SUSTAINABLE VALUE REPORT

BMW GROUP

Rolls-Royce
Motor Cars Limited

BASIC REPORTING PRINCIPLES

Sustainable Value Report 2010 of the BMW Group

This eighth edition of the BMW Group Sustainable Value Report has been published to inform stakeholders in a transparent manner about the company's sustainability strategy and how sustainability is being integrated into corporate processes. Focusing on present and future challenges in the areas of sustainable management, product responsibility, Group-wide environmental protection, employees and social commitment, the Sustainable Value Report 2010 describes the company's approaches and specific programmes used to improve its sustainability performance. The "objectives, key facts and figures" section presents key figures for these measures as well as the company's objectives in the above-mentioned areas. Each chapter starts with a two page overview of the main points, including priority topics with the associated challenges, achievements and objectives as well as the key performance indicators (KPIs) used internally to control and monitor the BMW Group's sustainability performance.

This Sustainable Value Report is published in German and English.

Conforms to GRI standards

www.globalreporting.org

The BMW Group's Sustainable Value Report has been compiled in accordance with the Global Reporting Initiative (GRI G3) guidelines as well as the industry-specific Automotive Sector Supplement (pilot version 1.0). To what extent GRI indicators are met is shown in the GRI Index and where appropriate explanatory notes are attached. At GRI level A+ (GRI checked), this Sustainable Value Report 2010 meets the maximum requirements detailed in the GRI guidelines. Topics have been selected and weighted in accordance with the findings of intensive, structured dialogue with stakeholders as well as with the results of in-house workshops in which all relevant BMW Group departments participated (cf. chapter 01.4). The resulting materiality matrix is mapped in chapter 01.1. The specific demands of rating agencies specialising in evaluating corporate sustainability performance are also taken into consideration.

www.bmwgroup.com/
gri-index-e

Reporting period

As is the case for the Annual Report, the reporting period for the Sustainability Value Report is the calendar year 2010. However, in order to present an up-to-date and complete report, information about activities carried out in 2009 (limited to events that occurred after the editorial deadline of the previous Sustainable Value Report in July 2009) as well as new information obtained by the editorial deadline in July 2011 has also been included. The "objectives, key facts and figures" section maps the figures for 2006–2010 (with the exception of newly added key figures). The objectives, key facts and figures published in this report 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.

The last Sustainable Value Report was published in print in September 2009 and covered financial year 2008. For financial year 2009, "Indicators for Sustainability", with objectives, key facts and figures was published online only ("Update 2010"). Any targets that were met in 2009 were identified in the update and are not mentioned again in the 2010 Sustainable Value Report. The key figures and objectives in the "objectives, key facts and figures" section were audited by PricewaterhouseCoopers for the first time this year. 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 (see lists of locations with certified health and safety management systems in the chapter "objectives, key facts and figures" and of those with certified environmental management systems on the Internet at www.bmwgroup.com/responsibility).

www.bmwgroup.com/
responsibility

www.unglobalcompact.org
www.globalcompact.de

UN Global Compact – Communication on Progress report

The BMW Group is committed to implement the principles of the UN Global Compact 2001, and in this report is once again reporting on progress achieved towards complying with these principles. An overview of the ten principles with examples of their implementation is contained in the Progress Report (cf. page 115 et seq.).

www.bmwgroup.com/
responsibility
www.bmwgroup.com/glossary

Further information

Please refer to www.bmwgroup.com/responsibility for further in-depth information on the topics covered in the Sustainable Value Report 2010 and the glossary. Internet links to the topics discussed are indicated in the report by a specific symbol.

Forward-looking statements

The BMW Sustainable Value Report 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 and to adapt them to future events or developments.


LOWER CONSUMPTION, HIGHER PERFORMANCE
ON-FREE MOBILITY
WORKFORCE
SUSTAINABILITY
E CREATION
CARBON-FREE MOBILITY
OCCUPATIONAL SAFETY
HEALTH MANAGEMENT
ALTERNATIVE DRIVES
LOWER CONSUMPTION, HIGHER PERFORMANCE
CARBON-FREE MOBILITY
CORPORATE CITIZENSHIP
LONG-TERM APPROACH
VEHICLE SAFETY
CARBON-FREE MOBILITY
IENT DYNAMICS
RESOURCE EFFICIENCY
LOWER CONSUMPTION, HIGHER PERFORMANCE
COMPLIANCE
BASIC PRINCIPLES
EMISSIONS REDUCTION
CARBON-FREE MOBILITY
SOCIAL COMMITMENT
ALTERNATIVE DRIVES
HICLE SAFETY
COMPLIANCE
HEALTH MANAGEMENT
ALTERNATIVE DRIVES
CLEAN PRODUCTION
WORKFORCE
OCCUPATIONAL SAFETY
DOW JONES SUSTAINABILITY INDEX

Dear Reader,

We have a clear vision: we aim to be the world's leading provider of premium products and services for individual mobility. By acting in a sustainable and responsible way in all areas, we are taking a step-by-step approach to ensure this vision becomes reality. After all, sustainable action is an investment in our future.

We are engaged in dialogue with many diverse groups in society. Today, our stakeholders do not just want to know about the efficiency of our vehicles. They are also asking: How environmentally friendly is the production process for the BMW Group's vehicles and motorcycles? What alternative mobility concepts are we developing? And: Do we look for sustainability in the supply chain?

At the BMW Group, we take a long-term approach in our strategy and actions. We see ourselves as part of society and embrace our responsibilities. This is why we listen to our stakeholders and take their concerns seriously. In this Sustainable Value Report, you will learn what challenges we face and what goals we have set for ourselves. We will also report on the specific progress we made last year – transparently and openly. For the first time, we have engaged an independent auditor to certify the "objectives, facts and figures" section of this report.

We want to demonstrate that the BMW Group is shaping its future. In doing so, our focus is on all three aspects of sustainability – economic, environmental and social. Our company has signed the Global Compact of the United Nations and is committed to implementing its ten principles at all locations worldwide.

Sustainable action starts with a mindset. The entire Board of Management of the BMW Group is represented on our Sustainability Board. Every day, over 96,000 employees worldwide are working to achieve further progress across the entire value chain. This is true for our business and also for our partnerships and our relationships with all stakeholders.

Dr. Norbert Reithofer
Chairman of the Board of Management

Frank-Peter Arndt Zero-emissions production is a goal we continuously strive to fulfil. We have already done a great deal to conserve resources and avoid waste, and clean production is a key component of our sustainability strategy. However, we still have much to do. Our success drives us forward and it is this very success that motivates us to continue to work on innovative solutions in the future. Environmental protection is not a cost factor. On the contrary: efficient, clean production is more competitive in the long term. The use of renewable energy sources in our plants is the next logical step in this process with the production of the BMW i models in Leipzig setting new standards in this regard. For us, sustainable mobility can only be developed within sustainable structures. Nothing less than this will satisfy our premium standards.

Dr.-Ing. Herbert Diess Sustainable management makes a difference when it involves the entire value chain. We are working to embed sustainability in all processes as well as with suppliers and partners. The BMW Group aims to be a role model and to encourage other companies to take similar measures. We require our business partners to comply with social and environmental standards. We expect production methods to take environmental protection and conservation of natural resources into account. Our purchasing terms and conditions include binding requirements to this effect. We owe this to our customers. Sustainability in the supply chain is ultimately a joint task for the entire industry. The more companies that participate, the more successful its implementation will be.

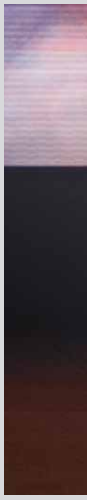
Dr.-Ing. Klaus Draeger Our route to sustainable mobility is via Efficient Dynamics: this concept combines drive technologies, lightweight design, aerodynamics and optimised energy management in our vehicles. Efficient Dynamics makes it possible to combine dynamic driving with efficiency – now and in the future. We develop innovative solutions that reduce fuel consumption and CO_2 emissions. We have reached a whole new level of efficiency with our revolutionary BMW i3 electric vehicle and the BMW i8 hybrid sports car. There is no going back: individual mobility is going to become more environmentally friendly. In particular, the all-electric BMW i3 delivers a compelling statement for sustainability.

— A

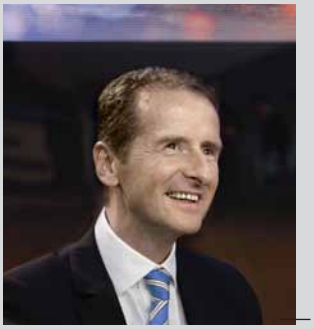
— B

— **A** The BMW AG Board of Management at the presentation of the new BMW i sub-brand for electric vehicles, Frankfurt, Germany

— **B** LED installations representing a megacity at the sub-brand presentation



Dr. Friedrich Eichiner Sustainable management means consistently increasing a company's value. The BMW Group regards steady and appropriate value creation as its central responsibility. It seeks to create value through its actions – for itself and for others. The economic success of the company is the foundation on which the company can practise environmental and social responsibility. A sense of proportion when dealing with opportunities and risks also plays a key role in value creation. The BMW Group ensures it has sufficient risk coverage and – particularly in the area of financial services – appropriate opportunity and risk management. It is also bound by the code of conduct for governance and compliance. Sustainable management enables the BMW Group to remain competitive and be well prepared to meet future challenges.


G

Harald Krüger The BMW Group is one of the most attractive employers in Germany and worldwide, and for good reason: the company offers excellent working conditions and appropriate remuneration that is aligned with performance. We systematically develop the skills of our employees worldwide so that the company will continue to be competitive in the future. Working relationships in the company are characterised by trust and appreciation. If you value continuity, you must adapt quickly to change. This is why we are already working hard on upcoming changes. We are actively seeking a more diverse workforce and are developing work models with healthy aging in mind. Sustainability means acting with foresight and being future-focused in our human resource management. We want to have the right people in the right places, both now and in the future.

Dr. Ian Robertson (HonDSc) Sustainability is part of our brand promise. Today, our customers appreciate the unique combination of efficient and powerful vehicles made possible by BMW EfficientDynamics and MINIMALISM by MINI. Tomorrow, we are going a step further. Our sub-brand, BMW i, marks a new approach to sustainable individual mobility. Vehicles with a BMW i badge have been designed from the ground up for electromobility – Born Electric. This means even more fuel-efficient and dynamic vehicles. BMW i also includes a growing set of sustainable mobility services which are already available. These services range from apps, such as My City Way, to our car-sharing programme in Munich, DriveNow. This is just the start. You can be sure the BMW Group will continue bringing the future of sustainable individual mobility within reach.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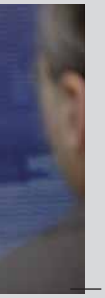

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D

— **A** Dr.-Ing. Dr.-Ing. E. h. Norbert Reithofer, Chairman of the Board of Management

— **B** Harald Krüger, Board Member for Human Resources, Industrial Relations Director

— **C** Frank-Peter Arndt, Board Member for Production

— **D** Dr. Ian Robertson (HonDSc), Board Member for Sales and Marketing

— **E** Dr.-Ing. Klaus Draeger, Board Member for Development

— **F** Dr. Friedrich Eichiner, Board Member for Finance

— **G** Dr.-Ing. Herbert Diess, Board Member for Purchasing and Supplier Network

— **H** The BMW i3 Concept (left) and BMW i8 (right) at sub-brand presentation in Frankfurt, Germany

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REPORT

OBJECTIVES, KEY FACTS AND FIGURES

ICON CAPTION


Link to website


Reference to other publications


Reference to UN Global Compact

i
Reference to “Sustainability Indicators” page 71 et seq.


Reference to GRI Index

›
Left column

»
Right column

GROUP PROFILE

Facts and figures

www.bmwgroup.com

The BMW Group is one of the most successful manufacturers of automobiles and motorcycles and ranks among Germany's largest industrial companies. It is the only automobile company in the world represented in all relevant premium segments, with the brands of BMW, MINI and Rolls-Royce. The BMW Group headquarters are in Munich and the Chairman of the Board of Management is Dr. Norbert Reithofer. The Chairman of the Supervisory Board is Prof. Joachim Milberg. For the 2010 financial year, the BMW Group achieved a global sales volume of approximately 1.5 million automobiles and approximately 110,000 motorcycles, and generated revenues of euro 60.5 billion. The BMW Group's EBIT for the 2010 financial year totalled euro 5.1 billion. At the end of December 2010, the company employed a global workforce of more than 95,000. The company's shares (WKN 519000; ISIN DE0005190003) are listed on the Frankfurt Stock Exchange's DAX index. On 31 December 2010, there were 601,995,196 BMW shares of common stock and 53,163,412 shares of preferred stock. This corresponds to a share capital of around euro 655 million. Members of the Quandt family hold 46.7% of the shares of the company's common stock, while 53.3% of the common stock is held by institutional and private investors. The sales network of the BMW Group consists of 43 company-run sales locations as well as around 3,100 BMW, 1,300 MINI and 80 Rolls-Royce dealerships. National importers provide sales support to over 100 countries. Thus, the BMW Group is represented in over 140 countries on all five continents.

History

Bayerische Motoren Werke G.m.b.H. came into being in 1917, having been founded in 1916 as Bayerische Flugzeugwerke AG (BFW). It became Bayerische Motoren Werke Aktiengesellschaft (BMW AG) in 1918. The company initially focused on the development and production of aircraft engines and from 1923 onwards, also on motorcycles. In 1928, BMW laid the foundation for its success as an automobile manufacturer with the purchase of the Eisenach motor vehicle factory.

Brands and objectives

The BMW Group brands BMW, MINI and Rolls-Royce are three of the strongest premium brands in the automotive industry today. Vehicles built by the BMW Group offer superb product substance in terms of aesthetic appeal, dynamic performance, technology and quality, and underline the company's leading position in innovation and technology. The BMW Group also occupies a strong market position in the motorcycle segment with the brands of BMW and Husqvarna. BMW Financial Services rounds off the successful business of the BMW Group. The goal of the BMW Group is to achieve profitable growth and above-average returns by focusing on premium segments. The company successfully began its strategic realignment "Strategy Number ONE" in September 2007, with the aim to be the leading provider of premium products and premium services for individual mobility.

Sustainability

Corporate sustainability is firmly established as a guiding principle of the company's strategy and culture. The BMW Group complies with the ten principles of the Global Compact and the Cleaner Production Declaration of the United Nations Environmental Program (UNEP). In addition, the company also adheres to the agreements of the International Labour Organisation (ILO), the OECD's guidelines for multinational companies and the Business Charter for Sustainable Development issued by the International Chamber of Commerce (ICC). For six consecutive years the BMW Group has been named as the world's most sustainable automobile company in the Dow Jones Sustainability Index. The BMW Group is the only automobile company to have been listed in the top three every year since the Dow Jones Sustainability Indexes were founded in 1999.

Production and assembly locations

www.bmwgroup.com/locations

The BMW Group is a global operation with more than 25 production and assembly plants in 14 countries. In Germany, production facilities are located in Munich, Dingolfing, Regensburg, Landshut, Leipzig, Berlin, Wackersdorf and Eisenach; Spartanburg, USA; Rosslyn, South Africa; Oxford, Hams Hall, Swindon, and Goodwood in the UK; Steyr, Austria; Varese, Italy; and Shenyang, China. Assembly plants are located in Kaliningrad, Russia; Cairo, Egypt; Chennai, India; Rayong, Thailand; Kulim, Malaysia; Manaus, Brasilia and Jakarta, Indonesia. These are mainly operated together with external partners. The company also uses Magna Steyr Fahrzeugtechnik AG & Co KG in Graz (Austria) for contract production.

SUSTAINABLE OPERATIONS 01

Sustainable operations for lasting success

SUSTAINABLE OPERATIONS. With its corporate Strategy Number ONE, the BMW Group plans to become the leading producer of premium products and premium services for individual mobility. In our view, premium includes the idea of sustainability, which is why we are working to establish sustainable business practices along the entire value chain and throughout all processes. Key elements in our sustainability management are our environmental monitoring system, our ongoing dialogue with stakeholders, and the integration of sustainability criteria into every aspect of our corporate development.

AREAS OF FOCUS

Anti-corruption and compliance work — Page 11
Corporate governance — Page 11
Corporate success — Page 18
Environmental and social standards in the supply chain — Page 16
Risk management — Page 10
Stakeholder dialogue — Page 14
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CHALLENGES

Preventing corruption and strengthening compliance controls

Environment (e.g. climate change), conflict minerals, human resources issues (e.g. demographic change), industry sector risks (e.g. fuel price developments, increasingly stringent emissions legislation and targets)

Gaining transparency over the supply chain and ensuring every one of our growing number of suppliers adheres to social and environmental standards, in the BRIC states as elsewhere

Meeting a wide range of stakeholders' information needs

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KEY PERFORMANCE INDICATORS (KPIs)

Revenues

▲ euro 60,477 million

euro 50,681 million in the previous year

Profit before tax

▲ euro 4,836 million

euro 413 million in the previous year

Return on Capital Employed

▲ 19.6 %

3.3 % in the previous year

Listings in Sustainability Indices

- Industry leader in Dow Jones Sustainability Index
- Listed in FTSE4Good and FTSE4Good Environment Index
- oekom Prime Status: the BMW Group is the third most sustainable company in the DAX 30 index

Page 77 et seq.

PROGRESS IN 2010

- Continued development and further detailing of parts of sustainability strategy
- Sustainability as a purchasing criterion in the selection of suppliers

FORECAST

- Continued development and implementation of the sustainability strategy across all divisions by the end of 2012
- Establish sustainable business practices along the entire value chain by the end of 2012

For a complete overview of key figures, targets fulfilled and new objectives, see “objectives, facts and figures” section on page 71 et seq.

01.1 — STRATEGY AND ORGANISATION. When it comes to sustainable operations, no other automotive producer can rival the BMW Group. We have established sustainable principles in every area of our business – around the world and along the entire value chain.

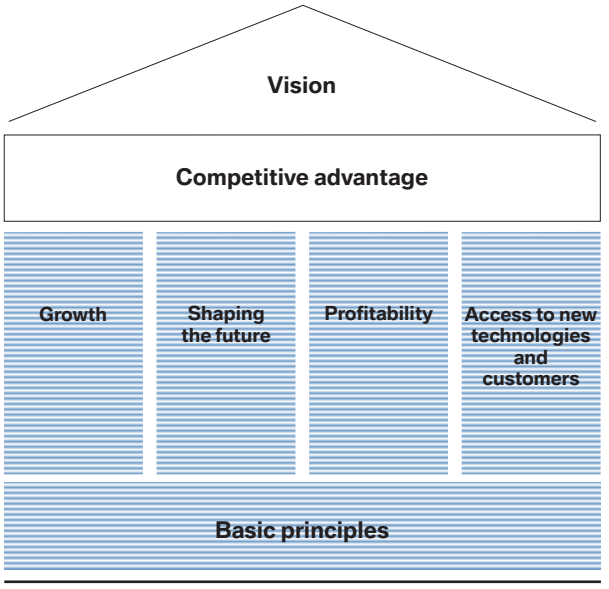
› BMW Group Annual Report 2010

By the year 2020, the BMW Group will be the world's leading provider of premium products and premium mobility services. That is the goal we set ourselves back in 2007, when we established Strategy Number ONE, which has undergone continued development ever since. For us, however, premium means more than products and services; premium means being the leader in the development of sustainable solutions for individual mobility needs. With a sustainable philosophy and sustainable business activities, we have the foundations needed to secure long-term growth, greater profitability, access to new customer segments and access to future technologies. These four pillars are the foundation of our corporate strategy: Strategy Number ONE.

In line with our Strategy Number ONE, we are systematically establishing sustainability criteria across every area of our company, in all of our target processes and along the entire value chain. They are based on our sustainability strategy, which was approved in the summer of 2009 and provides the starting point for the individual divisions of our organisation to devise their own specific goals. Efforts to continue integrating the strategy into the individual divisions of our company remain our focus at the moment.

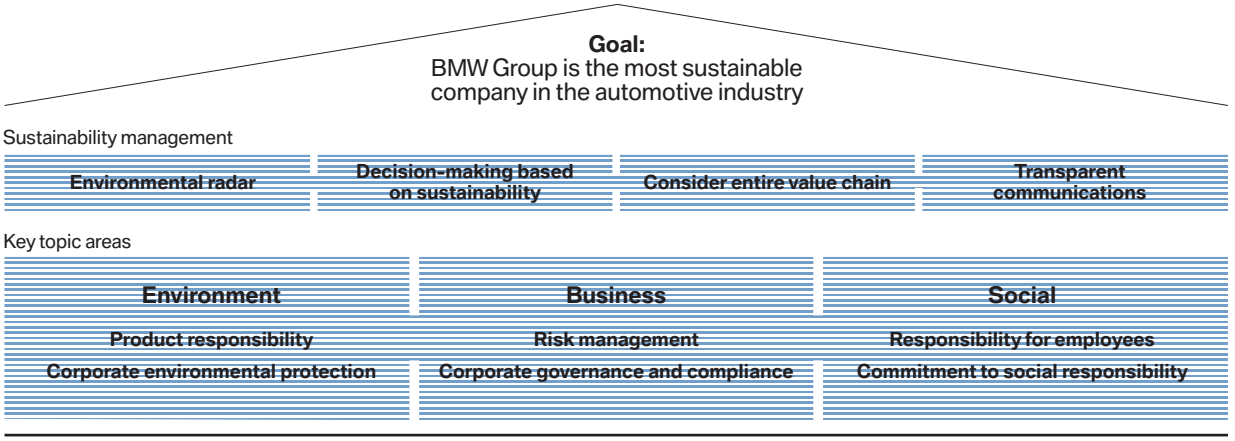
As sustainability becomes more firmly established throughout our organisation, we are working to strengthen our external networks as well as our communications with relevant stakeholder groups. By participating in numerous conferences, projects and networks, we are pushing forward the establishment of a set of overall principles for sustainable development in business and society. Among the projects we are involved in are the Global Compact, econsense and the World Business Council for Sustainable Development, which we have been part of since 2011.

Corporate Strategy Number ONE



Constant communications with stakeholders benefit our company by helping us systematically pick up on impulses that support our sustainable development and enhancing our Sustainability Management. One significant instrument for our communications in this area has been our regular stakeholder surveys (see chapter 01.4, page 14 et seq.). These reveal what our stakeholders expect from us and allow us to balance their views against our own internal considerations. We last discussed our assessment of sustainability issues in our operations, finances and reputation in an in-house workshop in April 2011. All the relevant aspects named both in-house and externally have now been brought together to form a Materiality Matrix.

BMW Group sustainability strategy and key issues



www.unep.fr/scp/cp
www.unglobalcompact.org
www.unglobalcompact.de
www.un.org/millenniumgoals
www.ilo.org
www.oecd.org
www.iccwbo.org

UN Global Compact

In 2001, the BMW Group signed a voluntary agreement to abide by the ten principles of the UN Global Compact and the Cleaner Production Declaration of the UN Environment Programme (UNEP). We have also made a clear commitment to the UN's Millennium Development Goals (MDG), contributing in particular to goals No. 6 "Combat HIV/AIDS, malaria and other diseases" and No. 7 "Ensure environmental sustainability".

In 2005, the BMW Group joined forces with employee representatives to draw up its Joint Declaration on Human Rights and Working Conditions at the BMW Group. In doing so, it reaffirmed its commitment to adhere to the core labour standards of the International Labour Organisation (ILO). We also abide by the OECD's principles for multinational corporations and by the Business Charter for Sustainable Development issued by the International Chamber of Commerce (ICC).

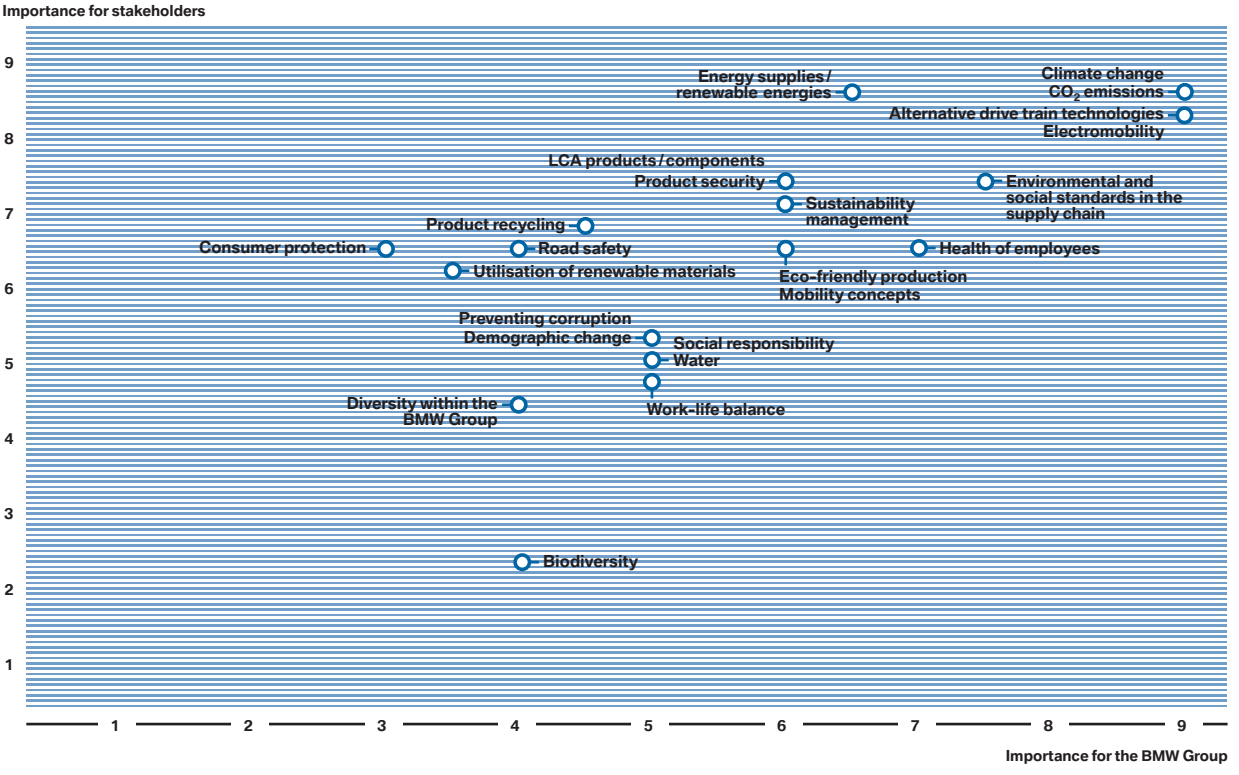
Organising and managing sustainability

One important goal of our sustainability strategy is to manage the issue of sustainability centrally and establish it as a core strategy within our organisation. For this reason, our Sustainability and Environmental Protection department has been directly incorporated into our Corporate Strategy unit since 2007. Its responsibilities include the continued enhancement of our sustainability strategy and the strategy and management of business, environmental and social sustainability.

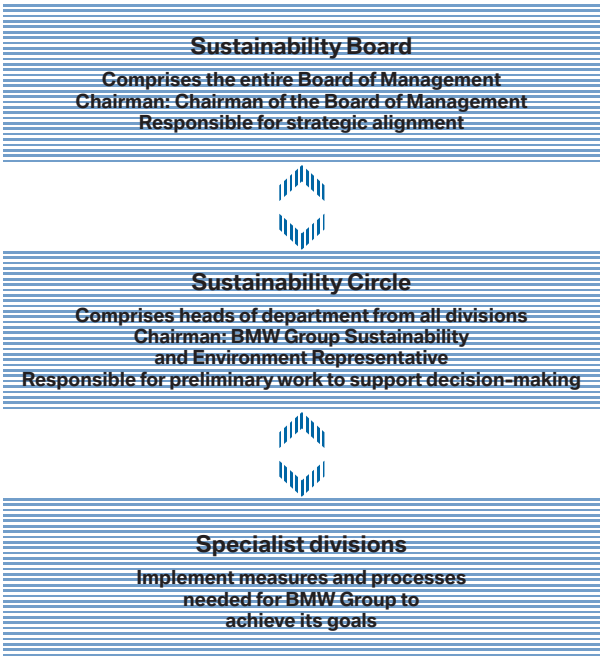
The long-term direction of our sustainability strategy is established in our Sustainability Board meeting. Involving all of our Management Board Members, the Sustainability Board convenes twice a year to assess the company's progress. Meanwhile, responsibility for its operative implementation of measures in the individual divisions of our company lies with our Sustainability Circle. This meets at least twice a year and is chaired by our Sustainability and Environment representative. Its responsibilities include the identification and evaluation of risks and opportunities relevant to sustainability. The Sustainability Board is additionally responsible for the exchange of information and the coordination of relevant activities across division boundaries. It also oversees the continued enhancement of our sustainability strategy.

In 2010, much of the work done by the Sustainability Circle and Sustainability Board focused on the continued enhancement of our corporate sustainability strategy for the individual divisions. It also concentrated on the BMW Group's position on climate issues, the verification of concepts for holistic reporting procedures, and opportunities for the utilisation of renewable energies.

Materiality analysis



Responsibility for sustainability issues in the BMW Group



» www.sustainability-index.com

» www.ftse.com/index.jsp

» www.oekom-research.com

» www.cdproject.net

Since the beginning of 2009, sustainability has become an established corporate goal in the BMW Group's balanced scorecard. As a result, every one of our projects is assessed with relevant criteria in mind. Today, sustainability criteria are taken into account along the entire value chain. And when it comes to operative implementation, we apply established environmental (ISO 14001 and EMAS), quality assurance (ISO 9001) and occupational safety (OHSAS/OHRIS) management systems. In addition, with sustainability now forming an integral part of our division and personal target agreements, aspects such as the 30% reduction in resource consumption we are currently working to achieve also influence our salary assessment system.

Any interim goals we are aiming for or have achieved as part of our sustainability strategy are communicated objectively, transparently and continuously, both to our team in-house and to the external public. Alongside our Sustainable Value Report, our performance in the sustainability rankings of independent agencies contributes to our communications in this area. Our goal is to be the top performer in every ranking published by any of the major rating agencies.

BMW Group is once again the world's most sustainable automotive producer

One of the most important ratings in the world is the Dow Jones Sustainability Index World and Europe. In 2010, the BMW Group was able to secure its position as the industry leader in this ranking for the sixth time in succession, meaning external analysts rate us as the most sustainable automotive producer in the world. We have also been listed in the FTSE4Good, another major index for sustainable businesses, for the last ten years and featured in its sister index, the FTSE4Good Environmental Index, since 2007. Moreover, the Munich rating agency oekom named us as the third most sustainable company listed in the German DAX 30 index. Its analysis focused on the way social and environmental criteria have been integrated into management structures, processes and products. With oekom's evaluation, the BMW Group now enjoys oekom Prime Status, an accolade conferred only to leading companies in the various industries. Meanwhile, the annual assessment by the Carbon Disclosure Project (CDP) rated the BMW Group third among automotive producers in the Industry Group "Automobiles & Components" of the Global 500 in 2009.

As well as these ratings, a set of key performance indicators (KPIs) is in place that enables empirical comparisons with other companies and allows us to assess our performance. An overview of the relevant KPIs is provided in the introductions to each chapter of this Sustainable Value Report.

Consistent integration of sustainable practices

We want to continue developing our leading position in the world's most important sustainability indices. To help us do so, we have set up a series of measures and criteria for the individual divisions of our company. We have also made consistent efforts to establish our sustainability strategy in our subsidiaries and across our global dealership network in 2010. Moreover, we have approved a project package that is designed to promote social sustainability, and with an efficient target system now in place, we can work effectively as we set the direction the company will take towards greater sustainability. We have also assessed the opportunities available for our facilities around the world to make use of renewable energies. But more than anything, we have made sure our employees know about our sustainability strategy and involved them in training courses and events. In total, more than 4,000 members of our staff attended courses on sustainability during the reporting period – not including the courses that form

The BMW Group's positions in sustainability rankings. Listings on sustainability indices 2009 – 2010

Sustainability rating agencies	Assessment and result
Imug / Ethical Investment Research Services	Evaluated (for result see FTSE4Good)
oekom Research	Industry focus: Automobile 2010: second place (Status Prime B)
ÖKO-TREND	ÖKO-TREND Certificate: Outstanding Corporate Responsibility (Highest-scoring carmaker)
Sustainalytics (formerly Scoris)	DAX 30 Sustainability Rating 2009: first place
Sustainable Asset Management (SAM)	SAM Sector Leader, SAM Gold Class (see also DJSI)
Vigeo	Evaluated (for result see Advanced Sustainable Performance Indices)
Sustainability indices	**Listing and result**
Advanced Sustainable Performance Indices (ASPI)	Listed
Carbon Disclosure Leadership Index (CDLI)	Listed (2009)
Dow Jones Sustainability Index (DJSI) World and STOXX	Global Supersector Leader of Automobiles & Parts 2009 / 2010
E. Capital Partners International (ECPI) – Index Family	Listed
Ethibel Sustainability Index (ESI) Excellence Global and Europe	Listed
FTSE4Good Index Global and Europe	Listed
FTSE4Good Environmental Leaders	Listed

Main awards won by the BMW Group in 2009 / 2010

Awards for sustainability reporting
Corporate Register Reporting Award 2010
— Best Report: fourth place
— Best Carbon Disclosure: second place
IÖW / Future Ranking of Sustainable Value Reports 2009 (large businesses): third place
Carbon Disclosure Project: third place in the Industry Group "Automobiles & Components" of the Global 500 with 78 points; listed in Carbon Performance Leadership Index

Sustainability awards for individual BMW Group models are listed on page 25.

part of our yearly quality, environmental and occupational safety training programme. In addition, some 230 apprentices attended a Sustainability course, and around 1,700 managers completed the Managing Business training programme, which includes a module on sustainability. Approximately 2,450 associates joined the Sustainability on Tour events that took place between August 2009 and September 2010.

In 2011 to 2012, we will focus on continuing our efforts to establish the sustainability strategy at all of our facilities and divisions. Numerous packages of concrete measures are to be approved for specific divisions, such as Sales, Development, Purchasing and Production. (To find out more, see our "objectives, facts and figures" section, which starts on page 71).

01.2 RISK MANAGEMENT.

RISK MANAGEMENT. Responsible risk management and consistent utilisation of the opportunities available are at the core of our business practice. Our Group-wide risk management system helps us recognise risks early on so that we can take appropriate action to deal with them successfully.

UN Global Compact

In today's global economy, increasing connectivity and fiercer competition are multiplying the risk of incalculable chain reactions and knock-on effects. Our established risk management system enables us to recognise these risks early on so that we can tackle them successfully. Comprising a decentralised network of risk representatives working at Group level, our system operates at every level and in every area of the company to raise awareness of relevant risks and of what can be done to deal with them in a professional manner. Every risk identified by one of our specialist departments is recorded in our Risk Management Circle and, unless critical, evaluated by the Management and Supervisory Boards. Our activities in this area are controlled centrally by our Finance Division, with regular internal audits ensuring all measures are suitable and effective.

www.bmwgroup.com/ir

BMW Group Annual Report 2010. For further details on the risk management system, please see pages 63–69

Risks arising from environmental issues and resource consumption are reported by our Sustainability and Environmental Protection representatives. And with sustainability as a central strategic principle of our company, every project presented to the Management Board is verified first and foremost for its sustainability, among other things. The BMW Group's Risk Management team pays particular attention to the following developments:

Political, social and economic risks
Political tensions, terrorist activities, natural disasters and pandemics can all have a negative impact on economies and capital markets, and consequently on social development.

Industry-specific risks
Rising fuel prices and ever more rigorous fuel consumption and emissions standards for automobiles are placing increasingly tough demands on our engine and product development. However, in the context of climate change as well as rising energy prices and changing customer requirements, the BMW Group also identifies opportunities.

Climate risks
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.

Supply chain risks
When we choose a supplier, our Supplier Relationship Management department verifies not only the company's viability in terms of business and technology but also its social and environmental credentials. The process is supported and monitored by our Compliance Committee. In addition, BMW Group Purchasing is currently mapping areas around the world that are at risk of natural disasters. Its findings will help us select the right locations and supply routes.

Risks arising from dwindling natural resources
The increasing scarcity of natural resources makes their efficient use and the search for alternatives essential. Dwindling reserves are also causing industry to make greater use of recycled materials.

Personnel risks
The population in Germany is ageing and shrinking, with lasting effects on the employment market. Already, competition for employees with key qualifications is growing tougher.

During the global financial crisis, our risk management system proved its worth. Individual functions, such as the verification of standard risk costs in financing contracts, have now been optimised on the basis of our experience gained during the crisis. We have also integrated several sustainability risks into the process, including physical and regulatory risks to our reputation relating to the environmental and social standards of our suppliers. Our Supplier Relationship Management department has identified and established sustainability as being an equally important criterion for the supplier selection process (see chapter 01.5). In addition, exchanges with other companies, regular training courses, workshops and information events within our risk management network have enabled us to prepare ourselves and our employees to meet new risk requirements.

In the future, as our corporate processes become increasingly complex, we will focus on strengthening the interplay between those responsible for our risk management and strategy on the one hand and our partners in society on the other.

01.3 CORPORATE GOVERNANCE AND COMPLIANCE.

CORPORATE GOVERNANCE AND COMPLIANCE. Responsible and lawful conduct is fundamental to the success of the BMW Group. This approach is an integral part of our corporate culture and is the reason why customers, shareholders, business partners and the general public place their trust in us.

BMW Group Annual Report 2010. For further details on corporate governance, please see pages 140 – 165

www.bmwgroup.com

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 Corporate Governance Code. Based on the German Corporate Governance Code (GCGC), this document was updated following the publication of the revised GCGC.

BMW Group Annual Report 2010. For further details on compliance, please see pages 140 – 165

www.bmwgroup.com/compliance

Compliance and anti-corruption

The Board of Management and the employees of the BMW Group are obliged to act responsibly and in compliance with applicable laws and regulations. However, legal violations can never be ruled out completely. In order to ensure protection against compliance-related risks, the Board of Management created a Compliance Committee in 2007, mandated to establish a worldwide Compliance Organisation throughout the BMW Group. The establishment was completed in 2009.

The BMW Group Compliance Committee is responsible for managing and monitoring the full spectrum of activities necessary to ensure legal compliance. It is also tasked with informing the Board of Management about all compliance-related issues. The BMW Group Compliance Committee operates through the BMW Group Compliance Committee Office, which is allocated in organisational terms to the Chairman of the Board of Management.

The BMW Group Compliance Organisation comprises the entire set of measures taken to ensure that the BMW Group and its staff act in a lawful manner. It is supplemented by a whole range of internal Policies, Guidelines and Instructions, which in part reflect the applicable law.

The BMW Group Legal Compliance Code is at the core of the BMW Group Compliance Organisation and is available for all members of staff to consult.

More than 11,000 managers and staff have received training worldwide in essential compliance matters since the introduction of the BMW Group Compliance Organisation, in 2008. In addition, in-depth training is also provided to certain groups of staff. In 2010, for example, a European Union related training programme was prepared ("Compliance Advanced – Competition and Antitrust Law").

In order to avoid legal risks, all members of staff are expected to discuss matters with their managers and with the relevant departments within the BMW Group, in particular Legal Affairs, Corporate Audit and Corporate Security. Additional support for staff and the external public can be obtained from the BMW Group Compliance Contact. Possible violations of the law can be reported anonymously via the BMW Group SpeakUP Line. All enquiries are documented and followed up by the BMW Group Compliance Committee Office using an electronic case management system.

On top of that, a reporting system has been established which enables compliance-relevant issues to be reported to the BMW Group Compliance Committee, both on a regular basis, and on an ad-hoc basis. The first full set of compliance reporting was completed in 2010.

The Board of Management consistently keeps track of and analyses compliance-related developments and trends. In autumn 2010, the Board of Management decided to expand the existing range of compliance measures. This included additional measures aimed at avoiding corruption, strengthening controls and introducing regionally structured compliance management.

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 law result in employment-contract sanctions and may involve personal liability consequences for the employee involved. In order to avoid this, the BMW Group's employees are kept fully informed of the tools and measures used by the BMW Group Compliance Organisation via various internal channels – the most important being the Compliance website within the BMW Group intranet.

Compliance is also an important factor in terms of safeguarding the future of the BMW Group's workforce. With this in mind, in 2009 the Board of Management and the national and international employee representative bodies of the BMW Group signed 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.

Celebrating the 50th anniversary of the BMW Group's milestone shareholders' meeting

SOLIDARITY AMONG EMPLOYEES, SHAREHOLDERS AND CORPORATE MANAGEMENT

A

50 years ago, something very special came into being. Following a severe crisis, a successful campaign to restructure our company resulted in an unprecedented bond between employees, shareholders and the executive management. This marked the start of two developments: a strong feeling of solidarity on the one hand and a shared sense of responsibility for our corporate autonomy on the other. We look back over 50 years of autonomy and development since Herbert Quandt gained a majority share at the shareholders' meeting in 1960.

9 December 1959 could be considered a new beginning for the Bayerische Motoren Werke. A deep corporate crisis had swallowed up large parts of the company's finances. In an apparently desperate situation, the management could see no alternative but to sell the company to the Stuttgart-based producer Daimler-Benz AG. In a turbulent shareholders' meeting on that day, however, small shareholders and BMW dealer representatives objected to the plan, putting an end to the proposed acquisition.

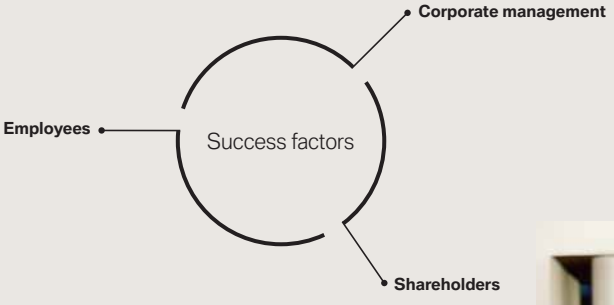
Major shareholder Herbert Quandt was impressed by the company's will to survive. In close collaborations with Works Council Chairman Kurt Golda and the company's new Board of Management, he worked out a plan that would secure the future autonomy of the Bayerische Motoren Werke. Presented to shareholders on 30 November 1960, this concept for the future was to pave the way for the rapid rise of the BMW brand in the 1960s. This new beginning was accompanied by a new-found sense

— B

of solidarity among employees, shareholders and the management – without which the BMW success story would have been unimaginable.

Just a few years later, the company faced another challenge. The oil crisis of 1973 – 74 caused car sales to plummet before soaring again shortly afterwards. Thanks to the strong sense of identity and flexibility of its employees, the company was able to weather the crisis and usher in a new era of growth.

In the early 1980s, BMW saw itself confronted with the same question as other manufacturers: how to produce economically in a high wage country like Germany?



In order to resolve the problem, the management and Works Council developed a groundbreaking working time model. This decoupled machine operating times from personal working times at the BMW plant in Regensburg. Known as "The Common Sense Contract", the new arrangement represented a major competitive advantage for the BMW Group.

The two big tests of the 1970s and 80s led to constructive collaborations between the Board of Management, the Works Council and the company's major stakeholder, all under the auspices of long-standing Chairman of the Board Eberhard von Kuenheim. To this day, the fairness among these company partners that was established back then continues to characterise collaborations between decision-making bodies at the highest level.

In 1999 to 2000, the competitive position of the Bayerische Motoren Werke was at risk once again, this time due to the Rover acquisition. The Supervisory Board, the Board of Management and employee representatives set about selling the Rover Group. This allowed the BMW Group and its employees to realign their business activities successfully under the three premium brands BMW, MINI and Rolls-Royce.

The company also responded quickly and flexibly to the global financial and economic crisis of 2008 – 2009. Once again, its Management and Works Council pulled together. A spell of short-time work in early 2010 was followed by all-time production highs in the fourth quarter of that year at some of the BMW Group's plants.

With Strategy Number ONE, launched in 2007, the BMW Group realigned its business activities to provide suitable solutions for the wide-ranging challenges of individual mobility in the future. Its vision is to be the leading provider of premium products and premium services for individual mobility by the year 2020.

— C

— A On 30 November 2010, celebrations mark the 50th anniversary of the shareholders' meeting
— B BMW Vision EfficientDynamics
— C In the foreground from left to right: Dr. Norbert Reithofer, Chairman of the Management Board; Prof. Joachim Milberg, Supervisory Board Chairman; Stefan Quandt, shareholder and Supervisory Board Deputy Chairman. In the background: Manfred Schoch, Works Council Chairman and Supervisory Board Deputy Chairman

01.4 STAKEHOLDER DIALOGUE.

As a globally active corporation, we are in constant dialogue with a wide range of stakeholders at home and abroad. Our communications with them enable us to identify trends early on, strengthen our commitment to society, and work better to achieve our sustainability goals.

Customers, business partners, employees and the media, decision makers from politics and science, NGOs and investors. Together, these groups place significant demands on the BMW Group, both on a local and a global level. Many of our sustainability targets can only be reached via close collaborations with our partners from politics, society, the sciences and industry. All the while, the capital markets and society at large are developing a growing interest in information and in the dialogue about sustainability.

The dialogue we are leading with our stakeholders is ongoing and takes place on a range of different platforms. We see it as a constant learning process that helps us to recognise relevant trends and shifts and to work together to find solutions.

» www.bmwgroup.com/ir

Our main contact for our stakeholder dialogue regarding issues of sustainability is our Communications department. This collects enquiries to be discussed with experts in the relevant specialist departments. In addition, a range of committees and channels allow specialist divisions of the company to contact relevant stakeholder groups directly. At BMW Group sites around the world, local public relations representatives communicate with local stakeholder groups, while the dialogue for inter-site networks, such as the one between Oxford, Hams Hall and Swindon in the UK, is coordinated either centrally by a single site or by the regional or national headquarters.

E-mobility as a subject of the national stakeholder dialogue

In July 2010, 16 experts from the capital markets, NGOs and the BMW Group met for the second BMW Group Stakeholder Roundtable in Munich. Among the key issues on the agenda were electromobility and sustainable mobility concepts for the future. The former had also been the subject of discussions one year earlier, when experts from BMW North America met with representatives of five of the most influential NGOs. Issues affecting the BMW Group are additionally discussed on a quarterly basis in valuable meetings between members of the Union of Concerned Scientists, PEW Climate, the Sierra Club, the Safe Climate Campaign and NRDC.

› www.ucsusa.org
www.pewclimate.org
www.sierraclub.org
www.safeclimatecampaign.org
www.nrdc.org

On a national level in Germany, we have joined the National Platform for Electromobility (2009 – 2010), which was established by the German Federal Government. We have also taken part in several events relating to young people and exploring issues of education and mobility. In Berlin, the BMW Group organised a number of so-called green tables to discuss issues such as sustainable business (November 2009), vehicle technology and traffic safety (February 2010), environment management and recycling (April 2010), sustainability in the supply chain (September 2010) and the future of mobility (November 2010). Guests included representatives of parliamentary parties in the Bundestag and of the relevant ministries and NGOs.

» www.facebook.com/BMW

› www.bmu.de

Further stakeholder dialogues involving BMW Group representatives also took place at other locations. These include Berlin, where discussions focused on e-mobility as a driver of the economy, and other places across Europe and the USA. Other discussions on issues such as sustainable mobility and education have involved numerous national and international politicians.

In 2010, investors and analysts were once again keen to find out more about our sustainability strategy. Sustainability is now firmly established on the agendas of our investor relations roadshows and discussions. It has also been the subject of conferences on socially responsible investment and of sustainability conferences and roadshows.

In dialogue with neighbours, co-workers and the Internet community

Communications departments at our various sites respond to questions and possible problems of local stakeholders and provide information on relevant plans, such as upcoming construction projects. In Leipzig, for instance, discussions in advance of a proposed wind farm construction project were intense and involved all the relevant parties.

Many of our plants also take active steps to encourage a stronger sense of community. Our facilities in Munich and Spartanburg, for example, have made rooms available for neighbourhood projects to use.

One fundamentally important point in this regard is that local stakeholder dialogues can focus particularly strongly on local situations. Whether in Germany, China, India, South Africa or the USA, no two sets of circumstances are ever the same, so the local dialogue must meet local requirements.

At the end of March 2010, we launched our Facebook platform called BMW Group View. Unlike the brand-specific platforms for BMW and MINI, BMW Group View addresses a wider audience with an interest in our company. We use it, among other things, to discuss issues of sustainability but also to provide a useful source of information for many of our stakeholders. By 4 July 2011,

more than 40,300 Facebook members had linked up with BMW Group View.

Internally, when it comes to finding out what our employees think of their working environment, personal development opportunities, corporate culture, and of the BMW Group as an employer, we hold regular employee surveys. The most recent was launched in spring 2011 and has already delivered results, which were presented to employees in the early summer of this year. The next employee survey is scheduled to take place in the first half of 2013.

» www.econsense.de
www.wbcsd.org
www.globalcompact.de
www.eugt.org
www.acea.be
www.vda.de

Dealer, employee and other stakeholder surveys
How does the public view our sustainability activities? And what reporting methods do our stakeholders prefer? What sustainability trends and topics are relevant for the BMW Group?

Throughout the period covered by this report, questions like these have been explored in a total of five stakeholder surveys. In autumn 2009 to spring 2011, we held an online survey at www.bmwgroup.com/responsibility to which 166 people responded. In November 2010, we surveyed 26 BMW Group dealers in seven different countries and found that most of them identified fuel consumption and product safety as being of primary importance in the eyes of BMW Group customers. In December 2010, we questioned 16 European investors and analysts (75% of whom had an SRI sustainability focus) to find out their views on the BMW Group sustainability strategy. And between February and April 2011, we interviewed 20 sustainability experts from research, the sciences, the capital markets, NGOs, politics and legislator groups. Respondents from Germany, the USA, the UK, India, China, South Africa and Switzerland rated the BMW Group as very good overall. (For more detailed results, see page 14.) Of those surveyed, 70% responded positively to the company's management approach regarding issues of sustainability, and 60% rated our product responsibility as outstanding. Some respondents identified potential for us to improve the way we monitor our corporate social responsibility and to do more in terms of electromobility and CO_2 emissions reductions. They also expressed a desire to see more intensive personal communications.

› i Page 76

During the course of 2011, we will continue to work on meeting their wishes.

MEMBERSHIPS AND RESPONSIBILITIES

As an active member of numerous specialist committees and organisations, we work to promote the philosophy of sustainability in business.

- Association of the German Economy (vbw)
- Confederation of German Employer Organisations (BDA)
- econsense – the Forum for Sustainable Development of German Business
- European Research Group on Environment and Health in the Transport Sector (EUGT)
- European Automobile Manufacturers' Association (ACEA)
- Federation of German Industry (BDI)
- German Association for the Automotive Industry (vda)
- German Chamber of Industry and Trade / Chambers of Industry and Trade (DIHK / IHK)
- Gesellschaft zur Altlastensanierung in Bayern mbH (GAB) (site remediation company)
- Global Compact Network Germany
- Sonderabfall-Entsorgung Bayern GmbH (GSB) (special waste disposal company)
- World Business Council for Sustainable Development (WBCSD)

01.5 SUSTAINABILITY IN THE SUPPLY CHAIN.

SUSTAINABILITY IN THE SUPPLY CHAIN. Our passion for premium quality and products is one we share with more than 12,000 suppliers around the world. When selecting and verifying who we do business with, sustainability is just as important as innovativeness and cost factors.

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Our products and services, our leading position in the market and the acceptance we find among our customers are not least the result of collaborations with our suppliers around the world. Some 12,000 of them in 70 different countries make a major contribution to the success of the BMW Group. Many of them are our long-standing partners. With all of our suppliers, we work to develop a common understanding of product and production quality. Even in the earliest stages of the supplier selection process, we make sure new candidates meet the same environmental and social standards we have set ourselves when they become our business partners.

With supply and value chains spanning a multitude of sub-suppliers around the world, ensuring sustainability represents a major challenge – especially in view of the limited opportunities available to influence second and third tier suppliers. Any contact we have with them is purely indirect, via our first tier suppliers. But new vehicle and production concepts such as those being established under our BMW i sub-brand are opening up new opportunities in the supply chain, which we must recognise and capitalise on. At the same time, we continue to strive to make our supply chain the most efficient and sustainable in the automotive industry. In 2010, we began to increase our focus on integrating this topic into selecting, monitoring and training our suppliers. Over the longer term, we aim to work only with partners that comply with the same principles as we do, namely those of the ILO, the UN Global Compact, UNEP Cleaner Production Declaration, OECD Guidelines and the ICC Charter.

Outside the BMW Group, we are implementing our commitment to sustainability with econsense, the forum for sustainable development of the German economy. As a leading member of the Supply Chain project group, we are working on a systematic method for verifying supplier sustainability across all sectors of industry.

SECURITY AND HUMAN RIGHTS

From production materials to vehicle components, our suppliers are contractually bound to comply with human rights legislation. Moreover, work is currently under way to integrate similar obligations into our global terms and conditions for the purchasing of services. In countries such as South Africa, local departments' annual in-house courses on human rights keep security staff up-to-date.

» https://b2b.bmw.com

› www.ilo.org
www.unglobalcompact.org
www.unep.fr/scp/cp
www.oecd.org
www.iccwbo.org

› www.econsense.de

Within the BMW Group, responsibility for the development of a sustainable supply chain lies with our Purchasing Division. Other specialist divisions, such as the main department for Sustainability and Environmental Protection and our department for Parts Quality Management are supporting the implementation of sustainability criteria along the value chain. In addition, the BMW Group's Supply Chain Academy has been sensitising our Purchasing teams to issues such as human rights and environmental protection as aspects of sustainability since the fourth quarter of 2010. Managers receive training in the subject through our Managing Business training course, which incorporates a module on sustainability.

Our global network of International Purchasing Offices (IPOs) identifies and trains local suppliers to work with the BMW Group. They also support our future partners in building up the processes needed for them to fulfil the environmental and social standards we have set.

Our partnership with our suppliers is characterised by open dialogue, transparent enquiry and nomination processes, and the most stable, lasting collaborations possible, even during periods of crisis. In November 2010, we held a forum for which we invited 400 of our main suppliers to an information event in Munich. Among the issues on the agenda was a stronger focus on aspects of sustainability in the BMW Group's supply chain.

1. Supplier selection process takes sustainability into account

Since 2008, we have urged our suppliers to provide information on how they fulfil sustainability criteria. In 2010, the catalogue of questions we had been using was extended to include small businesses and service providers. In total, 27 questions explore conditions at specific, individual production facilities of our first tier suppliers, delivering information about ISO 14001 environmental management systems, recyclability in product development, and waste disposal concepts. By June 2011, around 1,000 suppliers had voluntarily provided the information we asked for.

When selecting our suppliers and making final nominations, we consider only those companies that have provided the full and complete set of sustainability information and have not breached any of the BMW Group's exclusion criteria, which relate to aspects such as child labour. Under this system, we are making sustainability as much of a priority as the "classic" supplier requirements, such as reliability, innovativeness and economical value.

One visible sign of the increasing importance of sustainability in the supply chain is the BMW Group Supplier Innovation Award, which we will award to outstanding suppliers for the first time in November 2011. Among the selection criteria for prizewinners will be social, environmental and business performance.

SUPPLY CHAIN MANAGEMENT AWARD 2010

BMW Motorrad has developed an award-winning supplier risk management system. As part of its more general integrated, consistent and collaborative supplier management system, this risk management aspect earned it the recognition of the international business consultancy PRTM Management Consultants, the specialist logistics journal LOGISTIK HEUTE and Supply Chain Management Institute (SMI) of the European Business School.

2. Voluntary agreement and monitoring
Sustainability requirements have been an established component in our general purchasing conditions since 2003. Requirements are based largely on recognised national and international conventions. When signing a contract with the BMW Group, each supplier is making a binding agreement to abide by these criteria and undertake everything possible to ensure that they are adhered to along the upstream value chain.

As part of our supplier requalification process, we carry out sustainability checks on around 200 suppliers every year. We also visit our major suppliers two to three times a year, as we carry out their Supplier Performance Review. To ensure our monitoring system delivers quantifiable results, we approved a series of KPIs that will be applied as of 2011. These indicate the degree to which a supplier is implementing our criteria. They also quantify risk and incidents of serious deviations from our standards.

» http://ec.europa.eu/environment/chemicals/reach/reach_intro.htm

3. Escalation and supplier training
If a supplier breaches any sustainability criteria, we initiate a standardised three-stage escalation process. This begins with a request to the supplier to issue a statement and refer to the BMW Group's Terms and Conditions of Purchasing and ends, in the worst case, with the termination of our partnership with the offending supplier. However, we do provide a wide range of training and assistance for our suppliers.

Forecast
In 2011, we will link the findings of our sustainability surveys with the supplier evaluation systems we use to assess suppliers of direct and indirect materials. This will enable us to monitor the sustainability of their activities consistently. We will also formalise the feedback we gain during supplier visits and from working with individual suppliers. To help us to make continuous improvements to our own in-house requirements, we will integrate sustainability criteria into training courses at the M Purchasing Academy in 2011.

HOLISTIC CARBON ACCOUNTING FOR THE BMW i3

For its forthcoming megacity vehicle, the BMW Group has for the first time established a set of example environmental accounting criteria along the entire value chain (see also page 08). In total, around 70 suppliers will be delivering components for the electrically powered vehicle, which will be the result of a completely new production process. More than 50 % of the aluminium incorporated into the BMW i3 is "environmentally friendly" aluminium, which has been obtained largely from recyclates using carbon-neutral hydroelectric power.

MATERIAL OPTIMISATION ALONG THE VALUE CHAIN

How environmentally compatible are the materials we use to make our cars? How can we make them more easily recyclable? What environmental standards are there? And what will future legislation specify? These and other questions are among the issues the BMW Group seeks to resolve along its value chain. As early as the component development stage, we refer our suppliers to the requirements set out in REACH, the EU regulation on chemicals. With the help of a certified process, we use virtual cars to simulate the recyclability of components. Auxiliary and process materials such as paint and adhesives also undergo rigorous verification processes. This enables us to ensure that the materials and components we deploy along the value chain are ecologically sound.

01.6 THE YEAR 2010.

THE YEAR 2010. After the global financial crisis of 2009, the year 2010 turned out to be an extremely positive year for the BMW Group. Revenues and profits reached record levels, and in Asia and the USA in particular demand for our premium vehicles increased significantly. Around the world, we sold 1,461,166 units, marking a 13.6% rise year-on-year. Motorcycle sales rose by 9.7% to a total of 110,113 units.

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› BMW Group Annual Report 2010

Our Financial Services business volume also continued to grow, totalling euro 66,233 million (+8.2% compared with the previous year). This was enabled by the attractive range on offer and by the global economic recovery. On 31 December 2010, our Financial Services division was administrating 3,190,353 leasing and financing contracts with dealers and retail customers.

BMW Group revenues rose to euro 60,477 million from euro 50,681 million in the previous year. Our profit before financial result climbed to euro 5,094 million from euro 289 million the previous year. Profit before tax totalled euro 4,836 million compared with euro 413 million one year earlier. Net value added increased by 42.7% to stand at euro 14,902 million, the bulk of which (48.8%) is applied to employees. Gross value added reached euro 21,580 million (+21.7%).

Last year's success is attributable in part to the recovery of the global economy, but another important factor has been our Strategy Number ONE. This comprises a number of initiatives to increase profitability as well as additional measures for our Efficient Dynamics package.

The BMW Group's robust financial position has earned it the recognition of rating agencies of international repute. Our good creditworthiness is reflected in the first-class ratings we have achieved. On 22 July 2011 the rating agency Moody's announced that it would be raising BMW AG's rating from A3 to A2. This changes our short-term P-2 rating to P-1, the highest short-term rating possible. The outlook remains stable. Standard & Poor's short-term rating for the BMW Group is A-2, the long-term rating is A–, with a stable outlook.

Global impulses for growth

During the course of last year, we were also able to improve our competitive position. Investment volumes totalled euro 3,263 million, marking a slight drop on figures for the previous year. However, research and development expenditure rose to euro 2,773 million, compared with euro 2,448 million the previous year.

One of our most important investments last year was in the expansion of our US plant in Spartanburg. Here, production capacity is set to total 1,000 units per day, or up to 240,000 vehicles a year. With these investments worth US dollar 750 million and the launch of BMW X3 production in Spartanburg, natural hedging will offer us greater protection from exchange rate fluctuations.

In Tiexi, China, not far from Shenyang, June 2010 saw the start of construction work for a new plant. The product range of this new facility will include the BMW X1. In choosing Tiexi, we attached great importance to ecological and social criteria (see page 42). From 2012 onwards, our production capacity in the dynamic market of China will total 150,000 units. In addition to this, we have enhanced our sales network across China and other burgeoning BRIC markets by establishing a further 100 dealerships.

Meanwhile, our German plants benefited from investments totalling euro 1.5 billion in 2009 and 2010. November 2010 saw construction work commence to prepare our plant in Leipzig for production of our mega-city vehicle. By 2013, the BMW Group will invest some euro 400 million in buildings and equipment for large-scale series production of vehicles that we will launch onto the market under our new sub-brand, BMW i (see page 28).

PRODUCT RESPONSIBILITY

02

Shaping tomorrow's mobility today

PRODUCT RESPONSIBILITY. We are realising our commitment to product responsibility in a wide range of ways: making our production network increasingly resource-efficient, implementing holistic recycling concepts and a sustainability strategy that encompasses every one of our sales organisations around the world. And as we work to enhance Efficient Dynamics even further, new technologies make our vehicles safer with consistently positive effects on accident statistics. Our collaborations with research partners and metropolises around the world are bringing forth new concepts to make tomorrow's transport more efficient and eco-friendly.

AREAS OF FOCUS

Alternative drive train technologies (electromobility) — Page 23
Compliance with emissions standards — Page 23
Customer information and customer satisfaction — Page 31
Innovative mobility concepts — Page 27
Product and component life cycle assessments — Page 22
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Reducing vehicle CO_2 emissions — Page 23
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CHALLENGES

Taking vehicles with alternative drive systems to series production and integrating the electric drive train into the overall vehicle

Identifying and reducing our environmental impact and closing material cycles across the vehicle life cycle

Demographic change and the spread of hybrid and electrically powered vehicles are placing new requirements on active and passive vehicle safety. We are continuing work on protecting drivers and other road users

As economic, environmental and social conditions and infrastructures change, we are working towards the global and regional mobility requirements of the future

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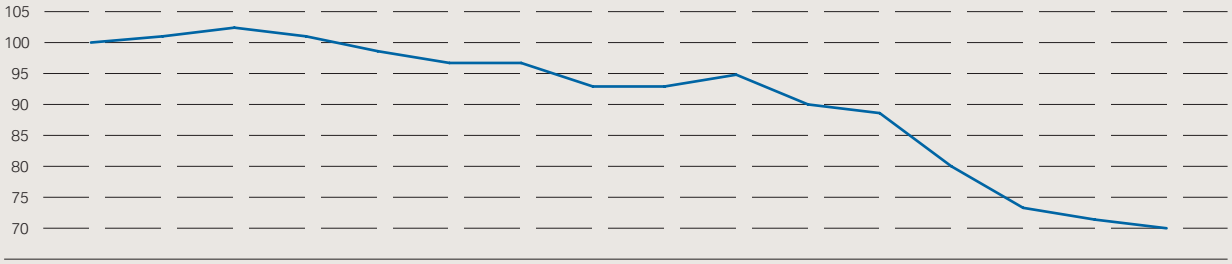
KEY PERFORMANCE INDICATORS (KPIs)

GRI Indicator A7
(Sector Supplement)

Development of CO_2 emissions of BMW Group vehicles in Europe

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



95	96	97	98	99	00	01	02	03	04	05	06	07	08	09*	**10**
100.0	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**

* measured only on EU-27 basis with effect from 2009

CO_2 emissions of BMW Group vehicles (EU-27)

⌄ 148 g/km

150 g/km in the previous year

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PROGRESS IN 2010

- 30 % reduction in CO_2 emissions from our new vehicles in Europe (EU-27) by 2010 (as compared with 1995)
- MINI E test fleet has been successful, with 600 vehicles clocking up more than 15 million kilometres in Europe, the USA and Asia since mid-2009.

FORECAST

- Reduce CO_2 emissions from our global fleet of new vehicles by at least 25 % by 2020 (as compared with 2008)
- Launch BMW ActiveE
- Develop BMW i3 (MCV) and BMW i8 to market standard by 2013
- Develop new mobility services. One million DriveNow users by 2020
- Develop car-to-car communications to reduce congestion and emissions by 2011/2012

For a complete overview of key figures, targets fulfilled and new objectives, see “objectives, facts and figures” section on page 71 et seq.

02.1 — PRODUCT POLICY AND MANAGEMENT APPROACH.

As an increasingly important factor in premium mobility, sustainability is in our view about integrating product responsibility into every facet of our work. One clear example is the BMW i3, which we developed in line with sustainability targets along the entire value chain – right from the start.

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UN Global Compact

www.bmwgroup.com/sustainablemobility

More performance. Lower fuel consumption. Lower emissions. The story of our products and their manufacture is one of continuous improvement and the most efficient use of resources possible. Today, these efforts have given us Efficient Dynamics, the world's most effective concept for long-term individual mobility based on consistent reductions in fuel consumption and emissions. But we are also working to develop forward-looking responses to questions concerning the quality, impact and future of our products – throughout their life cycles, across our BMW, MINI and Rolls-Royce brands, and spanning our motorcycle range.

All of this is integral to the way we understand product responsibility. This starts when development work begins on fuel-efficient vehicles that are safe for drivers and other road users. It continues throughout development and production, which are designed to have minimal impact on resources and on the environment. And it extends to our comprehensive customer care, which is of the highest quality. Moreover, our recycling concepts ensure our cars have minimum impact on the environment even after they reach the end of their life cycle.

Holistic accounting methods for products and processes

In December 2009, the Sustainability Board approved a motion to introduce holistic accounting methods to assess the sustainability of our processes and products across their entire life cycles – in line with our sustainability strategy. With values ascertained on the basis of environmental, business and social sustainability indicators, this new procedure complements our long-standing Life Cycle Assessment system (ISO 14040/14044), which has given us transparency over our consumption of resources, emissions and our potential environmental impact.

Our new holistic accounting method provides a truly comprehensive view of the impact our products and production processes are having. Most of all, however, it enables us to ensure from the development stage onwards that we combine maximum resource efficiency with minimum environmental impact. Sustainability, therefore, is a key factor in every product development decision. In realising its commitment to product responsibility, the BMW Group is working to make efficient use of resources and minimise emissions across the life cycle of its products and employing a wide range of strategies and measures:

- We are using innovative materials and construction techniques as raw materials become less readily available
- We are increasing resource efficiency across our production network and continuing to pursue our successful Clean Production Strategy
- We are working consistently to enhance our Efficient Dynamics Strategy, optimise our conventional drive concepts and develop revolutionary new drive train solutions
- We are bringing innovations to traffic management and researching mobility concepts for the future
- We are enhancing our supply chain, for example by making sustainability one of our purchasing requirements and by surveying suppliers accordingly
- We recycle on a broad scale and close material cycles at the end of a product's life cycle

BMW i3: the first fully emissions-free vehicle

Our goal is to manage the sustainability of our products along the entire value chain. The electrically powered BMW i3 is the BMW Group's first project to incorporate sustainability targets from its earliest strategy and concept phases onwards. From materials and parts purchasing to the sale of the finished vehicle, sustainability criteria will be under the spotlight. The first assessment began with the development division, where we recorded the BMW i3's greenhouse gas potential (CO_{2e}) as a concrete, measurable target across its life cycle. This CO_{2e} figure now appears alongside other, more established, performance indicators, such as vehicle weight and vehicle costs. In the years ahead, sustainability along the value chain and its measurement and management through holistic accounting will play an even stronger role at the BMW Group. Moreover, efforts are under way to gradually integrate the practices we introduced for project i across all our other vehicle projects as well.

DESIGNWORKS – MOBILITY AT ITS BEST

Around three-quarters of a product's future environmental impact will already have been decided during development. This is why DesignworksUSA, a 100 % subsidiary of the BMW Group working on several of our vehicle development projects, takes the longer view. Taking into account the complete life cycle of a product from the outset, it draws on strategic design consultancy services, innovations and input from a wide range of branches, industries and markets. In doing so, it is able to form new connections and ideas delivering the kind of innovative potential customers can find in all our vehicles.

02.2 TECHNOLOGIES FOR SUSTAINABLE MOBILITY. Fewer emissions, more driving pleasure.

When it comes to implementing this principle, no other car company can match the success of the BMW Group. With our new, efficiency-enhancing technologies and our revolutionary vehicle concepts, we are set to continue shaping resource-friendly mobility well into the future.

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www.ipcc.ch

www.bmwgroup.com/sustainablemobility
www.bmw.de/efficientdynamics

www.acea.be

The world has a clear goal. As resources dwindle and climate change continues unabated, all of us must strive to reduce our global carbon emissions and improve our energy efficiency. We must also look to regenerative sources to supply our energy needs as we pursue a goal that has united consumers, governments and producers around the world.

The BMW Group is currently the world leader for sustainability in the premium segment. With Efficient Dynamics, we have integrated a highly effective package of efficiency-enhancing measures across our entire product range. Between 1995 and 2010, the technology package brought CO_2 emissions from new BMW Group vehicles sold in the EU-15 states down by 30%. Today, our European fleet has an average fuel consumption of 5.4 l diesel or 6.6 l petrol per 100 km. Its average CO_2 emissions stand at 148 g per kilometre.

The leading force in efficient, high-performance mobility

We view these successes as encouraging. But at the same time, we realise that they represent no more than a first step in our comprehensive strategy to reduce fuel consumption and emissions. We are investing continuously in new, fuel-efficient, low emissions technologies that will benefit our customers as well as our environment. And all the while, our work in this area is one step ahead of regulations for the automotive industry. Already, more than 90% of the vehicles we sell around the world are covered by CO_2, fuel consumption and tax legislation. However, different target values for different regions and varying measurement cycles and methods represent a major challenge for automotive producers.

EFFICIENT DYNAMICS

Between 1995 and 2010, we brought CO_2 emissions from new BMW Group vehicles sold in Europe down by 30%.

When we develop a new vehicle or enhance our product portfolio, we make every effort to anticipate these divergent requirements and integrate them into our work. By the year 2012, we want to achieve the fleet target set by EU legislators, and by 2015 we want our European fleet to emit less than 140 g CO_2/km.

These ambitious CO_2 reduction targets are being translated directly into target specifications for each product line and each new vehicle project. A special CO_2 Strategy unit directly affiliated with the Board of Management is responsible for monitoring progress and advancing improvements in this area, while the development and implementation of fuel-saving, low emissions technologies is coordinated by the Complete Vehicle Architecture unit in our dedicated main department for Efficient Dynamics.

Three steps towards zero-emissions mobility

The overarching strategy underpinning these developments is our Efficient Dynamics Development Strategy. Approved in the year 2000, this sets the long-term direction for the BMW Group Production Strategy to achieve zero-emissions individual mobility. New vehicle technologies and revolutionary new solutions will gradually take us closer to this goal.

In 2009, we incorporated the Efficient Dynamics Development Strategy into our brand values, making the consistent reduction of CO_2 and other emissions an established part of our corporate target management system. In May 2009, our Board of Management agreed that Efficient Dynamics technologies would be rolled out in every market around the world and across all three BMW Group automobile brands.

In an initial stage, the Efficient Dynamics Strategy set out to integrate innovative, efficiency-enhancing technologies into all BMW Group models. In a next step, we are further improving fuel efficiency by gradually electrifying drive trains and producing comprehensive hybrid solutions, such as the BMW ActiveHybrid X6. From 2013 onwards, we will add to our portfolio with electrically powered cars such as the BMW i3 (see page 28 et seq.). Meanwhile, we are also working towards solutions that will use regeneratively produced hydrogen. According to our calculations, between 5 and 15% of all new vehicles registered will be either fully or partially electrically powered by the year 2020.

So that we can play an active role in this growing market and offer customised solutions for wide-ranging mobility requirements, we are consciously focusing our efforts on building up a broad technology base – because in our view, the road to zero-emissions mobility will take in not only evolutionary technologies but also radical new solutions. In other words, it will follow the exact route that we have set out in our Efficient Dynamics Strategy.

Step one: Efficient technologies for all new vehicles

Our Efficient Dynamics Strategy is based on innovative technologies, such as the Auto Start Stop function, brake energy regeneration, tyres with reduced rolling resistance and air flap control. Together, these innovations are gradually reducing both fuel consumption and emissions levels – but without compromising the comfort and

www.bmwgroup.com/science

dynamism of our cars. Efficient Dynamics represents a genuine paradigm shift: first of all, it means our customers need not sacrifice performance or dynamism for the sake of improving efficiency. And secondly, for us at the BMW Group efficiency is not a privilege for niche or special models but a standard component that has been incorporated into every new vehicle.

This added value benefits both our environment and our customers, because vehicles with Efficient Dynamics technologies cost less to run and achieve higher resale prices. This is just one of the reasons a number of major corporate customers, including auditing companies, the local governments of numerous German federal states and the Austrian government, have recently switched to BMW Group models for their vehicle fleets. Since 2007, we have sent more than 3.5 million Efficient Dynamics vehicles out onto the roads.

www.bmwgroup.com/connecteddrive

Efficient Dynamics opens up further promising potential in combination with BMW ConnectedDrive – a package of intelligent technologies that interconnect the driver, vehicle occupants, the vehicle itself and the environment. BMW ConnectedDrive is already adding significantly to safety, infotainment and comfort, and data from its sensors and navigation system can also help reduce fuel consumption and emissions considerably. While some of these applications are already available today, others are still undergoing development and testing. Here are a few examples:

www.bmw.com/cleanenergy

The Green Driving Assistant

When conventional navigation systems plan a route, they primarily offer the driver information about the distance and duration of the journey ahead. The Green Driving Assistant also tells drivers about fuel consumption on alternative routes, allowing them to decide whether a possible saving on fuel may be worth a little extra time on the road.

ECO Mode

www.bmw-i.de

ECO Mode represents an additional, efficient option to the usual spectrum of driving alternatives. As well as having the choice between "sporty" or "comfortable" driving styles, BMW drivers can opt for an especially efficient drive. The push of a button reconfigures the drive train, display concept and interior comfort features to enable fuel savings of up to 10%. In combination with the Proactive Driving Assistant and Active Coasting, ECO Mode allows fuel savings of up to 15%.

Active Coasting

Active Coasting is an innovative function for automatic vehicles and available for the very first time exclusively in combination with the ECO Mode. The principle involved is extremely simple: by releasing pressure on the accelerator, the driver automatically disconnects the engine from the gearbox. The new technology is particularly effective for drivers who have a predictive driving style of the kind enabled by the Proactive Driving Assistant.

Proactive Driving Assistant

The Proactive Driving Assistant uses data from the navigation system to tell the driver about speed limits, tight bends and turns ahead. By signalling them in the instrument panel and the Head-Up Display, it allows the driver to switch to Active Coasting at just the right moment, allowing the maximum possible saving in fuel.

Proactive Energy Management

Currently under development, Proactive Energy Management uses navigation data to adapt vehicle operations according to the route ahead. When a hybrid automobile approaches a longer downhill stretch of road, for example, the on-board computer is informed accordingly and decouples the generator in advance so that the battery is ready to be charged via engine braking as the car rolls down the hill. This enables the vehicle to use its charging potential to the full.

Step two: Drive train electrification

Another milestone in our Efficient Dynamics Strategy lies in the gradual electrification of drive trains. A range of hybrid solutions will eventually enable us to make maximum use of fuel-saving potential. The first two products incorporating such solutions are the BMW ActiveHybrid X6 and the BMW ActiveHybrid 7, both of which reached series maturity in 2009. They use up to 20% less fuel than their combustion-powered equivalents.

Step three: Alternative drive train concepts

The future of individual mobility is already here. Since 2007, our project i has been developing completely new concepts for individual mobility, vehicle architecture, and vehicle production and integrating sustainable solutions along the entire value chain (see page 28). Already, BMW Group vehicles have impressively demonstrated their credentials as electrically powered automobiles for day-to-day driving, and development work on our first series electrically powered car, the BMW i3, is forging ahead.

www.bmwgroup.com/sustainablemobility

Since the middle of 2009, more than 1,000 customers across Europe, Asia and the USA have been putting day-to-day electromobility to the test. As part of our MINI E field test campaign, they took more than 600 MINI E vehicles out onto the roads, clocking up more than 15 million kilometres in total and delivering invaluable insights into the challenges and most of all into the opportunities of electromobility. 90% of field test participants did not feel restricted by the range or charging times required for the car and – as the most important finding of the study – it would seem that a range of 150 kilometres and more space inside the vehicle would be enough to cover the needs of most urban drivers using a megacity vehicle of this kind.

ELECTROMOBILITY

Starting in 2013, our customers will be able to purchase our first electrically powered series vehicle BMW i3.

www.bmw.de/ActiveE

Some of the requirements identified by the MINI E field trials have now been met with the second generation of electric test vehicle, the BMW ActiveE. With four seats and a full-sized luggage compartment, it offers a range of some 160 kilometres. During the course of 2011 and 2012, a good 1,000 of these vehicles will be handed over to customers so that we can gain even deeper insights into the way these new technologies are used on a day-to-day basis.

Our first electrically powered series model will finally be available to customers from 2013 onwards. Purpose-built as an all-electric vehicle, the BMW i3 incorporates the revolutionary LifeDrive architecture that will also form the basis of the BMW i8. Set to reach the markets shortly afterwards, the plug-in hybrid BMW i8 will combine the driving performance of a sports car with the fuel efficiency of a compact. Both the BMW i3 and the BMW i8 will be produced at our plant in Leipzig. They represent the first in a whole series of revolutionary vehicle concepts that will reach the markets under our new sub-brand, BMW i. Launched last February, the new brand will also encompass visionary models and innovative mobility services.

LOW EMISSIONS MOBILITY

As well as reducing the carbon emissions of our cars, we are working to bring down other emissions. All BMW Group vehicles available in the European market since 1 September 2010 meet EURO 5 emissions standards. Seven models of our bestselling BMW 3 Series, BMW 5 Series and BMW 7 Series lines are also available with BMW BluePerformance technology, which brings NO_x in emissions down much further than legally required. These BluePerformance models comply with EURO 6 standards and, depending on the model, take-rates are currently as high as 10 %.

Technology awards for sustainable mobility

ADAC Eco Test 2010	5 stars for the BMW 320d EfficientDynamics Edition
Green Cars Award 2010 of the Environmental Transport Association (UK)	in the categories Large family car, Off-road car and Luxury car
ÖkoGlobe 2009	for the MINI E in the category Electric and hybrid drive trains

02.3 — VEHICLE SAFETY. Our concern for the safety of our customers and other road users is fundamental to our sense of product responsibility. We take these responsibilities seriously, doing all we can to prevent accidents or reduce their consequences to a minimum.

www.bmwgroup.com/
connecteddrive

Our integral approach to safety research is standard for the BMW Group. We analyse the entire process chain, from accident prevention to post-crash applications such as the unique Advanced Emergency Call system that forms part of our ConnectedDrive system. In pursuit of our goal, we are implementing technologies to promote both active and passive safety and mitigate the consequences of accidents. One of the most effective tools at our disposal is our knowledge. For more than 30 years, we have been doing systematic research into the causes of accidents and the most effective methods of preventing them.

We have equipped our vehicles with energy-absorbing crumple zones, safe passenger cells, restraint systems, airbags and a host of other passive safety features to protect the lives and health of drivers on a day-to-day basis. Launched by the BMW Group as the first of its kind in series production, the side head airbag has dramatically reduced the number and severity of head injuries in side impact collisions. Meanwhile, active safety features, such as chassis control and driver assistance systems, are major contributors to accident prevention.

www.iis.fraunhofer.de
www.kofas.de

In our search for further solutions, we are currently involved in numerous projects designed to make road traffic flow faster and more safely. In research projects such as AMULETT and Ko-TAG, for example, we have been researching transponder-based systems that may some day warn drivers of pedestrians or cyclists crossing the road. Some such warnings are already possible, thanks to our BMW Night Vision system. Launched in 2003, it is currently undergoing enhancement so that it can handle the highly complex dangers of urban traffic.

At the same time, we are already responding today to the challenges that lie ahead in the more distant future. These include safety issues arising from the increasing numbers of hybrid and electrically powered vehicles joining the traffic on our roads. The low-noise drive system of an electric car, for instance, will take some getting used to, and may represent a hazard for road users who depend on their hearing. One possible solution could be a special, additional noise for e-mobiles.

Another relevant trend we are working to meet is demographic change and the growing number of older road users resulting from it. Even for those of us without restricted cognitive or physical capabilities, assistant technologies can help make driving on our roads safer.

The intelligent vehicle

One example of just such a technology is the BMW Emergency Stop Assistant. In a medical emergency, this system switches the car to autonomous driving mode and brings it safely to a standstill. Another research project is exploring options around Active Hazard Braking. In risky situations even at high speeds, this function could start braking the car in order to avoid a serious accident. And the prototype Lateral Collision Avoidance system we presented in 2010 is already preventing collisions between cars automatically.

Already, numerous sensors and assistance systems in BMW Group vehicles and motorcycles are working all the time to analyse the current situation and vehicle data. The information they provide can also benefit other road users. Car-to-car communications, for example, use mobile WLAN networks to transmit data to all the vehicles in the area, meaning a car up ahead can warn motorists following it in good time of congestion, severe storms or sudden icy patches on the roads. Forward-looking traffic information of this kind can contribute enormously to safer driving. It can also be used as a basis for adaptive cruise control, consequently enabling a better overall flow of traffic.

It is exactly this potential that we are currently exploring in conjunction with other companies in a joint project entitled Safe Intelligent Mobility – Test Area Germany. Field trials for this project are currently running in the Frankfurt area and expected to end in 2012.

Outstanding vehicle safety

MINI Countryman	EuroNCAP 5 stars
	Top Safety Pick (TSP) IIHS
BMW 5 Series	EuroNCAP 5 stars
	Top Safety Pick (TSP) IIHS
	USNCAP 5 stars
	Australian NCAP 5 stars
	EuroNCAP Advanced Award for BMW Assist Advanced eCall (Advance Automatic Emergency Call)
BMW X1	EuroNCAP 5 stars

Awards presented to BMW Group vehicles July 2009 – May 2011

02.4 — TRAFFIC MANAGEMENT AND MOBILITY RESEARCH. Forward-looking vehicle concepts are only one aspect. We always work hard on strategies involving all road users. And the solutions we find will enable us to make the mobility of tomorrow efficient and easy on resources.

» UN Global Compact

» www.drive-now.com
www.ifmo.de

With each model cycle, our cars have more performance, more efficiency and intelligence – which is why each new development represents another significant step towards tomorrow's individual mobility. But what about the traffic these vehicles will be moving in? What might a mobility concept for an entire society look like, given that people around the world are growing older and older all the time and living in increasingly densely populated urban areas and megacities? What infrastructures, technologies and traffic management concepts do we need to make individual mobility climate-friendly and easy on resources? In other words, how will we move about in a future world where time, space and resources are in ever shorter supply?

› www.inzell-initiative.de

The BMW Group's mobility experts and traffic researchers are working hard on exactly these issues. The Inzell Initiative, founded in 1995, represents a forum for research work being carried out in conjunction with the city of Munich on new mobility concepts for the Bavarian capital. The latest example of its work is the Intermodal Route Planner (IMRP) for Munich, a pilot project designed to enable simple, convenient door-to-door trip planning. The system allows users to plan the fastest route to their destination by car, train, bus or bicycle (or indeed a combination of all four). Free parking spaces near the destination, Park + Ride stations along the route and nearby charging stations for electric vehicles can be displayed and up-to-the-minute timetable information accessed for the next stage of the journey on public transport. In other words, IMRP works with a range of aspects to help users reach their destination as fast as possible.

› www.vattenfall.de/de/mini-e-berlin.htm

As part of the MINI E Powered by Vattenfall project that has been running since the middle of 2010, the BMW Group has been gaining new insights into the intermodal mobility assistant. This iPhone application is currently undergoing testing and 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. This will enable them to plan their journeys in advance or find 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 work.

In the second project being run by the Inzell Association, traffic researchers are examining how flexible car-sharing models without fixed collection and return points could help relieve congestion in urban areas.

Since 2011, the BMW Group and Sixt AG have been offering a unique and innovative car-sharing service. Running under the DriveNow brand, it is the first car-sharing concept to build exclusively on efficient premium vehicles and comprehensive service. Cars can be picked up and left wherever the customer wishes within certain city limits.

Against the backdrop of all this research, however, one thing is clear: the amount of traffic on the roads in Germany's urban areas will continue to increase in the medium term. That, at least, is the result of a study by the Institute for Mobility Research (ifmo), a research organisation founded in 2010 as part of the BMW Group.

From 2008 to the middle of 2010, ifmo carried out scenario studies to explore how the transportation of people and goods is expected to develop towards the end of the next decade. Involving 80 experts from the sciences, administration and business as well as specialists from the German railway company Deutsche Bahn AG, Lufthansa AG and MAN AG, the study drew up three consistent future scenarios for mobility in Germany. The results of their study will flow into the BMW Group's further strategy. ifmo researchers are currently looking into mobility trends among young people. As the road users of tomorrow, they will have a major influence on future mobility.

DRIVENOW

Since 2011, the BMW Group and Sixt AG have been running an especially innovative car-sharing scheme under the DriveNow brand.

Meanwhile, the project Mobility Cultures in the World's Megacities takes a broader view that extends beyond the borders of Europe, with ifmo researchers analysing the challenges of individual mobility in megacities like London, Beijing, Hong Kong and Mumbai. The study, which covers a variety of transport types, also takes into account pedestrians and cyclists and is expected to reach completion by mid-2012.

Data analyses from the BMW Group's MINI E field test have also delivered realistic insights into mobility in the megacity of New York. Information relating to residual ranges, individual speeds and the positions of eight electrically powered MINI E automobiles has been examined in detail and made available to the city of New York to support better traffic management in the metropolis on the Hudson River.

In 2011, the BMW Group is presenting two groundbreaking vehicle concepts under its new sub-brand BMW i

THE BMW i3 IS THE ANSWER FOR THE MEGACITIES OF TOMORROW

A

With its electrically powered megacity vehicle, the BMW i3, the BMW Group is redefining premium mobility and automotive production.

The future of mankind lies in the cities of this world, with more than 280 million people already living in one of the 30 megacities across the globe. When it comes to mobility and environmental impact, these urban agglomerations have their very own challenges to rise to. The city of Shanghai is just one example: with 19 million inhabitants and 2.5 million cars, buses and motorcycles on its roads, emissions are producing a microclimate that puts the health of the population at risk. And yet UN forecasts predict that by the year 2030 around 60% of the world's population will be living in major cities around the world. By the middle of the century, more than two-thirds of people will be urban dwellers. But the future of individual mobility in megacities around the world is uncertain, as the question of whether or not it will work at all still remains unanswered.

An unusual response to these challenges is currently being developed at the BMW plant in Munich. As part of project i, probably the most ambitious project to be launched as part of the corporate Strategy Number ONE, BMW Group designers, engineers, strategists and assembly specialists are developing completely new concepts for sustainable premium mobility. Since 2009, MINI E field tests have delivered invaluable insights into electromobility in a day-to-day context. In 2011 a second test fleet of electric vehicles is set to take to the roads, this time BMW ActiveE cars. Any findings they deliver will return to the roads starting in 2013 in the shape of standard features in the first model to be issued under the new sub-brand, BMW i.

The BMW i3, known until now as the megacity vehicle, will be the BMW Group's first all-electric series model and will enable noise- and emissions-free driving. The BMW i8, in contrast, is based on the BMW Vision EfficientDynamics concept study and unites a plug-in hybrid drive train and the dynamism of a high-performance sports car with the fuel consumption and emissions levels of a compact. Both models are based on the revolutionary

—B

—C

—A Traffic hub in Shanghai
—B The BMW i8 has a CFRP passenger cell
—C CFRP component production at the BMW plant in Landshut, Germany
—D The MINI E in field testing

More than 50% — **fewer emissions are emitted across the lifecycle of a lightweight electric vehicle than over that of a conventional vehicle***

LifeDrive architecture, which combines an aluminium chassis with a passenger cell made from carbon fibre reinforced plastic (CFRP).

Measuring just one-seventh of the width of a human hair, carbon fibre is microscopic – but these filaments are a major factor in the BMW Group's leading position in the field of electromobility. As the material of the future, CFRP has been used in series vehicles at the BMW Group since 2003. As well as being flexible and easy to shape, it is as firm and rigid as steel but weighs less than half as much. And, of course, the lighter an electrically powered car is, the further it will drive. CFRP gives us a significant head start in the field of electromobility.

But project i is about more than new vehicle concepts; it is also about new production methods. At present, the production chain for BMW i vehicles stretches from Moses Lake in the USA, where carbon fibres are refined using 100% regenerative energy, via our facilities in Wackersdorf and Landshut, to our BMW production plant in Leipzig. Here, some €400 million have been invested to develop the BMW Group's competence centre for electric car assembly. Overall, BMW i3 assembly is expected to use 50% less energy and 70% less water than the BMW Group's production facilities have on average until now.

The BMW Group's new sub-brand, BMW i, is shaping future mobility not only with its groundbreaking vehicles but also with its customised mobility services. As well as developing and offering its own service range, the BMW Group is embarking on a number of collaborations and strategic investments with partners. With up to US dollar 100 million in capital, its specially established holding company, BMW i Ventures, has already signed its first strategic partnership with My City Way, whose mobile app offers information about public transport, availability of parking spaces and leisure activities in major cities. This represents just one of many fascinating options that could lead the way to the sustainable premium mobility of tomorrow.

—D

* Applies when the vehicle is charged using energy from renewable sources.

02.5 — SAVING RESOURCES AND RECYCLING PRODUCTS. Intelligent design and the use of secondary raw materials enable us to use fewer valuable resources in building and servicing our vehicles. Our tried and tested systems enable us to make the best possible use of reclaimed materials.

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UN Global Compact

Current BMW Group glossary on vehicle recycling

For many years now, the BMW Group's eco-efficient processes have supported the implementation of ecologically and economically optimised systems to allow used vehicles, components and materials to be reused. Nonferrous metals, used operating materials and presales packaging are just some of the items that we reuse, with carbon fibre to be added to the list in the future. Initially implemented in German and European markets, the BMW Group's recycling systems are gradually being rolled out internationally across some 60 different countries and are undergoing continuous optimisation.

European dealers are contractually obliged to meet BMW retail standards for old parts recycling. This, along with our global network for returning used components, is helping us protect resources and make more efficient use of raw materials. Old catalytic converters are just one example of the kind of parts concerned, with thermoelectric generators set to represent another example in the future.

In addition to this, we have established an integrated management system in our German BMW Group dealerships. Covering a range of issues relating to the environment, health and safety, energy management and cost management, this EHS (Environment, Health and Safety) system is currently being implemented at 50 sites across Germany as well as other BMW facilities around the world, such as the UK and Poland.

Design for recycling

www.bmwgroup.com/recycling
www.bmw.de/recycling
www.mini.de/recycling

For us, dealing intelligently with resources and raw materials begins way before the time comes to dispose of them. Even in the early stages of vehicle development, the decisions our designers and engineers make 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 be reused or recycled with the least possible impact on the environment once the vehicle reaches the end of its life cycle. At the same time, our Recycling and Dismantling Centre (RDZ) in Munich is working continuously to come up with new solutions for vehicle recycling which we make accessible to external recycling businesses.

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 they can be used to produce photovoltaic systems.

Closed material cycles for polymers

Secondary raw materials are finding more and more applications in our vehicles. Already, up to 15% of the thermoplastic materials in our automobiles are made from secondary materials. Our four-cylinder diesel engine cover, which is just one example, is made completely from recycled materials. To ascertain the share of recyclates in each complete vehicle, we use the same certified database system as we do for legal declarations relating to type approval.

RENEWABLE MATERIALS

Each 7 Series we produce contains 13 kg of natural materials.

The use of recyclates in our vehicles enables us to offset the rising prices of raw materials (for plastic components made from mineral oil, for instance). But it is also helping us meet increasingly stringent legal recycling requirements.

13 kilograms of natural materials in each BMW 7 Series

Wherever it makes technical, business and environmental sense, we replace artificial materials with natural, renewable materials. Strong, light and tensile, these represent particularly attractive alternatives to artificial materials like fibreglass, especially when used in compounds. At present, every BMW 7 Series we create contains 13 kg of natural fibres. This figure is set to rise significantly in the future when we make far greater use of bio-based raw materials.

Sustainability in sales and service

We want BMW Group customers to be able to experience directly our philosophy of sustainability. One way of enabling them to do so is by housing selected dealerships in so-called green buildings that use less energy, are highly efficient, and rely as far as possible on natural light and air conditioning. These structures allow our customers to feel our principles at work. And in terms of our products, our principle of sustainability manifests itself through our BMW i brand, which offers products and services for sustainable premium mobility.

02.6 PREMIUM STANDARDS AND CUSTOMER SATISFACTION.

PREMIUM STANDARDS AND CUSTOMER SATISFACTION. Premium is at the heart of everything we do. And Customer Focus is one of the basic principles that underpin our business activities. By analysing our customers' needs continuously and improving our premium products and services accordingly, we work to ensure customer satisfaction and loyalty.

How do our customers experience our products, service range and brands? How satisfied are they with the way our dealers and dealerships look after them? Which products and services from our range do they value most? And most importantly: from the customer's perspective, what could we do to be even better than we are?

Questions like these are consistently the focus not only of our attention but also of a wide range of studies and customer interviews that we carry out at locations around the world. Our strategic goal is to be top in our market segment in terms of customer satisfaction with our vehicle concepts and reliability, and with the sales and service experience we offer. We want our customers to have a premium experience every time they are in contact with the BMW Group and its brands.

We are satisfied with our progress in achieving this goal. In 2010 and 2011, the BMW Group received numerous awards for its high levels of customer satisfaction and quality. 83% of BMW customers and 85% of MINI customers in the USA would definitely recommend their car to a friend, the J.D. Power survey on vehicle quality in the USA revealed.

Meanwhile, our efforts to gain a deeper understanding of our customer's wishes continue. In 2010, we surveyed around 1.5 million customers in 75 markets around the world to find out about their wishes and experiences. Complying with local data protection legislation to guarantee the privacy of individual customers, we were able to gain insights that helped us take concrete action to optimise our products and services. Feedback on the new BMW 5 Series, BMW 7 Series and BMW X3 was extremely positive and showed clearly that optimisations compared with previous models on the basis of customer surveys are successful.

CUSTOMER SATISFACTION AND QUALITY

83% of BMW customers and 85% of MINI customers in the USA would definitely recommend their vehicle to a friend.

During the reporting period, we have set up specific projects to optimise our dealership network and service range in particular.

www.jdpower.com
www.adac.de
www.dekra.de

BMW Group's position in customer satisfaction and quality rankings in 2009–2010

J.D. Power SSI (Sales Satisfaction Index) US 2010	1st place MINI brand in the relevant category
J.D. Power CSI (Customer Service Index) US 2011	1st place MINI brand in the relevant category
ADAC Breakdown Statistics 2010	1st place BMW X3 2nd place BMW X5 1st place MINI 2nd place BMW 3 Series 3rd place BMW 1 Series in the relevant category
ADAC Yellow Angel 2010	2nd place BMW X3 in the Quality category
J.D. Power IQS (Initial Quality Study) China 2010	2nd place BMW brand 1st place BMW 5 Series in the Upper Class category
VOSS Deutschland 2010	2nd place BMW brand 1st place BMW X5 in the relevant category
DEKRA-Report 2011	2nd place BMW 3 Series in the Best of all Classes category 2nd place BMW 5 Series in the Upper Class category

Customer Focus Programme for BMW and MINI dealers
In 2010, we set about achieving transparency over customer feedback in our first few markets by enabling customers in these locations to see how other clients had rated the dealership they were interested in. For us, transparency of this kind provides additional motivation to further improve Customer Focus in the future. But we have also introduced an explicit performance and quality promise into our dealerships in the shape of a customer charter. Its step-by-step introduction has been underway since 2010, and we are making constant use of customer surveys to monitor our progress in this area.

Effective Retail Performance Management
Our Retail Performance Management programme has provided individual training for some 700 dealers around the world – with measurable success: organisations that had received coaching performed 14% better than others in terms of new car sales. In 2011, we will be working to strengthen our focus on customer satisfaction.

Country-specific monitoring
Since 2010, our top management have received six-monthly updates on how customer satisfaction and improvements are progressing in major markets, such as the USA, China, Germany and Italy.

RETAIL PERFORMANCE MANAGEMENT

Our Retail Performance Management programme has provided individual training for some 700 dealers around the world.

Improved parts management
As part of Strategy Number ONE, our global aftersales services have seen significant improvements. In order to provide our service garages with the spare parts they need as quickly as possible, we are currently building up a network of 43 Dealer Metro Distribution Centres (DMDCs). These deliver parts to local dealers up to four times a day, shortening customers' waiting times significantly.

Fewer recalls
Although we have sold significantly more model variants over the last five years than we did previously, quality has improved, meaning fewer so-called technical campaigns were needed. In 2010 as always, the BMW Group took prompt and consistent action wherever it was required by launching technical campaigns when needed or useful to the customer. Vehicles were recalled and defects eliminated well before any symptoms became obvious to their owners.

Forecast
What strategic goals has the BMW Group set itself in terms of customer satisfaction? And what measures is it looking to implement over the short and medium term?

- BMW Group management will continue to strengthen its focus on customer satisfaction by aligning and implementing measures and processes across the company to meet customers' needs.
- We will focus our efforts on dealers that show potential for improvement and provide effective, appropriate and targeted support through coaching and other methods.
- By improving our service processes across the board, we will ensure that customer contact is always of the highest quality. Our customers will have positive experiences at dealerships as well as with any direct contact of the BMW Group.

GROUP-WIDE ENVIRONMENTAL PROTECTION

03

Setting benchmarks for the most sustainable production worldwide

GROUP-WIDE ENVIRONMENTAL PROTECTION. Can any carmaker run a completely "clean" operation? We are well on the way to doing so. With our "Clean Production" programme and integrated environmental management, we are continually reducing our use of natural resources and the environmental impact of all production processes within the BMW Group worldwide. By 2012, our use of resources will have dropped by 30 % compared with 2006 – and we will have moved a good deal closer to fulfilling our ultimate goal of zero-emissions vehicle production.

AREAS OF FOCUS

Biodiversity / Nature conservation in plant locations — Page 37
Business travel and staff mobility — Page 44
CO_2 reduction — Page 38
Energy supply / Use of renewables — Page 38
Environmental management — Page 36
Other emissions (VOC etc.) — Page 38
Product cycle — Page 38
Transport logistics — Page 44
Use of materials / Waste management — Page 40
Water / Wastewater — Page 41

CHALLENGES

~~Involving all collaborative partners (dealers and joint venture partners) and suppliers in our efforts to implement environmental and social standards~~

~~Increasing the energy efficiency of our production~~

~~Optimising transport logistics with an integrated approach to efficiency, flexibility, speed and environmental impact~~

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KEY PERFORMANCE INDICATORS (KPIs)

Energy consumed per vehicle produced

2.75 MWh/vehicle

–4.8% over the previous year

Water consumption per vehicle produced

2.31 m^3/vehicle

–9.8% over the previous year

Process wastewater per vehicle produced

0.58 m^3/vehicle

–6.5% over the previous year

Waste for disposal per vehicle produced

10.09 kg/vehicle

–5.1% over the previous year

Volatile organic compounds (VOC) per vehicle produced

1.60 kg/vehicle

–9.6% over the previous year

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PROGRESS IN 2010

– The target of a 5% reduction was achieved for four out of five key performance indicators. In the case of energy consumption, the 4.8% drop was not quite on target, due to lower production volumes in the first few months of 2010 and renovation of some production facilities

FORECAST

– Achieving our target of 30% less energy, VOCs, water, process wastewater and waste per vehicle produced in the period 2006 to 2012 (5% decline per annum)

For a complete overview of key figures, targets fulfilled and new objectives, see “objectives, facts and figures” section on page 71 et seq.

03.1 **MANAGING RESOURCES. PROTECTING THE ENVIRONMENT.** Across its global production network, the BMW Group is working systematically to use resources more efficiently. Already, our resource efficiency is unmatched by any other carmaker in the world, as numerous comparisons between different producers have proved. By 2012, our use of resources and emissions levels will see a 30% drop compared with levels in 2006.

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In order to achieve this goal, the BMW Group is pursuing a policy of consistent, Group-wide environmental management. As well as integrating environmental considerations into all our major investment decisions, we are implementing a clearly focused best-practice approach within the company and observing and monitoring all the relevant indicators. Environmental management is an integral part of sustainability management (see chapter 01). Sustainability management is made up of the Sustainability Board, the Sustainability Circle and the departments. The Sustainability and Environmental Protection department is the steering committee of the environmental protection network, which is headed up by the Group Representative for Sustainability and Environmental Protection. Individual operators are defined for each location and are responsible for mastering environmental impact (environmental management).

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www.bmwgroup.com/cleanproduction
www.bmwgroup.com/production
www.bmwgroup.com/guidelines

Our activities in this area are based on the guiding principle of preventive action to protect the environment and its resources. This approach is fundamental to all our processes, and in line with our Clean Production philosophy, we are designing our manufacturing processes around the world to have minimum, or ideally zero, environmental impact. In 2001, the BMW Group committed to achieve this goal when it signed the Cleaner Production Declaration of the United Nations' Environment Programme. Moreover, we established our own environmental guidelines back in 1993 based on the ICC Charter for sustainable development and Agenda 21.

www.unep.fr/scp/cp

Environmental management systems

Environmental management systems are in place in all of our production facilities worldwide as well as in our central planning departments, with ISO 14001 certification throughout. Our German and Austrian sites have undergone additional external audits and meet European Eco-Management and Audit Scheme (EMAS) standards.

As part of our risk management strategy and in line with more general concerns relating to potential climate change, we are continuously observing, analysing and evaluating risk factors at every one of our facilities.

5% fewer resources, 5% fewer emissions – every year

For the BMW Group, classic environmental management systems are not enough, so five years ago we established our own system for controlling our emissions and our use of resources as consistently as we control our finances.

Between 2006 and the end of 2012, our goal for each vehicle we produce is to achieve a 30% decrease in energy and water consumption, solvent and CO_2 emissions, and levels of waste and process wastewater (environmental key figures). Every one of our facilities has committed to meet these ambitious goals, which will also raise efficiency by an average of 5% per year. For some indicators, target figures may vary due to production launches and phase-outs or variations in production volume. However, the environmental efficiency index* will allow us to verify whether we have achieved the agreed reductions for all key indicators. This is supported by the environmental information system "ecofacts", which records all the relevant indicators at all of our facilities around the world every month.

ENVIRONMENTAL EFFICIENCY INDEX: 0.74 – 26% REDUCTION

Between 2006 and 2010, we reduced our use of resources and emissions levels per vehicle produced by 26%. This figure exceeds the target set for 2010.

Follow-up targets for the years 2013 to 2020 are currently under development by our sustainability strategy and Production Planning teams and will be approved in due course.

From best-practice to reference system

A comparison of the achievements of individual facilities reveals that a number of environmental measures have been implemented to particularly great effect. Activities and improvements that have been successful at one site are analysed to ascertain how they could be implemented elsewhere. Our six competence centres (for water, waste, energy, emissions, training and environmental management systems) are staffed by environmental experts from the different plants and by specialists from Corporate Environmental Protection. Together, they discuss the best-practice solutions and develop reference systems on which to base future planning and process improvements.

Since 2007, these reference systems and other tried and tested best-practice solutions that help plants plan and review their structures can now be accessed in real-time from around the world via the "Planner Portal for Occupational Safety, Fire Prevention and Environmental Protection". In addition, our planners receive regular training around issues such as environment legislation, solvent reduction and saving water. This gives them all the information they need to plan and realise structures for the future that will have minimum impact on the environ-

* In 2006, the values for energy, CO_2, water, solvents and wastewater per vehicle produced were standardised and set to 1 for the environmental efficiency index. Then they were added up and divided by the number of resources. Thus, the initial environmental efficiency index figure was 1.00 when it was launched in 2006. In 2010, the environmental efficiency index reached 0.74, in line with the agreed targets.

ment and resources from the outset. With this system in place, the BMW Group's production network effectively has a turbo-charged improvement system with self-sustaining momentum. This will keep us one step ahead of the predicted and inevitable rise in resources and emissions costs in the future.

Think ahead today. Benefit tomorrow
In order to recognise efficiency potential early on and avoid the expense of renewing equipment, we incorporate environmental considerations into all our investment decisions from the outset. By evaluating any positive or negative effects on the environment or resources in the early stages of our development and structure projects, we can explore ecologically better alternatives wherever the need arises.

Monitoring technologies in place at individual facilities allow us to identify those that are particularly effective and determine whether they would be suitable for implementation across our entire production network. The integrated paint process at our plant in Spartanburg, for example (see chapter 03.2), is now set to be rolled out at other facilities, thanks to its increased productivity and lower energy consumption and CO_2 emissions. Spartanburg has also cut electricity consumption and CO_2 emissions in final assembly by introducing forklifts, tractor vehicles and retrieval machines powered by hydrogen and fuel cells.

BEST PRACTICE IN TIEXI

Best practice from the entire production network was implemented at the new plant in China. More than 60 sustainability measures ensure that the Tiexi plant will rank among the top three in the production network when it comes to low consumption of energy, water, process wastewater, waste for disposal and solvent emissions.

A number of our best-practice solutions will also be implemented in our new facility in China, where the Tiexi plant will go on-stream in 2012 (see page 42). Tiexi will be one of the BMW Group's top three plants in terms of sustainability. New standards will also apply to megacity vehicle production, which is due to start at the Leipzig plant in 2013 (see page 28).

As well as organising our own production standards, we are looking to incorporate environmental considerations into our relations with suppliers and dealers (see chapter 01.5). We are calling on all of our suppliers to provide confirmation that the ISO 14001 environmental management system is in place in their facilities, where appropriate. Tools and measures that the BMW Group uses to help dealers reduce their environmental impact include the following:

- energy advice on facility management (aiming for Green Building) and technology for the dealer organisations
- templates (in German and English) on the EHS manual and tools to introduce and certify the EHS management system
- an international sustainability training concept which includes an "Environmental Training" module is being developed for January 2012
- facility disposal via new/joint disposal service providers (e.g. in Germany, Switzerland, Czech Republic, United Kingdom, Italy)

We are also collaborating with our joint venture partners SGL Carbon and BMW Brilliance Automotive Ltd (BBA) to improve our environmental performance and plan efficient processes. At Moses Lake, for example, we have been working with SGL Automotive Carbon Fibers to power carbon fibre production with renewable hydroelectric energy.

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As well as implementing these environmental standards, the BMW Group takes special care to monitor the effects of its activities on plants and wildlife at all its sites.

First efficiency goals have been achieved
Our Group-wide environmental protection activities involve a major effort on the part of the BMW Group as well as its employees. But already the figures show that our hard work is paying off.

In spite of a steep rise in output in 2010, the BMW Group was able to reduce its energy consumption for the year by approximately 380 GWh. Further reductions for other key indicators, such as water consumption, process wastewater and waste reduction, enabled cost savings of some euro 0.7 million. In 2010, quantities of waste for disposal, solvents emissions and water used per vehicle produced dropped significantly compared with the previous year. Overall, our environmental efficiency index shows that our efforts to use resources more efficiently have resulted in figures within our agreed target range.

03.2 ENERGY CONSUMPTION AND EMISSIONS.

ENERGY CONSUMPTION AND EMISSIONS. We are working continuously to significantly reduce emissions and energy consumption per vehicle produced – even though our output is rising. Our vision is to cover all our energy needs from regenerative sources in the future. The BMW Group is using systematic energy management to reduce energy consumption per vehicle produced by 30 % by the year 2012 compared with levels in 2006.

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As part of our Group-wide energy project, which has been underway since the middle of 2006, we have set ourselves the following goals:

- The systematic reduction of energy consumption per vehicle produced
- Efficient use of energy and energy regeneration wherever possible (for example through combined heat and power (CHP) and rotating heat exchangers)
- Increased use of regenerative energies

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Every kilowatt-hour of electricity and every cubic metre of natural gas we can save by improving production processes pays off – many times over. With energy costs set to continue spiralling, every bit we save adds value for our company. And given the CO_2 emissions entailed in conventional energy production, every kilowatt-hour we save is also helping to save our atmosphere from the effects of this greenhouse gas.

As well as working to source more energy from regenerative sources, our goal is to reduce the amount of energy we use per vehicle produced. We have a vision of completely CO_2-free vehicle production. And at the same time, we are making every effort to reduce noise pollution and VOC emissions.

30 % less energy per vehicle produced

Lower emissions

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Since 2006, we have been using less and less energy for each vehicle we produce. By 2012, we want to reduce our energy consumption by 30 %. This will automatically reduce what is known as specific CO_2 emissions, i.e. the amount of CO_2 emitted per vehicle produced.

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The only way we can fulfil this goal is by working continuously to improve our energy efficiency, making creative use of new production processes, and drawing more of our energy from regenerative sources. As well as the environment and society at large, the BMW Group also stands to benefit: the European Emissions Trading Scheme means carbon dioxide output costs us money. In the second period of the scheme (2008 – 2012), the permits we were allocated more than covered our needs, thanks to our efficient energy centres. Starting in 2013, however, permits will be available in increasingly restricted numbers and at a higher cost. As a result, reducing CO_2 emissions is not just an environmental consideration; it is a fundamental business indicator.

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Systematic improvements, Group-wide learning

The significant reduction in energy and CO_2 we are aiming to achieve is extremely ambitious. Our global production association already has many of the resources we need.

In order to implement its Energy Strategy, the BMW Group has established four fields of action:

- Verification and optimisation of operations
- Manager and employee training and motivation
- Planning new facilities, systems and technologies
- Utilisation of renewable sources of energy

The success of our improvements has mainly been due to the fact that we are now implementing a worldwide reference system for the energy efficiency of buildings and production processes.

This means our planners will be able to draw on an appropriate set of tried and tested best-practice solutions every time they construct a new building or optimise a process. In line with our roadmap for the coming years, these technologies will be rolled out around the world and be subject to continuous enhancement (see chapter 03.1). Groups of specialists from different areas of production (paint shop, body shop, etc.) will help, while Facility Management is responsible for Group-wide energy management, including the analysis of potential, cost estimates and best-practice transfer.

INTEGRATED PAINT PROCESS

The new process increases paint shop productivity by 40 % in Spartanburg / USA.

During the reporting period, we have made noticeable progress in a number of areas:

- In line with our On-Site Strategy, we are producing pressed parts directly on plant premises ready to be taken straight into body production. This allows us to avoid transporting parts between facilities. The first such press shop went on stream in Regensburg in 2009, saving at least 2 million kilometres of truck transportation. Moreover, around 90 % of the press shop's heating needs are covered by heat regeneration.
- At our BMW plant in Landshut, 2010 saw production start at the first foundry in the world to operate without producing environmentally damaging emissions. Instead of using organic binding agents, this facility uses only inorganic binders, reducing combustion residues. This means casting tools no longer need to be cleaned, which in turn enables energy savings. Most of all, however, this innovative process minimises emissions from combustion residues by 98 %.

www.bmwgroup.com/production
www.bmw-werk-regensburg.de
www.bmw-werk-landshut.de
www.bmwplant.co.za
www.bmw-werk-leipzig.de
www.bmwusfactory.com

– The integrated paint process that has been in operation in Spartanburg since 2010 has increased paint shop productivity. At the same, time, this innovative process has reduced energy consumption and consequently CO_2 emissions. Emissions of volatile organic compounds (VOCs) have also fallen. And with 1.6 kg VOCs per vehicle produced, the BMW Group average across all facilities is more than 50% lower than Germany's rigorous limits allow.

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Increase in efficiency from 2009 to 2010

Energy consumption
—— down by 4.8% from 2.89 to 2.75 MWh/vehicle ——
CO_2 emissions per vehicle produced
—— down by 5.5% from 0.91 to 0.86 t/vehicle ——
VOC emissions
—— down by 9.6% from 1.77 to 1.6 kg/vehicle ——

Wind power in Leipzig. Methane power in Rosslyn

Our efforts to draw 100% of our energy from regenerative sources have raised the following question: Can we gain greater independence from fluctuating energy prices, the CO_2 problem and regulators' legislations by making more use of local energy sources? In 2010, we delivered our response to these questions in the shape of a renewable energy development plan. Designed to assess the potential of each individual BMW Group site, the plan has already delivered its first results. Test drilling near our plant in Rosslyn, South Africa, has revealed that emissions from a local household refuse site could be used to produce energy in the same way as they do in Spartanburg. Moreover, approval is currently being sought from the environment agency in Leipzig for plans to erect four wind turbines on the plant premises. The rotors of each one will deliver 2.5 MW, generating enough electricity to enable carbon-neutral production of the BMW i3.

A prime example of carbon-free production is our US plant in Spartanburg. This draws approximately 50% of the energy it needs from a combined heat and power system run on methane gas from a nearby refuse site. Its eco-friendly energy supply has earned it fourth position in the Green Power Partners ranking of the US Environmental Protection Authority, EPA.

Meanwhile, the new plant in Moses Lake, US, represents a real milestone in carbon-neutral production. Currently under construction by the BMW Group and its joint venture partner SGL Group, this new facility will draw 100% of the energy it needs to produce the fibres for CFRP from hydroelectric power stations on the Columbia River (see page 28). Extremely lightweight yet highly robust, CFRP will be fundamental to the structure of the electrically powered BMW i3.

03.3 MATERIALS USE AND WASTE MANAGEMENT.

MATERIALS USE AND WASTE MANAGEMENT. Years ago, waste was considered something that needed to be disposed of. Nowadays, we know that what looks like refuse actually harbours a multitude of resources that we should be using intelligently. The BMW Group is looking to reduce its solvent emissions and waste for disposal by 5 % per vehicle produced per year – in much the same way as it is cutting energy consumption, as described in 3.2 above.

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In economical as well as ecological terms, the "best" waste is the waste that never happens. That is why we try to avoid producing waste wherever we can. Any (as yet) unavoidable by-products we do happen to generate are first tested to see if they are reusable or recyclable or harbour any energy potential. We would rather reuse waste than dispose of it – as a matter of principle – even if it means higher costs.

The small amount of waste we produce that cannot be reused or recycled is classified as "waste for disposal". The quantities we generate are a good indicator of how successful we have been in achieving our goal of avoiding or reusing waste wherever possible. With 10.09 kg of disposable waste per vehicle produced in 2010, figures are down by 5.1% compared with the previous year.

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› www.bmwgroup.com/cleanproduction
www.bmw-werk-muenchen.de
www.bmw-werk-leipzig.de

Zero waste. A vision is almost reality

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. In particular, we are focusing our efforts on those sites that are close to turning our vision of zero waste for disposal per vehicle produced into a reality. Our facility in Munich, for example, produces just 30 g per vehicle produced. Leipzig still produces 70 g as it now uses paint shop residues (or paint slurry) to produce solvents and solid heating material rather than disposing of them. As a fossil fuel replacement, these heating materials can be used in the cement industry. This step forward is just one of the results of Leipzig's new tender for waste disposal services, which placed a strong focus on criteria for sustainability. Since awarding the waste disposal services contract to a new partner, the Leipzig plant has been benefiting from shorter waste transportation routes. Moreover, with smaller quantities of waste meaning lower transport requirements, our CO_2 emissions are down as well.

The 5% overall reduction in residual waste in 2010 that we describe above also stems from two additional projects: unlike years ago, the BMW Group no longer waxes its vehicles before dispatching them for long transportation. Instead of the wax, which had to be removed and disposed of before the vehicle could be handed over to a customer, the BMW Group now protects its vehicles by transporting them in enclosed freight cars or covering them with protective foil. At our plant in Munich, only 5% of vehicles are foil-wrapped, and any protective foil we use can subsequently be reused, unlike the wax we previously employed. Another valuable reference process has been established in Berlin, where our motorcycles are painted electrostatically.

As well as making for a better surface quality, this technique improves processes and capacity and produces less paint slurry.

LESS THAN 100 GRAMS OF WASTE FOR DISPOSAL

Today, the Munich and Leipzig plants produce just 30 g and 70 g of waste for disposal respectively per vehicle produced.

Every positive step we make is the subject of discussions at least three times a year, when waste management officers from all the plants worldwide explore ways of implementing measures like these at other facilities.

The process of recording and reusing the waste we produce is managed by our own BMW waste information system, ABIS, which is now set for gradual launch across all non-German facilities as well. Already implemented in our plant in Chennai, India, it is due to be rolled out in Goodwood (UK) and Rayong (Thailand) during the course of 2011.

03.4 WATER AND WASTEWATER.

WATER AND WASTEWATER. Water is an extremely limited resource. Some 40 % of the world's population live in countries where it is in short supply. As a result, careful use of this natural resource is set to become ever more important in the future. The BMW Group is aiming to institute almost wastewater-free production processes – by closing cycles and avoiding using water wherever possible.

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Even in areas of the world with plentiful supplies, water usage and the disposal of wastewater is expensive. As a result, the BMW Group is seeking consistent reductions in both water usage and wastewater production. These two items are among the five things for which we hope to bring about a 30% reduction by 2012 compared with levels for 2006.

Potential for optimisation in the paint shop

In a first step, we launched a survey to find out which parts of the company use the most water. With the paint shop as the main consumer, we have already established several strategic approaches towards greater resource efficiency (see page 42). We have also set up a study to ascertain the feasibility of virtually wastewater-free paint shop operations. This will form part of our reference system and is gradually being assessed for implementation.

As a matter of principle, we are pursuing a strategy of removing only as much water from natural cycles as can be replaced by natural means. In addition, we want our wastewater to contain only as many substances as can be broken down naturally. For all of our plants, we have introduced our own, BMW specific wastewater norms, which exceed local regulations in many cases.

Saving water by closing cycles

With water usage totalling 3.4 million m^3, our consumption figures were 7.2% lower in 2010 than they had been before the global financial crisis in 2008 – even though output was up. We were able to reduce water consumption per vehicle produced by 9.8% and bring process wastewater levels down by 6.5%. All of this has been made possible by a whole series of measures implemented at various sites across the BMW production network.

www.bmw-werk-regensburg.de
www.bmw-werk-steyr.at
www.bmw-werk-muenchen.de
www.bmw-werk-landshut.de

- In Regensburg, we have been working continuously to improve our existing systems and introduce alternatives for treating and recycling water used in the paint shop. Our goal is to achieve the zero wastewater paint shop. Moreover, thanks to biological water treatment, 90% of water used in the Regensburg car wash can also be reused.
- We have incorporated a closed cooling cycle in the cooling system of the hardening furnace in our wastewater-free production system at our plant in Steyr.
- At our plant in Munich, sprinklers and construction sites are supplied with industrial water. Longer periods of inactivity in rinsing baths mean water consumption is down by some 300 m^3 per year. Improved cascade overflows in pretreatment reduced freshwater requirements as well as the amount of wastewater produced.
- Thanks to treatment systems incorporating the so-called snow cleaning process, our plant in Landshut no longer needs fresh water to cleanse plastic exterior components. Instead, impurities are removed using CO_2 snow. The CO_2 is sourced from fertiliser production, where it is generated as a by-product. In addition, Landshut's light metal foundry applies separating agents as concentrates rather than in watery solutions, which also saves large quantities of water and wastewater.

Across the BMW Group production network, our plants are working to minimise the amount of wastewater they produce and close their water cycles. We continue to work towards wastewater-free production by applying best-practice solutions and implementation the right measures to suit local needs. Our team in South Africa, for example, is fighting water shortages and leakages in drinking water pipes. In Berlin, meanwhile, where the team has all the resources it needs, rising water and wastewater prices are the issue. As our improvements go into implementation, viability is just one essential factor we consider.

In the period under report, no water sources were impacted by water removal by the BMW Group (e.g. due to high volumes drawn or volumes drawn from sensitive waters). In Berlin, the public water provider draws water exclusively from groundwater, so since July 2009 no regional water sources have been significantly impacted by water removal by the BMW Group.

SNOW CLEANING AT THE LANDSHUT PLANT

The Landshut plant no longer requires any water to clean certain components. Dirt is loosened by applying CO_2 snow.

Best practice sustainable production at the new Tiexi plant

WORLD-CLASS IN CHINA

A —

With its new joint venture plant in the Chinese location of Tiexi / Shenyang, the BMW Group is setting new standards for resource-efficient vehicle production. When it goes on-stream in 2012, it will be one of the production network's top three plants in terms of sustainability.

Construction work is still underway in Tiexi, the bulldozers are still at work and the future contours of the plant are still hard to discern at the construction site. But when serial production begins in 2012, the Tiexi plant will not only be the newest but also one of the best in the BMW Group production network in terms of sustainability. It will set standards for the sector, on a global scale.

The 2.07-million-square-metre plant the BMW Group is building for a total investment of euro 560 million with its Chinese joint venture partner Brilliance is the result of a wealth of experience and innovations in other plants within the company's global production network. At the same time, a whole series of new, groundbreaking technologies will come on stream within the production line and building architecture of the Tiexi plant, and all the other locations within the production network will benefit from the piloting of such innovations. In this way, the production network will continually set new benchmarks – and also upgrade its existing facilities.

More than sixty individual sustainability measures will ensure the Tiexi plant ranks among the top three in the production network, due to its low consumption of energy, water, process wastewater, waste for disposal and solvent emissions. Valuable experience will be gained in the use of efficient technologies, from which the production network as a whole will benefit.

The revolutionary integrated paint process for instance, which was first applied at our Oxford plant, has since become the "benchmark" which will be successively rolled out at other production facilities.

The paint shop of the Tiexi plant, for instance, will be the most sustainable painting facility in the automobile

industry. For one thing, the integrated paint process will be applied there, making the previously required filler coat superfluous. This will reduce energy consumption, CO_2 and solvent emissions and simultaneously improve processing times and productivity by a significant margin. In addition, the painting line will use a "dry separation" system, which minimises water consumption and recycles 90% of the process air.

The energy consumption of the Tiexi plant, where temperatures range from −35 °C in winter to +40 °C in summer, will reach record low levels.

Naturally ventilated cooling towers and a groundwater cooling plant will offset any extreme heat in summer, while thermal wheels, a district heating system and the waste heat of welding tongs will supply energy-efficient heat in the winter. This also eliminates the need for the usual, energy-intensive process of pre-warming the process air.

A further innovation is the fact that all production processes will be housed in one building with such a highly effective thermal insulation system that it even surpasses the strict minimum thresholds of German energy-saving regulations. Amongst other options, robots that can be switched on or off during the production process and a particularly efficient server cooling system, will all help keep the plant's energy consumption low.

— B

The desired minimisation of CO_2 emissions has been difficult to achieve up until now. Hardly any energy derived from renewables is available on the Chinese energy market, which is heavily dependent on electricity generated by coal-fired power plants. "But even here," says Hans-Peter Lutz, project manager in Tiexi, "we are currently in discussions with the Chinese authorities."

And that is precisely how many of the features seen as revolutionary in Tiexi right now will soon become standard practice within the efficient production network of the BMW Group.

— C

— D

— A The BMW 5 Series Sedan long wheelbase, specifically produced for the Chinese market
— B Groundbreaking ceremony for the new Tiexi plant in August 2010
— C This facility is 2.07 million square metres in area …
— D … and will start production in 2012.

03.5 **EFFICIENT TRANSPORT LOGISTICS.** As a globally active premium provider of mobility services, the BMW Group moves significant numbers of goods and people around the world – and it is doing so with ever increasing efficiency. In 2010, our transport capacity totalled 18.9 billion ton-kilometres, resulting in carbon emissions of 466,000 tons*.

Page 92 et seq.

» www.bmwgroup.com/logistics

» www.bmw-werk-muenchen.de
www.bmw-werk-regensburg.de
www.bmw-werk-dingolfing.de

Getting supplies to our global network of plants and dealers and distributing our vehicles across the globe is a highly complex business. In coming up with solutions, our Transport Logistics team is designing and establishing increasingly sustainable processes. In order to continue reducing our CO_2 emissions, we make sure we transport full loads wherever possible. We are also turning more and more to rail and sea freight as alternative transport options. Optimised material mileage and higher quality standards to prevent damage in transit are just some of the goals we are pursuing.

Transport logistics is a question of environmental as well as business factors. With cargo space and driver capacity in short supply and fuel prices on the rise, transport capacity has become a valuable commodity. But our Assembly and Logistics Strategy, by which our plants receive supplies, also have goals to pursue: our so-called Inbound Transport Logistics is working to supply components to plants just-in-sequence and reduce component inventories.

Higher capacity utilisation. More rail transport

The BMW Group has implemented a number of measures to ensure competitive prices for the transportation of components and vehicles to our plants and dealers around the world:

- As part of our Network Strategy project, we are going to make further improvements to our transport logistics in the future. These will include better management of empty containers and the launch of what we call concentrated deliveries to reduce the number of unladen journeys. These plans will increase capacity utilisation significantly.
- In 2010, the BMW Group was able to increase the proportion of vehicles it transports by rail from 47.0% (previous year) to 49.5% (excluding Rolls-Royce automobiles). During the same period, the share of vehicles transported by road dropped from 15.8% to 13.3%. By using weekly trains devoted entirely to the BMW Group, we were able to send a smaller proportion of trucks out onto the roads. In 2010, we also managed to increase the proportion of spare parts transported by rail by approximately 4%.
- In optimising the supply concept for our worldwide production network, we made a conscious effort to make increased use of rail and sea freight as transport options. This has enabled us to ensure a lasting reduction in the amount of material reaching our plants by air.

› UN Global Compact

Meanwhile, we continue to work on managing our transport capacity more efficiently. As part of our Network Strategy, our worldwide Logistics Strategy will undergo further enhancement from 2012 onwards, taking us one step closer to our goal of becoming the market leader in logistics in the premium sector.

Employee mobility

Staff commuting is a major concern on the BMW Group's logistics balance sheet. Since 1992, we have been looking into how our employees travel to and from work at most of our sites in Germany and working to minimise the environmental impact of their commuting. Among the measures that are now in place are our works buses, 80 of which operated every day in Munich in 2010. Another 72 provided services in Regensburg and 301 in Dingolfing. We also have an intranet travel portal and subsidise the purchase of the "job ticket" for local public transport by as much as 90%. In Germany alone, 49% of our associates came to work by works bus or public transport in 2010. For those who prefer to (or have to) continue making their journey by car, we have launched a campaign for more carbon-friendly cars. In 2010, our employees had a carbon footprint of 4.5 kg per day for their journeys to and from work.

* as calculated by Tremod.

› www.tremod.de

EMPLOYEES

04

Diversity and equal opportunities in a global working world

EMPLOYEES. We support our employees with a wide range of services and offers – positioning the BMW Group as the most attractive employer in the automotive industry. We make every effort to attract the best people to join us and offer the greatest possible job security. Our increasingly diverse workforce is motivated, competent and highly effective – and a major contributor to the future success of the BMW Group.

AREAS OF FOCUS

Attracting and training employees — Page 51
Competence management — Page 51
Continuing education, training, life-long learning — Page 51
Demographic change — Page 56
Diversity and equal opportunities — Page 54
Employee remuneration — Page 50
Employee satisfaction — Page 49
Future working environment — Page 57
Health management — Page 56
Human rights — Page 49
Job security — Page 58
Occupational health and safety — Page 56
Social benefits and profit sharing — Page 50
Workforce co-determination — Page 58
Work-life balance — Page 55

CHALLENGES

~~Creating age-appropriate working conditions as the average age of the workforce rises at major BMW Group locations~~

~~Securing young talent in key skill areas, in particular against a backdrop of demographic change, technological advances and changing customer needs~~

~~Competing successfully for qualified individuals: when it comes to attracting qualified people to work on future drive technologies, the BMW Group is competing with other automotive manufacturers for qualified IT and financial services staff; competition is tough across all industries~~

~~Continuing globalisation: securing competencies to meet local customer needs within global networks~~

Page 96 et seq.

KEY PERFORMANCE INDICATORS (KPIs)

BMW Group employees at end of year

95,453 employees

Previous year: 96,230 employees

Share of women in the total workforce of BMW Group*

15.2 %

* The share of women in the overall workforce can only be determined for the BMW Group from 2010.

Employee attrition rate BMW AG

2.74 %

Previous year: 4.59 %

Average days of further training per BMW Group employee

2.4 days

Previous year: 1.6 days

Accident frequency (per one million hours worked)

3.6

Previous year: 3.1

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PROGRESS IN 2010

- "Today for Tomorrow" pilot project for age-appropriate working conditions introduced into regular production operations
- Large number of flexitime models offered
- Employer Brand developed and integrated into human resources marketing strategy
- New young talent retention programmes launched (graduate internship, bachelor and doctoral candidate programmes)

FORECAST

- Remain an attractive employer and expand globally
- Continuing and updating long-term management training by including topics relevant to the future
- Group-wide roll-out of "Today for Tomorrow" production system for age-appropriate working conditions in production and administration
- Group-wide roll-out of Health Management 2020 programme
- Extend childcare
- Launch the new young talent retention programme for graduate students in 2012
- Continued development of global vocational training

For a complete overview of key figures, targets fulfilled and new objectives, see "objectives, facts and figures" section on page 71 et seq.

04.1 — ATTRACTIVE EMPLOYER.

ATTRACTIVE EMPLOYER. Motivated and competent employees are more important now than ever before in ensuring a company's success. By supporting our employees with services and initiatives, we are consolidating the BMW Group's position as one of the most attractive employers in the global automotive industry.

In many of today's markets, skilled employees such as engineers, economists and IT specialists are in strong demand – and the BMW Group an employer of choice. This gives us a huge competitive advantage, because in order to be the leading provider of premium products and services for individual mobility we need the best and most motivated employees the market has to offer. We are securing the future of the BMW Group by attracting trained employees, continuously developing their skills, and building their loyalty to the company through a wide range of initiatives and services.

In the future, this task will become increasingly important – but also more and more difficult. There are several reasons for this, some of which are interlinked and amplify each other:

www.bmwgroup.com/responsibility

Increased competition for skilled employees

In Germany as in other industrialised countries, the BMW Group is in tough competition with other companies from the automotive and supplier industries that have stepped up their human resources marketing activities. In the IT and software development sector, we are competing with systems consultants and IT providers, and in the financial arena we are up against banks and autitors to gain the people best suited to our company.

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www.unglobalcompact.org

Dwindling supplies of candidates

Competition for skilled workers is particularly challenging in Europe, where graduate numbers are falling. In Germany alone, the labour market is expected to shrink by 6.5 million by 2025 – and already candidates with the right key qualifications are scarce.

Geographic focus

As a vehicle brand, BMW is well known and has a positive image around the world. We aim to transfer this attractiveness to the "Employer Brand" internationally, in order to gain the most suitable people for our company worldwide. In India or China, we are competing with local employers as well as multinationals to win high potential candidates.

www.bmwgroup.com/career

New technologies

New developments sometimes necessitate entirely new skills, for example, the electric vehicles that we will produce under our sub-brand BMW i (see page 28), which we founded in 2011. Equipped with highly complex electric systems, these vehicles will involve learning to deal with high-voltage technology and new drive systems. They also mean we must move fast to attract the right expertise to our company. In 2011 alone, we will recruit over 2,000 new employees. About half of these will be in Germany, producing the BMW i3 electric vehicle and the BMW i8 hybrid sports car in Leipzig, for example.

Rising volatility

Today, market developments vary both from region to region as well as over time. When sales collapsed in 2008 to 2009, production cutbacks and short-time work ensued, only to be followed by another sales boom with unexpected growth rates. Clearly, ongoing change and highly volatile markets are a new constant, and every company seeking success must deal with them accordingly.

BMW Group: the most attractive employer in the automotive industry

As key strategic tasks, human resources strategy and management are becoming ever more important. The overall success of a company is increasingly determined by its ability to attract people with the right skills, develop them and take a flexible approach to ensure their skills are applied in the right places. Flexible human resources structures, employment models and flexitime systems all play a key role here, as does our ability to ensure good-quality leadership and develop our concept of leadership continuously. Together, these aspects will consolidate our position as an attractive employer.

In 2009, BMW Group Human Resources was restructured to comply with the objectives of Strategy Number ONE (see page 52). Today, the department sees itself as an innovative, effective and efficient network that shapes and gives direction to our Human Resources worldwide while at the same time fulfilling the Strategy Number ONE objective of positioning the BMW Group as the most attractive employer in the automotive industry worldwide.

Measures that will help us achieve our goals include …
… offering attractive conditions and training programmes to prepare young, skilled employees for their future work and ensuring that we retain employees with key skills for the long term.
… analysing individual competencies and focusing on developing them through our competency and talent management programmes.
… showing our appreciation for our employees' dedication – for example, through competitive remuneration and a range of additional benefits. We are also continuing our long-standing constructive cooperation with employee representatives and providing motivating leadership.


UN Global Compact
www.unglobalcompact.org

… promoting the mental and physical health of our employees and providing them with secure, healthy jobs.
… supporting collaborations within the company between people of different cultural backgrounds, age groups and genders and with different lifestyles – for example with employment models that help individuals better combine their work and private lives.
… designing our Human Resources structures and working time systems in such a way that we can react to market changes flexibly while at the same time offering our employees job security.


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… complying with all the relevant standards and declarations at all times (Global Compact, ILO, OECD, ICC Business Charter for Sustainable Development, Joint Declaration on Human Rights and Working Conditions).


www.ilo.org
www.oecd.org
www.iccwbo.org

Employees identify strongly with the BMW Group

The success of our efforts can be measured by a variety of external and internal means. A number of external studies confirm that the BMW Group is an attractive employer (see box on the right). Our balanced scorecard, which is our main instrument for measuring and monitoring target fulfilment, also covers the topics of employer reputation and employee satisfaction.


www.harvardbusinessmanager.de


www.universumeurope.com


www.trendence.com

Employee surveys have revealed exactly how satisfied our employees are with their workplaces and with the BMW Group as an employer. They also tell us where there is potential for improvement and enable us to evaluate a central factor that makes the BMW Group best in class: motivated, satisfied employees.

In February 2011, some 78,000 employees (around 85% of the workforce) participated in the last Group-wide survey. 82% of respondents said they were satisfied overall with the BMW Group, the same high percentage as in 2007. "Attractiveness as an employer", which achieved satisfaction rates of 84%, was also on the same high level as in 2007, along with satisfaction with additional social benefits (79.6%) and safety at the workplace (81%).

These results show that our employees and managers support and shape the company's Strategy Number ONE. It confirms that they identify very strongly with the BMW Group and that they are dedicated to the company with a strong desire to perform and a keen customer focus. Their feedback does, however, indicate that there is some room for improvement. Some respondents suggested that leadership could be improved (in particular role modelling, appreciation of employees as a success factor, motivation and employee development). They also felt that corporate culture required more work (to promote a culture of peformance, dissent and innovation). Decision-making processes and interface ownership require clearer definition. All in all, the employee survey provides valuable information as to how we can and should enhance our profile as an employer. This will strengthen and raise the profile of our employer brand. Greater awareness of the company as an employer continues to gain significance in the recruitment of new employees.

EMPLOYER AWARDS

2010
- Most Popular Employer in Business Administration (Young Professional Survey)
- Best Career Portal (Top 3), Harvard Business Manager
- Best Career Website (1st place), Trendence Award
- Most Attractive Carmaker and Most Attractive German Company Worldwide in the global Top 50 (Universum's survey in the major industrialised nations)
- Most Attractive Carmaker and Most Attractive German Company in the European rating for Engineers and Business Management (Trendence study)

2011
- Universum Student Survey 2011: the BMW Group moved up the scale in terms of percentages and ranking: in engineering and business, it moved from the top 3 to number 2, in IT from the top 11 to 10.
- "Deutsches Absolventenbarometer" = German graduate study 2011 (Trendence): in 2011, the BMW Group gained percentage points and retained its good rankings: Engineers – Top 2; Business – Top 2; IT – Top 9
- Most Admired Companies in the World (Fortune Ranking): the BMW Group moved from 22nd to 19th place in this ranking and is the only German company in the Top 20. The BMW Group is number one among carmakers and in the overall European regional ranking.

04.2 — ATTRACTIVE, PERFORMANCE-BASED REMUNERATION.

We reward above-average performance of our employees appropriately – with above-average remuneration. Additional social benefits and a new, Group-wide profit-sharing model enhance this approach.

The BMW Group's record performance last year was enabled first and foremost by the exceptional commitment of its employees. We reward their dedication and performance with fair remuneration that is attractive, competitive and transparent.

» i
Page 101

To the BMW Group, intrinsically motivated employees who enjoy their work and are efficient as a matter of course are essential, especially in the face of the increasingly tough competition companies like ours are facing around the world. An efficient workforce means higher profits – one of the core objectives of our Strategy Number ONE. Rather than considering our attractive remuneration as an incentive, we prefer to see it as an expression of our appreciation for work well-done.

www.unglobalcompact.org

At the BMW Group, remuneration is linked to each employee's annual performance assessment, both in Germany and abroad wherever collective agreements or legislation allow. Managers are remunerated on the basis of performance-related premiums, which account for between 10% (management level 1) and 60% (senior management) of their pay. We also take into account the social and economic sustainability goals of our long-term corporate planning when calculating these remuneration packages.

As a rule, the total remuneration package of our employees is aligned with the top third of the respective market. Valid for all BMW Group subsidiaries around the world, this principle guarantees consistent, fair and attractive remuneration for all associates.

Part-time employees enjoy benefits such as profit-sharing, Christmas bonuses above the collectively agreed amount, and personal bonuses aligned with their working hours. Generally, they also receive as payment in full any benefits that cannot be broken down into smaller parts, such as subsidised meals at the company canteen. Agency workers with BMW AG in Germany receive the same collectively agreed basic salary as our permanently employed staff.

Transparent participation in the company's success

Individual remuneration packages are complemented by a standardised profit-based component for all of our employees. 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. With a consistent calculation method across all hierarchical levels right up to the Board of Management, our profit-sharing system is unique both in the automotive industry and in the DAX 30. In financial year 2011, it was implemented in all BMW Group subsidiaries worldwide.

When profits fell during the economic crisis of 2008 and 2009, BMW AG employees received no profit share at all. But after contributing to the Group's crisis management and economic recovery through their above-average performance, they were able to take home a profit share equivalent to almost 1.6 months' salary in 2010 – the highest in the history of the company. For most employees on collective agreements, profit-related bonuses and Christmas bonuses exceeding the collectively agreed amount totalled an average of euro 7,490 per head. The Board of Management had also rewarded employees for their dedication in July 2010, with a one-off special payment averaging euro 1,060 for employees on collective agreements. In addition, the collectively agreed wage increase was brought forward from April to February 2011.

More than just excellent remuneration

As well as financial compensation, the BMW Group offers its employees a variety of social benefits designed to the needs of employees in the different markets. In the UK and the USA, for example, employees can opt for a higher than average company pension. Additional comprehensive health insurance is available to our employees in the USA. Those at our subsidiary in India, where the health insurance network is still being developed, can benefit from our health insurance offer to obtain cover not just for themselves, but also for their families and a parent. In South Africa, our BMW Caring Together Project supports healthcare for BMW Group employees and their families. So far, more than 5,300 employees, family members and neighbours have had health checks through the project – and have a much better chance of staying fit as a result.

04.3 RECRUITING AND TRAINING EMPLOYEES.

As the leading premium provider in the automotive industry, we aim to play a decisive role in shaping change in our industry over the coming years. In order to do so, we are developing the competencies and talents of our highly skilled and motivated staff through targeted, future-focused continuing education and training programmes.

When the revolutionary BMW i3 and BMW i8 take to the roads in 2013, they will be among the first of a whole new generation of all-electric and hybrid vehicles that will bring lasting change to road transport and the automotive industry in the coming years. Already, a number of megatrends are under way, such as dwindling resources, the regulation of mobility, burgeoning cities and a noticeable change in consumer values. Completely new vehicle and mobility concepts are needed to tackle them. If we want to be a leading force in developing these concepts, we must also lead the way in gaining and developing the competencies we need – a challenge we are tackling with a two-pronged approach: as well as strengthening our strategic competency and talent management, we are stepping up our programmes to gain, train and develop our employees.

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With this in mind, we invested euro 179 million in education and training in 2010. Each employee received an average of 2.4 days of training that year, up from 1.6 days the year before. BMW Group managers completed a total of 16,475 days of training – nearly three times as many as in the previous year.

› www.bmwgroup.jobs

» www.facebook.com/bmwkarriere

One area in which we are taking a targeted approach to competency building is electric vehicles. With this market segment set to account for 5 to 15% of new cars by 2020, we are working to develop all the necessary skills. In 2010, we added a new training module to our training programme for motor vehicle mechatronics specialists. This will train employees to specialise in carrying out specific electric work on the hybrid vehicles. Meanwhile, in Landshut, where we will produce CFRP (carbon fibre reinforced plastic) bodywork for our BMW i brand vehicles, and Leipzig, where these models will be assembled, we have extended our process engineering courses for fibre composites. BMW Group employees can also benefit from the opportunity to take part-time Bachelor's or Master's degree courses in electromobility at the Ingolstadt University of Applied Sciences. With these activities up and running, we now offer an integrated range of qualifications for the electric vehicle market of the future. From skilled workers to university graduates, we are securing access to key competencies and developing them continuously.

› www.bmwgroup.com/career

Together with our employees, we foster a culture of lifelong learning. This approach is becoming increasingly critical for our success, especially in the face of ageing workforces, rapidly changing demands, declining numbers of graduates and a lack of skilled workers in the foreseeable future. Our goal is to be able to have the right people with the right key competencies in the right places at all times.

» www.bmwgroup.com/career

"Leading Yourself" as part of the leadership role

When it comes to Leading Yourself, managers have a key role to play. By developing their skills continuously and ensuring they have an understanding of leadership that is in keeping with our times, we are establishing some of the essential prerequisites for gaining, retaining and developing good people for our company. In line with our corporate strategy and our self-understanding, we began to redesign our leadership training programme completely in 2010, extending it significantly. In the future, this will enable us to offer all managers a three-year cycle of practical leadership training programmes (the first cycle began in 2010). This same training initiative will also see a threefold increase in our leadership training budget compared with 2009 and a more international training programme.

Early 2010 saw the launch of this Corporate Leadership Programme for new and current managers. German and international managers on all hierarchical levels discuss and learn about leadership and how we understand it. Incorporating the new principles of our leadership approach, the course covers the key concepts of Managing Business and Leading People, as well as Leading Yourself.

Our managers discuss these issues not only among themselves (see page 52 et seq.) but also with staff and peers from around the world.

Recruiting the best people for the company

Wherever internal programmes do not suffice to provide our company with the skills it needs, we take a targeted approach to recruiting skilled workers and employees from outside. In doing so, we make every effort to ensure a heterogeneous workforce (see page 54). To help us attract the best candidates, we redeveloped the BMW Group's Employer Brand in 2009 and designed a new and highly focused communications campaign in 2010. In addition, we are working with carefully selected German and international universities to increase undergraduates' awareness of the BMW Group through research projects, events and exchange platforms advertising our internships and job vacancies. In mid-2010, we also launched a Facebook career page. In combination with our commitment as a sponsor of the Formula Student programme, this will help us position ourselves as an attractive employer among target groups we are addressing. The BMW Group offers attractive entry-level opportunities to target groups such as pupils, students, graduates and people with job experience. The central elements here are vocational training and development programmes.

Communicating Strategy Number ONE across the BMW Group

BRINGING OUR STRATEGY TO LIFE

A —

Introducing an ambitious corporate strategy is all well and good, but the actual challenge lies in implementing it. The BMW Group holds a series of events worldwide to encourage employees to become ambassadors of our corporate strategy, Strategy Number ONE.

What direction is the company taking? What exactly are our objectives? And what do they mean for me and my work? Most importantly: what can I do to ensure that both I and other associates become more familiar with the company's vision?

In 2007, the BMW Group defined its new Strategy Number ONE, with the aim of becoming the leading global premium provider of individual mobility. This strategy enabled the company to master the severe global financial crisis of 2008 to 2009 and start on a new road to success. Between November 2009 and December 2010, a series of events called Number ONE on Tour gave a total of 15,000 employees around the world clear objectives and a clear sense of direction. During this decisive period, our joint efforts and commitment ensured we were able to master the financial crisis together.

Developed in-house, the event concept was at least as ambitious as the corporate strategy itself. Its one-day workshops were prepared not by external professional facilitators or strategy experts but by BMW Group managers and executives. The workshops were then presented to teams of associates from across divisions and hierarchical levels. Among the main topics they addressed were the sustainability strategy and activities of the BMW Group. Other aspects, such as project i, CFRP as a material for the future, and sustainable approaches to vehicle production, were presented and discussed as an integral part of the future of premium mobility.

After 75 workshops in Munich, the roadshow moved on to Singapore, Spartanburg (USA), Rosslyn (South Africa) and 30 other locations worldwide, empowering our

— B

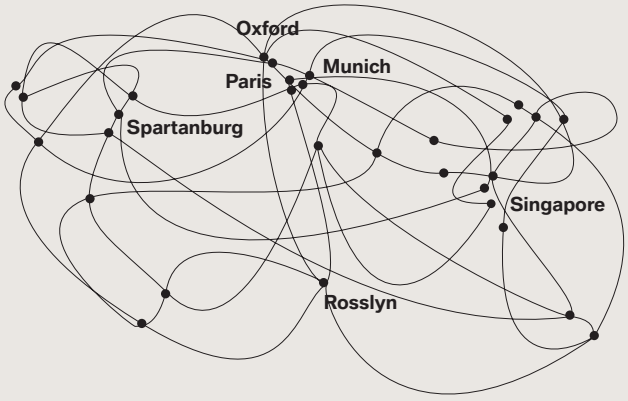
employees to be ambassadors of our corporate strategy. Participants' feedback and ideas were systematically captured, assessed and presented to the management, making the strategy roadshow itself a valuable tool for involving all employees in deciding the future development of the company.

TAKING THE LEAD

As the legendary management coach Peter F. Drucker once said, not many managers accept that, ultimately, they only need to lead one person: themselves. In June 2010, the BMW Group launched its Leadership Platform at the Munich headquarters, creating a forum for managers to learn more about its approach to leadership and to further develop their insights and achieve a joint understanding of the concept. Each one-day workshop comprised ten "stations" designed to encourage managers to reflect with their peers on their role. Since it began, the Leadership Platform has generated considerable interest and is already fully booked out for the whole of 2011.

NUMBER ONE

In 2007, the BMW Group launched a far-reaching and comprehensive corporate strategy, Strategy Number ONE. In combination with the "O" in "ONE", the letter "N" stands for "New Opportunities". In conjunction with the "E", it indicates "New Efficiency". Together, these two elements will help us achieve an ambitious vision: to make the BMW Group the leading producer of premium products and premium services for individual mobility by 2020. As we strive to achieve our vision, we will focus consistently on growth, profitability, working actively to shape the future, and on access to new technologies and customers. These core areas of action form the four pillars of Strategy Number ONE.



— A National and international managers lead an intensive dialogue on the strategy
— B Employees test alternative drive concepts with the help of interactive exhibits
— C Dialogue-focused formats enable deeper discussions of content
— D "Number ONE on Tour" offers insights into development projects at an unusually early stage.

— C

— D

04.4 DIVERSITY AND EQUAL OPPORTUNITIES. In all their diversity, our employees enjoy the same levels of appreciation, respect and opportunities. We have established concrete goals to make our workforce even more diverse.

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With a presence in more than 140 countries around the world, the BMW Group is active in numerous different market segments. As a result, we deal with hugely diverse groups of potential customers every day. In order to gain a better understanding of these customers and their needs so that we can come up with perfectly customised products, we need to ensure we employ people from a wide range of personal backgrounds. A diverse workforce will also enable us to remain highly efficient and effective, even when the employability of individuals changes as demographics and values shift.

For this reason, our Diversity Management programme rests on a broad base with a holistic concept of dealing with diversity among people. Derived from our corporate strategy, Strategy Number ONE, it picks up on our fundamental principle of equal rights and opportunities for all of our associates, regardless of gender, origins, age or beliefs. This principle is firmly established in our staff and management guidelines, our long-term Human Resources policy and our Joint Declaration on Human Rights and Working Conditions at the BMW Group.

www.bmwgroup.com/
responsibility

www.girls-day.de

Every employee working for the BMW Group has the right to report any incident of suspected unequal treatment to the appropriate complaints offices. In the reporting period, BMW AG recorded two incidents of suspected discrimination in Germany. One involved discrimination against a woman when filling a higher-level vacancy, the other discrimination on the grounds of ethnic origin.

DIVERSITY TARGETS AT THE BMW GROUP

"We want to gain the knowledge we need to serve our existing markets as best we can by employing a diverse range of staff. Greater variety will also help us access new markets for sales purposes and remain competitive when labour market structures change."

» i
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This diversity goal was established by the BMW Group Strategy department and has been validated by our international sites around the world. The different countries and markets are taking a range of approaches to fulfilling it, as each one is starting from a different situation. One internal inventory carried out in 2010 revealed that diversity work in Europe is focusing particularly strongly on women and mixed-age teams. Outside Europe, the focus is on promoting ethnic minorities.

In South Africa, for example, the Broad-Based Black Empowerment law stipulates that the promotion of previously disadvantaged ethnic groups must be reflected in an Employment Equity Plan. In 2009, BMW South Africa had performed far better than competitors. As well as providing special training programmes for employees with disabilities, ACI applicants (i.e. African, Coloured and Indians) receive preferential treatment when the BMW Group advertises vacancies.

First diversity target ranges defined

As a technology-based company, one major task for the BMW Group consists of gaining and promoting female employees and managers. In November 2010, the Board of Management approved several target ranges for BMW AG relating to gender and now also to age/experience and cultural background. Gender targets will be integrated into our corporate target system by 2012.

We are also working on a wide range of measures to increase the share of women in our workforce. Activities range from promoting female students in technical vocational subjects and increasing the number of women in commercial-technical training to providing support for females in management positions. As well as our Girls' Day, which attracted 550 school-age girls in 2010, we have developed part-time and teleworking models that will enable our staff to reconcile their working and private lives more easily (see sections 04.5 and 04.6). As they move into management positions, women at BMW AG benefit from the support of our 100-day coaching programme. This is designed to provide helpful tips to support women as they rise through the ranks in an environment that is still largely dominated by men. Female employees have also initiated a network called Female Managers in Dialogue. This now has 90 female managers as members and has been complemented with a network for other female staff on collective agreements.

FEMALE EMPLOYEES AT THE BMW GROUP

In 2010, women accounted for 13.2 % of the overall workforce at BMW AG (compared with 13.1 % in 2009). Across the BMW Group they accounted for 15.2 %. In administrative and staff units in the different divisions, women account for a far larger share of the workforce, 38.9 %. Meanwhile, 27.7 % of staff in our finance division are females, as are 34.6 % of those in Human Resources. Between 2005 and 2010, the share of female managers at BMW AG rose from 7.4 to 8.8 %. For the BMW Group as a whole, figures totalled 11.1 %. This represents a rise of almost 20 %. On our Supervisory Board, 15 % of members are women. There are no females on the BMW Board of Management.

04.5 WORK-LIFE BALANCE. We are helping our employees reconcile their professional and private lives by responding to their working-time requirements and to the care needs of their children and families with a wide range of options.

In today's world, working and private lives are becoming increasingly interlinked. Ideally, the two should complement each other, but in reality they sometimes do the opposite. To help our employees achieve a healthy work-life balance, we have devised a number of different working time models and care options for their families and children. As a family-friendly company, we want our staff to benefit from the right conditions for a harmonious work-life balance – at any stage of their careers or lives. As BMW Group facilities around the world work to meet the needs of their employees, country-specific conditions play a fundamental role in their efforts to develop appropriate solutions.

Flexible working times and working time models

› i Page 99

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 models and individual working time accounts are also essential to our employees, who benefit considerably from the greater leeway they offer. In principle, every BMW Group employee has a range of part-time options to choose from – and more and more of them are making the most of them.

Our Fulltime Select working time model, for example, allows employees in Germany and Austria to take 20 additional days of leave each year with corresponding adjustments to their salaries. 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 in the UK). We have further extended our partial retirement programme in Germany, and employees at many of our overseas facilities can take early partial or full retirement based on their personal early retirement model.

Healthcare and childcare

Every employee at our German sites is entitled to use our company-owned Back Up Centres and join the fitness and training programmes on offer at these facilities. We also provide a variety of preventive healthcare programmes at or near the workplace, ranging from precautionary checks for bowel cancer to footcare programmes. Moreover, a healthy work-life balance and general wellbeing are key components in some of our management training programmes as well as at our Leadership Platform (see Taking the lead, page 53). Upper management staff benefit from individually tailored health programmes and the opportunity to attend several courses a year involving high-profile guest speakers. Refresher courses are available every six months. Similar programmes are currently being prepared for other management levels.

Our health programmes are also being expanded at our international locations. As part of the expansion of the BMW plant in Spartanburg (South Carolina, USA), an "Associate Family Health Center" is being built, a US dollar 5 million investment in the health of employees and their families. The Health Center will have a pharmacy and will provide medical and primary health care services as well as vision, dental, physical therapy and occupational health services.

In Munich, Dingolfing and Regensburg, childcare facilities are available to parents with small children. Organised by parents themselves and supported by the BMW Group, these facilities have particularly work-friendly opening times and can accommodate up to 140 children. In Leipzig, a facility near the plant has offered childcare for 30 children of BMW Group employees since 2010. Similar arrangements are in place in Berlin, with childcare services in Munich due to be extended in 2012. Since 1992, the BMW Group has also been providing a Family Service for employees. This offers advice and provides useful contacts relating to all aspects of families and children.

When it comes to caring for elderly or disabled relatives, staff at our facilities in Munich have benefited from the support of the Eldercare service. This is financed by BMW AG and run by an external provider. A similar service is offered by the Bavarian Employers' Association for the metal and electrical industries. Since September 2010, this has been supporting employees within the catchment area who care for elderly or disabled relatives or require childcare assistance.

At BMW Group facilities around the world, childcare services meet local and regional requirements. In China and the Netherlands, for example, arrangements are in place to accommodate three- to six-year-olds. In the UK, employees receive care vouchers for children up to the age of 15. For children with a disability, the vouchers are valid up to the age of 16. In South Africa, our Rosslyn plant runs its own preschool, which provides the best tuition in the region for 60 children aged between three and six. This Early Learning Centre offers all-day childcare for children of BMW employees.

04.6 WORK, HEALTH AND DEMOGRAPHIC CHANGE.

WORK, HEALTH AND DEMOGRAPHIC CHANGE. Integrated health management, working initiatives to suit an ageing workforce and a high degree of job security are three factors that are helping our staff maintain high-performance levels at the workplace. Our goal is to have the healthiest workforce in the automotive industry.

» www.ohsas-18001-occupational-health-and-safety.com

› i Page 102

Success is actually quite simple. For a company to remain productive over the longer term, its workforce must be willing and able to perform and measures must be implemented to promote health and motivation in the workplace. For this reason, the BMW Group's Health Management programme has set itself a goal: by the year 2020, we want our employees to be the healthiest and most efficient in the industry. We support staff in maintaining their physical and mental capacity to perform and encourage them to adopt healthy lifestyles throughout their working lives. Safe, ergonomic workplaces and accident prevention are among the factors that will help us ensure employees stay healthy. Ageing staff and employees who are no longer able to carry out the work they once did now benefit from individually tailored workplaces wherever we can offer them. This ultimately allows us to retain their skills and manpower to the benefit of the BMW Group.

In most Western industrialised nations, but also in countries like Japan, South Korea and Russia, demographic development is causing the labour market to shrink. At the same time, the average age of the working population – including the workforce of the BMW Group – is set to see a noticeable increase. Between 2010 and 2020, we expect the number of BMW Group employees aged 50 years or over to double.

As well as representing one element in the range of additional benefits we offer our employees, health management is fundamental in keeping the BMW Group competitive in the race to win skilled workers and young talent. After all, a company's ability to maintain and promote the health of its staff and the efforts it makes in this regard will have an increasingly strong influence on its competitiveness as well as its attractiveness as an employer.

Our goal for 2020: to have the healthiest and most efficient workforce in the industry

With the help of our Health Management programme, we are working to offer our employees greater job security. We are also establishing working systems that will keep them healthy, motivated, and willing and able to perform and innovate throughout their working lives.

As it works to put the right measures in place, the BMW Group Health Management 2020 programme is looking to the future. After being piloted at various German sites in 2011, it will be rolled out at all of our facilities around the world.

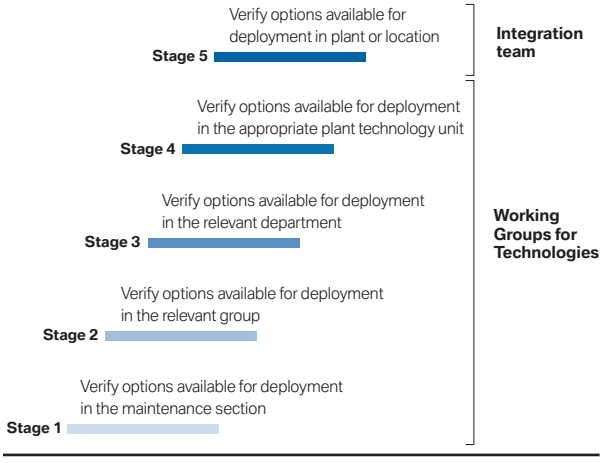
Works Councils and Occupational Health and Safety representatives currently represent BMW Group employees across Germany on all the legally required Occupational Health and Safety Committees. At present, OHRIS and OHSAS-certified occupational health and safety management systems are in place at 11 of our 22 production plants. Eight further facilities work with other systems that meet national standards. Our sites in the UK, the USA and Thailand are due to receive OHSAS certification in 2012, meaning all BMW Group production workers will be integrated into our Occupational Health and Safety Management systems.

Stay healthy at work

Staying healthy is essential – not only for the company but also for each and every one of our employees. But an equally important point is prevention. This is why the BMW Group is offering a range of measures to encourage individual staff members to make a personal commitment to look after their health. Under our preventive healthcare programmes, staff members can benefit from annual preventive bowel cancer checks, campaigns for healthier backs, back training, and advice on dietary and psychological issues. Incentives such as those offered by our company health insurance scheme, BMW BKK, encourage staff to take part in the programmes on offer. Special training programmes are also available for trainees and managers (to find out more, see chapter 04.3 on page 51). Already, our innovative, long-term Health Ambassador concept has won multiple awards for helping specially trained staff members disseminate information throughout the company about the health programmes we provide.

For employees who are restricted in their capacity to work, we have established a reintegration process. As shown in the diagram below, this is based on a series of steps to

Reintegration process for employees with restricted work capabilities



verify the options available for suitable alternative employment. Wherever reasonable and possible, we adjust workplaces to meet the ergonomic requirements of our staff.

Since 2006, employees planning a rehabilitation programme after a long illness have been able to benefit from our Netzwerk Reha. Enabled by collaborations between BMW Group Health Management, our company health insurance BMW BKK and the German pension insurance system, Netzwerk Reha allows close dialogue between company and rehabilitation doctors during rehabilitation so that workplaces can be adjusted appropriately. This significantly increases the chances of successful reintegration.

» i
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Meanwhile, our Today for Tomorrow project has demonstrated successfully that working systems in automotive plants can be adjusted to suit an ageing workforce. One component of this project has been an employee rotation designed to balance out the physical strains employees are subjected to. Other elements have included age and health-based shift models. The findings of the Today for Tomorrow project have been put into practice in Dingolfing, where they had a formative influence on the complete concept for a new axle transmission production line. After investing euro 20 million, the BMW Group now has the automotive industry's first component production system worldwide that is specially designed to meet the needs of older workers. Today for Tomorrow is now to be rolled out across other BMW Group sites as well.

» www.lzg-bayern.de/gesundheitsförderungs-und-praeventionspreis.html

Safety first with future technologies

As well as maintaining the health of our employees by offering them suitable jobs, we are working first and foremost to ensure workplace safety at our company. As electric drive systems become firmly established in automotive production and maintenance, questions as to how to handle high-voltage technologies safely are gaining importance. The BMW Group has been a leading force in initiating a training concept for electrical specialists, which it developed further in conjunction with other carmakers and the technical committee for electrical engineering of the German statutory accident insurance. The resulting guideline paper, entitled Berufsgenossenschaftliche Information 8686 (Information from the Employers' Mutual Insurance Association), is now a binding document for all educational institutions. We have also been working with other German carmakers to draw up and implement a safety concept for the verification of lithium batteries in drive systems.

» www.dfg-online.de

» www.deutscher-unternehmenspreis-gesundheit.de

» www.aarpinternational.org

» www.fabrik-des-jahres.de

In 2010, we produced a safety tool for use in machine and system purchasing. This is now ready for use with and accompanied by documentation that meets legal requirements. Meanwhile, our worldwide assessments of the risks posed by hazardous substances and psychological stress are based on the ZEUS and ABATech systems. The latter forms the basis for any modifications to systems or machines on a local level. In addition, a new planning tool is helping our planners adhere to legal requirements in their work.

For the last five years, BMW AG has not seen a single fatal accident. However, the number of accident-induced sick days at BMW AG (excluding dealerships) rose from 13,727 in 2009 to 17,343 in 2010. (8,957 of these were due to occupational accidents and 8,386 resulted from accidents on the way to or from work.) This rise in numbers is attributable in part to the number of accidents occurring on the way to or from work during the long period of severe winter weather at the beginning of 2010.

In 2010, accident rates at BMW Group stood at 3.6 reportable accidents per one million working hours (compared with 3.1 in 2009). In the same year, BMW AG employees (excluding those working in dealerships) had a total of 4,458 occupational accidents (compared with 4,619 in 2009). We are now working to bring rates down to below 2.5 incidents per 1 million working hours.

AWARD-WINNING HEALTH AND DEMOGRAPHIC MANAGEMENT

- Third prize in the Bavarian Awards for Health Promotion and Preventive Healthcare for the BMW Group's Intercultural Occupational Health Management project (09/2009)
- dfg Award for Outstanding Management and Health Management for BMW BKK's Health Controller project (05/2010)
- German Corporate Health Awards special Fit for the Future prize for the BMW Group's company Health Management (12/2010)
- AARP International Innovative Employer Award 2009 for Best Practice in Age Management for the BMW Group's Today for Tomorrow project
- Factory of the Year Awards' Future Prize for work by the BMW plant in Dingolfing on initiatives to create workplaces that are suited to the needs of older staff (03/2011)

04.7 SECURING JOBS AND CO-DETERMINATION.

The history of the BMW Group is one of success – of fruitful collaborations between our employees, management and shareholders. Their consolidated, constructive efforts are fundamental to our profitability and to our ability to secure attractive jobs.

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The global financial crisis of 2008 and 2009 showed more clearly than any other event that had gone before that the days of calculable, unhurried growth cycles are over. Nowadays, changes in markets, quantum leaps in technology, fluctuations on the capital markets or a combination of these factors can have a drastic impact on sales and liquidity – within a short space of time and on a global level. More than ever before, a company's ability to survive and succeed depends on its capacity to respond swiftly and clearly to change.

UN Global Compact
www.unglobalcompact.org

The BMW Group's extremely positive experiences in this respect come largely as a consequence of unusually trusting relations between its shareholders, management and employees. Without the solidarity that has grown between them, we would not have survived an existential crisis we faced half a century ago (see page 12). Longstanding, constructive collaborations were also fundamental to our ability to offset the drop in sales caused by the global financial crisis and return to record levels of production, sales and profits shortly afterwards.

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Mobile, flexible and willing to perform, our employees are a significant factor in the BMW Group's ability to secure attractive jobs over the longer term. For this reason, our work in this area has a clear goal that is firmly established in our company agreement on BMW Group working time accounts.

Zero redundancies during the global economic crisis

As a means of enabling increased flexibility, the BMW Group's working time account system proved invaluable in securing jobs during the global financial crisis in 2009. Moreover, in combination with short-time work, it enabled us to offset 4.55 million lost working hours (the equivalent of around 3,200 man-years). Along with measures to restructure Human Resources within the company and collective leave arrangements, this enabled the BMW Group to weather the financial crisis without any redundancies.

At the same time, our skills management and wide-ranging training and education programmes are helping our employees to continuously develop their skills to enhance their employability. When we left the world of Formula 1, for example, we were able to offer more than 350 staff members alternative employment in other areas of the company. In addition, almost 100 engine assembly staff based in our plant in Munich found similar or better employment opportunities within the company between 2008 and 2009.

Our employees have a direct influence on the development of the BMW Group due to regular exchange of information between staff and management and to our employee suggestion scheme. In 2010, the improvements they proposed helped us save euro 67.43 million (compared with euro 56.8 million the previous year).

One essential element in the way we involve our employees in the company is co-determination. The BMW Group has a long and successful tradition in this respect, and in Germany co-determination by employees is regulated by law. In other markets, we act in line with local conditions.

Staff at our Chinese sites, for example, are represented not only by a classic workers' union but also by an in-company Assembly of Staff Representatives. These are elected by all the employees working at these sites and play an active role in shaping company agreements, developing training and education programmes and in making decisions that relate to the workforce as a whole.

BMW AG EMPLOYEES IN 2010

Headcount on 31st of December 2010:
69,518 employees (BMW Group: 95,453)

New employees taken on:
509 within BMW AG, Germany

Employee attrition rate at BMW AG:
2.74 % (compared with 4.59 % the previous year)

Number of employees on unlimited employment contracts leaving the company in 2010:
1,753 (compared with 3,009 the previous year)

Employment contract terminations by BMW AG in 2010:
53 (compared with 55 the previous year)

Number of employees taking voluntary redundancy or terminating their employment contracts in 2010:
970 (compared with 1,763 the previous year)

Number of employees leaving the company due to retirement, partial retirement or death in 2010:
730 (compared with 1,191 the previous year)

SOCIETY 05

Expertise through intercultural dialogue

CORPORATE SOCIAL RESPONSIBILITY. Wherever in the world the BMW Group is active, it is committed to help resolve social challenges. The main focus of our efforts in this area is on community relations, intercultural understanding, culture, education, road safety and health. In all of these areas, our core competencies enable us to add measurable value for society as well as for the company. Our activities mesh effectively with those of BMW AG's independent foundations.

AREAS OF FOCUS

Activities of our foundations — Page 69
Corporate volunteering — Page 62
Cultural commitment — Page 68
Education and intercultural understanding — Page 66
Local commitment — Page 62, 68
Monitoring and evaluation — Page 62
Promoting good health — Page 67
Road safety projects — Page 63

CHALLENGES

~~Rising levels of child poverty and inadequate education/intercultural diversity -> social conflicts~~

~~Road safety worldwide and new mobility concepts~~

~~Increasing numbers of natural disasters -> provision of immediate aid and establishment of long-term projects in the regions affected~~

~~Interconnecting corporate and staff CSR activities~~

~~Multidisciplinary dialogue on the future of megacities around the world~~

~~Demographic change~~

KEY PERFORMANCE INDICATORS (KPIs)

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BMW Group donations worldwide in 2010

▲ euro 10.2 million

› 200 cultural and social commitment projects
over more than 40 years

› 170,000 people
have attended the "State Opera for All" in Berlin

Amount of expenditure on social commitment

▲ euro 26.6 million

› 150,000 children
per week are cared for by the Magic Bus in India

› 39 million
safe routes to school per year in Munich

PROGRESS IN 2010

Page 107 et seq.

- Continued enhancement of communities at international sites through the BMW Group's core competencies (improving education opportunities in communities in Chennai, India)
- BMW AG Eberhard von Kuenheim Foundation has extended its project work to bring its experience to further areas of society in which changes are needed
- Successful launch of the new BMW Group Award for Intercultural Commitment

FORECAST

- Promote cross-sector activities (collaborations with UN Alliance planned until 2013 as part of the BMW Group Awards)
- Stronger consolidation of international activities until 2011
- Improve measurability of results that are relevant to the company and which arise from its socio-political involvement until 2011
- BMW Foundation Herbert Quandt is to extend its international Young Leaders' Programme on a global level to promote cross-sector social responsibility among business leaders until 2012

For a complete overview of key figures, targets fulfilled and new objectives, see "objectives, facts and figures" section on page 71 et seq.

05.1 — MANAGEMENT AND ORGANISATION.

MANAGEMENT AND ORGANISATION. Social responsibility has always been integral to our corporate image. We draw on a wide range of resources from within the company to promote a dialogue between the BMW Group and society at large. Our employees are also becoming more involved in our CSR activities.

www.bmwgroup.com/socialcommitment

As a responsible corporate citizen, the BMW Group has always risen to the social challenges in the regions and communities in which it is active. Our efforts in this area focus on education, intercultural understanding, road safety, health promotion, community relations and cultural issues – areas that are relevant not only to the company but also to society at large. This is where we can contribute with many of our core competencies. We focus on long-term solutions that are internationally transferable and work on the principle of "helping people help themselves".

As megatrends such as demographic change and growing social diversity pose ever greater challenges, our efforts are becoming increasingly important. In 2010, we worked with the responsible committees from Strategy, Corporate Communications and Policy, Human Resources and our BMW Group foundations to review the alignment of our social responsibility activities, and we gained approval from the Sustainability Board.

www.bmw.com.cn/fund

Our work delivered a key finding: we want to strengthen our direct exchanges with society by closely coordinating activities with our independent foundations and strategically expanding our corporate volunteering activities. This will bring measurable added value for everybody concerned.

The job of controlling our social responsibility work lies with central Corporate Communications. Local initiatives are taken care of by local production and sales organisations, although the focus of this is agreed with the Group headquarters. We are also active in corporate networks, such as UPJ (the German national network of engaged businesses and non-profit intermediary organisations) and WIE (Wirtschaft. Initiative. Engagement – Business. Initiative. Commitment), where we are committed to promoting cross-sector collaborations. Since 2010, we have been measuring the results of our socio-political activities using the so-called iooi method. Developed in cooperation with other DAX-listed corporations in a working group established by the Bertelsmann Foundation, this has delivered important insights and indicators as to the effectiveness of our activities. We continue to work on the further development of clearly measurable, valid indicators.

www.upj.de
www.cccdeutschland.org/de/wie

Part of our social responsibility consists of providing direct financial support. In 2010, the BMW Group's charitable donations totalled euro 10,241,748.

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LOCAL COMMITMENT

With 25 production facilities, 43 sales offices and a distribution network encompassing more than 140 national offices, the BMW Group is a corporate citizen on a global level. While our local commitments generally follow strategic guidelines, we also offer immediate assistance when major disasters occur. In March 2011, for example, we donated euro 1,000,000 to victims of the earthquake in Japan via the Japanese Red Cross and Save The Children. After devastating floods hit Pakistan in the summer of 2010, we donated euro 200,000 to CARE to support the reconstruction of schools.

Our disaster relief activities have sometimes evolved into longer-term commitments as well. In China, for example, our joint venture partners BMW China and Brilliance Automotive established the BMW Warm Heart Fund. This continues to promote development projects in the province of Sichuan, where a devastating earthquake claimed 80,000 lives and left 400,000 people injured in May 2008.

With start-up capital of euro 930,000 provided by the BMW Group, the BMW Warm Heart Fund in China went on to collect donations totalling almost euro 1.7 million up to the end of July 2010. This money has been used to finance a number of projects, including the Lightening up Hope programme. As well as providing further training for teachers from the 100 or so schools in the earthquake region, the programme supports 140 students with their studies. A mentoring programme is also providing support for almost 300 children from the affected area for a period of one year.

05.2 **ROAD SAFETY.** For the BMW Group, it is not only vehicle safety that matters but also the safety of all road users. We are committed to increasing safety levels around the world through numerous social initiatives.

www.bmwgroup.com/roadsafety

Our road safety initiatives are managed by our Social Policy department in conjunction with in-house and external road safety experts. Research and development also play a significant role, and we also cooperate actively with professionals whose daily work relates directly to road safety – medical experts and the police, for example. We concentrate our efforts on challenges such as the launch of new mobility concepts but also focus on social developments such as the age at which young drivers can obtain a licence. Depending on local conditions, our activities have different focuses in different countries of the world.

Lessons in road safety for young road users

Since 1984, the BMW Group has helped make 39 million walks to and from school safer every year by issuing the majority of Munich's year one schoolchildren with School Route Maps. These show children where there is a risk of danger and chart alternative routes to help them get to school safely.

Another positive effect of the maps has been a drop in the amount of traffic, as more children go to school on foot. Over the years, 130 schools in Munich and 226 in Berlin have joined our campaign, which we established in conjunction with our road safety partners. The results are impressive: since the School Route Maps were first issued, accident statistics for participating schools have seen a dramatic drop.

Another comprehensive programme to promote road safety for young road users has been launched on the other side of the planet, in China. With more than 70 children involved in road accidents every day, work has been under way to bring about a noticeable increase in safety consciousness across the country through theme parks in primary schools, books and training camps. Between 2005 and the end of 2010, we reached out to more than 320,000 children. We have also issued some 120,000 copies of the BMW Traffic Safety Textbook for Schoolchildren to young people.

Meanwhile, in the UK, efforts 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 almost 400,000 visitors in 2010, the portal received the International Visual Communications Gold Award for its innovative and user-friendly approach. In the USA, the Teen Driving School that we established in cooperation with dealers across the country has taught more than 3,000 young drivers about safety on the roads. 2011 saw the launch of an additional campaign called DON'T TXT & DRIVE. This uses a range of media channels to warn young people of the dangers of distractions at the wheel.

In the Arab Emirates, work has been under way since 2009 to encourage greater use of safety belts and children's seats. Running under the motto "Stay Alert. Stay Alive", this far-reaching campaign has included a range of activities. Print and radio commercials, public awareness days at BMW dealerships and campaigns in schools and kindergartens have all helped us succeed in increasing safety awareness. In total, we have distributed 3,600 booster seats for children, broadcasted commercials worth euro 263,000, and welcomed 5,000 visitors to our public awareness days. The Middle East PR Association presented us with the award for the Best Corporate Social Responsibility Campaign in the region, and even the United Arab Emirates government was full of praise for our efforts.

39 MILLION SCHOOL ROUTES

are made safer by way of School Route Maps for young pupils in Munich.

The BMW Group has teamed up with various driving instructors' associations to develop a forward-looking tool for increasing road safety: the My Virtual Driving Coach app. This will be supporting instructors as they plan their lessons starting in autumn 2011 and will be one way of gaining better access to young drivers, who are best reached via digital or mobile media.

Safety for people with restricted mobility

Returning to the wheel after a long illness or with a physical disability can represent a challenge, even for experienced motorists. To help support people in this position, the BMW Group is piloting a Medical Car at the Enzensberg Rehabilitation Clinic in Bavaria. With the help of specially developed software and a driving simulator, motorists with a driving licence who are undergoing rehabilitation can work with therapists to learn new ways of dealing with the vehicle. Numerous test situations give them a realistic impression of their own driving abilities and help them rejoin road traffic with renewed confidence. Safe transport is of the essence in other extreme situations: in July 2011, the BMW Group donated a BMW X3 xDrive 20d to the Munich ambulance service for children. It was specially fitted for use in emergency cases.

BMW Group Award for Intercultural Commitment

NEW DRIVE FOR INTERCULTURAL DIALOGUE

A

The BMW Group's global Award for Intercultural Commitment supports initiatives and individuals working for a better understanding between different social, cultural and religious backgrounds. Our support in this area benefits award winners and society – as well as the company.

Robin Sclafani, director of the Belgian organisation CEJI – A Jewish Contribution to an Inclusive Europe, came to Munich for five days. She stepped back onto the plane to Brussels with a host of new ideas in her luggage. During her time in Munich, she and her colleague, Stephanie Lescesne, had been working hard with BMW Group Human Resources development and marketing specialists and with brand and corporate strategy experts. Together, they had discussed and created completely new development perspectives for her intercultural project entitled Belieforama. "Belieforama – a Panoramic Approach to Issues of Religion and Belief" works to reduce tensions in multicultural institutions and to promote the acknowledgement of other cultures and religions. Its wide range of training courses supports educators working to establish the right conditions in their institutions for people to develop, irrespective of their social and religious backgrounds. By the end of 2012, more than 250 educators are expected to take part in Belieforama's Religious Diversity and Anti-Discrimination seminar and spread its message subsequently. It is an ambitious goal, but the BMW Group is offering active support and learning a lot itself.

Belieforama was among the winners of the BMW Group Award for Intercultural Commitment 2010. Introduced as an addition to the BMW Group Award for Intercultural Learning, which has been presented since 1997, this new accolade represents a fundamental building block in the BMW Group's social responsibility programme. It networks the company with initiatives around the world that are working to promote social diversity and understanding. In 2010, prizewinners were chosen by an interdisciplinary, independent jury of international experts.

— B

As well as receiving a total of euro 25,000 in prize money, successful candidates will benefit from public recognition. But most of all, they will profit from an active knowledge transfer involving BMW Group specialists. The award also opens up a completely new network for them.

So, how do we establish a brand? How can we develop our business model further? How can we open up new target groups? And how can we reach even those people who are not particularly interested in what we have to say?

Questions like these are just as relevant for a non-profit organisation looking to survive and develop as they are for a global corporation that is home to several brands. For this reason, the year-long support the BMW Group offers its prizewinners is invaluable. "It was a crash course in business unlike anything else we could have attended in any educational institution. The support we got was both encouraging and practical and has been a tremendous help in our continued development," Robin Sclafani explains.

Alongside Belieforama, the Gartenpolylog project from Vienna was another winning entry. Its intercultural community gardens bring people from various cultural backgrounds together. Third prize went to the Israeli organisation Hand in Hand, which promotes equal educational opportunities for Arabs and Jews. Just as with Belieforama and Gartenpolylog, it was the transferability of the Hand in Hand concept that won over the jury.

The Award for Intercultural Commitment is having a lasting effect on these winning organisations – but the BMW Group is also benefiting from the exchange. "The BMW Group's support represents a rare opportunity for a direct and intensive dialogue between the non-governmental organisations and a major corporation," says Robin Sclafani.

In 2011, the BMW Group will intensify activities and extend its award in cooperation with the Alliance of Civilizations, an initiative by the General Secretary of the United Nations.

Participant development

1997
40
organisations from 26 countries

2011
300
organisations from 40 countries

— C

— D

— A The winners of the BMW Group Award 2010
— B Jean-Christophe Bas, Senior Advisor, United Nations – Alliance of Civilizations
— C BMW AG Human Resources Director Harald Krüger at the award ceremony
— D Award winner Robin Sclafani speaking to BMW Group experts

05.3 EDUCATION AND INTERCULTURAL UNDERSTANDING. The BMW Group is promoting educational issues and intercultural exchanges with a wide range of initiatives – to the benefit of everybody involved.

According to calculations by US economist and Nobel Prizewinner James Heckman, every euro invested in good education delivers a return of up to 17% per year*. Education, then, is one possible field of investment offering long-term returns for the benefit of individuals, the economy and society alike.

The BMW Group is among those investing in the future through its educational initiatives. As a provider of individual mobility, we thrive on a passion for knowledge and technology and promote scientific, technical and social skills.

» www.magicbusindia.org

In the BMW Group Junior Campus, for example, 5- to 13-year-olds are introduced to issues such as sustainable production or alternative drive systems. Similarly, the BMW Museum in Munich offers creative workshops for its younger visitors. Sustainability and society are also the subject of our Learning from the Olympic Games teaching materials, which were published to coincide with Munich's application to host the Olympics in 2018. In 2010 to 2011, the BMW Group is also supporting an exhibition around the issue of mobility at the Children and Young People's Museum in Munich. The title of the exhibition is Weg vom Fleck! Erforsche das Gehen, Fahren und Fliegen.

» www.bmwgroup.com/award-life

» www.jerusalemfoundation.org

At its corporate headquarters, the BMW Group is also supporting the Technical University of Munich, contributing euro 2 million as it sets up its Institute for Advanced Studies.

But science, technical and social skills are not the only areas we are concentrating on. Intercultural understanding and improving social mobility for young people are among the other focal points of our activities. Significant demand for teaching materials, such as the LIFE materials (last updated in 2010), show that demand in this segment remains unbroken.

International education

So do investments in education really pay off? The Excellence Project for the Advancement of Science, Mathematics and Technology in South Africa provides impressive evidence of the fact that they do. As part of this project, the BMW Group is currently supporting pupils at 28 schools as they learn more about the field of science. The results so far are impressive: in the schools we have supported, grades for mathematics and science were 22% better than average.

With a slightly different focus, the EkoTek project in Detroit, launched in March 2010, will see disadvantaged schoolchildren benefit from laboratory experimentation schemes, training courses and excursions for a period of three years. The main focus of the programme is on scientific subjects around the issue of sustainability. It has been financed in part by contributions from BMW dealers totalling US dollar 165,000.

In South Korea, BMW dealers, the local sales organisation and customers are adopting a different approach: with euro 1.3 million at its disposal, the BMW Korea Future Fund is working among other things to promote initiatives for eco-friendly mobility and academic exchange. Meanwhile, India's Magic Bus project offers children the opportunity to discover their potential through play, helping to lift them out of poverty.

At its corporate headquarters, the BMW Group is supporting the Technical University of Munich with euro 2 million as it sets up its Institute for Advanced Studies.

Learning with and from others

The second pillar of our commitment to education lies in promoting exchanges between different cultures and sections of society. Our activities in this area include the LIFE Concept for intercultural learning and the BMW Group Award for Intercultural Commitment (see page 64). In addition, the BMW Group's long-standing commitment to the Jerusalem Foundation has earned the company the Teddy Kollek Award.

65 %
of our donations go to Education and Science.

In 2010, we reviewed our corporate volunteering strategy in a bid to help us strengthen the exchange between businesses and social initiatives. As part of our strategy, BMW Group experts will support the winners of the Award for Intercultural Commitment for a period of one year by providing input and expertise where it is needed. The BMW Group is also encouraging its employees in Canada to become involved in social initiatives. Each employee is entitled to one day of paid leave per year, which they can devote to project work. In 2010, 41.6% of our staff in the country took up the offer.

Since 2010, social teamwork has also formed an integral part of our trainee programme, which sees each BMW Group trainee invest between five and seven working days in a social project. The scheme was presented with the Generali European Employee Award in 2011. Our intercultural commitment was also acknowledged by the Intercultural Dialogue Centre e.V. in Munich, which awarded it the IDIZEM dialogue prize in November 2010.

» www.idizem.de

* Source: http://www.brandeins.de/archiv/magazin/auf-sicht/artikel/gute-frage-was-haben-kleinkinder-und-lastwagenfahrer-gemeinsam.html

05.4 PROMOTING GOOD HEALTH. Another important action point for the BMW Group is health. Here, our activities focus in particular on preventive measures and on illnesses that pose a threat to society and consequently also to our company. One example is HIV/AIDS in South Africa.

www.bmwgroup.com/aidsprogram

www.bmw.co.za
www.lovelife.org.za

South Africa has been the home of one of our production facilities since 1975. But it is also a place where one in five people live with HIV (by way of comparison, the average infection rate worldwide stands at 1% of the population). AIDS, then, is more than just a personal tragedy for many individuals; it is a threat to social cohesion and to South Africa's national economy. In villages and towns across the country, the pandemic is leaving large numbers of seriously ill people and orphans in its wake. Businesses are losing colleagues, staff and expertise.

Our workplace programme against HIV/AIDS in South Africa is run by our Human Resources department. As with all CSR activities that extend beyond the limits of our own facilities, communications are coordinated and managed by our central Corporate Communications department.

www.gbcimpact.org
www.sabcoha.org

As a member of the Global Business Coalition on HIV/AIDS, tuberculosis and malaria (GBC), we support the global fight against illness and participate in exchanges with other organisations. The BMW Group South Africa is also active in the South African Business Coalition on HIV/AIDS (SABCOHA). Our local health service is managed by Doctor Natalie Mayet, who is also president of SABCOHA.

Committed on a number of levels

Last year, the BMW Group supported SABCOHA's replacement school programme. This reached out to around 1,600 schoolchildren aged between six and 13 years when many schools closed during the football World Cup. SABCOHA worked with the support of the BMW Group to offer alternative day camps for schoolchildren. Known as Camp I Am, these temporary schools offered young people a safe place to be and opportunities to do sport, improve their social and life skills, and learn more about HIV/AIDS.

One programme that remains active to this day is the workplace programme of the BMW Group, which has been providing advice, medical help and preventive medicine for staff and their families since 2001. It also offers a voluntary individual test programme, which 87% of our South African employees took part in last year. Infected employees who are insured under our works health insurance plan receive free medication. We also enable them to undergo comprehensive therapy and reintegration programmes so that they can lead as normal a working and day-to-day life as possible.

Another project we have been involved in is a multifunctional community centre in Soshanguve, not far from the Rosslyn plant, which we have been supporting since 2005. This offers a range of facilities including an HIV/AIDS advice service and a health service with six consulting rooms, where up to 5,000 patients are treated every month. Meanwhile, the LoveLife Centre in the Western Cape, which we also helped set up, is working to prevent the spread of HIV among teenagers. In an area with hardly any opportunities for young people to engage in leisure activities, the LoveLife Centre offers education and sports programmes as well as specially tailored advice on HIV/AIDS prevention to suit young people's needs.

Our commitment to the fight against HIV/AIDS is not restricted to South Africa. In Thailand, for example, we support the Baan Gerda Children's Village, which gives HIV-infected children a home. And in Italy, we are offering joint financing with the University Institute San Raffaele to support a major biotechnology research centre. Stem cell research of the kind currently being carried out in San Raffaele promises valuable insights for the therapeutic treatment of illnesses such as AIDS or Parkinson's disease. In 2010, the BMW Group Italy once again supported the San Raffaele Institute with euro 150,000.

Each year, significant amounts of money for the fight against HIV/AIDS are raised by the Vienna Life Ball. As one of the largest charity events in Europe, the Vienna Life Ball is working to beat the pandemic. Every year since 2000, the BMW Group has donated a special MINI to the event created by a renowned designer. The adorned vehicle is auctioned for charity after the ball is over. In 2010, the Life Ball's Jubilee year, the BMW Group even donated three cars. Over the years, the vehicles have been decorated by renowned artists including Missoni, Versace and Ferré and helped raise more than euro 600,000 to support institutions committed to the fight against HIV/AIDS.

05.5 GLOBAL CULTURAL COMMITMENT. As a partner and sponsor, we support a number of cultural projects at BMW Group sites around the world, ranging from music and art to architecture and design.

www.bmwgroup.com/kultur

Over the last 40 years, we have supported more than 100 projects around the world, making the promotion of culture an essential component of the BMW Group's social responsibility. Our focus in this area is on contemporary and modern art, classical music and jazz as well as architecture and design. The projects we support are selected and mentored by our central Corporate Communications department, although individual BMW Group sites and plants provide additional sponsorship for local cultural events.

www.guggenheim.org/bmwguggenheimlab

Rather than seeing ourselves as a sponsor, we consider ourselves a reliable partner and long-term patron helping to develop cultural potential in the local area with lasting effect. In our view, this is the only way we can fulfil the cultural responsibility we carry as a corporate citizen. With this approach, we offer our partners planning security and guaranteed curatorial integrity. They also benefit from the ability to unfold their creative potential freely. At the same time, our activities serve to strengthen our dialogue with opinion makers and media and convey our corporate values authentically. Our commitment in this area is having a noticeable effect, as evidenced by customer surveys, feedback questionnaires, Customer Relations Management, media reports and scientific studies.

www.staatsoper.de/operfueralle
www.staatsoper-berlin.de/staatsoperfueralle

Young contemporary art, Art Cars

One exemplary project we have been promoting is the National Gallery Prize for young art. Established 11 years ago by the Friends of the Berlin National Gallery, the prize is awarded every two years to young contemporary artists and is now considered a major national accolade

www.freunde-der-nationalgalerie.de

in this field. In 2009, the jury of renowned art experts awarded euro 50,000 in prize money to the Israeli video artist Omer Fast.

For evidence of the way the fine arts and automotive design can work together to achieve mutual enhancement, one need look no further than the BMW Art Cars. Designed by renowned artists since 1975, the most recent example was a BMW M3 GT2 adorned by Jeff Koons. It was unveiled in June 2010 at the Centre Pompidou in Paris, which had previously provided the backdrop for the unveiling of the BMW 320i by Roy Lichtenstein in 1977. The BMW Art Car Collection now consists of 17 works by the likes of David Hockney, Andy Warhol, Jenny Holzer and Olafur Eliasson.

BMW GUGGENHEIM LAB AS A THINK TANK

Since August 2011 the lab offers a platform for multidisciplinary dialogue between a new generation of experts from the worlds of architecture, art, science, design, technology and education.

www.minispace.com/projects/pavillon-21

Announced in October 2010, the Guggenheim Lab represents a collaborative project that is due to last six years. The forward-looking initiative by the Solomon R. Guggenheim Foundation and Museum and the BMW Group will forge new ideas and serve as a mobile research laboratory. As a platform for multidisciplinary exchanges, it will attract a new generation of experts from the worlds of architecture, art, the sciences, design, technology and education. The first mobile Guggenheim Lab has opened to the public in August 2011 in New York.

The Jazz Award and Opera for All

Another project spanning a similar duration is the BMW Welt Jazz Award, which we established in 2009. The competition runs under a different slogan each year, with a jury of renowned musicians and journalists awarding the prize. As well as receiving an award, successful acts are given extra support through our constructive involvement in jazz festivals and concerts in cities across Europe, South America and Africa.

Meanwhile, the award-winning Opera for All format has been offering the Munich public a very special musical experience since 1997, with a similar format established in Berlin in 2007. These open-air events are organised in conjunction with the Bavarian State Opera in Munich and the Berlin State Opera Unter den Linden, which put on performances in public spaces for an audience of people who would probably never otherwise have access to opera.

Rounding off our package of musical commitments is the Pavilion 21 MINI Opera Space at the Marstallplatz in Munich. This mobile pavilion, which was designed by architects Coop Himmelb(l)au, accommodates up to 300 people. It was first opened as part of the city's Opera Festival in 2010, and in 2011 the structure will be used as an urban backdrop for experimental musical theatre, helping us spread enthusiasm for creative intercultural dialogue.

05.6 **FOUNDATIONS.** The BMW Group is promoting social innovation and change with two independent foundations.

When children in India can discover new things in life just by playing regular games; when young professionals from Asia and Europe work together on a social challenge; when children learn to understand sustainability; and young people without apprenticeships still receive an opportunity to join the job market – that's when the importance of our charitable foundations for society at large becomes really clear.

» www.magicbusindia.org

As legally and practically independent institutions, the BMW Foundation Herbert Quandt and the BMW AG Eberhard von Kuenheim Foundation are active in areas of society the BMW Group itself cannot reach. They plan and manage their projects completely independently, although partial cooperations with the BMW Group serve to make their commitments more effective.

› www.bmw-stiftung.de

› www.kuenheim-stiftung.de

Social responsibility of managers

The BMW Foundation Herbert Quandt was established in 1970 and has funds amounting to euro 50,000,000. In 2010, it was able to devote euro 3.4 million gained from interest, BMW AG donations and other sources to programmes and projects benefiting the community. Its work is devoted to international dialogue and collaborations between politics, business, the sciences and citizens. One of its central themes is the role of managers in advancing society.

» www.joblinge.de

150,000 CHILDREN AND YOUNG PEOPLE
in India are reached by the Magic Bus each week.

With this focus, the BMW Foundation Herbert Quandt promotes not only successfully established organisations but also innovative approaches to problem resolution – for example through social entrepreneurs. In collaboration with Munich Universities, it has built up the Social Entrepreneurship Academy, which aims to promote individual businesses working for the benefit of society and improve the infrastructures they need.

» www.tatfunk.de

» www.lernen-vor-ort.info

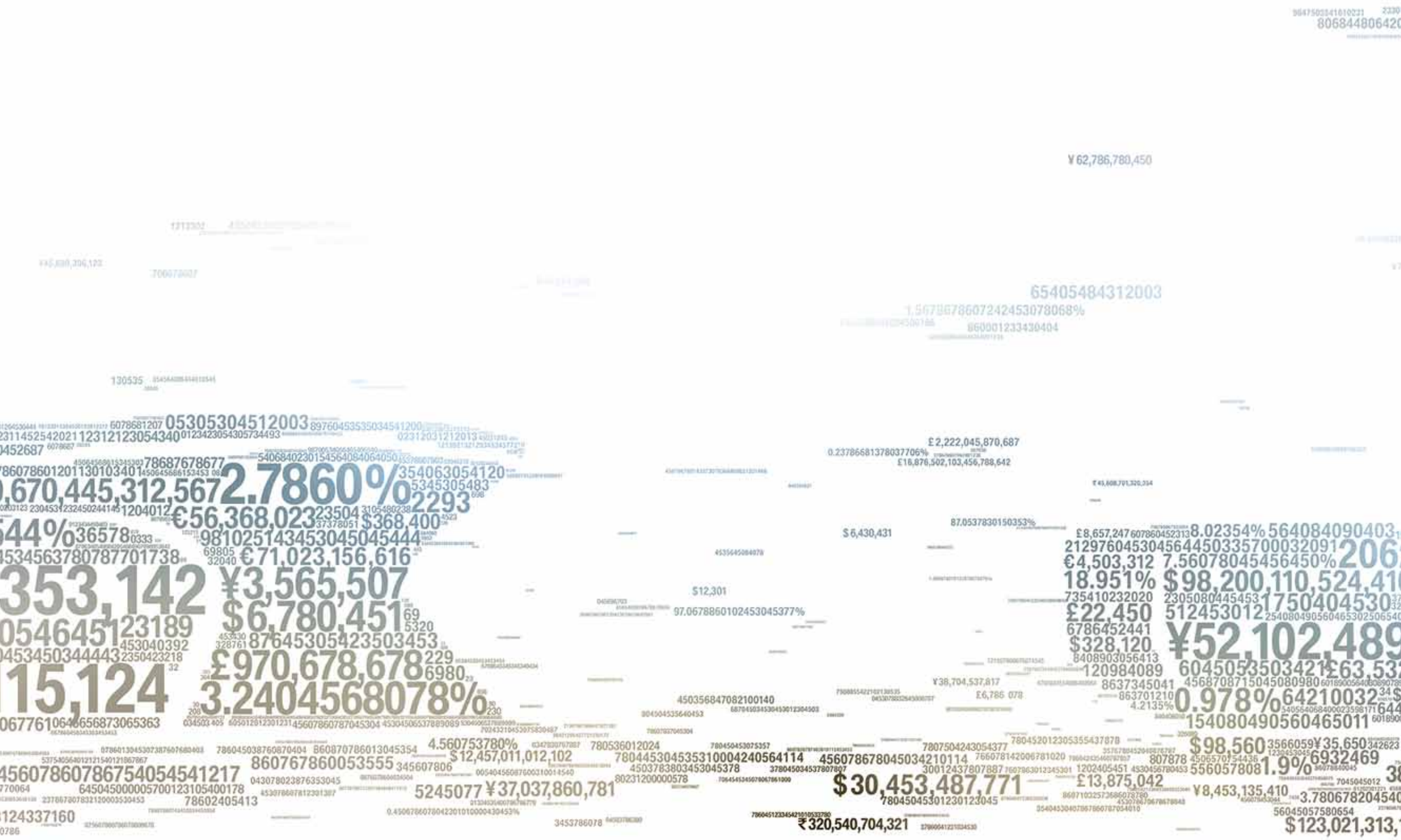
The Foundation's Young Leaders' Forums are a living example of how managers can put social responsibility into action. Supporting exchanges and a commitment to society among upcoming managers since 1995, these forums are currently concentrating their activities on the BRIC nations. The German-Russian Young Leaders' Programme and the Europe-Asia Young Leaders' Forum, which focuses particularly on China, are just two examples. In 2008, the BMW Foundation Herbert Quandt presented its first BMW Foundation Young Leaders' Award for managers charting new, socially relevant territory. The extent of the contributions these individuals can make was clearly illustrated by a Young Leaders' group in April 2010, which involved Matthew Spacie, founder of the non-profit organisation Magic Bus in India. Wherever the Magic Bus is active, children living in poverty have the opportunity to move around as they should at this young age and discover their potential. With more than 2,500 voluntary mentors, the project is currently reaching out to 150,000 children and young people every week. It has also been incorporated into the development programme of the Indian government. Young Leaders from the BMW Foundation are helping promote the Magic Bus with their expertise and personal network. Starting in 2011, the BMW Group will be supporting the Magic Bus with a donation of euro 150,000 per year.

Service provider for social development

Founded in the year 2000, the BMW AG Eberhard von Kuenheim Foundation sees itself as a service provider for initiatives that are important to society. As an incubator for the seeds of social initiatives, it works under the motto Freude am neu:wagen to bring together figures from business, science, politics and the non-profit sector to build up forward-looking pilot projects.

In 2007, the Foundation launched its Joblinge project in conjunction with the Boston Consulting Group. This offers young people without training or employment the opportunity to participate in a six-month programme of individual mentoring and practical work. Designed to help them towards a normal working life, the programme has so far supported almost 400 Joblinge, or young jobseekers, 70% of whom have succeeded in finding jobs. The BMW AG Eberhard von Kuenheim Foundation is currently working to transfer the Joblinge into a social franchise system.

Among the other activities being carried out by the Foundation are two educational projects. The first, Tatfunk, enables young school-age people to produce their own radio programme using project management funding. The second, Lernen vor Ort (Learning on Location), works to strengthen local education management. In terms of Sustainable Activities, the BMW AG Eberhard von Kuenheim Foundation has developed several projects, including Junge Vor!Denker – Kinder philosophieren über Nachhaltigkeit (Children Philosophise on Sustainability) and the Verantwortung Unternehmen (A Responsible Business) initiative, which deals with issues of sustainable commercial activity. In 2010, the Foundation generated an income of euro 1.1 million from interest, BMW AG donations and other sources for use in its projects. The BMW AG Eberhard von Kuenheim Foundation continues to seek further funding as well as pro bono services to help it implement its projects.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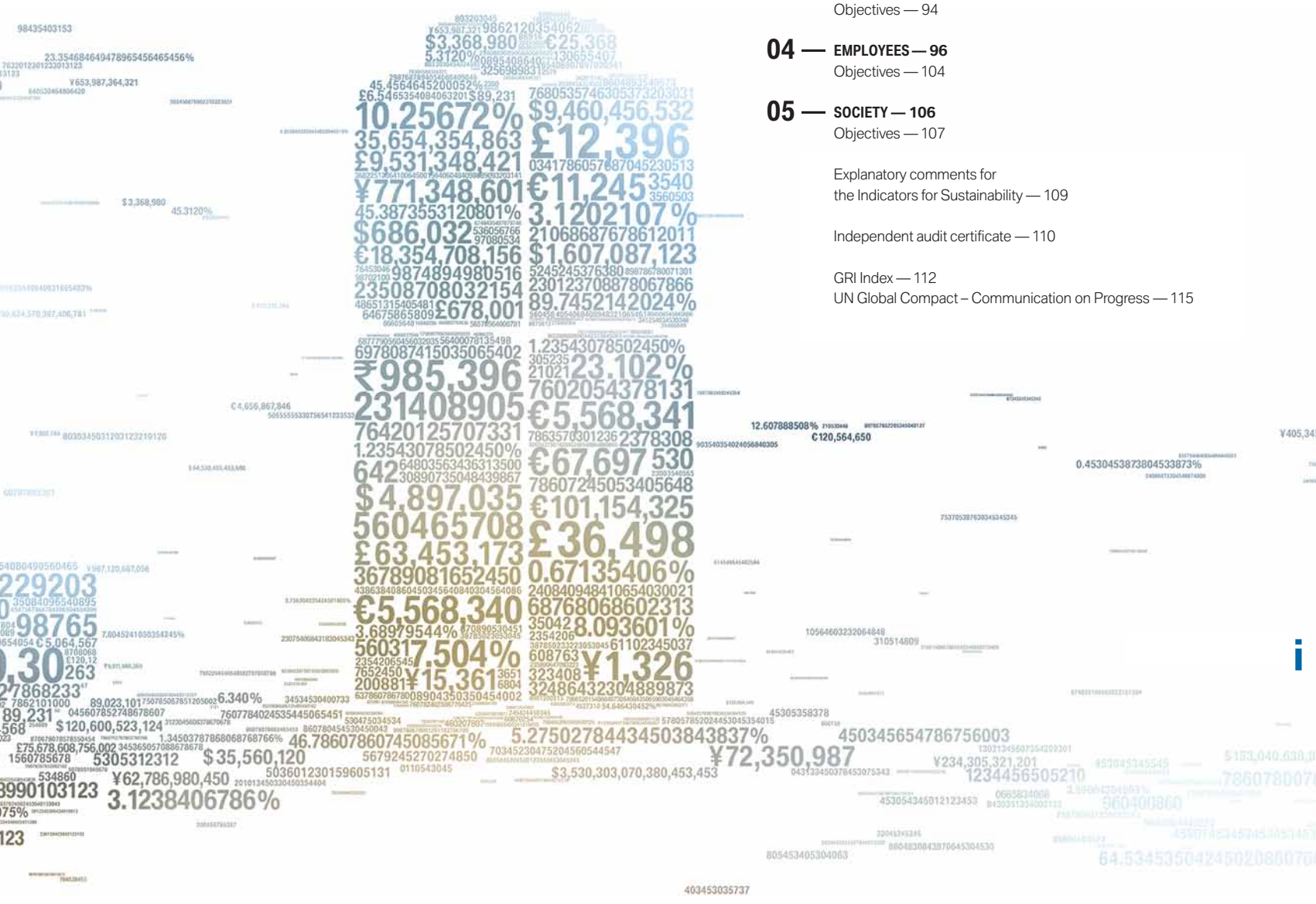
OBJECTIVES, KEY FACTS AND FIGURES



01 SUSTAINABLE MANAGEMENT

GRI G3 Indicator EC1

Financial figures

in euro million

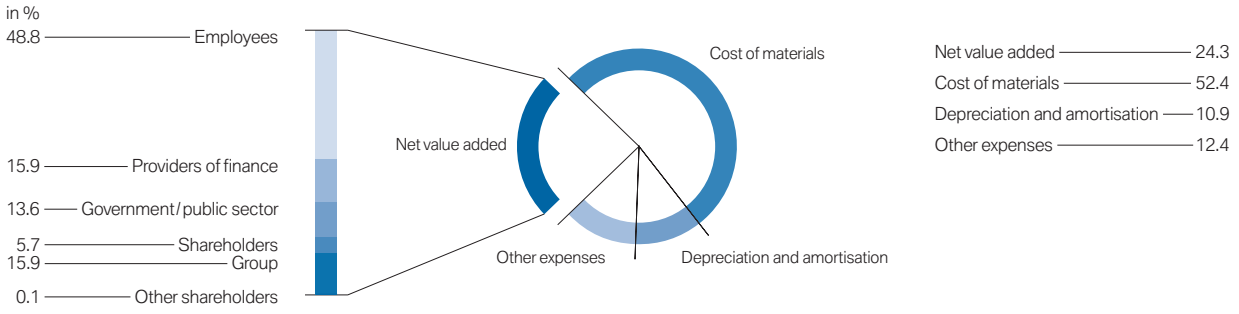
	2006	2007	2008	2009	**2010**	Change in %
Revenues	48,999	56,018	53,197	50,681	**60,477**	19.3
Capital expenditure	4,313	4,267	4,204	3,471	**3,263**	–6.0
Depreciation and amortisation	3,272	3,683	3,670	3,600	**3,682**	2.3
Operating cash flow*	5,373	6,246	4,471	4,921	**8,150**	65.6
Profit before financial result	4,050	4,212	921	289	**5,094**	–
Profit before tax	4,124	3,873	351	413	**4,836**	–
Net profit	2,874	3,134	330	210	**3,234**	–

*Reported in the cash flow statement up to 2006 as cash inflow from operating activities of Industrial Operations and from 2007 as cash inflow from operating activities of the Automobiles segment.

BMW Group revenues rose by 19.3% in 2010 compared to the previous year, in the Automobiles segment by almost a quarter (+23.8%). This strong growth is due to the stabilisation of the international automotive markets and the corresponding sharp increase in vehicle sales volumes. Accordingly, the profit before financial result showed a positive trend, rising from euro 289 million in 2009 to euro 5,094 million.

GRI G3 Indicator EC1

BMW Group value added 2010



Net value added by the BMW Group in 2010 increased by 42.7% to euro 14,902 million, reflecting the fact that the value of work performed rose significantly faster than the value of work bought in.
The majority of the net value added (48.8%) is applied to employees. The proportion applied to providers of finance declined to 15.9%, mainly due to the further easing of pressure on international capital markets. The government/public sector (including deferred tax expense) accounted for 13.6%. The proportion of net value added applied to shareholders, at 5.7%, 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 (15.9%) will be retained in the Group to finance future operations.

GRI G3 Indicator EC1

Return on capital employed

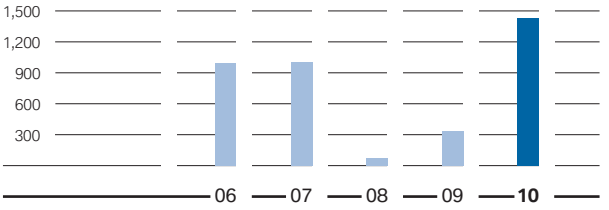
	Earnings for ROCE purposes in euro million		Capital employed in euro million		Return on capital employed in %	
	2010	2009	**2010**	2009	**2010**	2009
BMW Group	**5,203**	922	**26,555**	27,923	**19.6**	3.3
Automobiles	**4,355**	–265	**10,839**	13,143	**40.2**	–
Motorcycles	**71**	19	**394**	405	**18.0**	4.7

Return on Capital Employed (ROCE) of the Automobiles and Motorcycles segments is measured on the basis of the profit before financial result and the average level of capital employed. Based on the cost of capital as a minimum rate of return and comparisons with competitive market returns, the target ROCE for the Automobiles and Motorcycles segments has been set at a minimum of 26%.

GRI G3 Indicator EC1 (chart on the left)
GRI G3 Indicator EC3 (chart on the right)

Current tax expense

in euro million

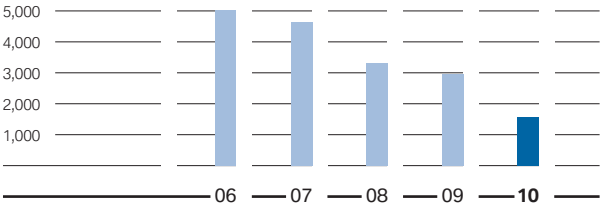


	06	07	08	09	10
	993	1,002	75	338	**1,430**

Due to the Group's good profit situation, current tax expenses rose to euro 1,430 million in 2010 (2009: euro 338 million).

Pension provisions

in euro million

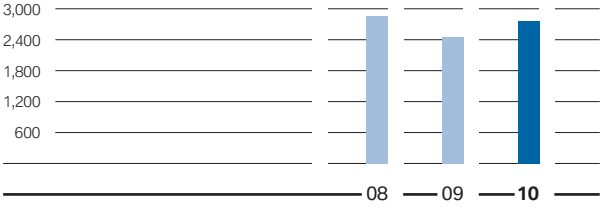


	06	07	08	09	10
	5,017	4,627	3,314	2,972	**1,563**

Pension provisions decreased by 47.4% in the period under report. This is mainly due to the externalisation of a further tranche of pension obligations. The fluctuation in pension provisions is primarily due to changes in the parameters used for actuarial computation, in particular the discount rates, which in their turn are based on current market interest rates.

Research and development expenditure

in euro million and in euro per employee



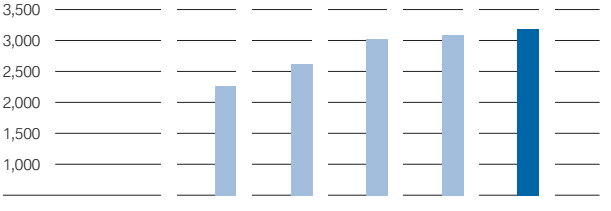
	08	09	10
in euro million	2,864	2,448	**2,773**
in euro per employee*	29,927	26,974	**31,181**

*Based on the average number of people employed during the financial year (not including apprentices and students gaining work experience).

In 2010, the BMW Group employed over 9,000 people in its research and innovation network, at 11 sites in five countries. Expenditure on research and development was 13.3% higher than in 2009. However, the research and development ratio of 4.6% was 0.2 percentage points lower than in the previous year.

Contract portfolio of Financial Services segment

in 1,000 units



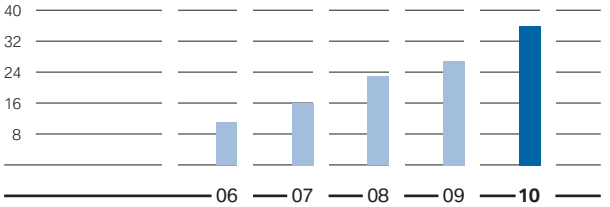
	06	07	08	09	10
	2,271	2,630	3,032	3,086	**3,190**

The international capital markets showed signs of stabilisation in the period under report. The financial services business of the BMW Group also benefited from this. Overall, the Financial Services segment had 3.4% more credit financing and lease contracts in place with dealers and retail customers than in 2009. The financial services business is a partner to the dealer organisation in over 50 countries.

GRI G3 Indicator EC4

Public sector grants: public subsidies in the form of reduced taxes on assets and consumption-based taxes

in euro million

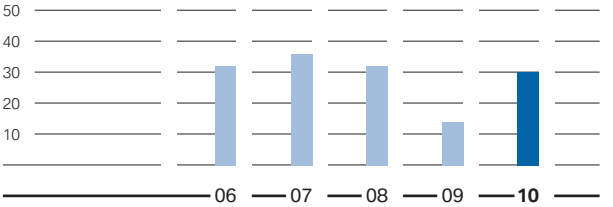


	06	07	08	09	10
	11	16	23	27	**36**

Public subsidies in the form of reduced taxes on assets and consumption-based taxes rose by 33% in 2010 compared to the previous year.

Public sector grants: allowances from public sector institutions

in euro million



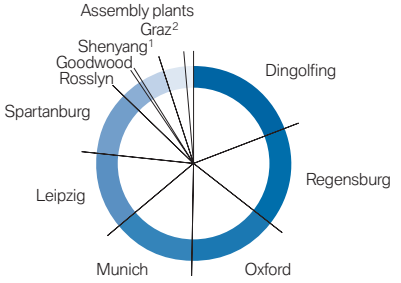
	06	07	08	09	10
	32	36	32	14	**30**

Allowances from public sector institutions rose sharply in 2010, returning approximately to the 2008 level.

GRI G3 Indicator EC9

Vehicle production of the BMW Group by plant in 2010

in 1,000 units



Dingolfing	287.4	Rosslyn	49.0
Regensburg	244.0	Goodwood	3.2
Oxford	216.3	Shenyang[1]	55.6
Munich	205.7	Graz (Magna Steyr)[2]	54.9
Leipzig	186.8	Assembly plants	19.1
Spartanburg	159.3		

[1] Joint venture [2] Contract production

The process of internationalising the BMW Group production network continued in 2010 with plant expansions in the USA and China. In addition, in 2009 and 2010, the company invested a total of euro 1.5 billion in its German plants. At Dingolfing, BMW's strongest production plant, manufacture of the new BMW 5 Series Sedan started at the beginning of 2010, followed by the BMW 5 Series Touring in June.

GRI Indicator A4
(Sector Supplement)

Sales volume of the BMW Group by vehicle

	2006	2007	2008	2009	**2010**
Sales volume – Automobiles					
BMW	1,185,088	1,276,793	1,202,239	1,068,770	**1,224,280**
MINI	188,077	222,875	232,425	216,538	**234,175**
Rolls-Royce	805	1,010	1,212	1,002	**2,711**
Total	**1,373,970**	**1,500,678**	**1,435,876**	**1,286,310**	**1,461,166**
Sales volume – Motorcycles					
BMW	100,064	102,467	101,685	87,306	**98,047**
Husqvarna	–	–	13,511	13,052	**12,066**
Total	**100,064**	**102,467**	**115,196**	**100,358**	**110,113**

Sales volume of all three car brands – BMW, MINI and Rolls-Royce – rose in 2010. Sales of the BMW brand increased by 14.6%, that of MINI by 8.1%. Rolls-Royce even managed to more than double its sales, with 2,711 vehicles sold (2009: 1,002). The Motorcycles segment also saw an increase of 9.7%.

GRI Indicator A4
(Sector Supplement)

BMW Group sales volume of vehicles by region and market

in 1,000 units

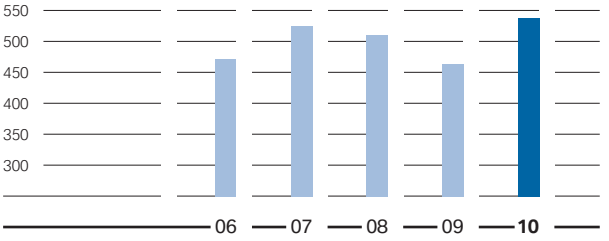
	2006	2007	2008	2009	**2010**
Rest of Europe	375.0	443.6	432.2	357.3	**369.3**
North America	337.4	364.0	331.8	271.0	**298.3**
Asia	142.2	159.5	165.7	183.1	**286.3**
Germany	285.3	280.9	280.9	267.5	**267.2**
United Kingdom	154.1	173.8	151.5	137.1	**154.8**
Other markets	80.0	78.9	73.8	70.3	**85.3**
Total	**1,374.0**	**1,500.7**	**1,435.9**	**1,286.3**	**1,461.2**

In Asia in particular, markets grew very dynamically in 2010. BMW Group sales volume in this region increased year-on-year by 56.3%, with the Chinese markets (China, Hong Kong, Taiwan) making the largest contribution. Sales volume in Europe remained stable (+3.9%), while it rose by 10.1% in the US.

GRI Indicator A4
(Sector Supplement)

Sales volume of BMW diesel automobiles worldwide

in 1,000 units and as a percentage of total volume

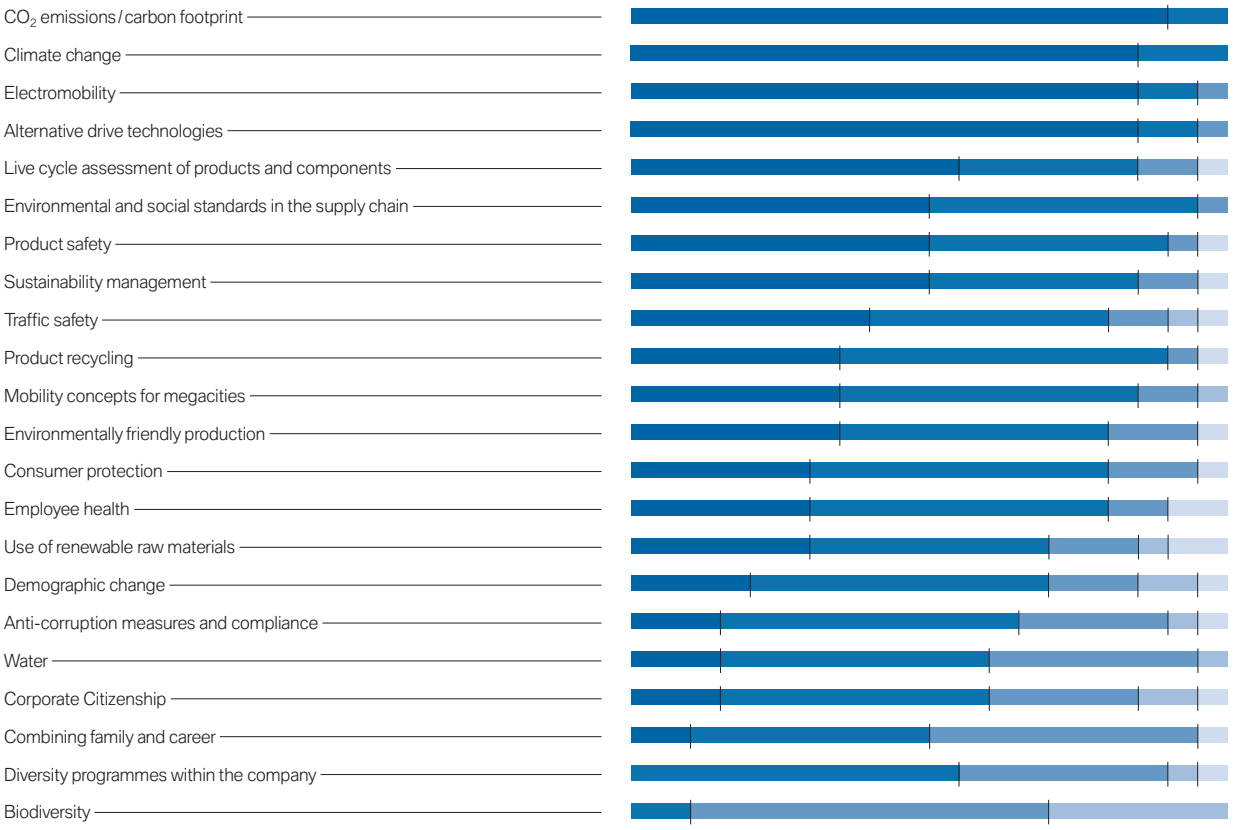


	06	07	08	09	**10**
units	472.7	525.9	511.2	464.2	**538.2**
as a percentage of total volume	39.9	41.2	42.5	43.4	**44.0**

The number of diesel-powered vehicles sold increased by 16% worldwide in 2010, accounting for 44% of total sales volume. The proportion was particularly high in Europe, for example reaching 97.1% in Portugal, 95.0% in France and 92.9% in Italy. In Germany the share was 68.6% (+6.1 percentage points).

BMW Group stakeholder dialogue – stakeholder survey 2010 (experts)

Evaluation of the relevance of sustainability topics for the BMW Group



very important important less important not important no comment

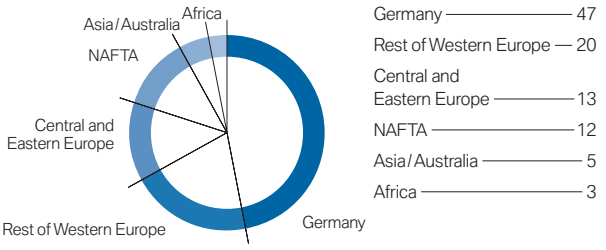
In early 2011, a telephone survey was carried out with 20 stakeholders in eight countries.

Sustainability in the supply chain

GRI G3 Indicator EC6
(chart on the left)
GRI G3 Indicator HR2
(chart on the right)

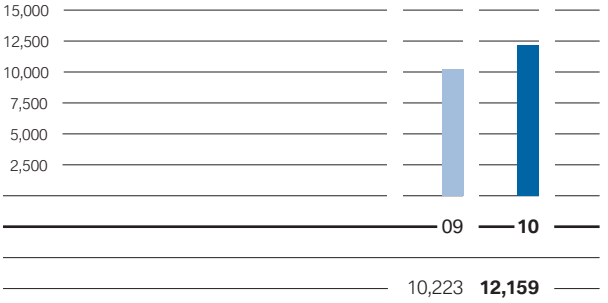
Regional mix of BMW Group purchase volumes 2010

in %, basis: production material



Total number of suppliers*

number



As a global company, the BMW Group continued to develop and expand its international relations with suppliers. In the BRIC nations in particular (plus Turkey and South Korea), new supplier contacts were made. When selecting suppliers, focus was placed on minimising the logistics of parts supply. At the same time, measures were taken to qualify new local suppliers to fulfil sustainability requirements.

* Figures refer to goods and services suppliers.

Sustainability aspects form a key part of the supplier management process at the BMW Group. For example, the information suppliers are obliged to disclose on their sustainability status is integrated into the supplier selection and nomination process. In addition, the supplier's sustainability status is also continuously monitored in the existing supplier evaluation systems and is tracked as a permanent criterion of supplier assessment.

Status of objectives in the area of sustainable management

Strategic objectives	Measures	Deadline	Status June 2011	Status of performance
Strategy and organisation				
Further development of BMW Group Sustainability management	Integrate sustainability strategy in subsidiaries and dealer organisations worldwide	2010	Development continued on the sustainability strategy approved by the Board of Management in 2009. The Sustainability Board (full Board of Management) derived and approved the sustainability strategy for the Sales and Marketing division. Main focus was on work, environmental and health management systems at dealers, dealer training courses as well as the procedure for Green Building. Implementation in 2011/2012.	100%
	Involve all employees in implementing the sustainability strategy	2010/2011 –	Integration of sustainability topic in standard manager development. Around 1,700 of 4,000 managers received training in 2010. Between autumn 2009 and summer 2011, some 2,450 employees took part in sustainability-specific training (Sustainability on Tour). Sustainability was also integrated into vocational training. The qualification programme "sustainable from the start" was developed for apprentices and has been in use since 2009. In addition, the BMW Group holds regular internal large-scale group events with renowned sustainability experts.	75%
	Extend the risk management system to include ecological and social factors	2010	Environmental and social risks were integrated into the standard process. The main environmental and social risks are thus captured in the ongoing reporting process and the level of risk to the company as a going concern is reported to the Board of Management. Last year, the focus was on physical, regulatory and reputational risks in the area of climate change as well as environmental and social standards. This also included risk protection in the supplier chains. Health care was another issue addressed.	100%
	Top listings in external sustainability ratings	annually	Done (see breakdown on page 09).	100%

100% 75% 50%

Status of objectives in the area of sustainable management

Strategic objectives	Measures	Deadline	Status June 2011	Status of performance
Profit / profitability and long term value added				
Most successful premium manufacturer	Sales target set down by Strategy Number ONE	2012	1.46 million units in 2010; Outlook 2011: more than 1.6 million units	
	Savings of euro 4 billion in material costs*	2012	Due to the efficiency programme within the context of the Group's Strategy Number ONE, material cost reduction by 2012 will significantly exceed the euro 4 billion planned.	
	Return on capital employed of at least 26 % as well as an EBIT margin of 8 % to 10 % in the Automobiles segment	2012	2010: EBIT margin in Automobiles segment = 8.0 %; ROCE in Automobiles segment = 40.2% We are optimistic that an earnings corridor of 8 % to 10 % in the Automobiles segment is also possible in the long run, i. e. beyond 2012. To achieve this target, stable development in the global economic cycle as well as in the economic and political prevailing conditions is a prerequisite.	
Stakeholder dialogue				
Continuation of stakeholder dialogue	Host further Stakeholder Round Tables in 2009 and 2010	2009 / 2010	First Stakeholder Round Table on sustainable mobility and resource conservation hosted in 2009 in Munich. Second Stakeholder Round Table on the subject of electromobility held in 2010.	
Sustainability in the supply chain				
Efficient supply chain that applies the same ambitious sustainability standards worldwide and at all steps of value creation	Establish assessment processes at suppliers' locations and take sustainability aspects into consideration at all steps of value creation in the concept phase of new vehicle projects	2010 ff.	Target met. Sustainability requirements integrated and binding part of purchasing terms and conditions. In case of deficit, verification of direct suppliers' sustainability status is also established as part of the requalification process for quality assurance.	
	Raise awareness among purchasers for the importance of ecological and social standards and validate supplier partners	2010 ff.	Awareness among purchasers for the importance of ecological and social standards was raised. Qualification measures have begun.	

100 % 75 % 50 %

*Reference year 2008

New objectives in the area of sustainable management

Strategic objectives	Measures	Deadline
Management of sustainability / sustainability strategy		
Further development and implementation of sustainability strategy in all divisions	Based on the Group sustainability strategy approved by the Board of Management in 2009, the following divisional strategies are developed on an ongoing basis:	
	Sales division: Implementation process for sales sustainability strategy to begin in 2011 / 2012.	2011 / 2012
	Development division: Approval of the (development) sustainability package with areas of action, targets, measures and responsibilities.	2011
	Purchasing division: Sustainability management to be integrated along the entire value creation chain. Focus on operational implementation, monitoring and standardisation of areas of action and measures (see next page for details).	2011 / 2012
	HR division: Implementation of areas of action. Focus on roll-out of Web-based sustainability training for employees, dealers and suppliers as well as on the demography project "Today for tomorrow".	2012
	Production division: Review of (production) sustainability package 2011, integration of objectives for 2011 in the objective management process for plants and planning. Further review to define objectives beyond 2012.	2011
	Overarching: Implementation of guidelines for sustainable building planned, construction of new buildings and subsequent performance monitoring.	2015
International expansion of external sustainability network	Further networking with internationally relevant sustainability networks such as the WBCSD. Active participation in conferences and projects aiming to develop solutions for sustainable mobility across sectors and internationally.	2012

New objectives in the area of sustainable management

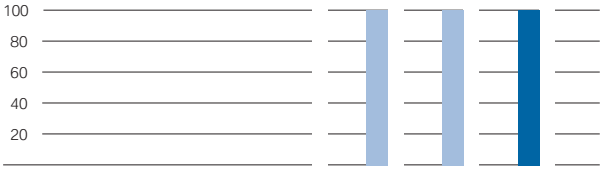
Strategic objectives	Measures	Deadline
Risk management		
Identify and assess main economic, environmental and social risks to the continuing existence of the BMW Group: derive and pursue measures to reduce, avoid and transfer risk	Identify (twice yearly), assess and pursue measures via a BMW Group network structure across all departments. Report to Board.	Ongoing
Compliance and anti-corruption		
Avoidance of corruption	In October 2010, the Board of Management commissioned a range of measures with a focus on anti-corruption within its "Compliance 2.0". The individual measures were as follows: – Implement Group-wide compliance risk assessment (Risk Matrix) – Deploy compliance managers responsible for the regions and based at headquarters – Set up worldwide BMW Group SpeakUP Line for in-house reporting of potential breaches of compliance in the BMW Group – Use a database for criminal offenders in business to verify the integrity of potential business partners	2011
Reinforcement of compliance controls	In October 2010, the Board of Management commissioned a range of measures with a focus on control reinforcement within its "Compliance 2.0". The individual measures were as follows: – Realign cooperation of BMW Group Compliance Committee with Group Internal Audit department – Carry out Compliance Spot Checks, focusing on corruption avoidance – Carry out compliance scenario analyses	2011
Stakeholder management		
Increase information efficiency on sustainability issues between BMW Group and capital market	Hold intensive and continuous dialogue both with SRI and with mainstream analysts/investors about the long-term prospects of the company; provide timely information on the current business trend with a focus on sustainability	2011
Intensify stakeholder commitment via national and international target-group-oriented formats	– Update the BMW Group Stakeholder Map to account for future relevant topics – Identify relevant formats for target-group-oriented stakeholder commitment – Carry out regular Stakeholder Round Tables in 2011 on sustainable production, renewable energy sources and BMW i – Derive measures from the results of stakeholder commitment	2012
Sustainability in the supply chain		
Integrate sustainable management along the entire value creation chain. Focus on operational implementation, monitoring and standardisation of areas of action and measures	– In the system, technically link the results of the sustainability survey with the supplier assessment systems of the BMW Group (supplier performance and competence management (LPKM) as well as supplier assessment system (LBS)). This renders the supplier's sustainability performance part of the "classical" supplier assessment and it is mapped as an individual assessment criterion. – Continuously monitor the sustainability status of suppliers: each enquiry is linked to an update of the supplier disclosure via the sustainability survey. This information automatically flows into the supplier assessment and is accounted for by the purchaser in the contracting process. – Also monitor the sustainability status of suppliers by way of the existing quality assurance process. Integrate the sustainability requirements in the training courses of the purchasing academy. Web-based training on sustainability is made available by employees of the purchasing organisation, not only to internal purchasers but also to the suppliers. – Environmental footprint data on purchased parts and self-manufactured parts is to be provided upon request by the BMW Group. The ability to supply such data is set down as a requirement in the purchasing terms and conditions.	2011/2012

02 PRODUCT RESPONSIBILITY

GRI Indicator PR MA

Degree of coverage of production sites with quality management systems

in % of workforce at production sites

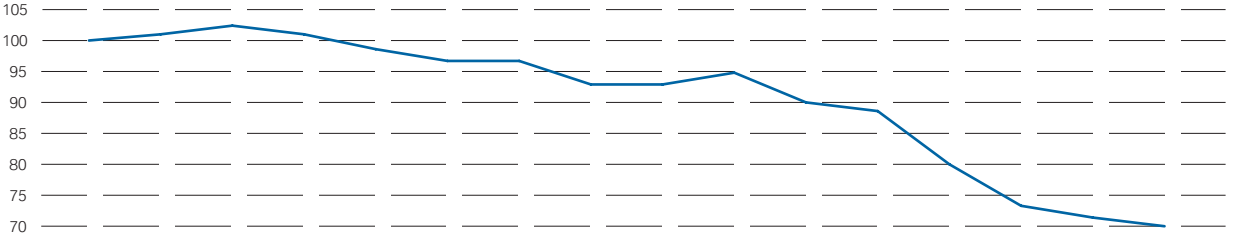


08	09	10
100	100	**100**

GRI Indicator A7
(Sector Supplement)

Development of CO_2 emissions of BMW Group vehicles in Europe

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



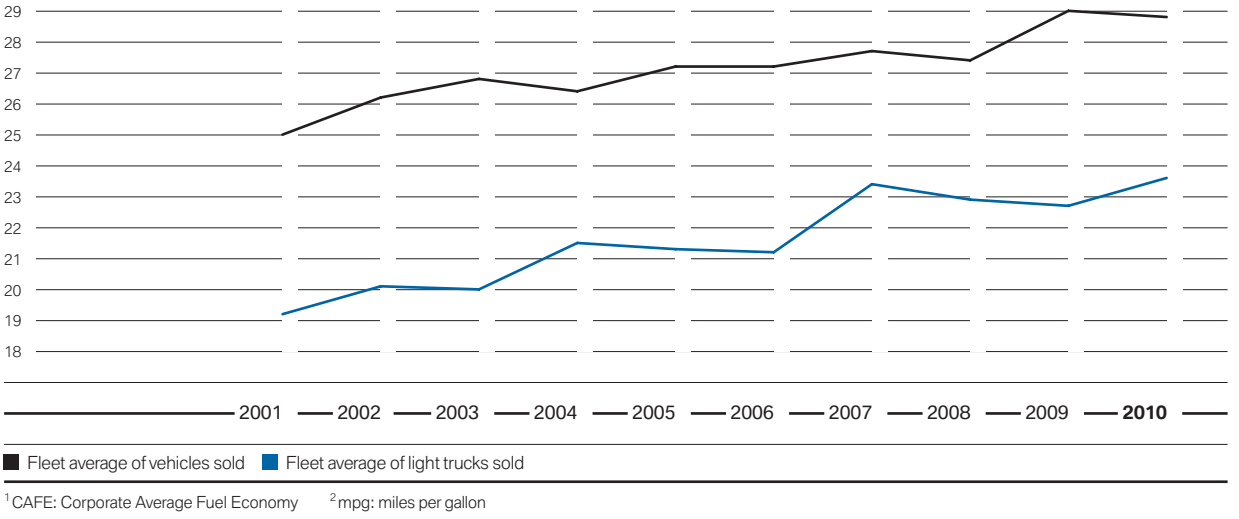
95	96	97	98	99	00	01	02	03	04	05	06	07	08	09*	10
100.0	101.0	102.4	101.0	98.6	96.7	96.7	92.9	92.9	94.8	90.0	88.6	80.0	73.3	71.4	**70.0**

* Measured only on EU-27 basis with effect from 2009.

The main guiding principle behind the BMW Group's Efficient Dynamics Strategy is greater dynamism, less fuel consumption and fewer emissions. This strategy has enabled BMW to reduce the CO_2 emissions of newly sold cars in Europe (EU-15) by 30% between 1995 and 2010, thereby more than fulfilling the commitment given by the European automotive industry to reduce average CO_2 emissions by 25% for new fleets of cars between 1995 and 2008 (ACEA self-commitment).

GRI Indicator A6
(Sector Supplement)

Fuel savings of BMW Group vehicles sold in the US (according to CAFE[1])



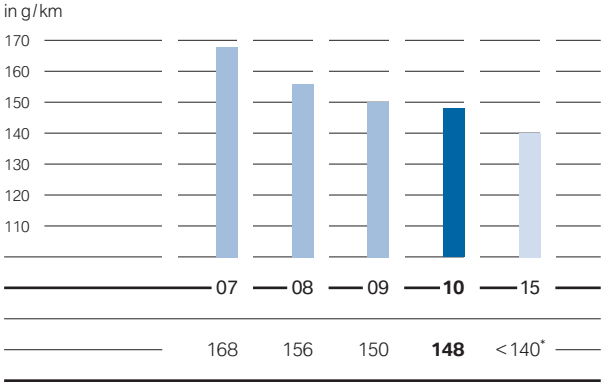
[1] CAFE: Corporate Average Fuel Economy [2] mpg: miles per gallon

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. In 2009, the US government decided to impose stricter performance standards by 2016. The BMW Group exceeded this performance standard and as a result paid no penalties.
The BMW Group's Efficient Dynamics Strategy calls for fuel economy technologies to be made available to all customers as rapidly as possible in order to comply with standards outside Europe as well.

GRI Indicator A7
(Sector Supplement)
(chart on the left)
GRI Indicator A8
(Sector Supplement)
(chart on the right)

CO_2 emissions of BMW Group vehicles (EU-27)

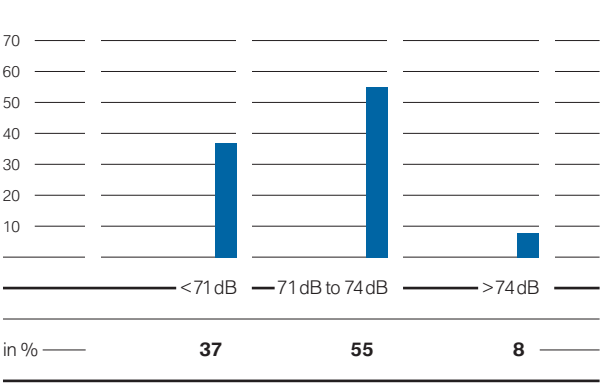
Fleet consumption of newly registered vehicles in Europe (EU-27) in the New European Driving Cycle



*The target is based on long-term production planning. The target for the introductory period 2012 to 2014 is to meet the EU's CO_2 emissions performance standards for passenger cars.

Average noise emissions of BMW Group vehicles*

Share of models in % of vehicles sold in EU-27 in 2010



*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/EG).

In 2010, the BMW Group fleet achieved an average fuel consumption of 5.4 litres of diesel/100 km, 6.6 litres of petrol/100 km and average emissions of 148 g/km of CO_2 in Europe (EU-27). We also lead the field among German manufacturers with CO_2 emissions of approximately 154g/km. Our goal is to reduce the carbon dioxide emissions of our cars between 2008 and 2020 by at least a further 25%.

GRI Indicators A6, A7
(Sector Supplement)

Fuel efficiency and CO_2 emissions of the most efficient and best-selling models in 2010[1]

	Combined in l/100 km	CO_2 emissions in grams CO_2/km
Most efficient model worldwide:		
MINI ONE D[2]	3.8 (–)	99 (–)
Best-selling models in Germany:[3]		
1st BMW 116i	6.1 (6.6)	143 (154)
2nd BMW 320d Touring	4.8 (5.4)	128 (142)
Best-selling models in the EU:[3]		
1st BMW 118d	4.5 (5.3)	119 (140)
2nd MINI ONE[2]	5.4 (6.4)	127 (150)

[1] Values measured in accordance with the New European Driving Cycle (EU Directive 80/1268/EEC in the relevant applicable version). Valid for vehicles with a European country specification, with the exception of the "Most efficient model worldwide".

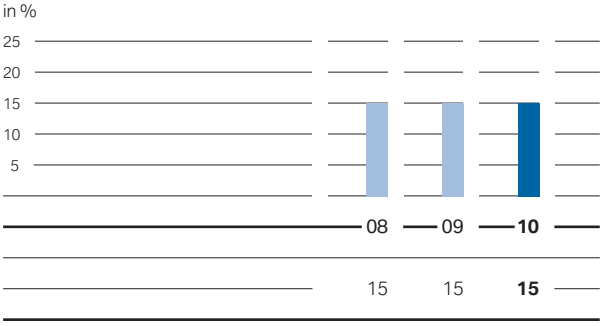
[2] Manual transmission.

[3] Figures in brackets refer to automatic transmission.

In contrast with earlier reports, the SVR 2010 shows the most efficient model worldwide, not just in Europe. Therefore, the MINI ONE D is cited here rather than the MINI Cooper D (2009: 3.9 l/100 km and 104 grams CO_2/km).

GRI Indicator EN2

Ratio of plastic recyclates in vehicles*



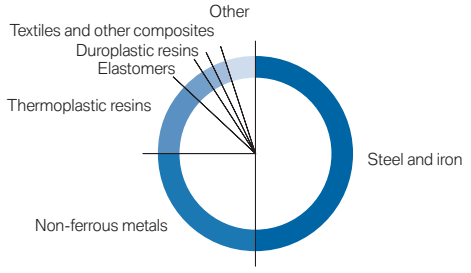
*Thermoplastic resins are used for most plastic vehicle parts (except for elastomer and foamed parts). This is also where the use of recyclates as an alternative to new material is most likely to be possible. The thermoplastic ratio has therefore been used here as the basis for calculating the recyclate rate.

In the area of polymers in particular, importance is placed on developing closed material cycles. For thermoplastic resins, for example, up to 15% of the materials used come from secondary sources. The ratio of polymers used in vehicle production has in fact increased considerably in recent years (from 8% to 12%) and, with it, the absolute quantity of recyclates deployed. It is important to note that in parallel with this development, many components incorporating recyclates have actually been eliminated over the years thanks to appropriate design measures. This means that not only were recyclates dispensed with, but the quantity of materials deployed has also been reduced overall (avoidance of materials use).

GRI G3 Indicators EN1, EN2
GRI Indicator A10
(Sector Supplement)

Average distribution of materials in BMW Group vehicles

in % of total vehicle weight



Steel and iron	50
Non-ferrous metals	25
Thermoplastic resins	12
Elastomers*	4
Duroplastic resins	2
Textiles and other composites	2
Other	5

* Such as tyres, seals.

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 2009.

GRI G3 Indicator SO5

Cooperation among all stakeholders within the integrated approach

	Automobile manufacturers and suppliers	Petroleum industry	Politics / infra-structure	Customer
Further develop efficient vehicle technologies and increase market share	■	▪	▪	▪
Increase percentage of alternative fuels (blending)	▪	■	▪	
Implement driver assistance systems, e. g. gear shift and efficiency indicators	■		▪	▪
Improve fuel efficiency	▪	▪	■	■
Enhance reduced rolling resistance tyres and increase market share	■		▪	
Tyre pressure control systems	■	▪	▪	▪
Guarantee consistent legislation			■	
Improve traffic infrastructure / management	▪		■	
Support research and development of new technologies	▪	▪	■	
Support CO_2-based motor vehicle tax and CO_2 labelling	▪		■	▪

■ Responsibility ▪ Support / cooperation

Status of objectives in the area of product responsibility

Strategic objectives	Measures	Deadline	Status June 2011	Status of performance
Innovative technologies				
Compliance with the EU's CO_2 emissions performance standards (average CO_2 emissions of new vehicles sold in the EU of max. 140 grams CO_2/km) for 2015	Further develop Efficient Dynamics technologies such as reduction of driving resistance, more efficient drive train, optimised energy and heat management	2012	As part of the innovation process, additional Efficient Dynamics measures are constantly being developed; development of more than 30 new measures authorised for 2011 alone. The focus of future measures will be on reducing driving resistance, in particular in the areas of aerodynamics and weight, as well as on energy and heat management and electrification.	100%
	Reduce fuel consumption by up to 20% compared to vehicles with combustion engines by applying hybrid technology.	2010	The first HEVs are on the market (BMW 7 Series, BMW X6). Others will follow at the end of 2011 (BMW 5 Series) and mid-2012 (BMW 3 Series). Roll-out of further hybridised models currently being planned. Start-up of PHEV (Plug-in Hybrid Electric Vehicle) models is planned for late 2013.	100%
Advance alternative drive technologies	Develop a series-produced electric car, the megacity vehicle, in the context of project i	2013*	A sustainability-focused sub-brand, BMW i, was launched in February 2011. The megacity vehicle (BMW i3) will come to market in 2013, to be followed by the BMW i8, a plug-in hybrid vehicle based on the BMW Vision EfficientDynamics study.	75%
Develop hydrogen infrastructure	Partnerships on global introduction of hydrogen for use on the roads: – Initiatives to promote creation of an H_2 infrastructure – Continued participation in the Clean Energy Partnership (CEP) project in Berlin	ongoing	Hydrogen is still regarded as a long-term option. Therefore, the BMW Group is not only involved in its further technological development, but is also active in the associated initiatives.	100%
Life cycle assessment				
Reduce products' environmental impact at each stage of their life cycle	Develop methods for a streamlined life cycle assessment approach, i.e. comprehensively assess material groups for a more efficient and faster accounting of entire vehicles	2009	A life cycle assessment was made for a reference car as basis for comparison for future vehicle concepts. The objective has thus been achieved. We also conducted further electromobility assessments for entire vehicles in 2010.	100%
Product safety				
Increase vehicle safety by integrating active and passive safety systems	Develop preventive measures, particularly for passenger, partner and pedestrian protection	2015	Work is ongoing to develop preventive measures to enhance vehicle safety, e.g. as part of the vFSS – Preventive Frontal Protection Systems working group of automobile manufacturers, the German Federal Highway Research Institute (BASt), and insurance companies, chaired by DEKRA. The research themes Emergency Stop Assistant, Adaptive Brake Assist and transponder-based pedestrian protection systems were presented at a press day in October 2010.	75%

100% 75% 50%

* A more detailed description than the one given in the 2010 online update of the Indicators for Sustainability, p. 84 (First half of this decade)

New objectives in the area of product responsibility

Strategic objectives	Measures	Deadline
Innovative technologies and business models		
Reduce CO_2 emissions by at least 25 % for our worldwide fleet of new vehicles by 2020 (reference year 2008)	Further develop Efficient Dynamics technologies, with a focus on reducing driving resistance, in particular on aerodynamics and weight, as well as on energy and heat management and electrification	2020
Advance alternative drive technologies	Develop the world's first series-produced electric car with a carbon passenger compartment (BMW i3)	2013
Develop mobility services	Establish the car-sharing service DriveNow. Goal: 1 million users by 2020	2020
Life cycle assessment		
Life cycle engineering in the product development process to ensure sustainability over the entire life cycle of the vehicle	– Agree on sustainability targets over the entire added-value chain in vehicle projects – Integrate ecological sustainability in accordance with ISO TR 14062 (Design for Environment) – Deploy entire-vehicle assessment with life cycle analysis as instrument for measurement and control in 100 % of product lines	2013
Product safety		
Further develop car-to-car communication to avoid road congestion and reduce emissions	Test and evaluate the communication system already in the prototype phase (in accordance with IEEE 802.11p)	2011/2012
Traffic management and mobility research		
Reduce the environmental impact of motorised private transport urban areas (reduction of CO_2 emissions in city traffic)	Cooperative developments with cities, municipalities and districts with the goal of incorporating traffic light alerts in the vehicle to enable more economic driving through driver information/speed advice as well as automatic interventions in engine control	2013: initial prototypes expected 2015: anticipated series release
Sustainable mobility of the future	Develop and implement services for the mobility assistance of the future: intermodal routing, parking services, e-ticketing	2011: CarSharing launch in Munich, other cities to follow
Product recycling		
Recycling solution for carbon fibre reinforced plastic	Implement closed-cycle concept to enable recycling of waste material and energy in the production of carbon fibre reinforced plastic (CFRP)	2012
Second life use of HV storage	Develop a concept for second life use of HV storage in the photovoltaic application (PV), storage of photovoltaic energy	2012
Ensure supply of raw materials	Develop a concept by closing materials cycles in order to ensure the availability of raw materials (e. g. rare earths)	2011

03 GROUP-WIDE ENVIRONMENTAL PROTECTION

GRI G3 Indicators EN1, EN3, EN4, EN8, EN16, EN20, EN21, EN22

BMW Group input/output assessment 2010

Input		Output	
Raw materials		Vehicles	
Steel	1,763,577 t	BMW Group vehicles produced	1,481,253
Plastics	346,452 t	Motorcycles*	112,271
Aluminium	325,555 t	Waste	564,117 t
Magnesium	5,445 t	thereof recyclable	549,175 t
Water	3,418,816 m^3	thereof non-recyclable	14,943 t
Energy	4,072,217 MWh	Total wastewater	2,427,754 m^3
		CO_2 emissions	1,857,485 t
		Volatile organic compounds (VOC)	2,374 t
		NO_X	457 t
		CO	243 t
		SO_X	8 t
		Particulates, dust	25 t

The BMW Group aims to reduce the environmental impact of production to the greatest extent possible. Items measured in this context include energy and water consumption, process wastewater, solvent emissions and waste for disposal – expressed per vehicle produced. Carbon dioxide emissions caused by energy consumption are also measured.
Due to the increase in vehicle production in 2010, total use of raw materials rose. The target is, by 2012, to reduce resource consumption and emissions levels per vehicle produced by 30% compared with 2006. Using an environmental efficiency figure as an indicator, changes in resource consumption and emissions are analysed across all items measured. The environmental efficiency figure improved by six percentage points in 2010. The improvement since 2006 is 26%, surpassing the original target of 20% set for 2010. A breakdown of supplies is planned for inclusion in the input/output assessment of the 2012 report. Precise figures will be captured in 2011 for this purpose.

GRI G3 Indicators EN3, EN4, EN5

Energy consumption in detail

in MWh

	2006	2007	2008	2009	**2010**
Total energy consumption	3,959,908	4,283,922	4,034,442	3,635,755	**4,072,217**
Electricity (external source)	1,667,122	1,853,961	1,700,828	1,491,182	**1,654,956**
Electricity (produced in-house)	125,414	125,182	136,963	152,578	**177,671**
Community heating	295,245	328,998	320,645	294,696	**319,270**
Share of electricity (external source) from renewable energy sources in %[1]		14.40%	14.85%	16.15%	**18.12%**
Fossil fuels					
Fuel oil[2]	14,364	56,012	67,949	37,403	**43,828**
Natural gas	1,983,177	1,722,337	1,601,342	1,533,764	**1,765,760**
Coal	0	0	0	0	**0**
Mineral oil	0	0	0	0	**0**
Non-fossil fuels					
Biogas (landfill gas)		322,610	343,675	278,706	**288,402**
Regenerative fuels					
Solar energy (photovoltaics)		4	4	4	**3**

[1] Conservative calculation based on country-specific shares.

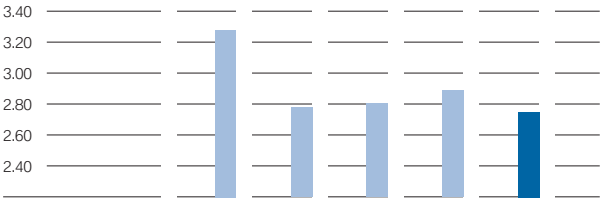
[2] Basis for data expanded in 2007 from ten to 17 locations (see explanation of Sustainability Indicators).

Increased vehicle production in 2010 led to a rise of 12% in overall energy consumption. Innovative production technologies such as the Integrated Paint Process (IPP) in Oxford and Spartanburg, as well as the on-site press tool in Regensburg have resulted in a drop in energy consumption per vehicle produced from 2.89 MWh/vehicle to 2.75 MWh/vehicle (– 4.8%). In addition, the company was able to increase its use of renewable energy by 12%.

GRI G3 Indicator EN3
(chart on the left)
GRI G3 Indicator EN8
(chart on the right)

Energy consumed per vehicle produced

in MWh/vehicle



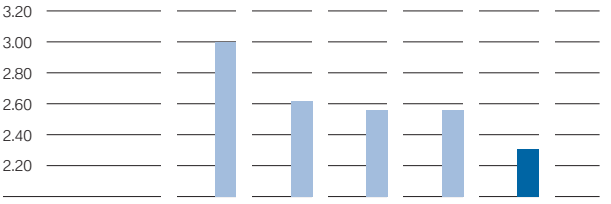
06*	07	08	09	10
3.28	2.78	2.80	2.89	**2.75**

*Value extrapolated for 17 locations. Actual reporting covered ten locations.

Aided by improved capacity use of equipment, energy consumption per vehicle produced was reduced to 2.75 MWh/vehicle, a decrease of 4.8%.

Water consumption[1] per vehicle produced

in m^3/vehicle



06[2]	07	08	09	10
2.99	2.61	2.56	2.56	**2.31**

[1] The indicators for water consumption refer to the production sites of the BMW Group. The water consumption includes the process water input for the production as well as the general water consumption e. g. for sanitation facilities.
[2] Value extrapolated for 17 locations. Actual reporting covered ten locations.

Water consumption per vehicle produced was reduced by 9.8%. A whole range of specific local measures suitable for the respective processes at various BMW production network sites was responsible for this drop, one example being the snow cleaning process at the BMW Landshut plant.

GRI G3 Indicator EN8

Water*

		2006	2007	2008	2009	2010
Water consumption	in m^3	3,500,197	4,017,541	3,682,420	3,222,376	**3,418,816**
of which groundwater	in %					**9**
of which surface water	in %					**0**
of which rainwater	in %					**0**

*Water consumption includes the process water input for the production as well as the general water consumption, e. g. for sanitation facilities.

Our consumption of fresh water was 3.4 million m^3, that is 7.2% below the 2008 level.

GRI G3 Indicators EN16, EN18

BMW Group CO_2 footprint

in t CO_2

	2008	2009	**2010**
Total emissions	1,645,759	1,542,653	**1,857,485**
Emissions / employee	16.5	16.0	**19.5**
Emissions / million euro revenues	30.9	30.4	**30.7**
Scope 1			
Direct greenhouse gas emissions			
Total emissions	375,426	357,793	**409,911**
Emissions of company-owned production sites	308,605	291,562	**340,131**
Company vehicles	63,324	63,109	**65,974**
Company-owned planes	3,497	3,122	**3,806**
Scope 2			
Indirect greenhouse gas emissions			
Total emissions	875,036	847,500	**933,097**
Electricity and district heat purchased	875,036	847,500	**933,097**
Scope 3			
Indirect greenhouse gas emissions			
Total emissions	395,297	337,360	**514,477**
Logistics	360,000	307,000	**466,027**
Business trips	35,297	30,360	**48,450**

According to the GHG protocol, further emissions in CO_2 equivalent (e.g. CH_4, N_2O, SF_6, PFCs, HFCs) account for <1% of total CO_2 equivalent emissions and are therefore not listed.

The increase in energy consumption due to the rise in vehicle production after the years 2008 and 2009 also led to higher overall levels of CO_2 emissions (+20%). However, at the same time, specific savings measures and innovative production processes such as the emissions-free cleaning process at the Landshut plant resulted in a drop in overall CO_2 emissions per vehicle produced from 0.91 t/vehicle to 0.86 t/vehicle (−5.5%); this was in line with the objective of improving energy efficiency in 2012 by 30% compared to 2006.

Greenhouse gas emissions per site*

in t CO_2

	2010
Dingolfing site	**279,353**
Munich site	**165,329**
Spartanburg site (USA)	**136,303**

* Frame of reference is Scope 1 and Scope 2 in accordance with GHG protocol based on production. According to the GHG protocol, further emissions in CO_2 equivalent (e.g. CH_4, N_2O, SF_6, PFCs, HFCs) account for <1% of total CO_2 equivalent emissions and are therefore not listed.

Dingolfing, Munich and Spartanburg (USA) emit 580,985 t CO_2, or around 30% of total BMW Group CO_2 emissions. This key figure is mapped in the SVR 2010 for the first time.

GRI G3 Indicators EN20

Emissions

in t

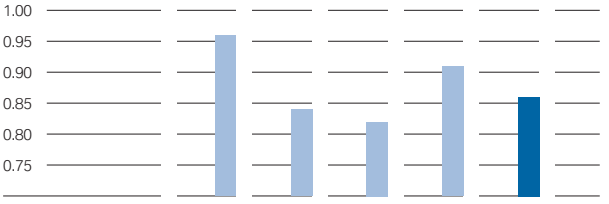
	2006	2007	2008	2009	**2010**
Nitrogen oxide (NO_x)	586	756	491	420	**457**
Particulates, dust*	35	38	27	39	**25**
Sulphur dioxide (SO_2)	9	10	10	10	**8**
Carbon monoxide (CO)	561	608	428	278	**243**
Volatile organic compounds (VOC)	2,783	3,634	2,827	2,230	**2,374**

*Calculated based on the VDA's emissions factors, including dust from external power generation.

GRI G3 Indicators EN16, EN18 (chart on the left)
GRI G3 Indicator EN20 (chart on the right)

CO_2 emissions per vehicle produced

in t/vehicle



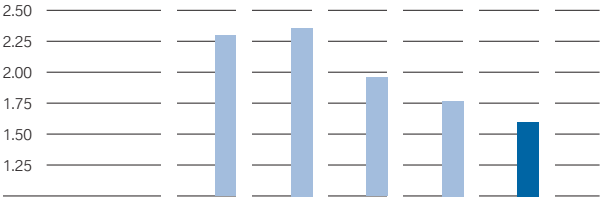
06*	07	08	09	**10**
0.96	0.84	0.82	0.91	**0.86**

*Value extrapolated for 17 locations. Actual reporting covered ten locations.

At 0.86 tons of CO_2 per vehicle produced, emissions were cut by 5.5%. Rigorous implementation of savings measures is bringing the BMW Group ever closer to its objective of improving energy efficiency by 30% between 2006 and 2012, as planned.

Volatile organic compounds (VOC) per vehicle produced

in kg/vehicle

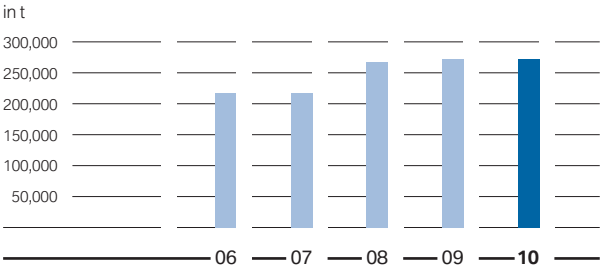


06*	07	08	09	**10**
2.30	2.36	1.96	1.77	**1.60**

*Value extrapolated for 17 locations. Actual reporting covered ten locations.

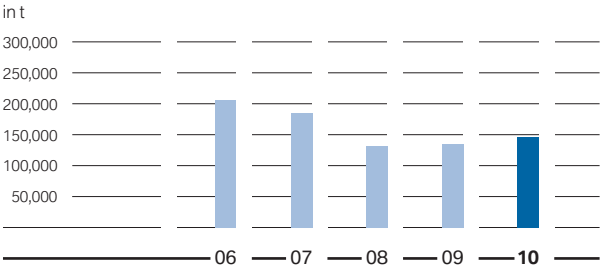
Solvent emissions (VOC) per vehicle produced decreased by 9.6% in 2010 compared to 2009. This reduction was partly achieved through the use of low-solvent and solvent-free rinsing and cleaning processes in painting pretreatment as well as the reduction in the number of cleaning steps required due to optimised colour-change cycles in the paint shop. Solvent emissions have been reduced by more than 30% since 2006, the breakthrough target set for 2012 has thus already been achieved.

Number of CO_2 emissions allowances allocated by the EU Emissions Trading System



	06	07	08	09	10
	216,741	216,741	267,789	271,599	**271,599**

CO_2 emissions of locations participating in the EU Emissions Trading System



	06	07	08	09	10
	206,179	185,284	132,009	134,582	**145,854**

The increase in the number of emissions allowances from 2007 to 2008 is a result of the new application procedure introduced due to the period change (1st period from 2005 to 2007, 2nd period from 2008 to 2012).

GRI G3 Indicator EN21

Wastewater[1]

		2006	2007	2008	2009	2010
Total wastewater	in m^3	2,271,729	2,649,640	2,454,760	2,130,771	**2,427,754**
Process wastewater	in m^3	911,386	992,845	924,558	778,371	**854,013**
Total heavy metals and heavy metal compounds	in kg	354	370	279	314	**322**
CSB[2]	in kg	1,209,741	1,210,919	1,108,934		**1,442,109**
AOX[3]	in kg	95	80	57		**69**

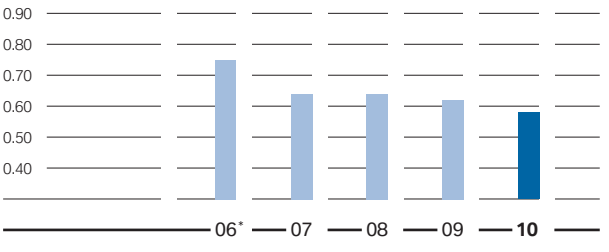
[1] The key performance indicator "Process wastewater" is measured by the wastewater treatment in BMW Group plants. Together with the wastewater from sanitary facilities at the plants, this is the figure for total wastewater. Due to factors such as evaporation, the water input does not correspond to total wastewater.

[2] CSB = 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. All production plants are subject to BMW Group specific wastewater standards, some of which are significantly higher than local regulations stipulate.

GRI G3 Indicator EN21

Process wastewater per vehicle produced



	06*	07	08	09	10
	0.75	0.64	0.64	0.62	**0.58**

The key figures on process wastewater refer to production wastewater.
* Value extrapolated for 17 locations. Actual reporting covered ten locations.

The innovative technologies used to optimise water consumption have led to a reduction in process wastewater per vehicle produced. In 2010 this figure was 6.5% lower than in the previous year.

GRI G3 Indicator EN22

Waste

in t

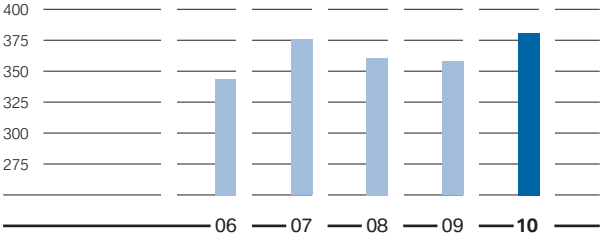
	2006	2007	2008	2009	**2010**
Total waste	469,691	580,010	519,353	450,513	**564,117**
Materials for recycling	450,165	555,087	497,988	437,139	**549,175**
Scrap	383,301	408,755	433,580	377,700	**428,175**
Waste for disposal	19,526	24,923	21,365	13,374	**14,943**

The BMW Group aims to avoid waste. Unavoidable waste by-products are tested for reuse, material recycling and energy production. Recycling of waste is always preferred to waste disposal, even in cases where recycling is more expensive. Within two years, the BMW Group was able to reduce non-recyclable waste by one-third.

GRI G3 Indicator EN22

Total waste per vehicle produced

in kg/vehicle

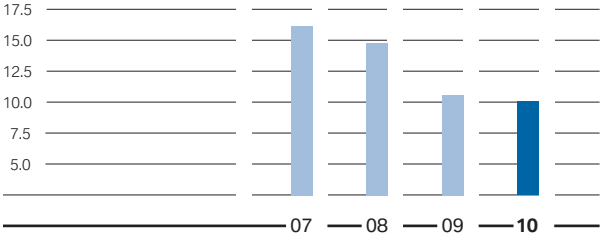


06	07	08	09	**10**
344	376	361	358	**381**

In 2010, total waste per vehicle produced increased from 358 kg/vehicle to 381 kg/vehicle (+6.4%). This is due to the increase in production of larger and higher-value vehicles.

Waste for disposal per vehicle produced*

in kg/vehicle



07	08	09	**10**
16.17	14.84	10.63	**10.09**

* "Waste for disposal per vehicle produced" became a performance indicator in 2007 and has been reported since then.

Non-recyclable waste per vehicle produced was reduced by 5.1% in spite of the increase in production. This is in line with the annual target of 5% reduction in non-recyclable waste per vehicle. This was made possible through rigorous implementation of recycling measures and efficient use of materials.

Land development

		2005	2007	2008	2009	**2010**
Land development*	in %	24.7	17.6	17.4	17.8	**18.8**
Size of property	in m^2	15,278,584	27,505,189	28,500,467	29,075,131	**28,524,493**

* Percentage of developed and undeveloped space; reported annually since 2007 (before: every two years). Until 2005, only production sites recorded; since 2007, entire BMW Group recorded.

GRI G3 Indicators EN16, EN29
GRI Indicator A9
(Sector Supplement)

Carriers and CO_2 emissions*

	2006	2007	2008	2009	**2010**
Inbound (material provision of the plants in Germany, UK, South Africa, US)					
Transport capacity (in million tkm)	3,710	3,927	3,586	2,673	**3,810**
CO_2 emissions (in t)	248,312	285,283	232,818	201,376	**320,526**
Outbound					
Transport capacity (in million tkm)	10,005	12,766	12,163	9,942	**15,088**
CO_2 emissions (in t)	101,780	142,228	126,712	106,040	**145,501**
Total (inbound and outbound)					
Transport capacity (in million tkm)	13,715	16,693	15,749	12,615	**18,898**
CO_2 emissions (in t)	350,092	427,511	359,530	307,416	**466,027**

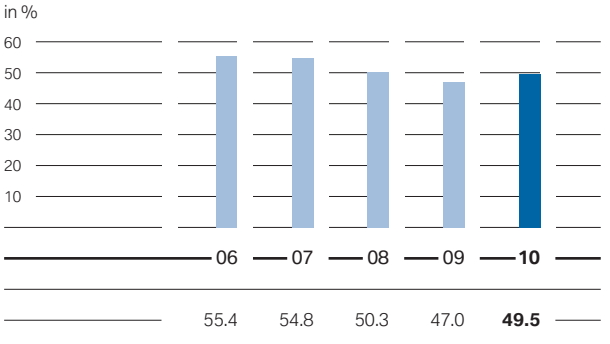
Total (inbound and outbound)	2006		2007		2008		2009		**2010**	
in %	tkm	CO_2	tkm	CO_2	tkm	CO_2	tkm	CO_2	**tkm**	**CO_2**
Sea	76.9	13.1	76.8	13.1	79.1	15.1	78.0	14.0	**79.9**	**14.1**
Road	15.7	73.3	16.1	72.8	14.5	71.9	15.8	73.4	**13.3**	**61.2**
Rail	7.2	8.4	6.9	7.9	6.3	7.9	6.0	7.1	**6.3**	**7.3**
Air	0.2	5.2	0.2	6.2	0.1	5.1	0.2	5.5	**0.5**	**17.4**

* Figures refer to BMW and MINI, excluding Rolls-Royce automobiles. Conversion factor for CO_2 emissions according to Tremod, conversion factor for CO_2 emissions from sea freight is based on CO_2 emissions from oil tankers. This factor is being recalculated, which can lead to an increase in the future.

Transportation and the resulting CO_2 emissions were higher than in the previous year due to increased sales on the Chinese market. This regional shift in sales volume resulted in changes in the proportion of goods transported by each mode. Sea freight increased from 78.0% to 79.9%. However, at the same time a weak (overseas) supplier situation led to a rise in air freight and thus in air freight transport.

GRI G3 Indicator EN29
GRI Indicator A9
(Sector Supplement)

Share of vehicles shipped by rail from BMW Group plants*



	06	07	08	09	**10**
	55.4	54.8	50.3	47.0	**49.5**

* Excluding Rolls-Royce automobiles.

The increase from 2009 to 2010 is due to shifts in sales on markets that can receive deliveries by rail. In total, the share of rail transport in 2010 rose slightly to 6.3% (2009: 6.0%).

GRI G3 Indicators EN7, EN17, EN29
GRI Indicator A9
(Sector Supplement)

Means of transport used by BMW Group employees and indirect CO_2 emissions from employees' commuter traffic

	2008[1]		2009[2]		**2010[3]**	
	in %	in t CO_2	in %	in t CO_2	in %	in t CO_2
Cars	43	46,086	43	40,984	**45**	**43,414**
Public transport	17	5,113	16	4,827	**16**	**4,816**
Plant bus	37	14,793	36	13,028	**33**	**13,049**
Bicycle / on foot	3	0	5	0	**6**	**0**
Total	**100**	**65,992**	**100**	**58,839**	**100**	**61,279**

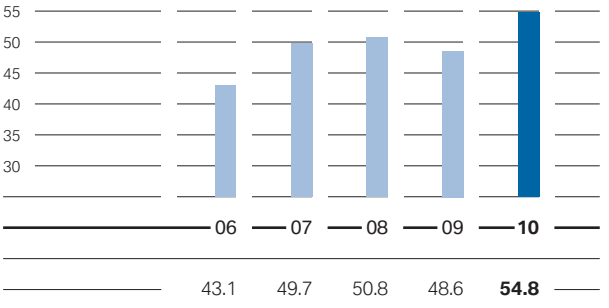
The figures include trips to and from destinations.
[1] Research and Innovation Centre Munich as well as Munich, Dingolfing and Regensburg plants account for some 59% of employees of BMW Group.
[2] Headquarters, including Research and Innovation Centre Munich, the Munich, Dingolfing and Regensburg plants account for some 58% of employees of BMW Group and 78% of employees in Germany. CO_2 emissions dropped as a result of short working weeks at the plants. In the car consumption figures the general reduction trend was accounted for.
[3] Headquarters, including Research and Innovation Centre Munich, the Munich, Dingolfing, Regensburg and Berlin plants account for 59% of employees of BMW Group and 81% of employees in Germany.

The CO_2 figure is higher than in 2009 due to the inclusion of the Berlin plant. In spite of the increase in production and workforce, CO_2 emissions at the other plants did not rise, as the workforce was driving much more fuel-efficient vehicles. The choice of method of transport did not change significantly.

GRI G3 Indicator EN30

Ongoing expenditure on environmental protection

in euro million

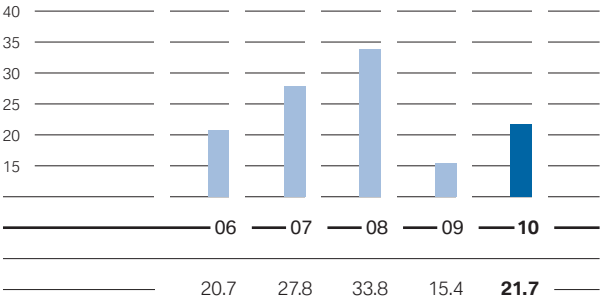


Figures for German production sites.

Expenditure on environmental protection increased by 12.8% in 2010.

Investment in environmental protection

in euro million



Information refers to German production sites of BMW AG.

Compared to the previous year, investment in environmental protection rose by 41%. The low level in 2009 was due to the impact of the economic crisis.

Status of objectives in the area of Group-wide environmental protection

Strategic objectives	Measures	Deadline	Status June 2011	Status of performance
Management of resources and environmental protection				
Breakthrough goal of a 30% reduction in energy consumption as well as VOC, water, process wastewater and waste per vehicle produced between 2006 and 2012 (5% per year)		2012	From 2009 to 2010, the yearly figures developed as follows: – Energy consumption: reduced by 4.8% from 2.89 to 2.75 MWh/vehicle – VOC emissions: reduced by 9.6% from 1.77 to 1.6 kg/vehicle – Water consumption: reduced by 9.8% from 2.56 to 2.31 m^3/vehicle – Process wastewater: reduced by 6.5% from 0.62 to 0.58 m^3/vehicle – Waste for disposal: reduced by 5.1% from 10.63 to 10.09 kg/vehicle The energy efficiency indicator shows that overall resource efficiency enhancements are within the agreed target range (approximately 5% p. a.).	75%
	Further measures to raise employee awareness of energy saving potential	2010	Continuous improvement measures with corresponding communication to employees, e. g. introduction of multiple socket outlets that can switched on and off by hand or in some cases even automatically, minimising the standby base load electricity for computers etc. in office areas at night and at weekends. Further examples: Energy Day held in Berlin plant, e-mail campaign to supervisors on opportunities to save energy during production downtime over Christmas 2010.	100%
	Fully implement odour-free foundry at the Landshut plant by 2010 with the subsequent further reduction in VOC emissions	2010	Foundry successfully rendered “odour-free”. Reduction in odour emissions by 98% and CO_2 emissions by 83%. In 2010, the Landshut plant’s light metal foundry won the category “Excellent overall system” of the renowned Automotive Lean Production Award.	100%
Nature conservation and biodiversity	Develop a biodiversity indicator for the entire BMW Group production network	2011	Biodiversity indicator has been developed.	100%
Energy consumption and emissions				
Increase application of renewable energies	Evaluate and promote the option of using wind and geothermal power at various locations	2010	Around 80% of production plants were assessed for their technical/physical potential and opportunities for use of local renewable energy sources. An application was submitted to the responsible authorities for planning permission to set up four wind energy plants, each with over 2 MW capacity, on the premises of the BMW plant in Leipzig.	75%
Materials use and waste management				
Introduce waste management worldwide	Introduce ABIS at the plants in Goodwood (UK), Rayong (Thailand) and Chennai (India)	2011	The plant in Chennai, India introduced the BMW Group’s waste information system ABIS in 2008. ABIS scheduled for launch at the Goodwood (UK) in 2011. ABIS launch in Rayong (Thailand) was postponed in favour of installation in Chennai (India). Plans are ongoing for launch in Rayong.	75%

100% 75% 50%

Status of objectives in the area of Group-wide environmental protection

Strategic objectives	Measures	Deadline	Status June 2011	Status of performance
Efficient transport logistics				
Reduce environmental impact of surface protection materials for new vehicle transport	Convert vehicle distribution to exclude surface protection (by the start of 2008, 95 % of BMW Group vehicles were to be delivered without extra surface protection)	2008	As of 2010, wax is no longer applied to vehicles as surface protection. Foil protection will be applied to the horizontal surfaces – bonnet, roof and luggage compartment door – of a residual percentage of around 10 % of vehicles destined for "risk markets" (e. g. importer markets such as UAE, Vietnam or Africa).	100 %
Increase percentage of low-emissions transport used	Develop supply concepts from global procurement sources to BMW Group production sites, taking account of sustainable, environmentally friendly transport concepts	2009	New tenders will give preference to rail as a mode of transport, all other economic factors being equal. For example, 50 % of new vehicles from the Leipzig plant will be transported by rail in 2011.	100 %
Optimise transport volumes	Develop concepts on traffic reduction (capacity utilisation) and reallocate traffic to more environmentally friendly carriers	2009	In transport logistics, rail will be given preference as a carrier where possible. Rail transport increased from 6.0 % to 6.3 % in financial year 2010. Further traffic avoidance concepts are in development.	75 %

100 % 75 % 50 %

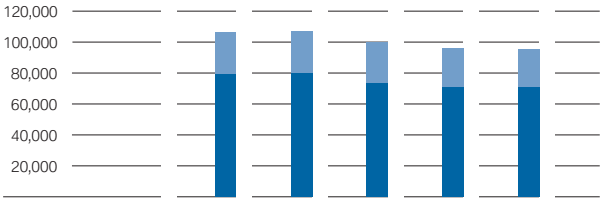
New objectives in the area of Group-wide environmental protection

Strategic objectives	Measures	Deadline
Management of resources and environmental protection		
Develop and implement a new integrated environmental management / waste management system in selected markets and branches	Provide advice and support in creating and implementing the environmental management / waste management system, particularly at the German branches and in the Polish and UK markets	2011
Energy consumption and emissions		
Develop a strategy to increase the share of renewable energy used at BMW plants, the vision being 100 % renewable energy supply at the locations	– Use of locally available renewable energy sources – Purchase renewable energy	2015
Efficient transport logistics		
Optimise the transport volume	Improve empty container management	2013
Increase the share of low-emissions modes of transport	Use low-carbon modes of transport	2013
Increase capacity utilisation in shipping finished vehicles	Increase capacity utilisation by pooling transport flows in individual countries	2013

04 EMPLOYEES

GRI G3 Indicator LA1

BMW Group Employees at end of year*



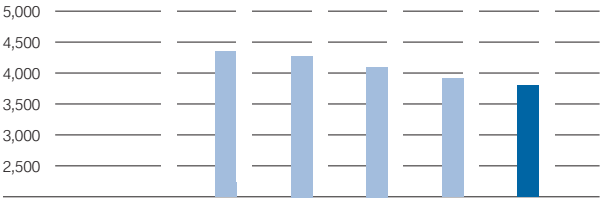
	06	07	08	09	10
	106,575	107,539	100,041	96,230	**95,453**

employees in Germany employees abroad

*Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement arrangements and low income earners.

At the end of the 2010 financial year, the BMW Group's headcount had decreased slightly to 95,453, or 777 less than the previous year (– 0.8%), due to natural attrition, partial retirement and mutual termination agreements.

BMW Group Apprentices at 31 December



	06	07	08	09	10
	4,359	4,281	4,102	3,915	**3,798**

Of the 1,124 apprentices who joined the BMW Group in 2010, 1,080 began their training in Germany. The BMW Group offers a wide range of programmes tailored to various interest groups, from qualifying for entry into university, to training as a skilled worker, and also including the opportunity for under-achieving school leavers to obtain a "starter qualification", preparing them for subsequent entry into vocational training.

GRI G3 Indicator LA1

BMW Group Employees

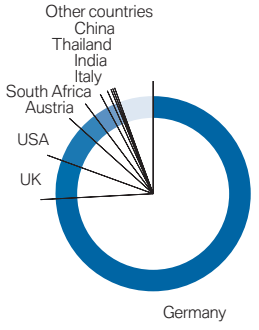
	2006	2007	2008	2009	2010
Workforce according to segment					
Automobiles	98,505	98,548	92,924	89,457	**88,468**
Motorcycles	2,782	2,989	2,917	2,796	**2,814**
Financial Services	3,478	4,097	4,077	3,882	**4,053**
Other	1,810	1,905	123[1]	95	**118**
Ratio of employees with fixed-term contracts[2] — in %	1.5	1.8	1.3	1.4	**1.9**

[1] Reduction in staff numbers due to the sale of the majority interest in the IT consulting company Cirquent.
[2] Excluding apprentices, interns, students and doctoral candidates.

GRI G3 Indicator LA1 (chart on the left)
GRI G3 Indicator LA13 (chart on the right)

Share of employees per country with production site(s) in 2010

in %



Germany	74.4
UK	6.6
USA	6.2
Austria	3.0
South Africa	2.4
Italy	1.2
India	0.4
Thailand	0.2
China	0.1
Other countries	5.5

Nearly three-quarters of employees at BMW Group production sites work in Germany. This is followed by the United Kingdom with 6.6%. The distribution between the other countries listed has largely remained the same as the previous year.

BMW AG employees according to age group*

in %

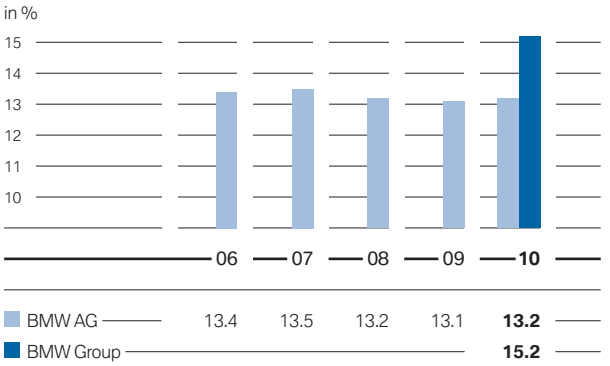
	2008	2009	2010
< 30 years	11.9	10.7	**9.6**
30 – 50 years	69.7	69.8	**68.8**
> 50 years	18.4	19.5	**21.6**

*Employees with permanent contracts.

Demographic change in society is also reflected in the age structure of the BMW AG workforce. The share of those under 30 years of age has been decreasing since 2008, while by contrast the proportion of employees aged 50 and over has increased in the past two years from 18.4% (2008) to 21.6% (2010). The company is responding to this development by adapting the working environment to accommodate the changing age structure as well by offering attractive entry and personal development opportunities.

GRI G3 Indicator LA13

Share of women in the total workforce of BMW AG / BMW Group*



	06	07	08	09	10
BMW AG	13.4	13.5	13.2	13.1	**13.2**
BMW Group					**15.2**

* The share of women in the overall workforce can only be determined for the BMW Group from 2010.

Achieving social diversity within the workforce is essential to ensure future competitiveness. With this in mind, the BMW Group's Diversity Concept has an important part 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 mixture of ages). Between 2005 and 2010 the number of female non-tariff employees rose from 7.4% to 8.8%.

Share of women in management positions at BMW AG / BMW Group*

in %

	2008	2009	**2010**
Supervisory Board	15	15	**15**
Board of Management	0	0	**0**
Non-tariff employees			
BMW AG	8.4	8.4	**8.8**
BMW Group			**11.1**

* Figures are only available from 2010 for the share of women in management positions (non-tariff employees) of the BMW Group worldwide.

The term "non-tariff employees" primarily includes managers, which is why it is listed here as the third category of management positions.

GRI G3 Indicator EC7 (chart on the left)
GRI G3 Indicator LA13 (chart on the right)

Share of local employees in management positions at major company locations[1]

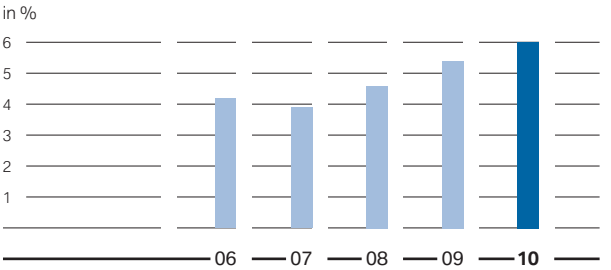
in %

	2008	2009	**2010**
Munich site	99.2	99.5	**99.5**
Dingolfing site	99.2	99.1	**99.6**
Berlin site	100.0	100.0	**100.0**
Landshut site	100.0	100.0	**100.0**
Leipzig site	100.0	100.0	**100.0**
Regensburg site	99.3	99.3	**100.0**
UK			**91.1**
USA			**88.3**
Italy			**90.3**
Austria			**90.8**
South Africa			**89.7**
China[2]			**43.0**
India			**45.0**
Thailand			**65.2**

[1] Figures for the share of local employees in management positions at foreign sites are only available from 2010.
[2] Including employees of joint ventures 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.

Share of employees with disabilities at BMW AG



06	07	08	09	10
4.2	3.9	4.6	5.4	**6.0**

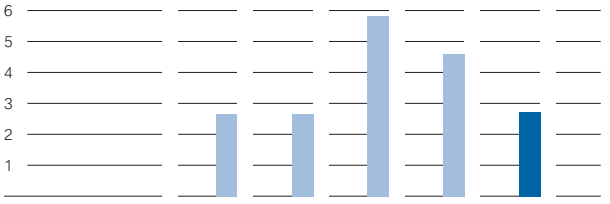
Figures refer to all full-time employees including apprentices and therefore not only to direct staff. In 2010 the BMW Group awarded contracts amounting to euro 7.2 million to workshops for the severely disabled.

04 EMPLOYEES

GRI G3 Indicator LA2

Employee fluctuation ratio BMW AG[1]

as a percentage of the workforce



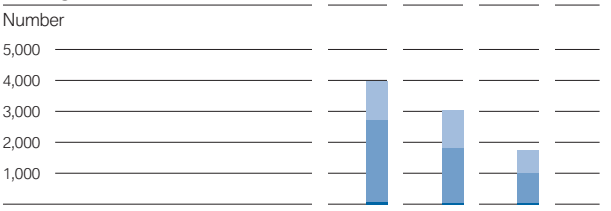
06	07	08	09	10
2.68	2.66	5.85[2]	4.59[2]	**2.74**

[1] Number of employees on unlimited employment contracts leaving the company.
[2] After implementation of announced HR measures (voluntary termination agreements).

At 2.74%, the attrition rate was much lower in 2010 than in 2009 (4.59%). This can be attributed both to the general economic recovery and to the proven programmes and measures undertaken by the BMW Group to position itself as an attractive employer.

Total number of employees leaving BMW AG, by reason for leaving*

Number



08	09	10
3,955	**3,009**	**1,753**

dismissed by employer
voluntarily left company (termination or suspension of employment contract by employee)
pension, death, pre-retirement part-time working arrangements
* Figures refer to employees with permanent contracts.

With a total of 1,753 employees leaving BMW AG in 2010, the number declined by around 42% compared to the previous year. Only 53 of these instances, the lowest number, were due to dismissal by the employer (2009: 55). The number of employees leaving the company voluntarily decreased to 970 (– 45%), the number leaving due to retirement, pre-retirement part-time working arrangements or death sank to 730 (– 38%).

GRI G3 Indicator LA4

Share of employees represented by a trade union or falling under collective agreements[1]

in %

	2008	2009	2010
Germany[2]	100	100	**100**
UK			**75**
China (plant)			**100**
Austria[2]	100	100	**100**
South Africa			**46**
USA (no collective agreements exist)	0	0	**0**

[1] Figures for the United Kingdom, China and South Africa only available from 2010.
[2] Excludes 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 United Kingdom, 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.

Average weekly working time by country*

in hours

	2008	2009	**2010**
Germany			
Industry-wide collective agreement for the Bavarian metal and electronics industries	35	35	**35**
Industry-wide collective agreement for commercial workers and employees of the Saxony metal and electronics industries	38	38	**38**
Non-tariff employees	40	40	**40**
Steyr plant	38.5	38.5	**38.5**
Spartanburg plant	40	40	**40**
Oxford plant	37	37	**37**
Rosslyn plant	40	40	**40**

* 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.

GRI G3 Indicator LA1

Alternative work forms at BMW AG*

	2006	2007	2008	2009	**2010**
Part-time employees	3,059	3,159	2,794	3,133	**3,709**
in % of total number of employees	4.0	4.2	3.9	4.5	**5.3**
Teleworking positions	4,836	6,149	7,702	7,636	**9,209**
in % of total number of employees	6.4	8.1	10.8	10.9	**13.2**
Sabbaticals	1,401	1,033	1,366	704	**498**
in % of total number of employees	1.8	1.4	1.9	1.0	**0.7**
Parental leave	393	523	1,062	1,313	**1,600**
in % of total number of employees	0.5	0.7	1.5	1.9	**2.3**

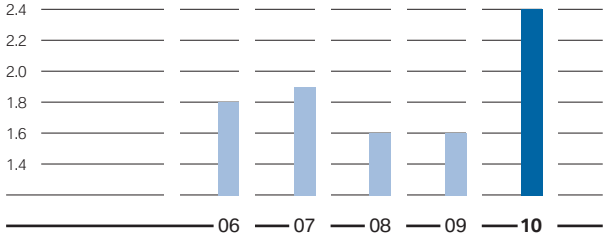
* Figures reflect both fixed-term and permanent employment contracts (previous reporting reflected permanent contracts only). The figures for the previous year were adjusted retroactively to reflect the new calculation basis.

Due to the topicality of the issue of parental leave and its increasing social relevance for this report, this category has now been added to the calculation and the figures for previous years determined retroactively. The substantial increase in employees taking advantage of this option reflects the importance of this trend.

GRI G3 Indicator L A10

Average days of further training per BMW Group employee

Quantity



	06	07	08	09	10
	1.8	1.9	1.6	1.6	**2.4**

In 2010, the BMW Group increased expenditure on further education and training by about one-quarter compared to the previous year, to euro 179 million (+25.2%). The average days of further training per employee thus went up from 1.6 (2009) to 2.4.

Average training hours at the BMW AG Academy, by employee category*

Hours / employee

	2008	2009	**2010**
Non-tariff employees	13.4	11.6	**19.2**
"Meister" (master craftsmen)	18.6	11.3	**19.0**
Tariff employees (w/o "meister") + apprentices + other	8.3	5.0	**8.1**

Days of further training for managers in the BMW Group

Days	1,935	6,317	**16,475**

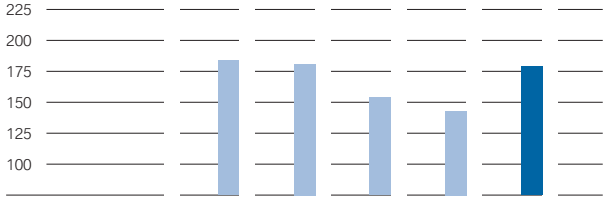
* 2008: BMW AG Performance Centres.

The BMW Academy founded in 2009 unites vocational training and further training for all company locations in Germany and the United Kingdom under one roof. This facilitates the coordination of training courses and generates synergies through the use of shared resources. The 2010 figures for the Academy shown here represent approximately 40% of overall further training activities at the company worldwide. In observance of its Strategy Number ONE, the BMW Group did not neglect to invest in further training for executives even during the crisis years. It was therefore possible during the economic recovery phase in 2010 to significantly increase the number of Group-wide days of further training for managers compared to 2009.

GRI G3 Indicator EC1
(chart on the right)

Investment in further education and training[1] at BMW Group

in euro million



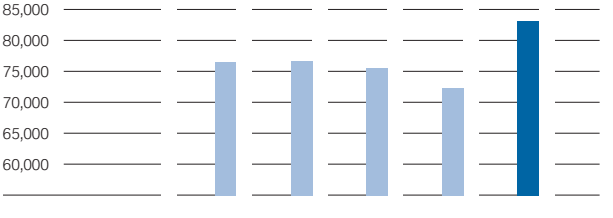
	06	07	08	09	10
	184	181	154	143[2]	**179**

[1] BMW Group investments are dependent on the current need for further education and training, which may lead to fluctuations compared year-on-year.
[2] In difficult economic conditions, training programmes focused on select target groups and priority topics during the 2009 financial year.

Expenditure on basic and further training was intentionally increased by more than one-quarter in 2010. The BMW Group sees targeted employee training as an investment in the future. 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*

in euro



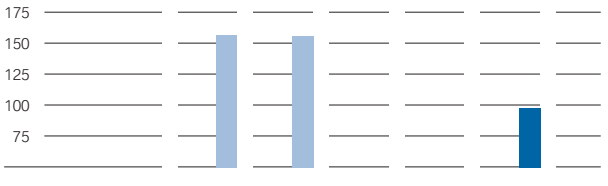
	06	07	08	09	10
	76,621	76,704	75,612	72,349	**83,141**

* Figures exclude suspended employment contracts, employees in non-work phases of pre-retirement part-time arrangements, apprentices, students and low income earners.

Maintaining a competitive level of personnel expense 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 staff are maintained and underscored by a combination of rewards determined individually on the basis of performance and success.

Profit-sharing scheme at BMW AG by year of payment[1]

in % of monthly salary/in % of personal base value (from 2011)



07	08	09	10	11
156.3	156.3	none	none	**98[2]**

Due to the significant decline in profit 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.

As of the 2010 financial year (payout in 2011) bonuses at BMW AG will be determined according to a uniform system across all hierarchy levels. Starting in the 2011 financial year (payout in 2012) this system will also be 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.

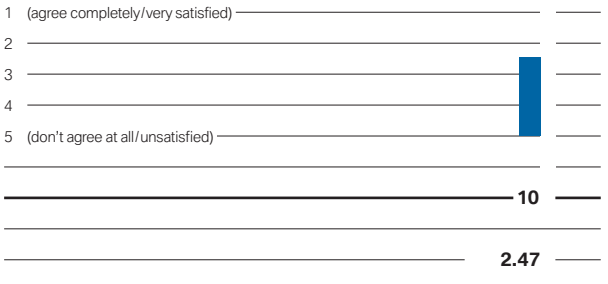
Share of performance-related compensation in BMW AG salaries, by employee category

in % of salary group

	2008	2009	**2010**
Upper management	55–62	54–63	**55–66**
Middle management	39–42	38–42	**38–42**
Senior management (below board level)	11–12	11–12	**10–11**

Employee satisfaction at BMW Group*

HPO index



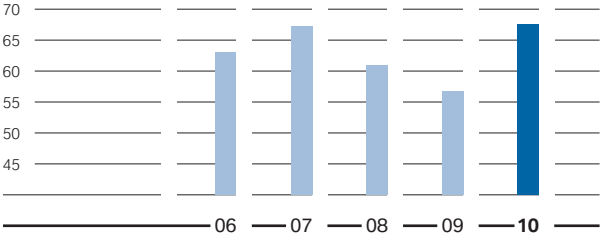
10
2.47

* Due to the introduction of the HPO index in 2010, data are only available from 2010.

An employee survey was conducted in February 2011 using the High Performance Organisation Index for the first time. This index represents a median value resulting from a series of questions on the dimensions strategy, processes, team, management and culture at the BMW Group. A total of 85% of employees took part in the survey.

Savings for BMW Group resulting from suggestions for improvement

in euro million



06	07	08	09	10
63.0	67.2	60.9	56.8	**67.4**

Group-wide idea management led to savings of euro 67.4 million in 2010 resulting from suggestions for improvement. This represents an increase of 19% over the previous year. A new concept is currently being developed for the staff suggestions scheme in order to make the creation of ideas even more attractive for employees.

GRI G3 Indicator LA8

Occupational health and safety management systems at BMW Group sites

Site	Occupational health and safety management system	Year of certification
Berlin plant	OHSAS 18001	2010
Dingolfing plant	OHRIS	2009
Eisenach plant	OHSAS 18001	meets standard, not certified[1]
Goodwood plant, UK	HS(G) 65[2]	introduced
	OHSAS 18001	planned 2012
Hams Hall plant, UK	HS(G) 65[2]	introduced
	OHSAS 18001	planned 2012
Landshut plant	OHRIS	2009
Leipzig plant	OHRIS	2008
Munich plant	OHRIS	2009
Oxford plant, UK	HS(G) 65[2]	introduced
	OHSAS 18001	planned 2012
Regensburg plant	OHRIS	2009
Rosslyn plant, South Africa	OHSAS 18001	2008
BMW Brilliance Automotive Ltd., Shenyang, China	OHSAS 18001	2008
Spartanburg plant, USA	OHSAS 18001	planned 2012
Steyr plant, Austria	OHSAS 18001	2010
Swindon plant, UK	HS(G) 65[2]	introduced
	OHSAS 18001	planned 2012
Wackersdorf plant[3]	OHRIS	2009
Husqvarna Motorcycles S.r.l., Cassinetta di Biandronno, Italy	national standard	introduced
CKD production Chennai, India	OHSAS 18001	2009
CKD production Jakarta, Indonesia	national standard	introduced
CKD production Kaliningrad, Russia	national standard	introduced
CKD production Kulim, Malaysia	OHSAS 18001	introduced
CKD production Rayong, Thailand	OHSAS 18001	planned 2012

National standards do not require certification.
[1] OHRIS is used as occupational safety management system; however, the site is not certified.
[2] HS(G) 65, successful health and safety management, British government guidelines on safety at the workplace. Does not require certification.
[3] jointly certified with BMW Regensburg plant.

The BMW Group currently has certified occupational health and safety management systems in accordance with OHRIS and OHSAS in place at 11 of its 22 sites, and corresponding systems in accordance with national standards at four further sites. OHSAS certification of the sites in the United Kingdom, USA and Thailand are to follow by 2012.

GRI G3 Indicators LA7, LA8

Occupational safety at BMW AG[1]

		2006	2007	2008	2009	**2010**
Total accidents	Quantity	4,692	4,602	4,636	4,619	**4,458**
Reportable accidents	Quantity	304	284	255	303	**348**
Accident frequency[2]		3.0	2.9	2.6	3.2	**3.7**
Fatal accidents	Quantity	0	0	0	0	**0**
Safety courses with the occupational safety association	No. of participants	1,604	1,741	2,325	2,098	**1,419**
Risk assessments[3]	Quantity	13,368	not specified	14,014	16,891	**19,967**

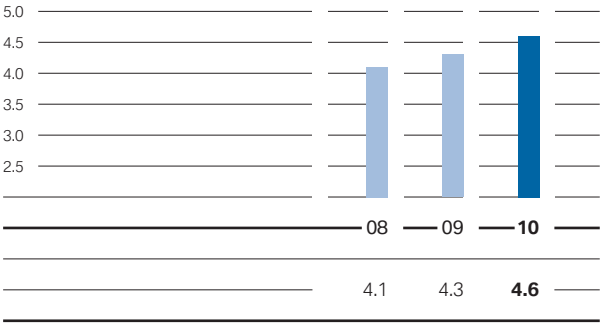
[1] Figures for BMW AG without branches. The figures for the previous years were adjusted retroactively in accordance with the new calculation basis.
[2] Number of reportable industrial accidents per one million hours worked.
[3] Safety assessments of workplaces, including with regard to possible ergonomic 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 five years. The measures taken to ensure a safe workplace have thus proven effective. The reduction in safety courses over the last three years can be attributed to the decline in personnel during the economic and financial crisis. Training courses are taken primarily by those new to the company.

GRI G3 Indicator LA7
(chart on the right)

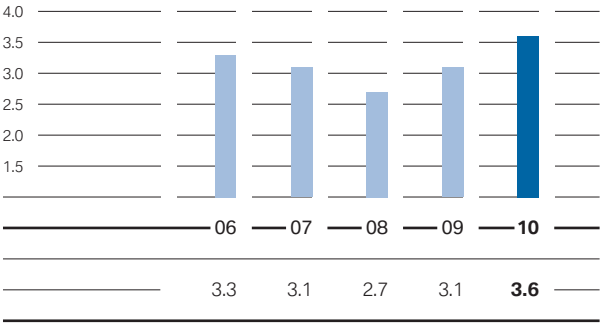
Sickness frequency at BMW AG

in %



Accident frequency at BMW Group

per one million hours worked



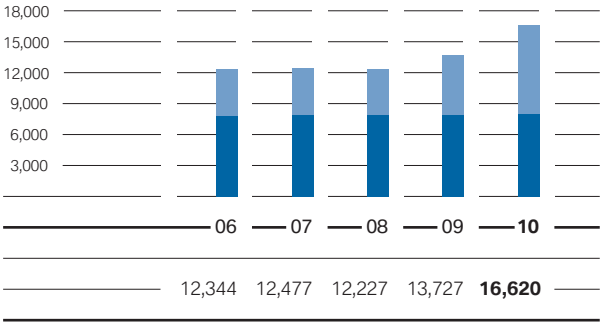
Definition of industrial accident in accordance with the German Social Code: Industrial accidents are accidents involving insured individuals and resulting from the pursuit of their insured activity on the industrial site. Accidents are events of limited duration that impact the body externally, leading to damage to health or death.
* For system-related reasons, these data cover approximately 78% of BMW Group employees.

Occupational safety takes absolute priority at the BMW Group and is firmly anchored in all work processes in production. Despite comprehensive occupational safety management, accident frequency has increased from 3.1 (2009) to 3.6 (2010) per 1 million hours worked. The BMW Group has set itself the goal for 2011 of achieving an accident frequency of under 2.5.

GRI G3 Indicator LA7

Total days of work missed at BMW AG*

Quantity



due to a notifiable work accident
due to a notifiable accident on the way to or from work
* Figures apply to BMW AG without branches.

The performance indicator of days of work missed is new in this report and has been divided between the categories work accident or accident on the way to or from work. The number of days of work missed due to work accidents was 7,956 in 2010. This rate has remained more or less constant for many years in spite of continuously increasing production volumes. The sharp rise in the number of days of work missed due to accidents on the way to or from work in 2010 results primarily from the long and severe winter weather conditions early in the year.

Status of objectives in the area of employees

Strategic objectives	Measures	Deadline	Status June 2011	Status of performance
Attractive employer				
Further develop the management model	Measure excellent management by means of High Performance Organisation Index (HPO Index)	2010	The HPO Index measure planned for fulfilment by 2011 was to determine the actual values by means of a survey. This has been done and was used as basis for establishing target values for the HPO index. Their achievement will be evaluated in 2013.	
Employee recruitment and training				
Adapt training to meet new technical requirements	Expand the training contents to include future technologies (keyword: project i)	postponed to 2012	Technological challenges during the reporting period involved the fields of hybrid and high-voltage technology and vehicle construction with carbon fibre reinforced plastic (CFRP). Hybrid training programmes rolled out at all German plants. Training programmes for high-voltage technology are likewise in progress. A training centre at the BMW Academy was opened for this purpose on 1 May 2011. The training programmes for vehicle construction using carbon fibre reinforced plastic (CFRP) for apprentices are still in the concept phase. Roll-out is planned for the apprentice year 2012 (beginning 1 September 2012).	
Maintain and further develop skills in the company in a target-oriented manner	Establish systematic competence management	from - 2009	Competence management serves to train employees in a goal-oriented manner to ensure they have the skills required to master future challenges. The focus in 2009/2010 was on establishing systematic competence management in the area of Development. This step has now been achieved. Projects have likewise been launched and completed in further areas (Purchasing, Sales Germany, Logistics). A set of mandatory basic elements was resolved to this end in 2011.	
Diversity and equal opportunities				
Promote diversity at the company (also other aspects of diversity apart from the advancement of women)	Develop strategic areas of action and targets in the area of diversity	2010	Three areas of action on the theme of diversity were defined: gender, age/experience and cultural background. In November 2010 the Board of Management resolved target corridors for the "gender" field of action. Formulating the targets for the other two areas of action is in progress until the end of 2011.	
	Raise awareness at the company for diversity issues	2010	The following measures were defined and implemented for 2010: Half-yearly management memo on diversity issues included in the newsletter "P Aktuell" (Personal-Aktuell) – Introduction of the diversity communication concept in the Group Works Council – Statements by company representatives in external communications in the form of interviews – Newsletter on BMW AG's Diversity Concept for all non-tariff employees in December 2010 – Draft concept for a diversity training course for all Human Resources employees	
Occupational health and safety protection and promotion				
Company-wide coverage by occupational safety management systems	Introduce occupational safety management systems at all BMW Group sites	2010	The BMW Group currently has occupational health and safety management systems in accordance with OHRIS and OHSAS in place at 14 of its 24 sites, and corresponding systems at four further sites in accordance with national standards. The expansion to additional sites is planned for 2011/2012.	
	Introduce occupational safety management systems in accordance with OHSAS at UK, US and Thai sites	postponed to 2012	OHSAS certification is planned for: Goodwood (UK) in 2012 Oxford (UK) in 2012 Swindon (UK) in 2012 Spartanburg (USA) in 2012 Rayong (Thailand) in 3rd quarter 2011	

100% 75% 50%

Status of objectives in the area of employees

Strategic objectives	Measures	Deadline	Status June 2011	Status of performance
Occupational health and safety protection and promotion				
Increase and maintain the productivity and employability of BMW Group employees and enable flexible, demand-oriented retirement	Develop standards for the creation of age-appropriate work systems in production	2010	Target fulfilled. Roll-out concept developed building on the standard. First steps already undertaken to spread these standards. By now, every German production site (plus Steyr) can demonstrate concrete examples of the implementation of the demographics project "Today for Tomorrow".	

New objectives in the area of employees

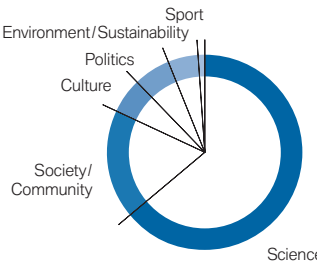
Strategic objectives	Measures	Deadline
Attractive employer		
Remain an attractive employer: Top 3 amongst engineers and economists Top 7 amongst computer scientists	Create newly aligned recruitment measures to alert candidates to attractive entry opportunities and acquire important skills for the company early on, measurable according to the following parameters: Evaluation of objective based on annual measurement of employer attractiveness as part of a published study by the two agencies Trendence and Universum for the target groups of students and (young) professionals.	2011
Uniform remuneration philosophy and systems worldwide, reflecting the principle of performance and reward	Implement worldwide remuneration guidelines and international bonus system in all Group companies.	2011
Employee recruitment and training		
Manager training to develop leadership personalities who will shape the company in a way that creates value while it remains aware of its social responsibility	Based on the complete redesign of the executive qualification scheme already implemented, a significant long-term step-up of the training programme has been achieved (tripling the budget since 2008). Roll-out: Two-thirds of managers should be trained by the end of 2011, 100 % by the end of 2012.	2012
Internationalisation of training offerings	Increase training in the fields of automotive technology and production technology as well as qualification projects compared to 2009. The focus of internationalisation is the Chinese site Shenyang. Another focus is on the development of new educational offerings as well as more communication and marketing of educational measures at the company (i. e. "Academy dialogue" at the plants, participation in HR Days).	2011
Implement corporate volunteering	– Work out further details of the corporate volunteering concept approved in 4th quarter 2010 and begin implementation. – For 2011, at least one pilot site for establishing corporate volunteering activities should be chosen.	2011
Life balance		
Further develop "women and family policies" for "balancing work and private life"	Review new national and international concepts/programmes, and evaluate and further develop existing measures – e. g. specific mentoring programmes for women, 100-day coaching for advancement in a technology-dominated environment, alternative work schedule models and childcare options for working parents. Develop measures portfolio that also takes diversity aspects into account, tailored to the defined area of action "gender".	2011
Occupational health and safety protection and promotion / demographic change		
Lower accident frequency per 1 million hours worked to under 2.5	Develop individualised measures for the sites and document them at every production plant and at the Research and Innovation Centre (FIZ) in Munich in the target agreement processes at the plants. SOS inspections are already taking place worldwide.	2011
Maintain and preserve the long-term employability of employees	Introduce and implement the integrated approach "Health Management 2020". A test is planned for a pilot area in 2012. After evaluation, roll-out of the approach is scheduled for the following year.	2012 / 2013

05 —— SOCIETY

GRI G3 Indicators EC1, SO6
(chart on the left)
GRI G3 Indicator SO6
(chart on the right)

BMW Group donations worldwide in 2010*

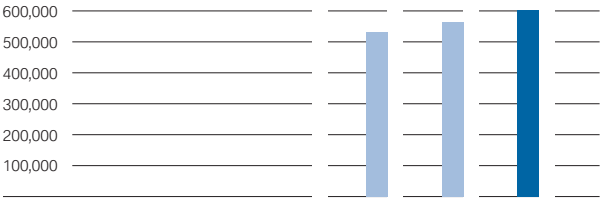
in %, total sum: euro 10,241,748



Science/Education	64
Society/Community	18
Culture	6
Politics	6
Environment/Sustainability	5
Sport	1

Donations in the field of politics

in euro



08	09	10
530,431	565,274	**603,145**

* 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.

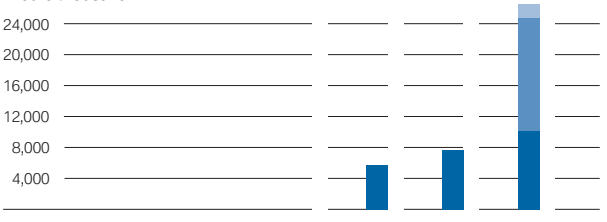
The focus of the BMW Group's donating activities is the field of science/education, involving targeted support of projects connected with the company's core competencies and activities. Donations made by the BMW Group in 2010 were approximately 34% higher than in 2009 (2009: euro 7,618,609).

The BMW Group supports the work of the democratic parties CDU, CSU, SPD, FDP and Bündnis 90/Grüne (the Green Party). All BMW Group donations for each year are published by name in the accounts included in the party financing report of the President of the German Federal Parliament. Mainly, BMW donates vehicles for use free of charge. The parties provide BMW with confirmation of receipt of a donation by stating the corresponding value or rental rate. In addition, BMW donates money in exceptional cases. Vehicle donations in 2010 amounted to a value of euro 402,609 (CSU: euro 142,332, CDU: euro 56,129, FDP: euro 65,129, SPD euro 95,338 and the Green Party: euro 43,681). The largest political parties each receive equal budgets for the use of vehicles. The FDP and the Green Party each receive equivalent (lower) budgets. The budgets have remained on the same level for the past three years. However, not all political parties make use of this budget to the same extent, so that over time different donation totals for each party may be stated in the published information to the President of the German Federal Parliament. In addition to the above-mentioned vehicle transfer, a cash donation of euro 36,000 was made in 2010 for work on women's policy by the CSU Frauenunion (women's union) in Bavaria as well as a donation of euro 250 to a CSU district association. 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 2010 amounted to around 5% of total expenditure on international donations.

GRI G3 Indicator EC1

Amount of expenditure on social commitment, by type of activity or donation

in euro thousand

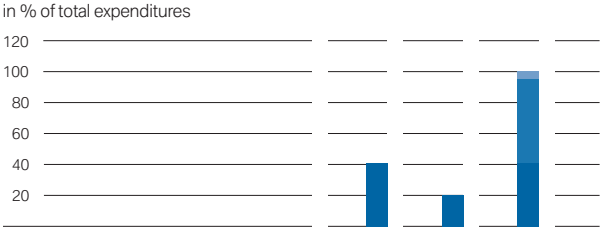


08	09	10
5,707	7,619	**26,591**

monetary donations and donations in kind
community investment
commercial activities

Share of expenditure on social commitment, by type of activity or donation

in % of total expenditures



08	09	10
41.1	20.1	**99.9***

donations
community investment
commercial activities

* Due to rounding-off, the total is not equal to 100 %.

The activities of the BMW Group in the area of social commitment are divided into three main areas. Donations: monetary donations and donations in kind (primarily vehicles). Community investment: project initiatives conceived in-house, cooperative endeavours and partnerships, corporate volunteering (e.g. as part of the BMW Group Award for Intercultural Engagement). Commercial activities: sponsorships, Customer Relationship Management. Data on community investment and commercial activities were measured as such for the first time in 2010.

Status of objectives in the area of society

Strategic objectives	Measures	Deadline	Status June 2011	Status of performance
Social commitment				
Further develop communities at the international locations using BMW Group core competencies	Improve educational opportunities in the communities at the Indian plant in Chennai	2010	Target fulfilled. The plan for this measure was to increase engagement in India in 2010. Local activities were carried out (e. g. computers donated to schools at the Chennai site and 375 sponsorships assumed). A project in cooperation with the Indian children's aid organisation Magic Bus – planned for a several-year period in Delhi and Chennai – was initiated in 2010 and begins in 2011.	
Road safety projects				
Internationalisation	International road safety and mobility portal for road users of all ages	2010/ 2011	Target fulfilled. The portal was adapted to fit international, country-specific needs and activities. Plans for 2010 were to extend successfully established projects and promote local initiatives. Currently the BMW Group is engaged in particular in the United Arab Emirates, China and the USA with initiatives including "Stay Alert" – safety measures for drivers and passengers in Dubai; "Slow down for children" in China; "Don't Text and Drive" in the USA.	
Education and intercultural understanding				
Implement the new concept for the BMW Group Award for Intercultural Engagement	Combine the company's experience and its award-winning projects with a corporate volunteering programme	2009/ 2010	Target fulfilled. The award was conferred for the first time in 2010 according to the new concept. Besides prize money, award winners also receive a year's support from BMW Group staff (e. g. in drafting a communications plan and budget or in the form of technical know-how). The form of support provided by the staff is geared to the project's specific needs. BMW Group staff have been assisting award winners since January 2011.	
Health promotion				
Expand activities to fight HIV/Aids to other sites	Transfer specific elements of the programme from South Africa e. g. to China, Russia and Thailand	Ongoing: wherever there is a need for workplace measures	Target fulfilled (a new target is currently being agreed on). No workplace measures were required during the reporting period. The reinforcement of smaller local activities in Thailand and Russia was planned for 2010 – for example Baan Gerda in Thailand to help Aids orphans.	
	Expand HIV/Aids programme from BMW South Africa to include local dealerships	2011	The Dealer HIV/Aids project in South Africa continues to lay the foundation for HIV programmes in the vicinity of BMW dealerships through social network mapping. Several dealerships have adopted the programme in full or in part. Programmes are constantly updated (for instance, in connection with the 2010 football World Cup) and social groups affected or at risk integrated.	Not quantifiable
Foundations				
Expand project work and transfer experiences to other areas in need of social action	BMW AG Eberhard von Kuenheim Foundation Focus on new concepts for education management. Constructive integration of community involvement into specific projects	2009/2010	Target achieved. For 2010 it was planned to expand the Joblinge project in progress in Zwiesel, Munich and Berlin to include Frankfurt/Main as well. 200 volunteer mentors and approximately 450 partner companies are involved in this project.	

100% 75% 50%

New objectives in the area of society

Strategic objectives	Measures	Deadline
Social commitment		
Better measurement of results achieved on company-relevant themes in the area of social commitment	Structured review and effectiveness analysis of socio-political activities within the BMW Group. This is made possible by applying the iooi method (income-output-outcome-impact). Developed with the help of the BMW Group in connection with a project conducted by the Bertelsmann Foundation, this method makes the results of corporate social commitment more budgetable and measurable. Cooperation on the Bertelsmann Foundation project is to continue until at least 2012.	2012
Education and intercultural understanding		
Promote cooperative projects with other companies and NGOs on the themes of education and intercultural understanding	Expand cooperative endeavours and networks in order to heighten the impact and focus of social commitment: – Joint project of BMW Group and Alliance of Civilizations (AOC), an initiative of the UN Secretary-general. Initiation of a joint award to encourage and recognise exemplary initiatives for intercultural understanding. 1st award conferred in 2011. – Guggenheim Lab: Initiative of the Solomon R. Guggenheim Foundation and Museum in association with the BMW Group. The project is conceived as idea incubator and mobile research lab and aims to provide a platform for multidisciplinary exchange amongst a new generation of experts from the fields of architecture, art, science, design, technology and education. The goal is to identify practical solutions for issues and problems posed by life in big cities. The first mobile lab has opened in August 2011 in New York. – Cooperative project with the German Museum of Technology (Deutsches Technikmuseum) in Berlin starting autumn 2011: integration of the BMW World Junior Campus sustainability concept into the exhibition "Man on the move" to introduce children to the themes of mobility, science and sustainability.	2011
Foundations		
BMW AG Eberhard von Kuenheim Foundation		
Transfer foundation projects to the educational system	– In the area of "sustainable action": The experiences from the pilot project "Junge Vor!Denker – Kinder philosophieren über Nachhaltigkeit" ("Young thinkers to the fore – children philosophise about sustainability") will be compiled in a textbook and made available to all educators and teachers. – In the area of "education": The school project "Tatfunk – unternehmerisch Handeln mit Mikro und Mischpult" ("Action radio – entrepreneurs with microphone and mixing desk") will be handed on to cooperation partners, anchoring it on the regional level.	2011
Pilot projects for concepts dealing with current social issues	– In the area of "sustainable action": The initiative "Verantwortung nehmen – eine Unternehmenskooperation für nachhaltiges Wirtschaften" ("Taking responsibility – corporate cooperation for sustainable business") will be implemented. – In the area of "education": The project "Lehr:werkstatt – neue Wege in der Lehrerbildung" ("Teaching workshop – new methods for teacher education") will go into its pilot phase in cooperation with Ludwig Maximilian University in Munich.	2011
BMW Foundation Herbert Quandt		
Go global with the international Young Leaders Programmes to promote the transfer of responsibility to managers in the area of social and cross-sectoral responsibility. Motivate and bindingly commit more international managers to shape and take on responsibility in non-profit organisations, social organisations and cross-sector partnerships at national and international level	– Biannual World Young Leaders Forum in 2011 – Extend Young Leaders Forums to Africa and Latin America in 2011 – Expand alumni programmes to improve long-term participation of managers in non-profit organisations at international level 2011 / 2012	2012
Intensify research projects in the area of social change and expand the topic of social innovation by enhancing cross-sector and international partnerships and reinforcing solution-oriented cooperation	– International series of publications Poiesis projects on social "infrastructures" 2011 / 2012 – Foundation report "Social Sustainability" 2011 / 2012 – Expand national and international promotion of Social Entrepreneurship as a tool for solving social challenges 2011 / 2012	2012

EXPLANATORY COMMENTS FOR THE SUSTAINABILITY INDICATORS

The presentation of the Sustainability Indicators in the Sustainable Value Report (SVR) 2010 has been optimised as follows based on stakeholder feedback.

New indicators were added. A three-year trend is shown for these indicators. For the indicators already published in the past, figures for the last five years are shown, as always.

Other indicators from the Sustainable Value Report 2008 whose significance has been reduced by developments over the last two years, or which are no longer relevant, have been omitted. These are "Information on environmental compatibility of components", "Fuel efficiency enhancing technologies incorporated into BMW Group vehicles in Europe", "BMW Group energy strategy" and "Share of vehicles delivered without surface protection". The indicators "Consumption and emissions data of BMW Group vehicles" and "Environmental management systems at BMW Group sites" will in future be published only on the BMW Group website.

In this Sustainable Value Report we have, moreover, decided not to repeat performance indicators shown in charts in the form of tables as well. This eliminates redundancies and saves space. For example, the figures for "Amount of raw materials used" are not listed in a separate table, but rather presented in "BMW Group input/output assessment 2010".

The indicators are arranged according to the chapter structure of the main section of the report (Sustainable management, Product responsibility, Group-wide environmental protection, Employees and Society). Within the chapters the topics are no longer organised by sub-headings. The order in which the indicators are presented is largely based on the GRI.

New this year are brief explanatory texts on the key figures, including background information on any significant variances.

www.bmwgroup.com/
svr-archive

At the conclusion of each chapter, the sustainability objectives are shown, with the degree to which each has been achieved to date. The status of these objectives can be compared with that in the Online Update 2010 for the Sustainability Indicators. Following this target-performance comparison is a list of new strategic objectives and accompanying measures.

The last Sustainable Value Report was published in September 2009 as a printed report and covers the 2008 financial year. For the 2009 financial year, the chapter "Indicators for sustainability with key facts and figures" was published exclusively online (Update 2010). Where targets were achieved in 2009, this is noted in the update but no longer mentioned in the SVR 2010.

BMW Group key figures include the following production sites worldwide: Dingolfing, Landshut, Leipzig, Munich, Regensburg, Rosslyn (South Africa), Spartanburg (USA), Steyr (Austria); since 2002 Oxford (UK); since 2003 Hams Hall (UK); since 2007 Berlin (brake disc production), Eisenach, Swindon (UK), Goodwood (UK), Rayong assembly plant (Thailand), Chennai assembly plant (India) and BMW Brilliance Shenyang (China).

INDEPENDENT ASSURANCE REPORT*

To BMW AG, Munich
We have been engaged to perform a limited assurance engagement on the part "objectives, key facts and figures" of the Sustainable Value Report for the financial year 2010 of BMW Group.

Management's Responsibility
The management board of BMW AG is responsible for the preparation of the Sustainable Value Report in accordance with the criteria stated in the Sustainability Reporting Guidelines Vol. 3 (pp. 7–17) 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 Sustainable Value 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 Sustainable Value Report.

Practitioner's Responsibility
Our responsibility is to express a conclusion based on our work performed as to whether any matters have come to our attention that cause us to believe that the key facts and figures part of the Sustainable Value Report for the financial year 2010 has not been prepared, in all material respects, in accordance with the above mentioned criteria of the Sustainability Reporting Guidelines Vol. 3 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 express our conclusion with limited assurance.

In a limited assurance engagement the evidence-gathering procedures are more limited than in 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.

* Our engagement applied to the German version of the key facts and figures part of the Sustainable Value Report for the financial year 2010. This text is a translation of the Independent Assurance Report issued in German language – the German text is authoritative.

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 Sustainable Value Report regarding the process to prepare the Sustainable Value Report 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 development process of BMW Group's sustainability program;
- Inquiries of personnel in the corporate functions that are responsible for the chapters Sustainable management, Product responsibility, Group-wide environmental protection, Employees and Society;
- Inspection and testing of the systems and processes for collection, analysis, plausibility checks and aggregation of sustainability data and their documentation on a sample basis;
- Site visits as part of the inspection of processes for collecting, analyzing and aggregating the selected data:
- in the corporate headquarters,
- on production plant in Munich,
- on production plant in Leipzig,
- on production plant in Steyr (Austria),
- on production plant in Spartanburg (USA);
- Analytical procedures on selected sustainability data;
- Comparison of selected data with corresponding data in the BMW Group Annual Report for the financial year 2010;
- Inspection on a sample basis of internal documents, contracts and invoices/reports of external service providers.

Conclusion
Based on our limited assurance engagement, nothing has come to our attention that causes us to believe that the part "objectives, key facts and figures" of the Sustainable Value Report for the financial year 2010 has not been prepared, in all material respects, in accordance with the criteria of the Sustainability Reporting Guidelines Vol. 3 (pp. 7–17) of the GRI.

Emphasis of Matter – Recommendations
Without qualifying our conclusion above, we make the following recommendations for the further development of sustainability management and sustainability reporting:

- Further formalization of the internal controls system for sustainability data;
- Harmonization of worldwide reporting systems to facilitate sustainability data collection.

Munich, June 29, 2011

PricewaterhouseCoopers
Aktiengesellschaft
Wirtschaftsprüfungsgesellschaft

Michael Werner ppa. Hendrik Fink
Wirtschaftsprüfer
(German Public Auditor)

GRI INDEX

The following GRI Index is an abbreviated version. Please go to www.bmwgroup.com/gri-index-e to access the complete GRI Index including comments in the version that was referred to by GRI for auditing purposes.

Profile		Reported[1]	Reference
1. Strategy and Analysis			
1.1	Statement from the Board of Management	– –	P
1.2	Impacts of operational activity, key risks and opportunities	– –	04–10, 20–21, 34–35, 46–47, 60–61, AR 63–69, 124–127, C
2. Organisational Profile			
2.1	Name of the organisation	– –	02, AR 140
2.2	Primary brands, products and services	– –	02
2.3	Operational structure of the organisation	– –	02, AR 129–130, 168–169
2.4	Location of organisation's headquarters	– –	02
2.5	Countries where the organisation operates	– –	02, AR 168–169
2.6	Ownership structure and legal form	– –	02, AR 44–46
2.7	Markets served	– –	75, AR 40, 168–169
2.8	Scale of the organisation	– –	02, 72, 96, AR 04–05, 166–167
2.9	Significant changes regarding size, structure or ownership	– –	C
2.10	Awards	– –	08–09, 17, 25, 26
3. Report Parameters			
3.1	Reporting period	– –	Cov.
3.2	Date of most recent previous report	– –	Cov.
3.3	Reporting cycle	– –	Cov., C
3.4	Contact persons for questions regarding the report	– –	119
3.5	Process for defining report content	– –	Cov., 06–07, 14–15
3.6	Boundary of the report	– –	Cov.
3.7	Limitations on the scope or boundary of the report	– –	Cov.
3.8	Basis for reporting on joint ventures	– –	Cov.
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	– –	Cov.
3.12	GRI Content Index	– –	112–114
3.13	External assurance for the report	– –	Cov., 110–111
4. Governance, Commitments and Engagement			
4.1	Governance structure of the organisation	– –	10–11, AR 140–153
4.2	Independence of the Chairman of the Supervisory Board	– –	AR 140–153
4.3	Number of independent members in the highest governance body	– –	AR 143–146
4.4	Co-determination right of employees and shareholders	– –	12–13, 58 AR 44–45, 144–145, 149, 162
4.5	Linkage between executive compensation and achievement of sustainability goals	– –	08, 50, AR 154–161
4.6	Process in place to avoid conflicts of interest	– –	11
4.7	Qualifications and expertise of the highest governance body regarding economic, environmental and social topics	– –	P, 06–09, AR 144–146, 153, C
4.8	Values, mission statements, principles and codes of conduct of the organisation relevant to sustainability	– –	02, 07, 11, 16, 36, AR 162–165, C
4.9	Oversight of the sustainability performance and relevant risks by the Board of Management	– –	C
4.10	Assessment of the performance of the Board of Management regarding sustainability	– –	06–09
4.11	Precautionary approach	– –	06–09, 10, 22, 26, 30, 36–37
4.12	Support for external economic, environmental and social activities	– –	07, 15, 49, 67, 115–116
4.13	Memberships in associations and advocacy organisations	– –	06,15
4.14	Stakeholder groups engaged by the organisation	– –	14–15
4.15	Basis for identification and selection of stakeholders	– –	Cov., 14–15, C
4.16	Approaches to stakeholder engagement	– –	Cov., 06, 14–15, AR 43
4.17	Key stakeholder topics	– –	Cov., 07, 14–15, C

Indicator		Reported[1]	Reference
Economic			
	Management approach	– –	04–05, 06, 07–08, 10, 11, 72–75, 77–78
EC1	Direct economic value generated	– –	56, 72–73, 96, 100–101, 106, AR 04–05
EC2	Financial implications due to climate change	– –	10, 23–25, C
EC3	Organisation's defined benefit plan obligations	– –	73, AR 107–112
EC4	Significant financial assistance received from government	– –	74, AR 84, 89–90, 116
EC5	Range of ratios of standard entry level compared to local minimum wage	– –	50, C

Indicator		Reported[1]	Reference
EC6	Policy, practices and proportion of locally based suppliers	– –	16–17
EC7	Procedures for local hiring and local senior management	– –	54, 97, C
EC8	Impact of infrastructure investments and services	– –	62–63, 66–67, 69
EC9	Indirect economic impacts	– –	18, AR CP: 56–57, 59, 80–81
Environment			
	Management approach	– –	07–08, 10, 11, 20–23, 30, 34–35, 36, 37, 38, 40, 41, 80–83, 84–85, 86–93, 94–95, C
EN1	Materials used by weight or volume	– –	40, 83, 86
EN2	Percentage of used materials that are recycled materials	– –	30, 82, C
EN3	Direct energy consumption	– –	38–39, 86–87
EN4	Indirect energy consumption	– –	38–39, 86
EN5	Energy savings	– –	38–39, 42–44, 86–87
EN6	Energy-efficient products and services	– –	22–25, 81–82
EN7	Reduction of indirect energy consumption	– –	38–39, 44, 93
EN8	Total water withdrawal	– –	41, 87
EN9	Water sources affected by withdrawal of water	– –	41
EN10	Percentage of water recycled and reused	– –	41, C
EN11	Production plants in protected areas	– –	C
EN12	Significant impacts upon biodiversity in protected areas	– –	37, C
EN13	Habitats protected and restored	– –	37, C
EN14	Strategies for managing impacts on biodiversity	– –	37, 94, C
EN15	Endangered species in areas affected by operations of the organisation	– –	C
EN16	Direct and indirect greenhouse gas emissions	– –	38–39, 44, 88–89, 92, C
EN17	Other relevant greenhouse gas emissions	– –	44, 88, 92–93
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	– –	38–39, 44, 88–89, 92–93
EN19	Emissions of ozone-depleting substances	– –	C
EN20	NO_x, SO_x and other significant emissions	– –	89
EN21	Total water discharge	– –	41, 90, C
EN22	Total weight of waste by type and disposal method	– –	40, 91
EN23	Significant spills	– –	C
EN24	Cross-border transport or treatment of hazardous waste	– –	C
EN25	Areas impacted by the organisation's discharges of water and runoff	– –	41, C
EN26	Initiatives to mitigate harmful environmental impacts of products	– –	22, 23–25, 27–29, 30, 84, C
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	– –	40, 44, C
EN28	Significant fines and sanctions for non-compliance with environmental laws	– –	C
EN29	Significant environmental impacts of transporting products, goods, materials and members of the workforce	– –	44, 92–93
EN30	Environmental protection expenditures and investments	– –	36–37, 93
Employees			
	Management approach	– –	07, 10, 12–13, 46–48, 49, 50, 54, 56, 57, 58, 96–103, 104–105, AR 163
LA1	Breakdown of workforce by employment type, contract and region	–	96–97, 99, C
LA2	Number and rate of employee turnover	– –	58, 98, 101, C
LA3	Benefits provided only to full-time employees	– –	50, C
LA4	Percentage of employees covered by collective bargaining agreements	– –	58, 98
LA5	Minimum notice period(s) regarding significant operational changes	– –	C
LA6	Percentage of total workforce represented in occupational health and safety committees	– –	56, C
LA7	Injuries, occupational diseases, working days lost, absentee rate and work-related fatalities	–	102–103, C
LA8	Preventive healthcare, counselling and training regarding serious diseases	– –	56
LA9	Health and safety topics covered in agreements with trade unions	– –	C
LA10	Education and further training measures	–	51, 100, C
LA11	Skills management and lifelong learning that support the continued employability of employees	– –	51, AR 28–29
LA12	Employee performance and career development reviews	– –	50
LA13	Diversity in senior management and employee structure	– –	54, 96–97, C
LA14	Ratio of basic salary of male and female employees	– –	50, C

[1] – – This indicator is reported in full – This indicator is partially reported / This indicator is not reported

[2] GRI Sector Supplement Automotive Sector, Pilot Version 1.0, 2004

AR stands for the BMW Group Annual Report 2010 (pdf version), available online at www.bmwgroup.com/ir – divided into the financial section (abbreviated as AR) and the company presentation (abbreviated as AR CP)

P Preface and statements by the Board of Management

C Comments on this indicator may be found in the GRI Index online at www.bmwgroup.com/sustainability

Cov. Cover in the front

All core indicators are printed in bold.

GRI-INDEX

Indicator		Reported[1]	Reference
Human Rights			
	Management approach	– –	07, 16–17, 54, 58, 98, 104–105, AR 163, C
HR1	Investment agreements that include human rights clauses	– –	16–17, 77, C
HR2	Percentage of suppliers that have undergone screening on human rights	– –	16–17, 77, C
HR3	Employee training on human rights	– –	16–17, C
HR4	Incidents of discrimination and actions taken	– –	06–07, 54, C
HR5	Operations with significant risk concerning the freedom of association and collective bargaining	–	16–17, C
HR6	Operations with significant risk for incidents of child labour	– –	16–17, 102, C
HR7	Operations with significant risk for incidents of forced and compulsory labour	– –	16–17, 102, C
HR8	Percentage of security personnel trained on aspects of human rights that are relevant to operations	– –	16
HR9	Incidents of violations involving rights of indigenous people	– –	C
Society			
	Management approach	– –	04–05, 08, 10, 11, 60–61, 62, 68–69, 78–79, 83, 106–108, AR 34
SO1	Impacts of operations on local communities and regions	– –	14–16, 62, 66–67
SO2	Number of business units analysed for corruption-related risks	– –	11, 79, AR 163–165
SO3	Employee training regarding anti-corruption	– –	11
SO4	Anti-corruption measures	– –	C
SO5	Public policy positions and participation in public policy development and lobbying	– –	24, 83, C
SO6	Financial and in-kind contributions to political parties and politicians	– –	106, C
SO7	Number of legal actions for anti-competitive behaviour	– –	AR 65, 67–68
SO8	Number of fines for non-compliance with laws	– –	AR 68
Product Responsibility			
	Management approach	– –	10, 20–21, 22–23, 24–32, 80–85
PR1	Life cycle stages in which health and safety impacts of products and services are assessed	– –	21–32
PR2	Incidents of non-compliance with regulations concerning health and of safety of products	– –	C
PR3	Principles and measures related to product and service information and labelling	– –	22–26, 30, C
PR4	Incidents of non-compliance with regulations and voluntary codes concerning product information and labelling	– –	C
PR5	Customer satisfaction	– –	31–32
PR6	Programmes for compliance with laws, standards and voluntary codes related to marketing communications	– –	C
PR7	Incidents of non-compliance with regulations and voluntary codes related to marketing communications	– –	C
PR8	Number of substantiated customer data protection complaints	– –	31, C
PR9	Significant fines for non-compliance with laws and regulations concerning the provision and use of products	/	C
Sector Supplement[2]			
A1	Stipulated work hours per week and average hours worked overtime in production	– –	99
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	– –	74–75, AR 18–21, 24
A5	Compliance of vehicles sold with the respective existing and next defined emissions standards	– –	23, 25
A6	Average fuel economy by type of vehicle	– –	82, AR CP Cover in the back
A7	Average carbon dioxide emissions by type of vehicle	– –	80–82, AR CP Cover in the back
A8	Compliance of vehicles sold with the respective existing and next defined noise standard	– –	81, C
A9	EN29 – relevant indicator for automotive sector	– –	44, 92–93
A10	Weight of vehicle and percentage breakdown of generic, recyclate and renewable material of a best-selling vehicle	– –	30, 82, C

[1] – – This indicator is reported in full – This indicator is partially reported / This indicator is not reported

[2] GRI Sector Supplement Automotive Sector, Pilot Version 1.0, 2004

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Cov. Cover in the front

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UN GLOBAL COMPACT – COMMUNICATION ON PROGRESS (COP)

Communication on Progress (COP): implementation of UN Global Compact Principles 2011

The BMW Group has been committed to the ten principles of the UN Global Compact since July 2001, and is continuously working on integrating sustainability criteria into all corporate processes. The company actively promotes compliance with internationally adopted standards and regulations in the fields of human rights, occupational standards, environmental protection and the fight against corruption. The BMW Group also requires its suppliers to adhere to the same standards.

This Sustainable Value Report 2010 is also the company's COP on the UN Global Compact. The following chart lists examples of established BMW Group guidelines and management systems that support compliance with the ten principles as well as progress made during the reporting period (July 2010 – July 2011).

Company guidelines and management systems	Substantial progress made	References	GRI (G3)
Principle 1: Support and respect the protection of internationally proclaimed human rights			
BMW Group: – Human Resources and Social Policies – Joint Declaration on Human Rights and Working Conditions Supply chain: – Purchasing conditions – Supplier management	BMW Group: – Continued development of Human Resources and Social Policies and thus also personnel work in keeping with Strategy Number ONE – Set up of compliance hotline "SpeakUP" – Focused raising of awareness for sustainability aspects among purchasing employees in "Supply Chain Academy" Supply chain: – Questionnaire for supplier selection revised and extended to apply to small enterprises and service providers – Sustainability implemented as a criterion in supplier selection by purchasing via direct integration of the results of the sustainability questionnaire into the performance evaluation of the suppliers – Implementation of a monitoring system and escalation process – First time introduction of "Supplier Innovation Awards", in which social, environmental and economic performance of suppliers also play a role	07, 10–11, 16–17, 47, 48–49, 50, 54–58, 77–79, 97–103, 104–105 Further documents: [1, 2]	EC5 LA4 LA6–9 LA13–14 HR1–9 SO5 PR1–2 PR8
Principle 2: Make sure there is no complicity in human rights abuses			
BMW Group: – see Principle 1 Supply chain: – see Principle 1	see Principle 1	07, 10–11, 16–17, 46–50, 54–58, 77–79, 97–105 Further documents: [1, 2]	HR1–9 SO5
Principle 3: Uphold the freedom of association and recognition of the right to collective bargaining			
BMW Group: Joint Declaration on Human Rights and Working Conditions Supply chain: – Purchasing conditions – Supplier management	see Principle 1	07, 10–11, 16–17, 48–49, 58, 98 Further documents: [1]	LA4–5 HR1–3 HR5 SO5
Principle 4: Elimination of all forms of forced and compulsory labour			
see Principle 3	see Principle 1	07, 10–11, 16–17, 48–49 Further documents: [1]	HR1–3 HR7 SO5
Principle 5: Effective abolition of child labour			
see Principle 3	see Principle 1	07, 10–11, 16–17, 48–49 Further documents: [1]	HR1–3 HR6 SO5
Principle 6: Elimination of discrimination in respect of employment and occupation			
BMW Group: – see Principle 1 – Diversity management – Legal compliance code (LCC) Supply chain: – see Principle 1	BMW Group: – Continued development of Human Resources and Social Policies and thus also personnel work in keeping with Strategy Number ONE – Awareness raised within the company of the topic of diversity, target corridors specified for the dimension "gender", targets currently being set for the aspects "age/experience" and "cultural background"	10–11, 16–17, 48–49, 50, 54–55, 96–97, 104–105 Further documents: [1, 2, 3]	EC7 LA2 LA13–14 HR1–4 SO5

Further documents:

[1] Joint Declaration on Human Rights and Working Conditions at the BMW Group – www.bmwgroup.com/guidelines

[2] Value-oriented Human Resources Policy: The 8 guidelines of the personnel policy of the BMW Group – www.bmwgroup.com/guidelines

[3] BMW Group Legal Compliance Code – www.bmwgroup.com/guidelines, www.bmwgroup.com/compliance

UN GLOBAL COMPACT – COMMUNICATION ON PROGRESS (COP)

Company guidelines and management systems	Substantial progress made	References	GRI (G3)
Principle 7: Support a precautionary approach to environmental challenges			
BMW Group: – Sustainability management – Environmental management in accordance with ISO 14001 and EMAS – Clean production philosophy – Environmental guidelines – Legal compliance code (LCC) – Life cycle assessments – Sustainability aspects considered in product design phase – Design for Recycling – Consistent development of environmentally friendly technologies Supply chain: – Purchasing conditions – Supplier management	– Determination of environmental goal: to reach a 30 % reduction in energy consumption as well as water, wastewater, waste and solvents per vehicle produced between 2006 and 2012. The environmental efficiency index used to analyse all of these parameters improved by another 6 percentage points in 2010. Thus, the BMW Group has improved by 26 % compared to the 2006 level and has exceeded the 20 % target set for 2010 – Since 1 September 2010, all BMW Group vehicles on the European market comply with the requirements set down in the Euro 5 standard – Establishment of an integrated management system at the German BMW Group branches, which includes the topics environment, occupational health and safety and energy- and cost management	Preface and statements by the Board of Management, 04–09, 10–11, 16–17, 20–25, 27, 30, 34–37, 77–79, 84–85, 86, 94–95 Further documents: [3, 4, 5]	EC2 EN18 EN26 EN30 SO5
Principle 8: Undertake initiatives to promote greater environmental responsibility			
see Principle 7	BMW Group: – Improving environmental protection and recycling in service (return system for used vehicles and parts) – Worldwide implementation of a reference system for energy efficient buildings and production processes – Location-specific initiatives to reduce energy consumption, fuel consumption and emissions – Ongoing implementation of the ABIS waste information system – Wax no longer applied to vehicle surfaces – New tenders place more focus on rail as a mode of transport – Implementation of “DriveNow” car sharing model – Integration of sustainability measures and environmentally friendly technologies in the production and building architecture of the Tiexi plant in China – Commissioning of world’s first foundry that produces without generating environmentally damaging emissions, at the BMW plant in Landshut – Application of “Integrated Paint Process” at the Spartanburg plant – Conversion of textiles to CFRP at new plant in Moses Lake, USA powered 100 % by hydro-electric energy Supply chain: – Stronger integration of sustainability aspects into selection, monitoring and training of suppliers	04–09, 16–17, 20–25, 27, 30, 34–44, 77–79, 80–85, 86–95 Further documents: [3, 4, 5]	EN1–30 SO5 PR3–4
Principle 9: Development and diffusion of environmentally friendly technologies			
see Principle 7	– Further reduction of the fleet’s carbon emissions due to Efficient Dynamics (to 30 % less CO_2 than in 1995) – Worldwide rollout of Efficient Dynamics technologies in all markets and across all BMW Group models – Road test with 600 electric-drive Mini E cars as part of project i – so far, these vehicles have covered a total of over 1.4 million kilometres – Development of electric-drive series vehicles; as of 2013, the BMW i3 will be the first series model with electric drive to go to market – Implementation of a development plan for renewable energy which evaluates the potential of each production location	04–09, 20–25, 30, 34–44, 80–85, 86–95 Further documents: [3, 4, 5]	EN2 EN5–7 EN10 EN18 EN26–27 EN30 SO5
Principle 10: Work against corruption in all its forms, including extortion and bribery			
– Legal compliance code (LCC) – Corporate Governance Code – BMW Group Compliance Committee and BMW Group Compliance Committee Office – BMW Group Principle “Personal Behaviour” – BMW Group Principle “Business Trips” – BMW Group Principle “Purchasing” – BMW Group Principle “Memberships and Donations” – BMW Group Principle “Signatures and Approval Processes” – Risk management	– Since the BMW Group Compliance Organisation began to be introduced in 2008: training of 11,000 managers and employees Group-wide as well as participation by further employees via web-based training on the principles of compliance – Worldwide reporting, in which all company divisions inform the BMW Group Compliance Committee about compliance-relevant topics – Expansion of existing compliance instrument to include additional measures to avoid corruption, to intensify monitoring and to introduce regionally structured Compliance Management	04–11, 77, 79 Annual Report Further documents: [3, 6]	SO2–6

Further documents:
[3] BMW Group Legal Compliance Code – www.bmwgroup.com/guidelines, www.bmwgroup.com/compliance
[4] BMW Group Efficient Dynamics strategy www.bmwgroup.com/efficient-dynamics-e
[5] BMW Group environmental guidelines – www.bmwgroup.com/guidelines
[6] BMW Group Corporate Governance Code – www.bmwgroup.com/guidelines

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The glossary of this report can be found at www.bmwgroup.com/glossary.

B = Preface and statements by the Board of Management
C = Cover in the front

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Further information and publications are available at

www.bmwgroup.com/responsibility

A FURTHER CONTRIBUTION TOWARDS PRESERVING RESOURCES

BMW Group Sustainable Value Report 2010 awarded the Blue Angel eco-label. The paper used (Enviro Top) was produced, climate-neutrally and without optical brighteners and chlorine bleach, from recycled waste paper. All other production materials used also comply with the requirements of the Blue Angel eco-label (RAL-UZ 14). The Blue Angel is considered to be one of the most stringent eco-labels in the world.

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