means that we were within our forecast target range of 8–10% due to the high demand for our premium vehicle brands. The Financial Services segment can look back on a successful year 2013. The return on equity (RoE) of 20.2% exceeded the target of at least 18% and was thus in line with our expectations.	✓
		Listing on external sustainability ratings (DJSI, CDP, FTSE4Good) In 2013 again, the BMW Group was able to hold its position as one of the most sustainable carmakers. The company was again listed on the Dow Jones Sustainability Indices (DJSI, Europe and World). This makes the BMW Group the only company in the automotive industry to be listed among the top three for 15 consecutive years. We achieved a record result in 2013 in the Global 500 Rating of the Carbon Disclosure Project (CDP), leading the industry with 100 out of 100 possible disclosure points as well as a performance rating in the "A" range. In addition, the BMW Group was again listed on the British FTSE4Good index in 2013.	✓

[1] Long-term strategic targets. Mainly includes aims, not smart targets.
[2] Overarching measures the BMW Group has defined to achieve the strategic Sustainability Targets 2020.
[3] Targets, measures and results in 2013 that contribute to achieving the 2020 targets.

✓ **On track** ✓ Target **achieved** X Target **not yet achieved** ! Measures **required** ↻ **Ongoing**

Sustainability targets in the area of sustainability management

Group Strategy Number ONE/Sustainability Strategy

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
		Integration of sustainability in all company divisions - Sales division: Sustainability aspects integrated into sales training, green building integrated into Retail Standards Europe for new buildings, contractual agreement on human rights/ILO core labour standards integrated into all dealership contracts in the European region. - Purchasing division: Sustainability risk management process refined, range of training programmes for purchasers and suppliers expanded. - HR division: We reviewed our HR strategy and set up a global organisational structure as the basis for coordination of strategic HR topics. - Production division: By integrating environmental management into all production processes, we were able to reduce our consumption of resources by around 40% compared to 2006. This means that we have come closer to meeting our ambitious target (–45%) for 2006–2020. - Development division: In line with the product development process, targets were derived for new vehicle projects and agreement on sustainability targets/implementation in series production was agreed on for ongoing projects. In addition, the BMW i3 project was completed, with the vehicle going into production in autumn 2013. - Financial division: Concept development for sustainability strategy continued.	✓
		International expansion of external sustainability network Ongoing engagement in the main sustainability networks (WBCSD, econsense, UN Global Compact) in 2013 through intensive on-site participation and contribution of content. A prime example is our active work (with Board member participation) in WBCSD projects (e.g. Sustainable Mobility II and Action 2020). The BMW Group is also lead sponsor of SustainAbility and GlobeScan's The Regeneration Roadmap project to identify a business road map for sustainability until 2020. The final report on this, Changing Tack, was published in 2013. The results will be used to fine-tune our strategy internally.	✓
		Raising employee awareness of sustainability (training) In 2013, we rolled out an interactive Web-based training programme on sustainability. This enables our employees as well as dealers and suppliers to practice sustainable thinking and action. Over 2,200 people have completed this training programme so far. A total of around 7,600 employees took part in face-to-face courses on sustainability in 2013. This number includes our introductory courses (around 5,700 participants) for new employees as well as the annual environmental protection and health and safety courses (around 1,900 participants). In addition all our trainees also complete causes with sustainability topics (among others Clean Production, occupational health and safety, Health management).	✓

[1] Long-term strategic targets. Mainly includes aims, not smart targets.
[2] Overarching measures the BMW Group has defined to achieve the strategic Sustainability Targets 2020.
[3] Targets, measures and results in 2013 that contribute to achieving the 2020 targets.

✓ **On track** ✓ Target **achieved** X Target **not yet achieved** ! Measures **required** ↻ **Ongoing**

Sustainability targets in the area of sustainability management

Stakeholder dialogue

Sustainability targets 2020	General directions	Measures and results 2013	Status
Continuation and expansion of our comprehensive ongoing dialogue with various target groups on strategically relevant topics at German and international locations	- Continuous and systematic identification and prioritisation of relevant stakeholders - Implementation of a range of stakeholder dialogue activities - Systematic communication of results within the company as well as derivation of measures and integration into processes to further develop strategy	- A large number of stakeholder events (e.g. in Munich, Leipzig, Amsterdam, London, Warsaw and Johannesburg) on current topics such as the BMW i3, electromobility, mobility services, sustainable supply chains and energy supply at our locations. - face-to-face and group dialogue with capital market representatives as part of Socially Responsible Investment Roadshows in the financial centres of Europe and the USA - Dialogue with political stakeholders, e.g. as part of the Delhi Sustainable Development Summit, at the UN Convention on Climate Change COP19 in Warsaw and the Future Responsibility Conference of the FAZ Institute in Munich. - Telephone interviews carried out with a range of stakeholders as part of the BMW Group materiality analysis. - Group-wide employee survey. - Expansion of communication with stakeholders via social networks.	✓

Risk management

Sustainability targets 2020	General directions	Measures and results 2013	Status
Continuation and ongoing further development of risk management processes/ methods in order to secure the continuing existence of the BMW Group in the long run by identifying threats at an early stage	- Identify and assess the main risks to the BMW Group - Derive risk strategies (reduction, avoidance, transfer) and track implementation of measures - Continuously monitor effectiveness and practicability of processes/methods	In addition to our ongoing task of identifying the main risks and reporting on our risk position to the Board of Management, we carried out the following measures in 2013: - Development of risk catalogues that make risk situations transparent across divisions. - Development of an IT tool that optimises the recording and reporting of risks in the network, including the required measures, and promotes cooperation and mutual exchanges.	↻

✓ **On track** ✓ Target **achieved** X Target **not yet achieved** ! Measures **required** ↻ **Ongoing**

Sustainability targets in the area of product responsibility

CO_2 emissions (fleet)

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
The BMW Group will have reduced CO_2 emissions of the European new vehicle fleet by at least 50% by 2020 (base year: 1995)	- Further refinement and penetration of Efficient Dynamics measures - Increasing electrification of vehicles - Electric drivetrains to round out product portfolio	**Further refinement of Efficient Dynamics technology and electrification** In order to further pursue reductions in fuel consumption and CO_2 emissions, our focus in 2013 remained on lowering running resistance (in particular with regard to aerodynamics and weight), improving drivetrain efficiency, optimising energy and heat management as well as electrification (see "Electromobility" section for more details). These measures have enabled us to reduce CO_2 emissions of our newly sold cars in Europe by more than 37% compared to 1995. The value for the EU fleet in 2013 was 133 g/km. At the end of 2013, 39 vehicle models had maximum emissions of 120 g/km.	✓

Electromobility

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
By 2020, the BMW Group will be the leader in taking a holistic approach to premium electromobility	- BMW i3 incl. 360° ELECTRIC approach - Implement sustainability throughout the life cycle - Implement networking of vehicles, services, mobility services to create customer value - Energy management (Professional Wallbox) also in households	**Development of the world's first series-produced electric car with a carbon passenger compartment (BMW i3)** Development of the first BMW Group electric vehicle under the sub-brand BMW i is complete and series production has started. In late July 2013, the BMW i3 was launched simultaneously in the three cities London, New York and Beijing. European sales of the BMW i3 started in November 2013. The fully electric-powered BMW i3 displays an innovative vehicle concept tailor-made for electromobility, including a passenger compartment made of CFRP.	✓

[1] Long-term strategic targets. Mainly includes aims, not smart targets.
[2] Overarching measures the BMW Group has defined to achieve the strategic Sustainability Targets 2020.
[3] Targets, measures and results in 2013 that contribute to achieving the 2020 targets.

✓ **On track** ✓ Target **achieved** X Target **not yet achieved** ! Measures **required** ↻ **Ongoing**

Mobility patterns

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
The BMW Group will have permanently changed mobility patterns in selected metropolitan areas by 2020 by introducing integrated mobility services	- Flexible use: Roll-out of car-sharing service DriveNow; further cities in Germany, Europe, the USA and Asia to be added - Develop parking solutions: Roll-out of ParkNow and ParkatmyHouse - Establish intermodal solutions: Interlink different mobility services	**Car-sharing service DriveNow established** Financial 2013 was very successful for DriveNow. Just in time for the turn of the year 2013/2014, the car-sharing joint venture of the BMW Group and Sixt SE welcomed its 200,000th customer (Dec. 2012: 75,000) and hence almost tripled its number of users in only 12 months. Innovation focused in 2013 on expanding offerings to better meet the needs of the customer. DriveNow therefore introduced new usage, vehicle and pricing models as well as flexible insurance options. In collaboration with selected partners, special leisure packages were developed for shopping, skiing or spa visits, which, following Munich, are to be expanded to other cities. All of these offers can be booked spontaneously directly in the car. The fully electric-powered BMW ActiveE models introduced to the Berlin and Munich fleets in June 2013 were also in high demand. The fleet now consists of nine premium BMW and MINI brand models and will be extended further in 2014 with the addition of the BMW i3.	✓
		Development and implementation of services for mobility support in the future/mobility services Drivers in the greater San Francisco area can use our ParkNow service to locate free parking spaces in multi-storey car parks, saving not only time but also fuel and doing both their finances and the environment a favour. ParkNow also offers other useful services, for example tips on where to find a car wash or the availability of bicycles for hire in the respective ParkNow locations. With the BMW i3, ParkNow LongTerm is also being introduced to help customers rent a long-term parking space with charging station.	✓
		Further development of car-to-car communication* to avoid road congestion and reduce emissions The research project Sichere Intelligente Mobilität – Testfeld Deutschland (Safe intelligent mobility – testing ground Germany), completed in 2013, examined the potential of communication between vehicles from different carmakers. The BMW Group participated in the field tests with over 120 vehicles, both cars and motorcycles. BMW is a member of the steering committee of the Car2Car Communication Consortium, which is collaborating with various stakeholders to roll out the new technology. In 2013, the project KoSys was launched with the aim of equipping the infrastructure in a European corridor with Car2Car technology (via Wi-Fi and also mobile phone). BMW is pursuing mobile phone communication as introductory scenario and is participating in the initiative via the Converge funding project. * Car-to-car communications are considered a promising opportunity to improve safety and traffic flow thanks to inter-car communication as well as communication with the surrounding infrastructure.	✓

[1] Long-term strategic targets. Mainly includes aims, not smart targets.
[2] Overarching measures the BMW Group has defined to achieve the strategic Sustainability Targets 2020.
[3] Targets, measures and results in 2013 that contribute to achieving the 2020 targets.

✓ **On track** ✓ Target **achieved** X Target **not yet achieved** ! Measures **required** ↻ **Ongoing**

Mobility patterns

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
		Reduction of environmental impact of motorised private transport in urban areas* The BMW Group is cooperating with around 30 partners on the joint research project UR:BAN. In this project, the BMW Group is involved in the area of networked traffic systems, working on the sub-project Urban Streets. In 2013, the backend and vehicle volumes were specified for the realisation of the “Green Wave Wizard” and agreed amongst the partners in the UR:BAN project (MAN, Continental and others). On this basis, technical implementation (backend and vehicle volumes) was begun as prerequisite for the field tests scheduled in 2014. * Fuel efficiency is optimised by traffic-light prediction – information and speed control recommendations are provided to the driver and the engine is automatically controlled.	✓
		Assessment of environmental impact of car-sharing and electric-car-sharing systems in urban areas* For the cooperation project started 2012 and funded by the German Federal Ministry for the Environment, Nature Conservation and Nuclear Safety a first wave of surveys was conducted in mid-2013. In order to obtain answers to the question of how car-sharing systems are affecting mobility and the environment in urban areas, the user surveys were supplemented by an innovative mobility tracking system. Over 4,000 DriveNow customers were surveyed directly in the car-sharing vehicles. The ministry is planning to host a large-scale event in July 2014 to present the results of the first wave of the survey. * An assessment of the influence of car-sharing systems on mobility patterns, degree of motorisation, overall environmental footprint and leverage effects for the introduction of electromobility.	✓

Product safety

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
Increase vehicle safety by integrating active and passive safety systems	Develop preventive measures, particularly for passenger, partner and pedestrian protection	**Development of preventive measures to improve product safety** Series development of preventive pedestrian protection to fulfil the expected New Car Assessment Programme (NCAP) requirements based on the results of the EU-funded project Assessment methodologies for Pedestrian and Cyclist Safety Systems (AsPeCSS). In addition, the BMW Group introduced in 2013 an initial version of preventive pedestrian protection as an option for all new vehicles.	✓

[1] Long-term strategic targets. Mainly includes aims, not smart targets.
[2] Overarching measures the BMW Group has defined to achieve the strategic Sustainability Targets 2020.
[3] Targets, measures and results in 2013 that contribute to achieving the 2020 targets.

✓ **On track** ✓ Target **achieved** X Target **not yet achieved** ! Measures **required** ↻ **Ongoing**

Sustainability targets in the area of product responsibility

Life cycle approach

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
Carry out Life Cycle Engineering in the product development process to ensure sustainability over the entire life cycle of the vehicle	- Agree on sustainability targets along the entire value chain in vehicle projects - Environmentally friendly product development: Integrate ecological sustainability in accordance with ISO TR 14062 (Design for Environment) - Use holistic accounting with LCA as the measuring and control instrument in new product lines	**Life Cycle Engineering over the entire life cycle of the vehicle** - Continuation of Life Cycle Engineering for BMW i8 and finalisation for BMW i3 with production start in September 2013. This includes selecting suppliers according to their use of sustainable materials, optimising the range and energy consumption of BMW eDRIVE, setting up resource-efficient production structures in Landshut and Leipzig, a strategic partnership between the BMW Group and Naturstrom AG to offer a renewable electricity package to BMW i customers, further refinement of the recycling concept. - In line with the product development process, sustainability targets were derived for new vehicle projects or agreed for ongoing projects and integrated into the development of the series.	✓

Product recycling

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
- Further development of recycling solutions for carbon-fibre-reinforced plastic (CFRP) and reuse of carbon fibres in new products **- Used high-voltage batteries from vehicles should be reused as second-life batteries in energy storage systems, for example for temporary storage of electricity from photovoltaic panels**	- Separate CFRP from end-of-life vehicles and reuse in new products - Develop a technical concept for using high-voltage batteries in storage systems (second life)	- Separation of CFRP from vehicles earmarked for recycling using a handling device developed by the BMW Group in the Recycling- und Demontagezentrum (RDZ) Munich - Implementation of a technical concept for the use of high-voltage batteries - Development of component parts for BMW vehicles or other applications from recycled CFRP	✓

[1] Long-term strategic targets. Mainly includes aims, not smart targets.
[2] Overarching measures the BMW Group has defined to achieve the strategic Sustainability Targets 2020.
[3] Targets, measures and results in 2013 that contribute to achieving the 2020 targets.

✓ **On track** ✓ Target **achieved** X Target **not yet achieved** ! Measures **required** ↻ **Ongoing**

Sustainability targets in the area of group-wide environmental protection

Renewable energy

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
By 2020, the BMW Group will be the leader in the use of renewable energy in production and value creation	- Further develop an integrated energy management system (transparency of consumption, targets management, monitoring) - Continuous improvement of ongoing operations - Plan and implement energy-efficient property, plants and technologies - Implement projects to use renewable energy (e.g. wind, solar) - Raise awareness, train and motivate managers and employees	**Energy strategy** With our energy strategy launched in 2012 and its five specific areas of action, we laid the foundation for implementation of further measures to achieve our targets. The BMW Group uses the most environmentally friendly and sustainably profitable energy resource at each production plant. The share of renewable energy as a percentage of total electricity consumption at the BMW Group increased to 48% in 2013 (compared to 36% in the previous year and 28% in 2011). It is one of our primary targets to further increase this percentage in the future.	✓

Resource consumption

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
The BMW Group will reduce water, energy, waste snd solvents per vehicle by 45% by 2020 (base year 2006)	- Timely consideration of environmental aspects when making investment decisions - Continuous monitoring of all relevant environmental key indicators - Ambitious targets - Selective transfer of in-company best-practice approaches to the entire production network	**Clean Production Strategy** As we improved efficiency by 41.4% between 2006 and 2013, we were able to come closer to our 2020 reduction target of 45%. The comparative figures for 2013 were as follows: - Energy consumption: Down by 2.1% from 2.41 to 2.36 MWh/vehicle compared to 2012 (down 31% compared to 2006) - Water consumption: Down by 1.8% from 2.22 to 2.18 m³/vehicle compared to 2012 (down 33.1% compared to 2006) - Process wastewater: Down by 7.8% from 0.51 to 0.47 m³/vehicle compared to 2012 (down 42.7% compared to 2006) - Waste for disposal: Down by 11.4% from 6.47 to 5.73 m³/vehicle compared to 2012 (down 69.7% compared to 2006) - VOC emissions: Down by 10.7% from 1.78 to 1.59 kg/vehicle compared to 2012 (down 36.7% compared to 2006)	✓

[1] Long-term strategic targets. Mainly includes aims, not smart targets.
[2] Overarching measures the BMW Group has defined to achieve the strategic Sustainability Targets 2020.
[3] Targets, measures and results in 2013 that contribute to achieving the 2020 targets.

✓ **On track** ✓ Target **achieved** X Target **not yet achieved** ! Measures **required** ↻ **Ongoing**

Transport logistics

Sustainability targets 2020	General directions	Measures and results 2013	Status
The BMW Group will optimise transport volumes, increase the share of low-emissions modes of transport and capacity utilisation in new vehicle transport	- Development of concepts for traffic avoidance (capacity utilisation) - Switch to environmentally friendly modes of transport	**Higher percentage of low-emissions modes of transport used** This led to a further increase in the average volume of rail transport of BMW Group vehicles from the plants to 60.7% (previous year: 56.9%). In addition, measures to reduce air freight volume were introduced in 2013. This led to a 17% decrease in air freight volume to plants outside Europe. - **Inbound:** A new rail-based transport concept for transport of freight to and from plants in the USA went into operation in 2013. As a result, up to 20,000 containers per year are now transported by rail instead of by road. This will lead to a reduction in CO_2 emissions by around 60%. - **Outbound:** In mid-2013, all vehicles for export from the BMW plant in Leipzig (around 30,000 vehicles per year) were transported to the seaport of Bremerhaven by rail instead of by road. This results in a reduction in CO_2 emissions of over 1,000 tonnes per year.	✓
		Increased capacity utilisation in new vehicle transport To further increase the share of rail transport, upcoming invitations to bid for transport contracts will be assessed to ensure concentrated deliveries from specific countries. In 2013, for instance, supply of finished vehicles to the Spanish market was shifted to rail transport. This means that some 7,000 vehicles per year will be shifted from truck to rail transport.	✓
		Optimise transport volume A concept was developed to optimise container management. Overarching management of container transports as well as optimum employment of reusable containers used to transport vehicle parts for production minimises container inventories and empty transports. Implementation is planned for 2014.	!

Environmental/health and safety management system

Sustainability targets 2020	General directions	Measures and results 2013	Status
Implementation and continuous optimisation of a retail-specific integrated environmental and health and safety management system in accordance with ISO 14001 and BS OHSAS 18001 in companies of the BMW retail network	- Develop uniform retail-specific processes, standards, tools and documents - Roll-out and implement at the participating locations of the BMW Group's retail network	The German BMW branches successfully passed the first certification audits in June 2013. In addition, six further European BMW dealerships were certified in accordance with ISO 14001 and OHSAS 18001 in 2013: Vienna, Zurich, Rome, Milan, Madrid and Barcelona.	✓

✓ **On track** ✓ Target **achieved** X Target **not yet achieved** ! Measures **required** ↻ **Ongoing**

Sustainability targets in the area of supplier management

Supply chain

Sustainability targets 2020	General directions	Measures and results 2013	Status
Efficient supply chain that applies the same ambitious sustainability standards worldwide	- Systematically identify and implement business opportunities resulting from sustainability - Ensure compliance with environmental, social and governance standards - In collaboration with all main players, including competitors, civil society and government, find solutions for critical supply chains and empower suppliers	- **Risk management:** As part of the continuous improvement of the risk filter system, special risk assessments for all product groups were carried out in addition to the annual update of data. - **Training courses:** Successful training of 777 operational purchasers and commodity managers (over 80%) on sustainability, continuation of two-day certificate course with the University of Ulm, with a total of 40 course participants. - **Resource efficiency:** Joined CDP Supply Chain to identify potential improvements in energy and water consumption on the part of our suppliers. - **Stakeholder dialogue event:** In December 2013 the BMW Group organised a Stakeholder dialogue on sustainability in the supply chain and in resource production to receive input for the further refinement and improvement of its strategy and measures.	✓

✓ **On track** ✓ Target **achieved** X Target **not yet achieved** ! Measures **required** ↻ **Ongoing**

Sustainability targets in the area of employees

Preparing for the future

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
The BMW Group reduced the number of occupational accidents and improved the health of its employees. The BMW Group has the right skill set to face the challenges of the future	- Accident prevention measures - Health management - Further education and training	**Occupational health and safety** **- Company-wide coverage by occupational safety management systems** At present, OHRIS- and OHSAS-certified occupational health and safety management systems are in place at 19 of our 28 production plants; the other facilities work with systems that meet national standards. Further certification is planned for plants in the UK in 2014 and 2015. BMW AG dealerships were also OHSAS 18001-certified in 2013 as part of a matrix certification. **- Accident frequency rate** The accident frequency rate is 4.8 occupational accidents with days absent from work per one million hours worked.	✓
		Securing and maintaining capacity to perform and employability **- Introduce and implement Gesundheitsmanagement 2020 (Health Management 2020)** In 2013, we completed and evaluated the pilot phase of the Health Management 2020 programme and prepared for its roll-out. The programme represents an integrated approach to health management within the company. In 2013, we placed particular focus on the topic of bowel cancer prevention at our German locations. A physical health campaign that ran for several weeks, Aktionswochen der Psychischen Gesundheit also offered talks, seminars and workshops on topics such as relaxation techniques, stress management and addiction prevention. **- Today for Tomorrow and ergonomics** With our Today for Tomorrow project, we are gradually adapting our production lines to suit our ageing workforce. The Today for Tomorrow approach was established in the BMW Group's value-added production system. The knowledge gained from this project is now being implemented across other German and international BMW Group locations (e.g. South Africa and the USA).	✓ ✓
		Employee recruitment and training **- Further education days** We invested €288 million in further education and training. On average, each employee completed a total of 3.5 days of further education and training in 2013.	✓

[1] Long-term strategic targets. Mainly includes aims, not smart targets.
[2] Overarching measures the BMW Group has defined to achieve the strategic Sustainability Targets 2020.
[3] Targets, measures and results in 2013 that contribute to achieving the 2020 targets.

✓ **On track** ✓ Target **achieved** X Target **not yet achieved** ! Measures **required** ↻ **Ongoing**

Sustainability targets in the area of employees

Leadership

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
The BMW Group takes an integrated approach to leadership for motivated employees	- Implementation of regular employee surveys - Permanent further development of the BMW Group's manager training programme	**Employee survey** In 2013, the survey was conducted on the basis of a representative sample. 89% of those surveyed were satisfied on the whole with the BMW Group. Very positive ratings were also given to attractiveness as an employer (91%), social benefits (85%) and job security (87%).	✓
		Manager training In view of current corporate strategy and HR development requirements we revised and updated the Corporate Leadership Programme in 2013. Our aim here is to encourage all managers to continuously examine their approach to leadership, and to increase their effectiveness as leaders.	✓

Diversity

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
With its diverse workforce, the BMW Group is internationally successful and is increasing its innovative strength	- Consistent implementation and permanent further development of Group-wide diversity strategy	**- Area of action "Gender"** In accordance with the recommendations of the German Corporate Governance Code, the BMW Group's Diversity Concept aims to bring the share of women in management positions into line with the overall employee structure. We produce a regular progress report on the achievement of this target. The number of female managers increased from 12.7% in 2012 to 13.8% in 2013. The share of women on the Supervisory Board is currently 20% (previous year: 20%). Since July 2012, there has been one female member of the BMW Board of Management (12.5%). **- Area of action "Cultural background"** We enhance cultural diversity by focusing on recruiting new employees at our locations in the growth markets and by recruiting employees from other countries to work in Germany. **- Area of action "Age/experience"** The number of years each employee works for the BMW Group is increasing. This is due to earlier entry into the company and later exit due to the rising retirement age, for example. To make sure that employees of different ages and in different life phases can contribute their particular strengths to the full, we introduced extensive programmes for flexible and mobile working. To complement this, we raise the awareness among managers of the challenges posed by mixed-age teams. When setting up new locations or divisions we recruit people from a range of ages.	✓

[1] Long-term strategic targets. Mainly includes aims, not smart targets.
[2] Overarching measures the BMW Group has defined to achieve the strategic Sustainability Targets 2020.
[3] Targets, measures and results in 2013 that contribute to achieving the 2020 targets.

✓ **On track** ✓ Target **achieved** X Target **not yet achieved** ! Measures **required** ↻ **Ongoing**

Sustainability targets in the area of employees

Attractive employer

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
The BMW Group is considered an attractive employer	- Attractive young talent programmes - Fair and above-average remuneration	**Young talent programmes** To enable future employees to meet the increasing challenges faced in the multinational context, periods abroad are either obligatory or optional parts of all programmes. At the end of 2013, around 240 young potentials were taking part in the ongoing, practice-oriented bachelor's and master's programmes funded by the company in Germany. Around 220 doctoral candidates are currently studying for their PhDs with the BMW Group.	✓
		Remuneration Our remuneration is aligned with the upper third of the respective labour market worldwide. The BMW Group thus pays considerably above the local minimum wage. In addition to a fixed salary, our employees receive a variable share in the company's profits. Due to the positive business development in 2012, employees took home a profit share in 2013 that was almost as high as the record level of the previous year. This amount was equivalent in Germany to around 2.5 months' salary.	✓
		Positioning as an attractive employer on the labour market - Trendence Graduate Barometer Germany 2013: number two in business and engineering, number four in IT. - Universum Graduate Survey 2013: number two in business and engineering, number 1^1 in IT. - Global Reputation Institute 2013 (Global RepTrack 100): number one (across industries and worldwide). - Trendence Europe's Top 500 Employers 2013: number nine in business, number five in engineering. - Universum World's Most Admired Employers 2013: number 14 in business, number five in engineering (thus the top automotive company and top German company). - Trendence Pupil Barometer Germany 2013: number four (thus the top automotive company). - Trendence Young Professional Barometer Germany 2013: number one in the categories business, engineering and IT. - Universum Professional Survey Germany 2013: number two in business, number one in engineering, number four in IT	✓

[1] Long-term strategic targets. Mainly includes aims, not smart targets.
[2] Overarching measures the BMW Group has defined to achieve the strategic Sustainability Targets 2020.
[3] Targets, measures and results in 2013 that contribute to achieving the 2020 targets.

✓ **On track** ✓ Target **achieved** X Target **not yet achieved** ! Measures **required** ↻ **Ongoing**

Sustainability targets in the area of Corporate Citizenship

Corporate Citizenship

Sustainability targets 2020[1]	General directions[2]	Measures and results 2013[3]	Status
Based on its core competencies, the BMW Group is a leader in intercultural communication	- Corporate citizenship with a focus on intercultural communication and social inclusion - Corporate volunteering with a focus on rewarding employees for their volunteering activities - Corporate citizenship of our two foundations BMW Foundation Herbert Quandt and Eberhard von Künheim Foundation	**Corporate Citizenship** In 2013, our main focus was on the areas of intercultural innovation and social inclusion. The Intercultural Innovation Award (IIA) is a one-of-its-kind project to support innovative concepts that work towards solving intercultural tension and conflict. Around 175,000 people have already benefited from the financial and advisory services provided by the Intercultural Innovation Award projects.	✓
		Corporate volunteering In 2013 again, the BMW Group bestowed corporate citizenship awards on its employees worldwide. This is the company's way of thanking those employees who do voluntary work in their free time. Employees from 11 countries took part in the competition. In 2013 again, four projects were presented with the award, each of them focusing on different aspects of corporate citizenship. The projects range from setting up an inclusive football team, to a recycling project in Cairo, as well as the support of refugees and migrants, to weekend/holiday care of disabled children and adolescents.	✓
		Foundations A key instrument in the work of the Foundation Herbert Quandt in 2013 was its international Young Leaders programmes. The programmes motivate managers to take social responsibility a step further, beyond their professional tasks. The Eberhard von Künheim Foundation's JOBLINGE project gives unemployed young people who have no school leaving certificate or who are resistant to training the opportunity to earn themselves a trainee position or job through their own efforts. In 2013, JOBLINGE saw considerable growth, in particular once new branches and locations had been opened in Essen, Offenbach and Wiesbaden, for instance. For details of each of our foundations' projects, please refer to their websites (www.bmw-stiftung.de, www.kuenheim-stiftung.de) or their reports.	✓

[1] Long-term strategic targets. Mainly includes aims, not smart targets.
[2] Overarching measures the BMW Group has defined to achieve the strategic Sustainability Targets 2020.
[3] Targets, measures and results in 2013 that contribute to achieving the 2020 targets.

✓ **On track** ✓ Target **achieved** X Target **not yet achieved** ! Measures **required** ↻ **Ongoing**

APPENDIX

About this report

APPENDIX

The BMW Group Sustainable Value Report (SVR) 2013 has been published to provide stakeholders with comprehensive information about the company's sustainability strategy and the progress made in integrating sustainability into its corporate processes.

Topics have been selected and weighted in accordance with the findings of a systematic materiality process > see Chapter 1. Where appropriate, references are also provided to supplementary information in the Annual Report or on other BMW Group websites.

Each chapter starts with a one-page overview of the main facts. In 2013, these included progress made, a forecast of future objectives as well as the key performance indicators (KPIs) used internally to control and monitor the BMW Group's sustainability performance.

The Figures, facts and objectives chapter provides a transparent list of targets achieved as well as the sustainability figures used in monitoring, together with explanatory texts.

The report is published in German and English. For reasons of clarity and to avoid double references, generic references to the masculine in this document should be understood as referring to both sexes.

REPORTING PERIOD

The reporting period is the 2013 calendar year. The effective date for all facts and figures is 31 December 2013. For the sake of completeness and to ensure information is up-to-date, some of the data we have captured up to March 2014 (editorial deadline) have also been included. The Figures, facts and objectives chapter generally maps the figures for 2009–2013 (with the exception of newly added key figures). They refer to the entire BMW Group with its three brands BMW, MINI and Rolls-Royce. There are, however, some exceptions concerning site-specific topics and local sustainability programmes. Wherever this is the case, the entity the figures apply to is specified accordingly, e.g. BMW AG. Any targets that were met in 2012 are not mentioned again in the 2013 Sustainable Value Report.

The last SVR was published in May 2013 as a combined print and online report covering financial year 2012.

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CONFORMS TO GRI STANDARDS

The BMW Group's Sustainable Value Report 2013 has been compiled in accordance with the Global Reporting Initiative (GRI G3.1) guidelines. Sector-specific aspects have also been considered on the basis of the GRI Automotive Sector Supplement (Pilot Version 1.0). To what extent GRI indicators are met is shown in the GRI Index. At GRI level A+ (GRI checked), this SVR 2013 meets the maximum requirements detailed in the GRI guidelines.

THE COMPREHENSIVE GRI INDEX IS AVAILABLE FOR DOWNLOADING FROM THE INTERNET AT:

↗ www.bmwgroup.com/svr

UN GLOBAL COMPACT – COMMUNICATION ON PROGRESS

The BMW Group committed to implement the principles of the UN Global Compact in 2001, and in this report once again reports on progress achieved in complying with these principles. References to the Global Compact principles have been integrated into the > GRI Index.

THIRD-PARTY VERIFICATION

The entire report (the texts of all six chapters as well as Figures, facts and objectives) were audited by PricewaterhouseCoopers > Assurance Report. In addition, indicators from the areas of environmental protection and occupational health and safety were audited by external auditors and experts in accordance with ISO 14001, EMAS and OHSAS.

FORWARD-LOOKING STATEMENTS

The BMW Group SVR contains various forward-looking statements about future developments which are based on the current status of the BMW Group's assumptions and forecasts. They are thus subject to a variety of predictable and unpredictable risks, uncertainties and other factors, so that the actual outcome, including the company's financial and assets position, its development or performance could differ considerably. The BMW Group makes no commitment to update such forward-looking statements or to adapt them to future events or developments.

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Independent Assurance Report

TO BMW AG, MUNICH

We have been engaged to perform a limited assurance engagement on the information in the Sustainable Value Report of BMW AG, Munich (hereinafter: the Company), for the business year from 1 January to 31 December 2013 (hereinafter: the Report).[1]

MANAGEMENT'S RESPONSIBILITY

The Company's Board of Managing Directors is responsible for the proper preparation of the Report in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3.1 (pp. 7 to 17) of the Global Reporting Initiative (GRI):

- Materiality,
- Stakeholder Inclusiveness,
- Sustainability Context,
- Completeness,
- Balance,
- Clarity,
- Accuracy,
- Timeliness,
- Comparability and
- Reliability.

This responsibility includes the selection and application of appropriate methods to prepare the Report and the use of assumptions and estimates for individual sustainability disclosures which are reasonable in the circumstances. Furthermore, the responsibility includes designing, implementing and maintaining systems and processes relevant for the preparation of the Report.

[1] Our engagement applied to the German version of the Report. This text is a translation of the Independent Assurance Report issued in German language – the German text is authoritative

PRACTITIONER'S RESPONSIBILITY

Our responsibility is to express a conclusion based on our work performed as to whether anything has come to our attention that causes us to believe that the information in the Report of the Company for the business year 2013 has not been prepared, in all material respects, in accordance with the above mentioned criteria of the Sustainability Reporting Guidelines Vol. 3.1 (pp. 7 to 17) of the GRI. We also have been engaged to make recommendations for the further development of sustainability management and sustainability reporting based on the results of our assurance engagement.

We conducted our work in accordance with the International Standard on Assurance Engagements (ISAE) 3000. This Standard requires that we comply with ethical requirements and plan and perform the assurance engagement, under consideration of materiality, to provide our conclusion with limited assurance.

In a limited assurance engagement the evidencegathering procedures are more limited than for a reasonable assurance engagement (for example, an audit of financial statements in accordance with § (Article) 317 HGB ("Handelsgesetzbuch": "German Commercial Code")), and therefore less assurance is obtained than in a reasonable assurance engagement. The procedures selected depend on the practitioner's judgement.

Within the scope of our work we performed amongst others the following procedures:

- Inquiries of personnel responsible for the preparation of the Report regarding the process to prepare the reporting of sustainability information and the underlying internal control system;
- Inspection of documents regarding the sustainability strategy as well as understanding the sustainability management structure, the stakeholder dialogue and the development process of the Company's sustainability program;
- Inquiries of personnel in the corporate functions that are responsible for the individual chapters of the Report;
- Recording of procedures and inspection of the documentation of the systems and processes for collection, analysis, validation and aggregation of sustainability data as well as its testing on a sample basis;
- Performance of site visits as part of the inspection of processes for collecting, analyzing and aggregating selected data:
  - in the corporate headquarter in Munich,
  - in the production plant in Dingolfing (Germany),
  - in the production plant in Leipzig (Germany),
  - in the production plant in Tiexi (China),
  - in the production plant in Dadong (China);

- Analytical procedures on data in the Report;
- Comparison of selected data with corresponding data in the Company's Annual Report 2013;
- Gaining further evidence for selected data in the Report by inspection of internal documents, contracts and invoices/reports from external service providers.

CONCLUSION

Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the information in the Report of the Company for the business year 2013 has not been prepared, in all material respects, in accordance with the above mentioned criteria of the Sustainability Reporting Guidelines Vol. 3.1 (pp. 7 to 17) of the GRI.

EMPHASIS OF MATTER – RECOMMENDATIONS

Without qualifying our conclusion above, we make the following recommendations for the further development of the Company's sustainability management and sustainability reporting:

- Further formalization of the internal control system for sustainability information especially regarding earlier reporting;
- Further harmonization of worldwide reporting systems to facilitate sustainability information collection,
- Stronger focus of the Report content based on the results of the materiality analysis, especially with regard to the new G4 Guidelines of the GRI.

Munich, May 13, 2014

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Hendrik Fink
Wirtschaftsprüfer
(German Public Auditor)

ppa. Christian Fischl

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Statement
GRI Application Level Check

GRI hereby states that **BMW Group** has presented its report "Sustainable Value Report 2013" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level A+.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 22 April 2014

Ásthildur Hjaltadóttir
Director Services
Global Reporting Initiative

The "+" has been added to this Application Level because BMW Group has submitted (part of) this report for external assurance. GRI accepts the reporter's own criteria for choosing the relevant assurance provider.

The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

***Disclaimer:** Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check on 10 April 2014. GRI explicitly excludes the statement being applied to any later changes to such material.*

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GRI Index

The following GRI Index is an abbreviated version. Please go to bmwgroup.com/svr to access the complete GRI Index including comments in the version that was referred to by GRI for auditing purposes.

UNGC Principles	Profile		Reported	Reference
	1. Strategy and Analysis			
1–10	1.1	Statement from the Board of Management	--	5, 6
	1.2	Impacts of operational activity, key risks and opportunities	--	12, 26–31, 39–41, 72–75, 97–100, 110–113, 142–144
	2. Organizational Profile			
	2.1	Name of the organisation	--	1
	2.2	Primary brands, products and services	--	7, AR 3
	2.3	Operational structure of the organisation	--	AR 198–199
	2.4	Location of organisation's headquarters	--	225
	2.5	Countries where the organisation operates	--	7, AR 198–199
	2.6	Ownership structure and legal form	--	7, AR 18, 82–84
	2.7	Markets served	--	7, AR 198–199
	2.8	Company profile/Scale of the organisation	--	7, 162–163, AR 4
	2.9	Significant changes regarding size, structure or ownership	--	C
	2.10	Awards	--	19, 49, 53, 67, 115, 148
	3. Report Parameters			
	3.1	Reporting period	--	217
	3.2	Date of most recent previous report	--	217
	3.3	Reporting cycle	--	217, C
	3.4	Contact persons for questions regarding the report	--	229
	3.5	Process for defining report content	--	14, 20–25, 161, 217
	3.6	Boundary of the report	--	163, 217
	3.7	Limitations on the scope or boundary of the report	--	14, 217–218, C
	3.8	Basis for reporting on joint ventures	--	AR 198–199
	3.9	Data measurement techniques and bases of calculations	--	C
	3.10	Restatements of information	--	C
	3.11	Changes from previous reporting periods in the scope, boundary or measurement methods	--	161, 217
	3.12	GRI Content Index	--	223–227
	3.13	External assurance for the report	--	219–221

-- This indicator is reported in full. - This indicator is partially reported. / This indicator is not reported.
C = Comments on this indicator; these may be found in the GRI Index online at www.bmwgroup.com/svr
AR = AR stands for the BMW Group Annual Report 2013 (pdf version), available online at: annual-report2013.bmwgroup.com
All core indicators are printed in bold.

UNGC Principles	Profile		Reported	Reference
	4. Governance, Commitments, and Engagement			
1–10	4.1	Governance structure of the organisation	--	AR 168–177, 32–35, 132, 186, 166–195
	4.2	Independence of the Chairman of the Supervisory Board	--	AR 168–171
	4.3	Number of independent members in the highest governance body	--	AR 168–171
	4.4	Co-determination right of employees and shareholders	--	117–119, 34, AR 166, 86
	4.5	Linkage between executive compensation and achievement of sustainability goals	--	13, 116–117, 194, AR 185–194
	4.6	Process in place to avoid conflicts of interest	--	33, AR 166, 172–175, C
1–10	4.7	Qualifications and expertise of the highest governance body regarding economic, environmental and social topics	--	AR 155–157, 164–165
1–10	4.8	Values, mission statements, principles and codes of conduct of the organisation relevant to sustainability	--	12–17, 33, 98, 72, AR 179, C
	4.9	Oversight of the sustainability performance and relevant risks by the Board of Management	--	16, 26–31
	4.10	Assessment of the performance of the Board of Management regarding sustainability	--	13
7	4.11	Precautionary approach	--	15, 36–68, 69–93, 97
1–10	4.12	Support for external economic, environmental and social activities	--	18, 23, 99
	4.13	Memberships in associations and advocacy organisations	--	23
1–10	4.14	Stakeholder groups engaged by the organisation	--	14, 20–25
	4.15	Basis for identification and selection of stakeholders	--	20–25
	4.16	Approaches to stakeholder engagement	--	20–25
1–10	4.17	Key stakeholder topics	--	14, 167, C

UNGC Principles	Indicator		Reported	Reference
	Economic			
1, 6, 7		Management approach	--	11–12, 15–16, 26–35, 97–100, 162–167, 202–204, C
	EC1	**Direct economic value generated and distributed**	**--**	**162–163, 200–201, AR 57**
7	**EC2**	**Financial implications due to climate change**	**--**	**27, 42–48, C**
1, 6	**EC3**	**Organisation's defined benefit plan obligations**	**--**	**163, AR 72**
	EC4	**Significant financial assistance received from government**	**--**	**164, AR 99**
1	EC5	Range of ratios of standard entry level compared to local minimum wage	--	113–116, 214, C
	EC6	**Policy, practices and proportion of locally based suppliers**	**--**	**97–98, 183**
6	**EC7**	**Procedures for local hiring and local senior management**	**--**	**134, 185, 187, 189, C**
	EC8	**Development/impact of infrastructure investments and services**	**--**	**141–159**
	EC9	Indirect economic impacts	--	165, 183, 184
	Environmental Protection			
7, 8, 9		Management approach	--	15–16, 26–35, 38–64, 71–92, 81–85, 168–182, 205–210
8, 9	**EN1**	**Materials used by weight or volume**	**--**	**171–172**
8, 9	**EN2**	**Percentage of used materials that are recycled materials**	**--**	**171, C**

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UNGC Principles	Indicator		Reported	Reference
8	**EN3**	**Direct energy consumption**	**--**	**172, 174, 175**
8	**EN4**	**Indirect energy consumption**	**--**	**174, C**
7, 9	EN5	Energy savings	--	73, 76–80, 174–175, C
8, 9	EN6	Energy-efficient products and services	--	42–49, 73
8, 9	EN7	Reduction of indirect energy consumption	--	76–80, 85, 174, 180
8	**EN8**	**Total water withdrawal**	**--**	**175**
8	EN9	Water sources affected by withdrawal of water	--	C
8, 9	EN10	Percentage of water recycled and reused	--	90–91, C
8	**EN11**	**Production plants in protected areas**	**--**	**92–93, 180**
8	**EN12**	**Significant impacts upon biodiversity in protected areas**	**--**	**92–93**
8	EN13	Habitats protected and restored	--	92–93
8	EN14	Strategies for managing impacts on biodiversity	--	92–93
8	EN15	Endangered species in areas affected by operations of the organisation	/	C
8, 9	**EN16**	**Direct and indirect greenhouse gas emissions**	**--**	**172, 176–178, C**
8	**EN17**	**Other relevant greenhouse gas emissions**	**--**	**176, 180**
7, 8, 9	EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	--	42–48, 76–80, 176, C
8	**EN19**	**Emissions of ozone-depleting substances**	**--**	**C**
8	**EN20**	**NO_X, SO_X and other significant emissions**	**--**	**172, 177**
8	**EN21**	**Total water discharge**	**--**	**172, 178, C**
8	**EN22**	**Total weight of waste by type and disposal method**	**--**	**172, 179, C**
8	**EN23**	**Significant spills**	**--**	**C**
8	EN24	Cross-border transport or treatment of hazardous waste	--	179
8	EN25	Areas impacted by the organisation's discharges of water and runoff	--	C
7, 8, 9	**EN26**	**Initiatives to mitigate harmful environmental impacts of products**	**--**	**41–48, 55–56, 58–64, 205, 209, C**
8, 9	**EN27**	**Percentage of products sold and their packaging materials that are reclaimed by category**	**--**	**56, C**
8	**EN28**	**Significant fines and sanctions for non-compliance with environmental laws**	**--**	**AR 76, C**
8	EN29	Significant environmental impacts of transporting products, goods, materials and members of the workforce	--	81–85, 176, 180, 182, 210
7–9	EN30	Environmental protection expenditures and investments	--	182
	Employees			
1, 3, 6		Management approach	--	15–16, 18, 35, 109–113, 117–118, 120–124, 126–135, 184–199, 212–214, C
	LA1	**Breakdown of workforce by employment type, contract and region and gender**	**-**	**184–185, 192, C**
6	**LA2**	**Number and rate of employee turnover**	**-**	**119, 191, C**
	LA3	Benefits provided only to full-time employees	--	114–119
1, 6	**LA15**	**Parental leave**	**-**	**181–138, 192, C**
1, 3	**LA4**	**Percentage of employees covered by collective bargaining agreements**	**--**	**190**
1, 3	**LA5**	**Minimum notice period(s) regarding significant operational changes**	**--**	**C**

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UNGC Principles	Indicator		Reported	Reference
1	LA6	Percentage of total workforce represented in occupational health and safety committees	--	120, C
1	**LA7**	**Injuries, occupational diseases, working days lost, absentee rate and work-related fatalities**	**-**	**197–119, C**
1	**LA8**	**Preventive healthcare, counselling and training regarding serious diseases**	**--**	**122–124, 196–197**
1	LA9	Health and safety topics covered in agreements with trade unions	--	120–121, C
	LA10	**Education and further training measures**	**-**	**193–194, C**
	LA11	Skills management and lifelong learning that support the continued employability of employees	--	125–129, 212
	LA12	Employee performance and career development reviews	--	C
1, 6	**LA13**	**Diversity in senior management and employee structure**	**--**	**185–187, 189**
1, 6	**LA14**	**Ratio of basic salary of male and female employees**	**--**	**113–116, C**
	Human Rights			
1–6		Management approach	--	11, 16, 18–19, 26–31, 98, 101–103, 105, 112–113, 129, 131, 190, 203, C
1–6	**HR1**	**Investment agreements that include human rights clauses**	**--**	**18, 98, C**
1–6	**HR2**	**Percentage of suppliers that have undergone screening on human rights**	**--**	**101–103**
1–6	**HR3**	**Employee training on human rights**	**-**	**18, 105–106, C**
1, 2, 6	**HR4**	**Incidents of discrimination and actions taken**	**--**	**18, 131, AR 76, C**
1–5	**HR5**	**Operations with significant risk concerning the freedom of association and collective bargaining**	**-**	**101–103, C**
1–5	**HR6**	**Operations with significant risk for incidents of child labour**	**--**	**101–103, AR 198–199, C**
1–5	**HR7**	**Operations with significant risk for incidents of forced and compulsory labour**	**--**	**101–103, AR 198–199, C**
1, 2	HR8	Percentage of security personnel trained on aspects of human rights that are relevant to operations	--	18, C
1, 2	HR9	Incidents of violations involving rights of indigenous people	--	C
1, 2	**HR10**	**Impact assessments/reviews on human rights**	**--**	**18–19, C**
1, 2	**HR11**	**Grievances related to human rights**	**--**	**19**
	Society			
10		Management approach	--	16–19, 23, 26–35, 102, 142–144, 200–201, 215, C
	SO1	**Impacts of operations on local communities and regions**	**--**	**19–25, 27, 75, 142–159, 168, 196, C**
	SO9	**Operational activities with negative impact on local community**	**--**	**26–31, 39–41, 72–75, 97–100, 110–113, 142–144**
	SO10	**Avoidance and mechanisms to reduce negative impact on local community**	**--**	**11, 20–25, 32–34, 38–41, 71–75, 96–100, 109–113, 141–144, C**
10	**SO2**	**Number of business units analysed for corruption-related risks**	**--**	**32–34, 102, AR 181–183, C**
10	**SO3**	**Employee training regarding anti-corruption**	**-**	**33, C**
10	**SO4**	**Anti-corruption measures**	**-**	**34, C**
10	**SO5**	**Public policy positions and participation in public policy development and lobbying**	**--**	**23, C**
10	SO6	Financial and in-kind contributions to political parties and politicians	--	143, 200, C
	SO7	Number of legal actions for anti-competitive behaviour	--	AR 181–182
	SO8	**Number of fines for non-compliance with laws**	**--**	**AR 181–182, C**

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UNGC Principles	Indicator		Reported	Reference
	Product Responsibility			
1, 8		Management approach	--	16, 26–30, 32–35 38, 41–48, 50–54, 66, 168–171, 205–208, C
1, 8	**PR1**	**Life cycle stages in which health and safety impacts of products and services are assessed**	**--**	**39–68**
1	PR2	Incidents of non-compliance with regulations concerning health and of safety of products	--	52–56, C
8	**PR3**	**Principles and measures related to product and service information and labelling**	**--**	**52, C**
8	PR4	Incidents of non-compliance with regulations and voluntary codes concerning product information and labelling	--	C
	PR5	Customer satisfaction	--	67
10	**PR6**	**Programmes for compliance with laws, standards and voluntary codes related to marketing communications**	**--**	**66**
	PR7	Incidents of non-compliance with regulations and voluntary codes related to marketing communications	--	66
1	PR8	Number of substantiated customer data protection complaints	--	29–30, 66–67, C
	PR9	**Significant fines for non-compliance with laws and regulations concerning the provision and use of products**	**-**	**AR 76, C**
	Sector Supplement[1]			
	A1	Stipulated work hours per week and average hours worked overtime in production	--	192
	A2	Percentage of employees not managed with overtime compensation schemes	--	C
	A3	Percentage of major first tier supplier facilities with independent trade union organisations	--	C
	A4	Numbers of vehicles sold, broken down by type, fuels, power train technologies and region	--	166
	A5	Compliance of vehicles sold with the respective existing and next defined emissions standards	--	42–48
	A6	Average fuel economy by type of vehicle	--	170
	A7	Average carbon dioxide emissions by type of vehicle	--	168
	A8	Compliance of vehicles sold with the respective existing and next defined noise standard	--	170, C
	A9	EN29 – relevant indicator for automotive sector	--	180
	A10	Weight of vehicle and percentage breakdown of generic, recyclate and renewable material of a best-selling vehicle	--	171

[1] GRI Sector Supplement Automotive Sector, Pilot Version 1.0, 2004
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Consumption data

Model	Urban (l/100 km)	Extra-urban (l/100 km)	Combined (l/100 km)	CO_2 emissions (g/km) combined
BMW				
BMW ActiveE	0	0	0	0
BMW 118d	5.1–5.4 [5.1–5.3]	3.6–3.8 [3.7–3.9]	4.1–4.4 [4.2–4.4]	109–115 [110–116]
BMW 520i Sedan	8.4–9.0 [8.1–8.6]	5.2–5.5 [4.7–5.1]	6.4–6.8 [6.0–6.4]	149–159 [139–149]
BMW ActiveHybrid 3	– [5.5]	– [6.2]	– [5.9]	– [139]
BMW ActiveHybrid 5	– [6.1–6.7]	– [6.6–7.2]	– [6.4–7.0]	– [149–163]
BMW ActiveHybrid 7	– [6.0]	– [7.2]	– [6.8]	– [158]
BMW X1 sDrive20d EfficientDynamics Edition	5.2	4.1	4.5	119
BMW 730d BluePerformance	– [6.8]	– [4.9]	– [5.6]	– [148]
BMW X1 xDrive18d	6.5 [6.1]	4.8 [5.1]	5.5 [5.4]	144 [143]
BMW 116d EfficientDynamics Edition	4.4	3.4	3.8	99
BMW 320d Touring	5.9–6.0 [5.7]	4.0 [4.1]	4.7–4.8 [4.7]	124–125 [123–124]
BMW 520d Sedan	5.4–5.8 [5.2–5.7]	4.0–4.4 [4.1–4.5]	4.5–4.9 [4.5–4.9]	119–129 [119–129]
BMW X3 xDrive20d	5.9–6.3 [5.4–5.8]	4.7–5.1 [4.8–5.1]	5.2–5.6 [5.0–5.4]	136–146 [131–141]
BMW C Evolution	0	0	0	0
BMW i3	0	0	0	0
BMW i3 (with range extender)	–	–	0.6	13
BMW i8	–	–	2.1	49
MINI				
MINI E	0	0	0	0
MINI Cooper S	7.6–7.7 [6.8–6.9]	4.6–4.8 [4.4–4.5]	5.7–5.8 [5.2–5.4]	133–136 [122–125]
MINI One D	3.9–4.0	3.1–3.2	3.4–3.5	89–92
MINI Cooper D	4.3–4.4 [4.2–4.3]	3.1–3.2 [3.5]	3.5–3.6 [3.7–3.8]	92–95 [98–99]

Specifications apply to ACEA markets; Figures in brackets apply to automatic transmission.
Fuel consumption and CO_2 emissions are dependent on wheel and tyre size.
Further, regularly updated information on vehicles can be found on the www.bmw.com, www.mini.com and www.rolls-roycemotorcars.com websites.
Fuel consumption is determined in accordance with the ECE driving cycle. Valid for vehicles with a European country specification.
All engines comply with at least Euro-5 emissions standards.
Further information on the official fuel consumption, specific official CO_2 emissions and power consumption of new passenger vehicles can be found in the “Guideline for fuel consumption, CO_2 emissions and electric power consumption of new passenger vehicles” available from all sales outlets, the Deutsche Automobil Treuhand GmbH (DAT), Hellmuth-Hirth-Str. 1, 73760 Ostfildern-Scharnhausen, Germany and at http://www.dat.de/angebote/verlagsprodukte/leitfaden-kraftstoffverbrauch.html.

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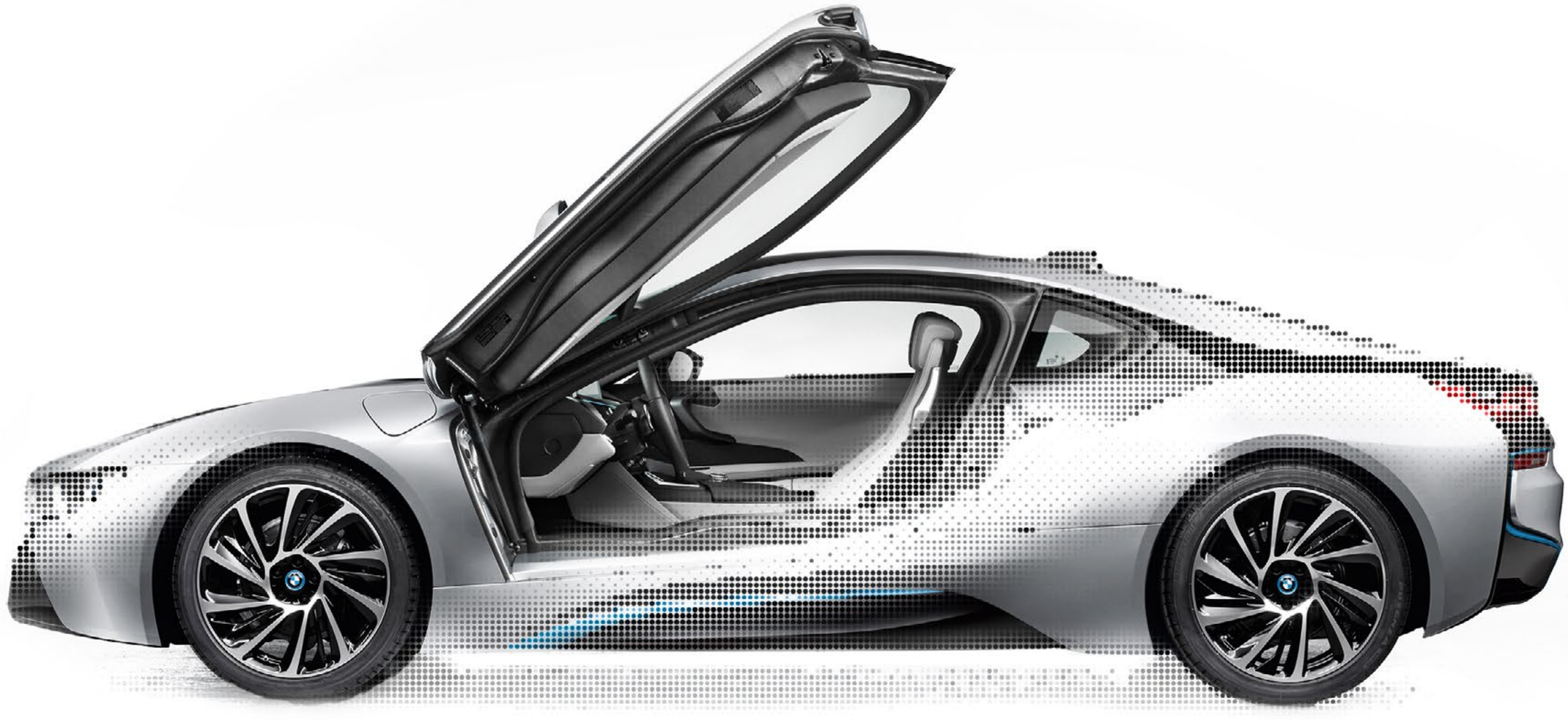

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Published by
Bayerische Motoren Werke
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80788 Munich
Tel. +49 89 382-0