

THE FUTURE IS
ELECTRIC,
DIGITAL AND
CIRCULAR



BMW GROUP REPORT 2021

On the way to an electric and digitalised mobility in a sustainable and circular economy. Report on the BMW Group's economic performance and its ecological and social contributions.

[↗ Link to the Online-Report](#)

BMW GROUP REPORT 2021

In 2021, the BMW Group demonstrated how profitability and transformation can go hand in glove, despite tough market conditions. Electric mobility is gathering pace, with delivery figures on a steep upward trajectory. At the same time, the BMW Group is working on digital solutions that make life more convenient for customers and provide access to a broad range of services. The BMW Group's vision of a circular economy is gradually taking shape, the ultimate goal being fully sustainable mobility.

Further information is provided in the following report.

KEY PERFORMANCE INDICATORS

PROFIT / LOSS BEFORE TAX in € million

16,060

Significant increase compared to prior year



EBIT MARGIN AUTOMOTIVE SEGMENT in %

10.3

Significant increase to prior year



EBIT MARGIN MOTORCYCLES SEGMENT in %

8.3

Significant increase to prior year



RoE FINANCIAL SERVICES SEGMENT in %

22.6

Significant increase to prior year



GROUP EMPLOYEES end of year

118,909

Slight decrease to prior year



DELIVERIES AUTOMOTIVE SEGMENT in units

2,521,514

Solid increase to prior year



DELIVERIES MOTORCYCLES SEGMENT in units

194,261

Significant increase to prior year



SHARE OF ELECTRIFIED VEHICLES IN DELIVERIES in %

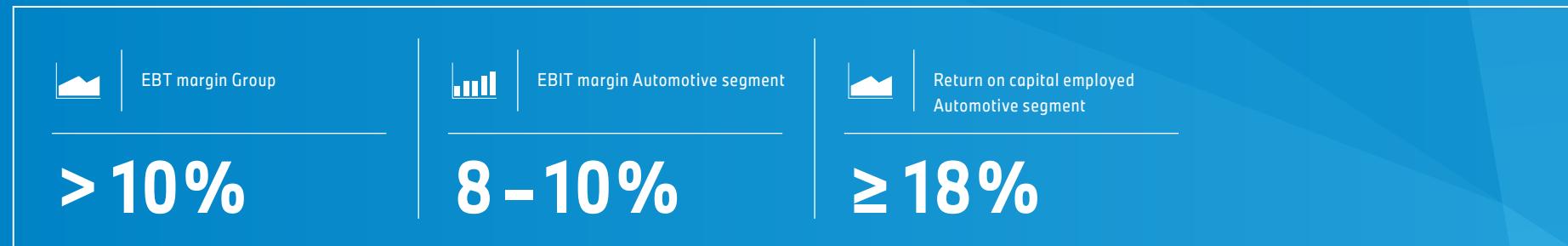
13.0

Significant increase to prior year

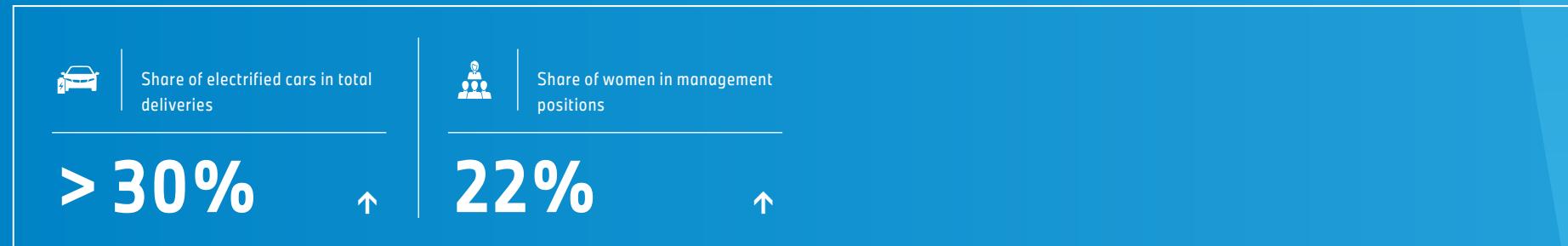


STRATEGIC TARGETS OF THE BMW GROUP

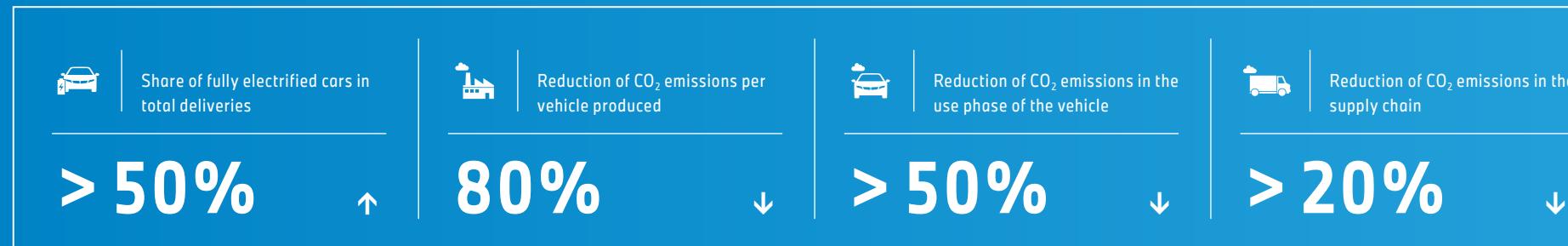
FINANCIAL TARGETS



TARGET ACHIEVEMENT BY 2025



TARGET ACHIEVEMENT BY 2030



The diagram provides a simplified overview of the key performance indicators (KPIs) disclosed in the report. Detailed explanations of the KPIs as well as an indication of the scope of the audit can be found in the respective chapters of the report.

TO THE CHAPTER →
BMW Group Integrated Strategy

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ABOUT THIS REPORT (PART OF THE COMBINED MANAGEMENT REPORT)

REPORTING CONCEPT

Integrated reporting and corporate strategy

In the BMW Group's view, a key prerequisite for a company's profitability is that its activities are compatible with external economic, ecological and social interests. Conversely, profitability is the prerequisite for a company's ability to develop sustainable and innovative technologies, ensure job security, and cooperate with all its business partners along a value chain that is striving to become increasingly sustainable.

For this reason, since the financial year 2020, the BMW Group has kept stakeholders informed of its business performance by reporting on an integrated basis. With the Integrated Group Report 2021, we aim to provide a clear and comprehensive insight into the BMW Group and explain our activities in a transparent, comprehensible and measurable manner. We are well aware that integrated reporting is among the subjects of an ongoing discussion currently taking place between stakeholders, regulators and reporting entities. The status achieved to date is therefore still subject to constant review and continuous improvement.

The BMW Group is keen to demonstrate to its shareholders how economic, ecological and social issues complement one another and are often mutually dependent, and which general external conditions influence the company and define our potential to boost sustainability. For these reasons, we explain the BMW Group's [corporate strategy](#) as well as the latest developments and the way in which the business is managed on the basis of key financial and non-financial targets. [KPI Dashboard](#)

On 8 March 2022, the Financial Statements of BMW AG were authorised for issue by the Board of Management and the Group Financial Statements approved for publication. The BMW Group Report combines the management reports of Bayerische Motoren Werke Aktiengesellschaft (BMW AG) and the BMW Group in a Combined Management Report.

Changes in reporting and outlook for reporting requirements

In light of recent and prospective changes in non-financial disclosure requirements, including the revision of the Non-Financial Reporting Directive at EU level (Corporate Sustainability Reporting Directive), the related development of EU reporting standards and the establishment of the International Sustainability Standards Board (ISSB) under the umbrella of the [IFRS Foundation](#), the pace of change within the reporting environment will continue to gather momentum and increase the extent to which non-financial and financial disclosures need to be presented on an integrated basis. The BMW Group is preparing itself for these new trends by developing its internal control system to ensure that non-financial performance indicators are monitored to the same degree as financial performance indicators. In the year under report, we also complied with the disclosure requirements of the [EU Taxonomy](#) Regulation and expanded our reporting in line with the requirements of the Sustainability Accounting Standards Board. [SASB-Index](#)

[GRI 102-48, 102-49](#)

FRAMEWORKS APPLIED

The BMW Group Report 2021 is based on the following reporting and accounting standards:

Combined Management Report

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

- German Commercial Code (HGB) (among other relevant legislation)
- Combined Non-Financial Statement (NFS) at Group and Company level in accordance with § 289 b and § 315 b HGB. [NFS-Index](#)

- German Accounting Standards (GASs) underpinning HGB requirements

- German Stock Corporation Act (AktG)

- Taxonomy Regulation (Regulation (EU) 2020/852 of the European Council and of the European Parliament on the Establishment of a Framework to Facilitate Sustainable Investment, and amending Regulation (EU) 2019/2088)

The Combined Management Report is also based on:

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

Furthermore, the following reporting standards and transparency requirements have, for the most part, been integrated in the Combined Management Report:

- Global Reporting Initiative (GRI) ([GRI-Index](#)), option "comprehensive"
- Sustainability Accounting Standards Board (SASB) ([SASB-Index](#))
- Task Force on Climate-related Financial Disclosures (TCFD) ([TCFD-Index](#))
- UN Global Compact Progress Report: see references in GRI Content Index ([GRI-Index](#))

Group Financial Statements

The Group Financial Statements of Bayerische Motoren Werke Aktiengesellschaft for the year ended 31 December 2021 have been prepared in accordance with International Financial Reporting Standards (IFRS) as endorsed by the European Union (EU) and the supplementary requirements of § 315 e HGB.

ADDITIONAL INFORMATION ON THE REPORT

Publication and scope

The BMW Group Report is published annually to coincide with the BMW Group Annual Conference – most recently held on 17 March 2021 – and is subsequently available in both German and English on the BMW Group website. The [GRI Content Index](#) is also available on the website as a separate document. The reporting period covers the financial year from 1 January to 31 December 2021. The statements made in the report relate to the BMW Group reporting entity. Any deviations are marked accordingly. Nothing significant has changed in the reporting period with regard to the organisational structure of the BMW Group. The BMW Group Report 2022 will be published on 15 March 2023.

[GRI 102-45, 102-48, GRI-Index 102-52](#)

External audit

The entire report of BMW AG, comprising the Combined Management Report, the Group Financial Statements, the disclosures on corporate governance and the additional GRI information, has been subject to an annual independent audit by PricewaterhouseCoopers GmbH Wirtschaftsprüfungs-gesellschaft ("PwC" or "Auditor"). The external audit serves to underpin the reliability and trustworthiness of the information contained therein for external users. The external audit supports the Supervisory Board of BMW AG in fulfilling its auditing duties. Any links and/or disclosures that refer to additional information outside the BMW Group Report and the GRI Content Index are not part of the audit. The [Remuneration Report](#) 2021 was prepared in accordance with the requirements of § 162 of the German Stock Corporation Act (AktG) and its content audited by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft.

PwC has audited the Group Financial Statements and the Combined Management Report for the year ended 31 December 2021 and issued an unqualified audit opinion thereupon. Further information is provided in the [Independent Auditor's Report](#) and the [Independent Practitioner's Report](#) on Non-financial Disclosures.

The contents of the NFS, in accordance with § 289 b and § 315 b HGB, were subjected to an audit to obtain limited assurance and is denoted with the symbol . The chapter [Dialogue with stakeholders](#) and the additional information provided in the section [Additional GRI Information](#) were also subjected to a limited assurance engagement. Certain individual parts of the NFS as well as the remainder of the Combined Management Report were subjected to a reasonable assurance engagement. Information provided in the [SASB-Index](#) is subjected to a limited assurance review on a voluntary basis. The [TCFD-Index](#) refers to the corresponding chapter, in which the respective test levels are denoted.

Material topics addressed in the NFS

The material topics addressed in the NFS to ensure compliance with § 289 c and § 315 c HGB were determined partly on the basis of the results of the materiality analysis updated in 2018, in line with the requirements of the Global Reporting Initiative (GRI), and partly on the basis of the BMW Group's own long-term targets. For these purposes, consideration

was given to the BMW Group's own business operations, products and services on the one hand and its business relationships (for example in the supply chain) on the other. In accordance with statutory materiality requirements, information has been aggregated in each case with a view to providing an understanding of the BMW Group's course of business, results of operations and financial position, while also showing the impact of its activities on the non-financial aspects specified in the legislation. A stakeholder survey conducted during the period under report with selected representatives from capital markets and academia confirmed our selection of [material topics](#).

[GRI 102-46, 102-49](#)

Connection to figures in the Group Financial Statements

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

Forward-looking statements

The BMW Group Report 2021 contains various forward-looking statements concerning future developments that are based on the current status of the BMW Group's assumptions and forecasts. These statements are therefore subject to a variety of predictable and unpredictable risks, uncertainties and other factors, which means that the actual outcome, including

that of the BMW Group's net assets, financial position and results of operations, its development or performance, could differ considerably to those statements.

Editorial comments

The key figures presented in this report have been rounded in accordance with standard commercial practise. In certain cases, this may mean that figures do not add up exactly to the stated total and that percentages cannot be derived from the figures shown.

The BMW Group Report uses also the simplified term "carbon" or the abbreviation CO₂ instead of CO₂e. Since not only carbon dioxide, but also other gases such as methane (CH₄) and nitrous oxide (N₂O) contribute to climate warming to a varying extent, the impact is converted into so-called CO₂ equivalents (CO₂e).

Summarised disclosures of fuel consumption, carbon emissions and electricity consumption are provided in the section [Consumption and carbon emissions data](#).

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TO OUR STAKEHOLDERS

BMW GROUP IN FIGURES

KEY PERFORMANCE INDICATORS

	2017	2018 ¹	2019	2020	2021	Change in %
GROUP						
Profit / loss before tax in € million	10,675	9,627	7,118	5,222	16,060	-
Workforce at year-end ²	129,932	134,682	126,016	120,726	118,909	-1.5
Share of women in management positions in the BMW Group ³	16.0	17.2	17.2	17.8	18.8	5.6
AUTOMOTIVE SEGMENT						
EBIT margin in %	9.2	7.2	4.9	2.7	10.3	-
RoCE in %	77.7	49.8	29.0	12.7	59.9	-
Deliveries ^{4,5}	2,465,021	2,486,149	2,537,504	2,325,179	2,521,514	8.4
Share of electrified vehicles in deliveries (in %)	4.2	5.7	5.8	8.3	13.0	56.6
CO ₂ emissions EU new vehicle fleet (in g / km) ^{6,7}	128.0	127.5	127.0	99.1 (135.0) ⁸	115.9 ⁹	-14.1
CO ₂ emissions per vehicle produced (in tons) ^{10,11,12}	0.41	0.40	0.40	0.35	0.33	-5.7
MOTORCYCLES SEGMENT						
EBIT margin in %	9.1	8.1	8.2	4.5	8.3	84.4
RoCE in %	34.0	28.4	29.4	15.0	35.9	-
Deliveries	164,153	165,566	175,162	169,272	194,261	14.8
FINANCIAL SERVICES SEGMENT						
RoE in %	18.1	14.8	15.0	11.2	22.6	-

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

² The term "employee" has been redefined with effect from the reporting year 2020 (for definition, see [Glossary and explanation of key figures](#)). The figure for 2019 was restated accordingly for comparison purposes (2019 before adjustment: 133,778 employees). For the period 2018 and earlier, the percentage of employees no longer covered by the new definition is between 7.5 and 8.0 %.

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

⁴ Deliveries including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2017: 385,705 units, 2018: 455,581 units, 2019: 538,612 units, 2020: 602,247 units, 2021: 651,236 units).

⁵ Retail vehicle delivery data for 2020 and 2021 are not directly comparable to the data presented for previous years. See Retail vehicle delivery data in the section [Comparison of Forecasts with Actual Outcomes](#) for further information.

⁶ EU-27 countries including Norway and Iceland; with effect from 2021, values are calculated on a converted basis in line with WLTP (Worldwide Harmonised Light Vehicles Test Procedure). Values from 2017 to 2020 according to New European Driving Cycle (NEDC).

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

⁸ To improve year-on-year comparability, the 2020 NEDC figures were converted to WLTP after adjusting for permissible flexibilities – specifically from 99 g CO₂ / km according to NEDC (including 5 g CO₂ / km phase-in, 7.5 g CO₂ / km supercredits and 2.4 g CO₂ / km eco-innovations) to 135 g CO₂ / km according to WLTP (excluding flexibilities). In 2020, a phase-in regulation was accepted, as was the recognition of supercredits. As of 2021, these two simplifications no longer apply for the BMW Group.

⁹ Flexibilities as defined in the regulatory requirements for 2021 are as follows: eco-innovation with 1.7 g CO₂ / km (WLTP).

¹⁰ Efficiency ratio calculated on the basis of Scope 1 and Scope 2 CO₂ emissions (i.e. a market-based method according to GHG Protocol Scope 2 guidance; mainly the use of the VDA emissions factors as well as isolated use of local emissions factors; but excluding climate-changing gases other than carbon dioxide) from vehicle production (BMW Group manufacturing sites incl. joint venture BMW Brilliance Automotive Ltd. and motorcycles, excluding contract manufacturers), as well as BMW Group non-manufacturing sites (e.g. research centre, sales centre, offices) divided by the number of vehicles (excluding motorcycles) produced (BMW Group manufacturing sites incl. joint venture BMW Brilliance Automotive Ltd., excluding contract manufacturers).

¹¹ From 2021, this indicator will include the carbon emissions of all other BMW Group locations in addition to the carbon emissions generated by production. The figures for 2019 (base year) and 2020 have been adjusted accordingly for comparison purposes (2019 before adjustment: 0.30 tons, 2020 before adjustment: 0.23 tons).

¹² Figures from 2017 and 2018 are audited with limited assurance.

FURTHER FINANCIAL PERFORMANCE FIGURES

in € million	2017	2018	2019	2020	2021	Change in %
Total capital expenditure¹	7,112	8,013	7,784	6,222	7,518	20.8
Depreciation and amortisation	4,822	5,113	6,017	6,143	6,495	5.7
Free cash flow Automotive segment	4,459	2,713	2,567	3,395	6,354	87.2
Group revenues²	98,282	96,855	104,210	98,990	111,239	12.4
Automotive	85,742	85,846	91,682	80,853	95,476	18.1
Motorcycles	2,272	2,173	2,368	2,284	2,748	20.3
Financial Services ²	27,567	27,705	29,598	30,044	32,867	9.4
Other Entities	7	6	5	3	5	66.7
Eliminations ²	- 17,306	- 18,875	- 19,443	- 14,194	- 19,857	39.9
Group profit/loss before financial result (EBIT)²	9,899	8,933	7,411	4,830	13,400	-
Automotive	7,888	6,182	4,499	2,162	9,870	-
Motorcycles	207	175	194	103	227	-
Financial Services ²	2,194	2,172	2,312	1,721	3,701	-
Other Entities	14	- 27	29	36	- 8	-
Eliminations ²	- 404	431	377	808	- 390	-
Group profit/loss before tax (EBT)²	10,675	9,627	7,118	5,222	16,060	-
Automotive	8,717	6,977	4,467	2,722	11,805	-
Motorcycles	205	169	187	100	228	-
Financial Services ²	2,207	2,143	2,272	1,725	3,753	-
Other Entities	80	- 45	- 96	- 235	531	-
Eliminations ²	- 534	383	288	910	- 257	-
Group income taxes²	- 2,000	- 2,530	- 2,140	- 1,365	- 3,597	-
Profit/loss from continuing operations²	8,675	7,097	4,978	3,857	12,463	-
Profit / loss from discontinued operations	-	- 33	44	-	-	-
Group net profit/loss²	8,675	7,064	5,022	3,857	12,463	-
Earnings in € per share of common stock / preferred stock²	13.07 / 13.09	10.60 / 10.62	7.47 / 7.49	5.73 / 5.75	18.77 / 18.79	-
Pre-tax return on sales^{2,3} in %	10.9	9.9	6.8	5.3	14.4	-

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

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

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

OTHER NON-FINANCIAL PERFORMANCE FIGURES

	2017	2018	2019	2020	2021	Change in %
GROUP						
Spending on employee training and development (in million €) ¹	349	373	370	279	389	39.4
AUTOMOTIVE SEGMENT						
Deliveries by brand ²						
BMW ³	2,089,854	2,117,854	2,184,939	2,028,841	2,213,790	9.1
MINI	371,729	364,101	347,465	292,582	302,138	3.3
Rolls-Royce	3,438	4,194	5,100	3,756	5,586	48.7
Total³	2,465,021	2,486,149	2,537,504	2,325,179	2,521,514	8.4
Production by brand						
BMW ⁴	2,123,947	2,168,496	2,205,841	1,980,740	2,166,644	9.4
MINI	378,486	368,685	352,729	271,121	288,713	6.5
Rolls-Royce	3,308	4,353	5,455	3,776	5,912	56.6
Total⁴	2,505,741	2,541,534	2,564,025	2,255,637	2,461,269	9.1
Energy consumption per vehicle produced (in MWh) ^{5,6}	2.17	2.12	2.04	2.12	2.10	-0.9
MOTORCYCLES SEGMENT						
Production volume						
BMW	185,682	162,687	187,116	168,104	187,500	11.5
FINANCIAL SERVICES SEGMENT						
New contracts with retail customer	1,828,604	1,908,640	2,003,782	1,845,271	1,956,514	6.0

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

² Delivery figures presented for 2020 and 2021 are not directly comparable to those of previous years. See sales figures for deliveries in the section [Comparison of Forecasts with Actual Outcomes](#) for further information.

³ Deliveries including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2017: 385,705 units, 2018: 455,581 units, 2019: 538,612 units, 2020: 602,247 units, 2021: 651,236 units).

⁴ Production volume including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2017: 396,749 units, 2018: 491,872 units, 2019: 536,509 units, 2020: 602,935 units, 2021: 700,777 units).

⁵ Efficiency ratio calculated on the basis of energy consumption, adjusted for CHP losses, of vehicle production (BMW Group manufacturing sites incl. joint venture BMW Brilliance Automotive Ltd., excluding motorcycles and contract manufacturers) divided by the total number of vehicles produced (BMW Group manufacturing sites incl. joint venture BMW Brilliance Automotive Ltd., excluding motorcycles and contract manufacturing).

⁶ Figures from 2017 and 2018 are audited with limited assurance.

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

The year 2021 was a particularly challenging one for the BMW Group, with semiconductor supply issues and the ongoing coronavirus pandemic making the business environment more volatile and calling for even greater flexibility from company and workforce alike. However, the prudent leadership of the Board of Management and the tremendous hard work of our employees helped make 2021 a highly successful financial year for the BMW Group. With a new record of over 2.5 million BMW brand vehicles delivered, we are now the leading manufacturer in the premium segment worldwide. With great resolve, the Board of Management continued to develop the key strategies that will shape the future of the BMW Group and create the ideal conditions for an attractive product portfolio precisely tailored to meet the needs of our customers as we move forward. The fact that we are on the right track with our strategy was amply borne out by the enthusiastic media response to the BMW i Vision Circular at the IAA Mobility in Munich and the presentation of the BMW iX and BMW i4 models. Even in these uncertain times we therefore look to 2022 with confidence and will remain firmly focused on our mission of moving people with products that evoke emotions.



Norbert Reithofer
Chairman of the
Supervisory Board

Focus of Supervisory Board activities during the past financial year

The Supervisory Board performed the duties incumbent upon it with the utmost diligence in the financial year 2021.

Based on in-depth reports presented by the Board of Management, we continuously and diligently monitored the quality of management in the BMW Group and advised the Board of Management on matters relating to the strategic development and leadership of the BMW Group. We focused in particular on the technological transformation of the BMW Group's drive system technology. At each of its five meetings (including two two-day meetings), the Supervisory Board held detailed discussions with the Board of Management on the BMW Group's current position. The Board of Management also kept the Supervisory Board informed of any matters of significance outside the framework of formal meetings whenever necessary. I also discussed key current matters personally with the Chairman of the Board of Management between meetings on an ongoing basis, as did the Chairman of the Audit Committee with the Board of Management member responsible for Finance.

Within the Supervisory Board and its committees, dialogues were always conducted in an open and constructive spirit, both internally and together with members of the Board of Management. Members of the Supervisory Board and its committees had adequate opportunity to prepare in advance for the topics to be discussed at meetings with the aid of well-documented information provided to them. Moreover, shareholder representatives and employee representatives generally prepared for meetings in separate preliminary discussions.

In its regular reports on the BMW Group's position, the Board of Management kept us well informed regarding current developments and performance, including an in-depth presentation of current sales trends based on figures analysed by market, model and drive system for both the BMW Group and its competitors, with a sharp focus on electrified models and developments on the Chinese market. The reports also contained regular updates on the performance and risk profile of the Financial Services segment as well as the development of key performance indicators and liquidity for the BMW Group as a whole, highlighting deviations from the original forecast and presenting a range of scenarios for future potential developments. Updates on the current status of semiconductor supply issues were also provided at every meeting.

The monitoring of corporate strategy remained high on the Supervisory Board's agenda. The Board of Management provided a comprehensive account of its strategy with a particular focus on sustainability, including detailed key objectives, regionally differentiated approaches and specific strategies for each of the Group's divisions. It also briefed us on the state of progress in terms of electrification, digitalisation, sustainability and circularity and explained the customer-centric, future-oriented strategy adopted for the BMW brand. Against the backdrop of stricter carbon emissions regulations across all major markets, the Board of Management provided us with details of the BMW Group's ambitious decarbonisation targets up to the year 2030. The latest aspects of vehicle digitalisation, ranging from digital operating systems and driver assistance technologies to personalised digital experiences, were also thoroughly explained to us in a presentation, which also focused on differing customer expectations in various markets as well as the importance of digital features as a key purchasing criterion, particularly in the strategically important market of China. We also held a detailed discussion on the technological challenges posed for vehicle, environment and drivers when developing automated driving beyond Level 3. A Supervisory Board member with in-depth expertise in this field provided us with additional insight into the future of automated driving as well as the importance of agile software integration in BMW Group vehicles. At each meeting, the Board of Management reported on its strategy-related work as well as on the current status of implementation.

It also kept us well informed about current topics of significance, including the establishing of QUATAC, a consortium promoting the use of quantum computing in industrial settings, the successful presentation of the BMW Group at the IAA Mobility in Munich, the highly encouraging results of the employee survey, the BMW Group's participation in the start-up company Solid Power, which specialises in solid-state battery cells, and the expansion of the IONITY network for premium charging stations using 100 % green power.

On the basis of a thorough examination, we considered the impact of changes in legislation and regulations on the BMW Group, in particular the Act on Corporate Due Diligence in Supply Chains, the Act on Strengthening Financial Market Integrity (FISG) and the new European exhaust emissions standard (Euro 7).

We also spent considerable time deliberating on the antitrust proceedings instigated by the EU Commission in connection with the former working groups of several German automobile manufacturers. In this context, we consulted with external attorneys and an antitrust advisor engaged directly by the Supervisory Board. We were kept well informed about the latest status of the proceedings at all times. In May 2021, after the EU Commission significantly scaled down its charges in terms of content and timing, the BMW Group was able to reverse approximately € 1 billion of the € 1.4 billion provision recognised in 2019. After the proceedings were concluded in July 2021 with the payment of a fine amounting to around € 373 million, the Supervisory Board carefully considered the question of potential personal responsibility on the part of former Board of Management members and any duty of the Supervisory Board to act. The Supervisory Board also obtained advice on this issue from an attorney, whose written findings were also explained to us personally at the relevant meeting. Based on this report and taking into account the supplementary explanations provided by the antitrust advisor, also regarding the legal particularities of the antitrust proceedings, the Supervisory Board decided – after thorough discussion and on the recommendation of the Audit Committee – not to assert any claims against former members of the Board of Management of BMW AG in this context.

The Supervisory Board also deliberated at length on key issues arising within the Board of Management's various key areas of responsibility. We were given an insight into working methods and working environments at the BMW Group currently being developed in conjunction with the "Connected Works" project.

The Board of Management familiarised us with the NEUE KLASSE, which will herald the third phase of the BMW Group's transformation to electric mobility from 2025 onwards and set new standards in terms of digitalisation, electrification and sustainability in vehicles. We took a detailed look at the key features of the New Cluster Vehicle Architecture (NCVA), which is specifically geared towards all-electric vehicles. Furthermore, the Board of Management elucidated potential applications of artificial intelligence (AI) in production planning processes. The Financial Services segment was also included in our deliberations, particularly in light of positive developments in terms of its risk profile and the pre-owned vehicle market. Key topics relating to the Group's corporate finance system were also discussed. Regarding sales markets we focused in particular on Asia as a whole.

The Board of Management reported on the current status of the diversity concepts developed by the Group and the extent to which targets have been achieved regarding the proportion of women employed at various levels.

We also addressed the topic of compliance within the BMW Group in depth, including the current status and ongoing developments. The Chief Compliance Officer presented the annual report on compliance, including compliance targets and a number of other selected topics, focusing in particular on measures and processes aimed at improving the Group's compliance management system on a continuous basis.

In light of the coronavirus pandemic and the accompanying restrictions on events involving large numbers of people, in March 2021 we agreed on a plan to hold the Annual General Meeting 2021 on a virtual basis. For the same reason, in December 2021, we approved the plan to hold the Annual General Meeting 2022 again in a virtual format.

Strategic cooperations were again a key topic at Supervisory Board meetings in 2021, including in particular the positioning of the BMW Group in the vital Chinese market going forward and the future structure of the BMW Brilliance Automotive joint venture. We also deliberated on the intended acquisition of shares in Brilliance Automotive Manufacturing. The Board of Management updated us regularly on the strategic positioning and status at the various YOUR NOW companies.

The new remuneration system resolved by the Supervisory Board for the members of the Board of Management during the previous financial year came into effect on 1 January 2021 and was approved by shareholders at the Annual General Meeting 2021 with a majority of 91.6 % of valid votes. The Supervisory Board reviewed both the targeted and the expected level of Board of Management remuneration for the financial year 2021 in light of the BMW Group's business performance and also the multi-year remuneration trend of its senior executives and employees in Germany. Based on a comparative study conducted by an external remuneration consultant and subsequent oral advice, we concluded that the remuneration of Board of Management members is appropriate. In December 2021, following thorough preparation by the Personnel Committee, we adopted the variable remuneration component targets applicable to Board of Management members for the financial year 2022, taking into account the budget for the financial year 2022, the long-term business plan and

the corporate strategy. Detailed information on Board of Management remuneration is provided in the [Remuneration Report](#).

The new remuneration system, which gives the Supervisory Board greater influence on corporate strategy implementation was also the focus of one-on-one discussions with investor representatives ahead of the Annual General Meeting 2021. Other topics discussed on these occasions included corporate-governance-related issues, such as succession planning for future appointments to the Supervisory Board.

The Supervisory Board exhaustively examined the long-term business plan for the period up to 2027, the framework for which and the ambitious long-term targets contained therein were presented by the Board of Management. Despite the prevailing volatile and uncertain conditions, the Board of Management reaffirmed the key target of achieving continuous growth, with a clear focus on the Group's planned sales of all-electric models. The long-term business plan also included financial planning and various potential scenarios, each involving their own opportunities and risks. Following this thorough examination, the Supervisory Board approved the long-term business plan for the BMW Group.

In December, the Board of Management presented the budget for the financial year 2022, including HR planning. After detailed deliberations with the Board of Management on this subject, the Supervisory Board also gave its approval to this document.

We reviewed our contribution to ensuring good corporate governance within the BMW Group and implemented changes concerning individual aspects. For example, in order to ensure compliance with the Act on Strengthening Financial Market Integrity, a number of changes were made to the Supervisory Board's rules of procedure, a copy of which is published on the BMW website. Based on a self-assessment, we concluded that the composition of the Supervisory Board at 31 December 2021 was in line with the targets stipulated in the diversity concept, the competency profile and other composition targets. An overview showing each individual Supervisory Board member's areas of expertise is provided in the Statement of Corporate Governance on the BMW Group website.

In December, the Board of Management and the Supervisory Board issued their Declaration of Compliance with the German Corporate Governance Code. We will comply with the recommendations of the Code as amended on 16 December 2019, again without exception.

The members of the Supervisory Board jointly attended various training events in 2021. In July, for instance, we took the opportunity to familiarise ourselves thoroughly with battery cell technology. After an introductory presentation by the Board of Management covering various related topics, we visited the BMW Group Battery Cell Competence Centre in Munich, where we had the opportunity to listen to an internationally renowned researcher giving a talk on lithium-ion batteries, followed by a discussion of the future of battery cell technology. In the newly constructed part of the Research and Innovation Centre in Munich, we were given a guided tour to gain an insight into the various new working environments. Partly with the Wirecard case in mind, cooperation between supervisory boards, audit committees and auditors was the subject of a workshop conducted by representatives of the BMW Group's auditors PwC.

The Board of Management and the Supervisory Board also visited the BMW and MINI Driving Academy in Maisach together, in order to take an in-depth look at how the Group's product portfolio can be best aligned to meet differing customer needs. The members of the Supervisory Board were given the opportunity to test-drive the full range of vehicle types, comprising all-electric, plug-in hybrid and conventionally powered vehicles as well as the BMW iX5 Hydrogen, which is powered by hydrogen fuel cell technology. A particular highlight was the unveiling of the new BMW 7 Series, the only model in its segment to offer customers a choice between an internal combustion engine and an all-electric drive system in the form of the BMW i7. Apart from BMW, MINI and Rolls-Royce brand vehicles and a joint venture product, we also took test drives in various competitor vehicles. Design presentations covering the BMW, MINI, Rolls-Royce and BMW Motorrad brands as well as the BMW i Vision Circular allowed us to take a fascinating look into the future.

New members of the Supervisory Board were given the opportunity to participate in an onboarding programme comprising several modules, during which senior executives provided useful insights into key business areas and planning processes used at the BMW Group as well as on key topics currently relevant for Supervisory Board work.

Throughout the entire year, personal conversations with members of the Supervisory Board enabled me to gather feedback concerning the work of the Supervisory Board. At the end of 2021, we also assessed the effectiveness of our work at both Supervisory Board and committee level by means of a questionnaire and concluded that there was a high level of satisfaction with the work of the Supervisory Board. The feedback we received on the organisation of our meetings as well as the topics covered in meetings, training sessions and onboarding events was unanimously favourable. The constructive and trusting cooperation prevailing both within the Supervisory Board itself and in its work with the Board of Management was also commended. Proposals put forward for improving individual aspects of Supervisory Board work and dealing with certain topics in greater depth will be followed up in the coming financial year.

The Supervisory Board is careful to avoid potential conflicts of interest in its deliberations and decisions. Therefore, as a precautionary measure, I did not take part in the Supervisory Board's deliberations and resolution and the preparation of the Audit Committee's recommendation to the Supervisory Board on whether claims should be asserted against former members of the Board of Management in connection with the EU Commission's antitrust proceedings against German automakers. I left the room whenever these matters came up for discussion. No other potential conflicts of interest were identified or reported.

Description of Presiding Board activities and committee work

The Supervisory Board has established a Presiding Board and four committees. In our capacity as chairmen, the Chairman of the Audit Committee, Dr. Bock, and myself reported in detail on the work of the Presiding Committee and the committees at each of the subsequent Supervisory Board meetings. You can read more about the duties, the composition and the working methods of the Presiding Board and various other Supervisory Board committees in the Statement of Corporate Governance on the BMW website.

The **Presiding Board** held four meetings during the financial year 2021. Together with the Board of Management and senior heads of department, we prepared the detailed agenda of Supervisory Board meetings (unless a committee was responsible for doing so) and made suggestions for topics to be reported on at Supervisory Board meetings.

The **Audit Committee** held five meetings and three conference calls during the year under report.

The meetings held in February and March 2021 focused on preparing the Supervisory Board meeting at which the financial statements for the financial year 2020 were discussed and examined. After obtaining the auditor's Declaration of Independence, the Audit Committee recommended to the Supervisory Board that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("PwC") be proposed for election as auditor at the 2021 Annual General Meeting. There were no indications of conflicts of interest, grounds for exclusion or lack of independence on the part of the auditor.

After thorough deliberation, the Audit Committee concluded that PwC's fee proposal for the audit of the Company and Group Financial Statements and the integrated BMW Group Report 2021 as well as for the review of the Half-Year Report 2021 was appropriate in light of the growing scope of tasks and issued the corresponding contracts to PwC following their election at the Annual General Meeting in May 2021. The Audit Committee also specified supplementary audit focus areas and approved the scope of non-audit services to be provided by PwC and subsequently received regular reports on the relevant matters. The Audit Committee discussed the quality of the audit in detail on several occasions at its meetings. In particular, it requested the relevant department to report on the Group's perception of the audits of the financial statements for the financial year 2020 as well as on the results of the survey conducted within the Group in this context. Based on this report, the auditor's description of the quality assurance measures undertaken and the Audit Committee's own experience with the auditor, the audit was found to be of good quality.

The Board of Management presented the combined Non-financial Statement of BMW AG and the BMW Group for the financial year 2020 to us. Subsequently, the representatives of PwC reported to us orally on the results of their "limited assurance" audit. We have engaged PwC again to conduct a "limited assurance" audit of the Non-financial (Group) Statement for the financial year 2021, to the extent that it relates to parts of the management report that are not subject to a "reasonable assurance" audit. Going beyond the formal review required by law, the Audit Committee also engaged PwC to perform additional review procedures on the content of the Remuneration Report for the financial year 2021.

The Quarterly Statements were presented by the Board of Management and discussed with the Audit Committee prior to their publication. Representatives of the external auditors were present when the Half-Year Financial Report was discussed at the beginning of August 2021. In conjunction with the implementation of the requirements of the Act on Strengthening Financial Market Integrity, an executive session was also held with the external auditor without the members of the Board of Management being present.

The Audit Committee again dealt extensively with the topic of compliance within the BMW Group during the year under report. The Chief Compliance Officer of the BMW Group presented the annual report on compliance, including compliance targets and a number of other selected topics, focusing in particular on measures and processes aimed at improving the Group's compliance management system on a continuous basis. The Head of Corporate Quality also reported on the subject of technical compliance. We also received a report on the status of tax and customs compliance management from the relevant head of department.

The Audit Committee was kept informed of major legal disputes and proceedings. During the first two quarters of 2021, the Committee spent considerable time dealing with the antitrust proceedings instigated by the EU Commission in connection with the former working groups of several German automobile manufacturers, carefully monitoring the progress of proceedings based on various inputs, including direct reports drawn up by a lawyer appointed to represent the BMW Group. After the proceedings were concluded, with the assistance of the consultant attorney and based on his detailed report, the Audit Committee drew up a recommendation to the Supervisory Board on the question of whether to assert claims against former members of the Board of Management.

The Audit Committee also received reports on the further development of the internal control system and the main findings of the internal audits performed by Corporate Audit, as well as details of advance audit planning. The BMW Group's risk profile and risk management system were discussed on a number of occasions.

In its report on the audit of over-the-counter derivatives entered into by BMW AG during the financial year 2020, the external auditor confirmed to the Audit Committee the effectiveness of the system in place at BMW AG in complying with the regulatory requirements of the European Market Infrastructure Regulation.

The Audit Committee concurred with the decision of the Board of Management to raise the Company's share capital in accordance with Article 4 (5) of the Articles of Incorporation (Authorised Capital 2019) by € 1,715,000 and issue a corresponding number of new non-voting bearer shares of preferred stock in conjunction with the Employee Share Programme.

At its four meetings, the **Personnel Committee** focused primarily on succession planning for the Board of Management, preparing personnel-related decisions and dealing with Board of Management remuneration issues. The Committee reviewed the appropriateness of Board of Management remuneration for the financial years 2020 and 2021 and considered all relevant developments during that period, including the impact of the coronavirus pandemic, when determining the corporate earnings and performance factors applicable for Board of Management remuneration in 2020 and 2021. In addition, the Committee deliberated on targets for the financial year 2022. The Personnel Committee also prepared reappointments, performed the groundwork for the Supervisory Board to appoint a Board of Management member responsible for the Purchasing and Supplier Network, and granted approval for one member of the Board of Management to assume a mandate outside the Group. A resolution to approve loans granted by and transactions concluded by BMW Bank GmbH with members of the representative bodies of BMW AG was renewed, and updated contracts of Board of Management members were prepared.

The **Nomination Committee** convened twice during the financial year 2021. Taking into account the German Corporate Governance Code (GCGC) and the composition requirements adopted by the Supervisory Board, the Nomination Committee addressed the issue of the composition of the Supervisory Board regarding shareholder representatives.

The **Mediation Committee**, which is prescribed by law, did not need to convene during the financial year 2021.

Composition of the Board of Management

Dr.-Ing. Andreas Wendt, Board of Management member for the Purchasing and Supplier Network, retired on 31 December 2021. We would like to thank Dr. Wendt for his many years of loyal and dedicated work for BMW AG, most recently for guiding the BMW Group successfully through the ongoing semiconductor shortage.

The Supervisory Board appointed Dr.-Ing. Joachim Post as his successor with effect from 1 January 2022. Dr. Post has worked for the BMW Group since 2002, most recently as head of the "Product Line Midsize Class BMW" unit. He was previously the manager responsible for the BMW Group's vehicle strategy and, as the head of various BMW model lines, was responsible for promoting the electrification of the vehicle fleet.

The Supervisory Board extended the mandates of four Board of Management members during the year under report.

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

The shareholder representatives Dr. Karl-Ludwig Kley, Prof. Reinhard Hüttl and Simone Menne left the Supervisory Board with effect from the end of the Annual General Meeting 2021. We would like to thank them for their constructive input and faithful cooperation during their periods of office, which stretched over many years in some cases. Our special thanks go to Dr. Kley: as a member of the Presiding Board and various committees, but especially as Chairman of the Audit Committee, he drew on his many years of broad business experience to make valuable contributions and provided invaluable impetus for the BMW Group in corporate discussions.

The Annual General Meeting elected Dr. Marc Bitzer, Rachel Empey and Prof. Dr. Dr. h.c. Christoph M. Schmidt as new members. Ms. Empey and Dr. Bitzer both have extensive experience and expertise in capital markets and customer requirements. Ms. Empey also has specialised knowledge in financial services and IT, Dr. Bitzer in the fields of technologies and supply chains. Prof. Schmidt has extensive expertise in the areas of science, sustainability and resources. With their broad range of expertise, the three newly elected members complement the composition of the Supervisory Board in an excellent manner.

The employee representatives Horst Lischka, Willibald Löw, Brigitte Rödig and Verena zu Dohna left the Supervisory Board at their own request during the financial year 2021. We wish to thank them for their constructive work and faithful cooperation during their periods of office, in some cases stretching over many years. Our special thanks go to Mr. Löw, who has been loyally connected with the BMW Group for decades as an employee, Chairman of the Works Council at the Landshut site, and

member of the Supervisory Board. By court order, and to replace members of the Supervisory Board for their respective remaining terms of office, Johann Horn, District Manager of IG Metall Bavaria, was appointed in May 2021, Jens Köhler, Chairman of the Works Council at the Leipzig site, in August 2021, Bernhard Ebner, Chairman of the Works Council at the Landshut site, in October 2021 and Sibylle Winkel, First Authorized Representative of IG Metall Munich, in January 2022.

Dr. Kurt Bock, member of the Supervisory Board since 2018 and Chairman of the Audit Committee since 2020, was elected to succeed Dr. Kley as a member of the Presiding Committee and the Personnel and Nomination Committees. An overview of the composition of the Supervisory Board and its committees is provided both in this report ([Corporate Governance](#)) and in the separate Statement on Corporate Governance, which is available on the BMW Group website together with the curricula vitae of Supervisory Board members.

Disclosure of attendance at meetings by individual members

The attendance rate at Supervisory Board meetings was around 99 %, and 100 % for the meetings and conference calls held by the various committees and the Presiding Board. The meetings were all held on a face-to-face basis. In individual cases, however, members participated virtually due to the coronavirus pandemic. The table below shows attendance by individual members:

Examination of financial statements and the profit distribution proposal

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("PwC") was appointed as external auditor for the financial year 2021. PwC conducted a review of the condensed interim Group Financial Statements and the Interim Group Management Report for the six-month period ended 30 June 2021 and presented its findings to both the Audit Committee and the Supervisory Board in separate executive sessions. No issues were identified that might indicate that the condensed Interim Group Financial Statements and Interim Group Management Report had not been prepared in accordance with the applicable provisions in all material respects.

PwC audited the Company and Group Financial Statements for the financial year 2021 authorised for issue by the Board of Management on 8 March 2022 and issued an unqualified audit opinion, signed for the third consecutive financial year by Petra Justenhoven as independent auditor (Wirtschaftsprüferin) and Andreas Fell

Member of the Supervisory Board	Meetings	Attendance	Attendance in %
Dr.-Ing. Norbert Reithofer	23	23	100
Manfred Schoch	21	21	100
Stefan Quandt	23	23	100
Stefan Schmid	21	21	100
Dr. Karl-Ludwig Kley ¹	4	4	100
Dr. Kurt Bock	20	20	100
Christiane Benner	5	5	100
Dr. Marc Bitzer ²	4	4	100
Verena zu Dohna ⁸	5	5	100
Bernhard Ebner ⁷	1	1	100
Rachel Empey ²	4	4	100
Dr.-Ing. Heinrich Hiesinger	5	5	100
Johann Horn ³	3	3	100
Prof. Dr. Reinhard Hüttl ¹	1	1	100
Susanne Klatten	7	7	100
Jens Köhler ⁵	2	2	100
Horst Lischka ¹	1	1	100
Willibald Löw ⁴	3	3	100
Simone Menne ¹	1	1	100
Dr. Dominique Mohabeer	5	5	100
Brigitte Rödig ⁶	4	3	75
Anke Schäferkordt	5	5	100
Prof. Dr. Christoph Schmidt ²	4	4	100
Dr. Vishal Sikka	5	5	100
Dr. Thomas Wittig	5	5	100
Werner Zierer	5	5	100

¹ Member of the Supervisory Board until 12 May 2021.

² Member of the Supervisory Board since 12 May 2021.

³ Member of the Supervisory Board since 14 May 2021.

⁴ Member of the Supervisory Board until 16 July 2021.

⁵ Member of the Supervisory Board since 3 August 2021.

⁶ Member of the Supervisory Board until 1 October 2021.

⁷ Member of the Supervisory Board since 8 October 2021.

⁸ Member of the Supervisory Board until 31 December 2021.

(Wirtschaftsprüfer) as independent auditor responsible for the performance of the engagement.

At its meeting held on 24 February 2022, the Audit Committee initially considered in detail the preliminary version of the Company and Group Financial Statements, the Combined Management Report (including the Combined Non-financial (Group) Statement), the Statement of Corporate Governance, the draft versions of the auditor's reports and the Board of Management's proposal for the appropriation of profit.

Immediately after authorising their issue, the Board of Management submitted the Company and Group Financial Statements for the financial year 2021 and the Combined Management Report (including the Combined Non-financial (Group) Statement), the Statement of Corporate Governance and the proposal for the appropriation of profit to the Supervisory Board. The auditor's long-form audit reports were also made available to the Supervisory Board in a prompt manner.

At its meeting on 9 March 2022, the Audit Committee diligently examined and deliberated on these documents before they were considered in detail at the plenary session of the Supervisory Board on 10 March 2022.

At the two respective meetings, the Board of Management provided the Audit Committee and the Supervisory Board with detailed explanations of the financial reports presented. The representatives of the external auditor present at the meetings reported on the main findings of their audit and answered additional questions put by members of the Audit Committee and the Supervisory Board. The focus of these meetings was on key audit matters as well as the related audit procedures, which were discussed at length by the Audit Committee and the Supervisory Board.

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

Based on a thorough examination conducted by the Audit Committee and the Supervisory Board, we concurred with the results of the external audit. In accordance with the final result of this examination, no objections were raised. The Group and Company Financial Statements of Bayerische Motoren Werke Aktiengesellschaft for the financial year 2021 drawn by the Board of Management were subsequently approved at our meeting held on 10 March 2022. The Company Financial Statements for the year ended 31 December 2021 have therefore been adopted.

We also examined the proposal of the Board of Management to use the unappropriated profit to pay a dividend of € 5.80 per share of common stock and € 5.82 per share of non-voting preferred stock, in each case on shares entitled to receive a dividend. We consider the proposal appropriate and have therefore given it our approval.

For the financial year 2021, the Supervisory Board and the Board of Management have prepared the Remuneration Report for the first time in accordance with §162 AktG (ARUG II / Act Implementing the Second EU Shareholder Rights Directive). At the request of the Audit Committee, PwC reviewed the content of the Remuneration Report, reported to both the Audit Committee and the Supervisory Board on the results of the review, and confirmed that the Remuneration Report complies in all material respects with the financial reporting provisions contained in §162 AktG.

The Audit Committee and the Supervisory Board also considered at length the combined Non-financial (Group) Statement for the year ended 31 December 2021, which was drawn up by the Board of Management as part of the integrated BMW Group Report. Following an in-depth explanation of the statement by the Board of Management, representatives of the external auditor presented key findings of their audit and answered additional questions posed by the members of the Supervisory Board. Based on the "limited assurance" audit performed by PwC on those parts of the Management Report that were not subject to a reasonable assurance engagement, PwC issued an unqualified opinion, signed for the sixth time by Andreas Fell and for the second time by Nicolette Behncke. The Supervisory Board acknowledged and approved the combined Non-financial (Group) Statement drawn up by the Board of Management.

Expression of appreciation by the Supervisory Board

We would like to express our thanks and appreciation to the members of the Board of Management and all employees of the BMW Group worldwide for their outstanding performance in the financial year 2021. With their unbending commitment, even under adverse conditions, and a fine collective performance, they have taken the BMW Group to the top of the global premium segment over the past 12-month period and additionally enhanced the Group's profile as a guarantor of first-class individual and sustainable mobility.

We are confident that the Board of Management and the Group's entire workforce, with their courage and confidence, will write the next chapter of the BMW Group's unique success story in 2022.

Munich, March 2022

On behalf of the Supervisory Board



Norbert Reithofer

Chairman of the Supervisory Board

Statement of the Chairman of
the Board of Management

STATEMENT OF THE CHAIRMAN OF THE BOARD OF MANAGEMENT

BMW Group: The Impact Company.
We make a difference.



Oliver Zipse
Chairman of the
Board of Management

Statement of the Chairman of
the Board of Management

DEAR SHAREHOLDERS, LADIES AND GENTLEMEN:

A company needs to know what it stands for.

That is what enables it to stay the course, to rely on its own strengths, to withstand the headwinds and to constantly reinvent itself. This applies in particular, and in its own unique way, to the current transformation.

Your Company has held its own in the marketplace for over 100 years. Yet, far more important than that is staying resolutely focused on the future – with the support and backing of a motivated team, shareholders and stakeholders. All of you want to know why the BMW Group should continue to exist 100 years from now.

We want to make a difference. To create the values our customers ask for. To generate meaningful added value. That is part of our responsibility – because our society depends on people's mobility and benefits from it.

The BMW Group exists because we move body, heart and mind.

That is our internal compass. It guides us – even now, through the many changes we must navigate as a BMW Group team – with focus and self-assurance. Transformation is part of our DNA – and we all aspire to lead the way. We presented our most recent example of this last year at the IAA Mobility in Munich: the BMW i Vision Circular, a car that moves body, heart and mind. With this extraordinary Vision Vehicle, BMW has clearly defined the next big future topic of "circularity" for itself. Imagine what we could achieve if we begin thinking consequently about circularity at both business and macroeconomic levels – and across industries.

Your Company presents its second Integrated Report.

We lead the way in the German automotive industry with our integrated reporting of the Company's financial and non-financial performance.

This is a new step for us – consistent and irreversible. Integrated reporting is a process that involves and challenges the whole Company. It requires integrated thinking: what is the impact of a decision as a whole – from both a business and an environmental perspective, in the short term, mid-term and in the long term?

"BMW has clearly defined the next big future topic of circularity for itself with the BMW i Vision Circular."

This is a complex task, and we will continue to learn. Our second Integrated Report for the financial year 2021 reflects this learning process. The "Integrated Strategy of the BMW Group" section provides a qualified insight into how strategy and our management of the Company are intertwined.

Holistic sustainability based on concrete targets.

We have announced clearly defined targets for 2030 that show how we will continue to lower CO₂ emissions. As our shareholders, you know that your Company always takes a holistic approach. We are therefore substantially reducing our environmental footprint in a measurable way throughout the entire value chain – during the use phase, in production and in the upstream supply chain. Here, we are adopting a ten-year perspective – because this is a manageable time frame, in which we can take responsibility for measures ourselves. We do not believe in empty promises. We are able to report at any given time on how we are performing in all three sustainability scopes.

We are the first German automotive manufacturer to join the "Business Ambition for 1.5° C" campaign launched by the Science-Based Targets initiative (SBTi). This means our road to climate neutrality follows a scientifically validated and transparent path.

Since most of our CO₂ emissions today are produced during the use phase, we have raised the bar in this area: By 2030, we will reduce CO₂ emissions by more than 50 % from 2019 levels. Our targets apply worldwide, including the extra 10 % from the SBTi framework added to fuel consumption figures and including CO₂ emissions from fuel production and electricity generation. This will in turn also reduce our life cycle carbon footprint – from the ore mine to kilometres driven on the road – by more than 40 %.

Building credibility by keeping promises.

We deliver on our promises – and can back them up. In 2021, your Company once again met the European Union's CO₂ targets – even clearly outperforming the legal requirements by approximately 10 g/km. You can rest assured that we will also meet our CO₂ requirements for 2030.

In production, well-designed individual steps ultimately contribute to overall sustainability as well: as promised, production at all our locations has been carbon neutral on balance since 2021. Our electric motors no longer require rare earths. We use only green power to produce batteries for our electrified vehicles – as do our battery cell suppliers. Our batteries are also almost fully recyclable. All of this is relevant for ramping up electromobility. After all, this year, every one of our plants in Germany will already be producing electric vehicles.

Change makes us resilient.

We never stand still – because we are constantly refining our business model. This strengthens our resilience, building on a solid foundation created by profitability and sustainable action. We believe the two go hand in hand and are mutually dependent.

Confident even in uncertain times.

Looking forward confidently even in uncertain times. This characterises your Company. Our products are in high demand: More than 2.52 million customers took delivery of a BMW Group vehicle in 2021 – 8.4 % more than the previous year. This number includes almost 330,000 electrified vehicles – an increase of 70 %.

The BMW brand is back on top of the global premium segment – and we intend to keep it that way. BMW and Rolls-Royce achieved new all-time highs, as well as BMW Motorrad. Global market share is also an important currency in our industry. As a premium manufacturer, we increased our share of the global market to 3.4 % during the coronavirus pandemic – and with a further increase in profitability. Sales in key individual markets and regions – China, Europe and the US – grew significantly in some cases. Our Financial Services Segment also made a major contribution to our success.

Staying flexible and pivoting quickly.

Your Company operates at the intersection of conflicting forces, where conditions are not only demanding, but also highly complex. The situation is becoming more and more differentiated from one region of the world to another, with a highly dynamic rate of change. In this context, it is more important than ever to anticipate requirements in the early stages, plan for various scenarios and manage risks effectively.

"We have mastered both competence development from the ground up and how to transform existing plants into cutting-edge locations for electromobility."

Dealing with the effects of the coronavirus pandemic demanded a lot of us in 2021. In typical BMW tradition, and in the spirit of Herbert Quandt, the Company and its employee representatives once again found flexible solutions. The vaccination campaign we launched together is a good example of this. For our locations in Germany, we have made the BMW pension scheme even more attractive and increased the level of benefits. At the plant in Leipzig, work hours have been brought into line with our Bavarian locations. This shows our sense of community at BMW in difficult times.

We also responded extremely flexibly to semiconductor supply bottlenecks. This is a stress test we have withstood together. All business units are working hand in hand to minimise the impact and adjust production to the situation. Our stable and trust-based relationships with suppliers have proved especially valuable in this respect. We can expect, and are preparing for, the global supply situation for vehicle components to remain difficult in 2022.

Transformation takes place not just on greenfield sites or around the conference table – but on the ground at our plants.

We are expanding our production network globally and in a targeted manner. For instance in China: in Shenyang, we will be opening a new plant in Tiexi this year and expanding the plant in Dadong.

We have mastered both competence development from the ground up and how to transform existing plants into cutting-edge locations for electromobility. Examples of this are our two "bookends": our oldest plant, Munich, and our future plant in Hungary.

Our main plant in Munich will be 100 years old this year. To mark the centenary, we are smoothly transitioning to 100 % electric during ongoing production. With its new vehicle assembly, the plant will be capable of producing only fully electric models from 2026 onwards in line with demand. In parallel, we are also working on emissions-free transport logistics. That is what transformation looks like on the ground.

In 2022, as a sort of counterpart to our main plant in Munich, we will also be laying the foundation stone for our newest plant in Hungary. The first vehicles for the NEUE KLASSE will come off the production line in Debrecen in 2025.

NEUE KLASSE for a new age.

The NEUE KLASSE is our exclusively fully electric product range, which will usher in Phase III of our transformation towards emissions-free mobility. It will be built on our New Cluster Architecture (NCAR), with the three core forward-looking elements: "electric", "digital" and "circular". This will be the next milestone in BMW history for future products, technologies and new ways of working. The NEUE KLASSE makes a significant contribution to sustainability, by relying on the concept of circularity.

Your Company is leveraging the opportunities and potential of global automotive markets.

Our intelligent vehicle architectures enable us to offer different drivetrain variants efficiently. This benefits customers and the climate alike. We serve markets according to their individual circumstances and pace of change. In the mid-term, this will also include hydrogen fuel cell technology – because hydrogen makes it possible to store sustainably produced energy and release it just as quickly as conventional fuels.

New BMW 7 Series: the only luxury sedan to offer drivetrain variety.

All of us at BMW are looking forward to the market launch of the new BMW 7 Series this year: progressive, digital and innovative, it is also the only luxury sedan to offer customers a choice of drivetrain variants. By the way, the most powerful variant – the BMW i7 – is fully electric. In April, we will present it in New York, Munich and Beijing, representing the major regions of the world.

E-mobility shifts into sport mode.

Our new BMW iX and BMW i4 models are already winning over customers with their innovations and an electric range of up to 600 kilometres. With the BMW iX, we are also the first premium manufacturer to introduce the 5G mobile telecommunications standard in a production vehicle that is available worldwide. Both models are among the eight fully electric vehicle models we will have on the roads this year; by 2023, there will be a dozen.

We already aim to at least double our sales of battery-electric vehicles this year compared to 2021.

By 2025 – the end of Phase II of our transformation – we aim to increase the total share of our electrified vehicles, that means battery-electric and plug-in hybrids, to more than 30 %. By 2030 – the end of Phase III – more than 50 % of our global deliveries to customers should be fully electric. We are gearing up the Company and our supply chains for this exponential growth in electromobility.

MINI and Rolls-Royce will be exclusively all-electric from the early 2030s onwards, while all BMW Motorrad's urban models will be released with e-drives only from 2030. BMW M GmbH has also unveiled its first fully electric model, the BMW iX M60.

Merging the digital and the physical experience.

The modern car is not only one of the most complex items we use as consumers; it is also becoming a true digital device. It should therefore come as no surprise that digital business models will account for a growing share of value creation. This applies, in particular, to the Chinese market, with its many young, technophile customers.

Over-the-air updates: BMW has the largest fleet.

Your Company has around 10,000 IT and software specialists working on research and development for vehicle digitalisation at ten locations in Europe, Asia and the Americas. We are collaborating in the regions with major tech players, who are also our competitors.

At the CES tech show in Las Vegas in January 2022, our BMW iX Flow, featuring E Ink, received rave reviews from the media and on social media. This unique technology allows the exterior to change colour.

Focused on the customer and their mobility experience.

By 2025, a quarter of our sales will probably be conducted online. That is why our Sales and Marketing is seamlessly integrating all customer touchpoints, online and offline. We are implementing future-oriented sales structures in conjunction with our retailers. That is our culture at BMW.

Statement of the Chairman of
the Board of Management

Dear Shareholders,

Your Company is financially and economically stronger than ever. This allows us to operate independently and invest in our own future. This is certainly something we can continue to build on.

In February 2022, the BMW Group increased its share in the joint venture BMW Brilliance Automotive Ltd. (BBA) to a 75% majority stake. With full consolidation of BBA in the BMW Group Financial Statements, we are taking your Company into the next dimension as a global company. The Chinese market is a driving force for digital trends. This move will bring us even closer to customers there and enable us to keep our finger on the pulse.

Many people benefit from our success: you, our shareholders, our global team and society. This year, we will be hiring new staff, both worldwide and at our home base in Germany – something a company only does when it is full of confidence.

I would like to say a sincere thank you for the financial year 2021: to you, our shareholders, all our customers, our retail organisation and suppliers – and, above all, to our 118,909 associates. The feedback we received in our Employee Survey clearly reflected back to us that the team stands behind the Company. Our associates believe BMW has found the right balance between stability and disruption. We see transformation as an opportunity.

Together, we will continue to make a difference in the future, as a global Impact Company that creates values and generates added value. We hope you will continue to support us on our BMW way.

*Yours
O. Zipse*

Oliver Zipse

Chairman of the Board of Management

"We see transformation as an opportunity. As a global Impact Company, we will continue to make a difference in the future."

ROLLS-ROYCE
MOTOR CARS LTD**Milan Nedeljković**

Member of the Board of Management,
Production

Frank Weber

Member of the Board of Management,
Development

Joachim Post

Member of the Board of Management,
Purchasing and Supplier Network

Nicolas Peter

Member of the Board of Management,
Finance

Pieter Nota

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

Oliver Zipse

Chairman of the Board of Management

Ilka Horstmeier

Member of the Board of Management,
Human Resources, Labour Relations Director

THE BOARD OF MANAGEMENT

DIALOGUE WITH STAKEHOLDERS

Stakeholder engagement

The BMW Group operates on a global scale in a highly interconnected world. Its business activities have a major impact on the environment in which it operates and can have both a direct and an indirect bearing on the interests of a wide variety of stakeholders. Conversely, societal trends and developments can influence many aspects of the Group's business activities. Against this backdrop, the BMW Group maintains a continuous dialogue with its stakeholders worldwide.

Our commitment to stakeholder engagement is set out in the [BMW Group Stakeholder Engagement Policy](#), which outlines both the dialogue objectives and the criteria for identifying and prioritising stakeholders. A variety of suitable dialogue formats and forms of communication are described in internal guidelines. Key topics and formats are summarised below

[↗ GRI 102-42, 102-43, 102-46](#).

Material topics in 2021

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

[↗ GRI 102-44](#)

- The Paris Climate Agreement and climate neutrality of the BMW Group by 2050
- Circularity and circular design, the use of secondary materials, particularly in relation to battery recycling
- Social responsibility for employees
- Environmental and social standards and respect for human rights in the supply chain, particularly regarding the procurement of raw materials for electric mobility applications
- Sustainable financing and the EU taxonomy
- Responsible leadership
- Emissions limits without excluding individual drive technologies and vehicle concepts
- Continued development of the regulatory framework for automated driving and digital networks
- Support for new efficiency-enhancing technologies
- Realistic relationship between emissions targets and emissions measurement methods

- Consistency between supply-side and demand-side decarbonisation policies
- Ensuring a sufficient supply of critical raw materials

BMW Group Xchange

The BMW Group Xchange encompasses all the well-established forms of events organised by the Group, such as the BMW Group Dialogues, the rad°hub and the FUTURE FORUM, providing the appropriate platforms to encourage an intensive dialogue with a variety of target groups.

[↗ BMW Group Dialogues](#) are one of the main formats for interacting with stakeholders and have been held regularly since 2011. Major topics covered in recent years have included electric mobility, corporate citizenship, urban mobility, environmental and social standards within the supply chain, and circularity, i.e. the transformation from a linear to a circular economy with increasingly closed material cycles [↗ Resource efficiency, circular economy and renewable energy](#).

BMW Group Dialogues are usually held in the BMW Group's key sales regions of North America, Europe and Asia on an annual basis. The results of these stakeholder dialogues are documented and incorporated in the Group's strategic considerations [↗ GRI-Index: 102-21](#).

Participation in public policy development and work in associations

The BMW Group maintains an active, open and transparent dialogue with representatives of politics, trade unions, associations and non-governmental organisations (NGOs). The aim is to play a constructive and transparent role in helping shape the general political framework regarding the Group's business activities.

Apart from its own activities in the area of public policy development, the BMW Group is a member of numerous associations in various countries. Membership is voluntary in the majority of cases, although there are some situations in which it is necessary to join associations in order to comply with legal requirements.

[↗ BMW Group Lobbying Policy](#)

At the beginning of 2021, the BMW Group assumed the presidency of ACEA, the Association of European Automobile Manufacturers (Association des Constructeurs Européens d'Automobiles). In December 2021, it was confirmed that the BMW Group will continue to chair the association for a further year (2022).

In the interest of transparency, the BMW Group always discloses the most important association memberships on its website [↗ BMW Group List of Memberships](#).

Financial market presence with sustainability credentials

Regular, in-depth communication with the capital market has always been given a high priority within the BMW Group. In the meantime, sustainability has become a decisive criterion on financial markets. Furthermore, investors and financial analysts alike are increasingly considering environmental, social and governance (ESG) aspects in their investment recommendations and decision-making processes.

Against the background of the Paris Climate Agreement, policymakers in Europe are also increasingly addressing the issues of climate protection and sustainability. For example, the EU Action Plan for Sustainable Finance aims to direct capital flows towards sustainable economic activities. A key element of the EU Action Plan is the introduction of a standardised system to classify what is sustainable and what is not. [↗ EU Taxonomy](#)

Since 2019, sustainability criteria have also been a major factor for the BMW Group's pension fund investment strategy. The current focus is on measuring the carbon footprint of significant parts of these assets on the one hand and the risks attached to their future performance on the other. The BMW Group aims to achieve carbon neutrality with respect to its pension plan assets by 2050 at the latest.

We currently record carbon emissions associated with all our equity investments and a significant proportion of our fixed-income assets. The relevant emissions data are included in the TCFD Report relating to our UK pension plan, which is required to be prepared annually in line with legislation that came into force in 2021 for larger-scale UK pension schemes.

In addition, standard benchmarks for measuring the investment performance of liquid assets were revised again in 2021 with the aid of ESG-oriented indices.

The volume of non-liquid pension plan assets invested in our various impact funds continues to grow according to schedule. The investments made to date in this area relate not only to climate protection, but also to other Sustainable Development Goals (SDGs) set by the UN. In 2021, the focus of investment was on making cities more sustainable and addressing the consequences of climate change.

Outlook

The BMW Group will continue to interact closely with its stakeholders in 2022.

The continual dialogue with investors and financial analysts on sustainability-related topics will be continued. Apart from direct dialogue, the BMW Group's participation in (virtual) SRI/ESG roadshows and conferences is again planned.

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

The BMW Group will continue developing its own dialogue options on an ongoing basis. We also intend to broaden the scope of internal dialogue with employees in 2022 ([↗ Employees and society](#)). In addition, we plan to participate in a variety of public discussion formats going forward.

STAKEHOLDER GROUPS AND FORMS OF DIALOGUE



Surveys (including a corporate reputation study), social media, trade fairs, mass media	Customers
Dialogue with employees and managers, employee surveys, idea management, internal media	Employees
Dialogue, conferences and technology workshops with investors and analysts	Capital market
Dialogue in the context of industry initiatives, joint events, training courses, presentations, supplier risk assessments	Suppliers
Dialogue with sales organisations and coordinating units of importers	Business partners
Participation of Company experts in committees and working groups, memberships of initiatives and associations	Networks and associations
Available to answer questions from policymakers and provide information to political decision makers on relevant topics from the company's perspective	Political decision makers
Visiting universities and colleges, talks, discussions, dialogue events with students	Academia
Dialogue within the context of press trips, press releases, information events on new products, test drives, trade fairs	Media
Discussions with local residents, plant tours, press engagements	Local stakeholders
Face-to-face meetings / dialogue, responding to enquiries	Civil society and NGOs

↗ GRI 102-40, 102-43

BMW GROUP AND CAPITAL MARKETS

RATINGS REMAIN AT HIGH LEVEL

The BMW Group continues to enjoy the best ratings on the capital market of Europe's automobile manufacturers.

The persisting impact of the coronavirus pandemic and the challenges posed by the ongoing transformation of the automotive industry caused rating agencies to reassess their ratings for the automotive sector in 2020, resulting in the ratings and outlooks of numerous companies being downgraded. However, in light of the generally improved situation, upward adjustments were made over the course of 2021.

In this context, Moody's raised its outlook for BMW AG from "negative" to "stable" on 26 March 2021. At the same time, the long-term rating of A2 and the short-term rating of P-1 were both confirmed. On 5 August 2021, Standard & Poor's (S&P) adjusted its outlook for BMW AG from "negative" to "stable" and confirmed its long-term and short-term ratings of A and A-1 respectively.

In addition to the general recovery in the automotive industry, the upgraded outlook reflects the rating agencies' expectations that the BMW Group will continue performing well, despite the challenging economic environment. Moreover, both agencies explicitly highlight the fact that BMW AG continues to implement its policy of decarbonisation, thereby enabling it to undercut the targets set by the EU for 2020.

With its above-average ratings, the BMW Group enjoys good access to international capital markets and is thus able to benefit from highly attractive refinancing conditions.

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

GOOD PLACEMENT IN SUSTAINABILITY RATINGS

The BMW Group has maintained a good ranking in prestigious sustainability ratings in 2021. For instance, the BMW Group is represented in the MSCI ESG, Sustainalytics and ISS ESG indexes and is well positioned in its sector in all three. Due to its transparent reporting of carbon emissions, the BMW Group is again in the top grouping (A List) of the CDP rating list.

DIVIDEND TO RISE SIGNIFICANTLY

The Board of Management and the Supervisory Board will propose to the Annual General Meeting that the unappropriated profit of BMW AG amounting to € 3,827 million (2020: € 1,253 million) be used to pay a dividend of € 5.80 per share of common stock (2020: € 1.90) and a dividend of € 5.82 per share of preferred stock (2020: € 1.92). The payout ratio for 2021 therefore stands at 30.7% (2020: 32.5%).

BMW AG STOCK

	2021	2020	2019	2018	2017
COMMON STOCK					
Number of shares in 1,000	601,995	601,995	601,995	601,995	601,995
Stock exchange price in € ¹					
Year-end closing price	88.49	72.23	73.14	70.70	86.83
High	95.89	76.68	77.75	96.26	90.83
Low	68.34	37.66	58.70	69.86	77.71
PREFERRED STOCK					
Number of shares in 1,000	59,404	57,689	56,867	56,127	55,605
Stock exchange price in € ¹					
Year-end closing price	73.30	55.20	55.05	62.10	74.64
High	82.00	57.60	67.85	85.50	78.89
Low	51.60	32.50	47.54	60.70	67.29
KEY DATA PER SHARE IN €					
Dividend					
Common stock	5.80 ²	1.90	2.50	3.50	4.00
Preferred stock	5.82 ²	1.92	2.50	3.52	4.02
Earnings per share of common stock ³	18.77	5.73	7.47	10.60 ⁵	13.07
Earnings per share of preferred stock ⁴	18.79	5.75	7.49	10.62 ⁵	13.09
Free cash flow Automotive segment	9.61	5.15	3.90	4.12	6.78
Equity	113.60	93.26	90.92	88.26 ⁵	82.95

¹ Xetra closing prices.

² Proposed by management.

³ Weighted average number of shares for the year.

⁴ Stock weighted according to dividend entitlements.

⁵ The 2018 figures were adjusted due to the change in accounting policy in conjunction with the adoption of IFRS 16 ([see Annual Report 2019, Note 6](#) to the Group Financial Statements).

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COMBINED MANAGEMENT REPORT

OVERVIEW OF THE BMW GROUP

ORGANISATIONAL STRUCTURE

The BMW Group successfully manufactures automobiles and motorcycles for the premium and luxury segments on a global basis. With BMW, MINI and Rolls-Royce, the BMW Group owns three of the best-known brands in the automotive industry worldwide. It also occupies a strong market position in the premium motorcycles segment. At 31 December 2021, the BMW Group employed a workforce of 118,909 people worldwide.

Bayerische Motoren Werke Aktiengesellschaft (BMW AG), based in Munich, Germany, is the parent company of the BMW Group, which comprises BMW AG itself and all subsidiaries over which BMW AG has either direct or indirect control. [List of Investments](#). BMW AG is also responsible for managing performance throughout the Group, which is sub-divided into the [Automotive, Motorcycles and Financial Services operating segments](#) [Presentation of segments](#). The Group's Other Entities segment primarily comprises holding companies and Group financing companies. The structure of the BMW Group changed significantly at the beginning of the financial year 2022 due to the BMW Group's majority acquisition of the joint venture BMW Brilliance Automotive Ltd. (BBA).¹ Further information on the consolidation of BMW Brilliance Automotive is provided in the [Notes to the Group Financial Statements](#).

BUSINESS MODEL AND SEGMENTS

Business model

The BMW Group develops, manufactures and sells innovative premium automobiles and motorcycles on a worldwide basis. It also offers a broad range of financial and mobility services. The Group is structured into operating segments, namely the Automotive, the Motorcycles and the Financial Services segments.

Automotive segment

The BMW Group manufactures BMW, MINI and Rolls-Royce brand vehicles. The BMW brand caters to a broad variety of customer requirements. Its wide-ranging model portfolio



¹ The change took place outside of the financial period under report.

² [Consumption and carbon emissions data](#)

covers several automobile classes, ranging from the premium compact class, the premium mid-size class and through to the ultra-luxury class. Alongside its state-of-the-art plug-in hybrids and vehicles powered by highly efficient combustion engines, the BMW brand also includes all-electric models manufactured under the BMW i sub-brand, such as the BMW iX and the BMW i4 launched in 2021, as well as modern plug-in hybrid models and high-performance vehicles belonging to the BMW M sub-brand.

The MINI brand promises driving pleasure in the premium compact segment and, alongside models powered by efficient combustion engines, it also offers plug-in hybrid and all-electric models. The all-electric MINI Cooper SE¹ was the best-selling model in the MINI family in the year under report.

With a tradition stretching back well over a century, Rolls-Royce is the ultimate marque in the ultra-luxury class. Rolls-



Royce Motor Cars specialises in providing bespoke customer specifications and offers the utmost in terms of quality and service.

Its comprehensive range of products enables the BMW Group to meet the diverse expectations and needs of its customers worldwide. The global sales network of the BMW Group's automobile business currently comprises more than 3,500 BMW, 1,600 MINI and over 150 Rolls-Royce dealerships.

↗ Automotive segment

Motorcycles segment

As in all other areas, the BMW Group focuses rigorously on the premium segment with its Motorcycles segment and its model range of motorcycles and scooters in the Sport, Tour, Roadster, Heritage, Adventure and Urban Mobility categories. BMW Motorrad also offers a broad range of equipment options to enhance riding safety and comfort as well as personalised configurations. The Motorcycles segment's sales network is organised similarly to that of the Automotive segment. Currently, BMW motorcycles are sold by more than 1,200 dealerships and importers in over 90 countries worldwide. ↗ Motorcycles segment

Financial Services segment

The BMW Group is a leading provider of financial services in the automotive sector. It offers these services in more than 50 countries worldwide via companies and cooperation arrangements with local financial service providers and importers. The Financial Services segment's main line of business comprises credit financing and the leasing of BMW Group brand automobiles and motorcycles to retail customers. Customers can also select from an attractive array of insurance and banking products.

Operating under the brand name Alphabet, the BMW Group's international multi-brand fleet business provides financing and comprehensive management services for corporate car fleets in more than 20 countries.² These services also in-



clude assisting customers to manage their fleets on a sustainable and climate-friendly basis.

Financing dealership vehicle fleets serves to support the dealership organisation and rounds off the segment's range of services. ↗ Financial Services segment

LOCATIONS

Global overview

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

¹ ↗ Consumption and carbon emissions data

² Including cooperation partners

LOCATIONS WORLDWIDE

- Sales subsidiaries and Financial Services

1 Headquarters

2 Canada

3 USA

4 Mexico

5 United Arab Emirates

6 Brazil

7 Argentina *

8 South Africa

9 Russia

10 India

11 China

12 South Korea

13 Japan

14 Thailand

15 Malaysia

16 Singapore

17 Indonesia *

18 Australia

19 New Zealand

* Sales locations

- Production outside Europe

BMW Group plant Araquari, Brazil

BMW Group plant Chennai, India

BMW Group plant Manaus, Brazil

BMW Group plant Rayong, Thailand

BMW Group plant Rosslyn, South Africa

BMW Group plant San Luis Potosí, Mexico

BMW Group plant Spartanburg, USA

☒ BMW Brilliance Automotive, China (joint venture – 3 plants)

- Partner plants outside Europe

Partner plant, Chongqing, China

Partner plant, Hosur, India

Partner plant, Jakarta, Indonesia

Partner plant, Cairo, Egypt

Partner plant, Kulim, Malaysia

- ▲ Research and development network outside Europe

BMW Group Designworks, Newbury Park, USA

BMW Group Technology Office USA, Mountain View, USA

BMW Group Engineering and Emission Test Center, Oxnard, USA

BMW Group ConnectedDrive Lab China, Shanghai, China,

and BMW Group Designworks Studio Shanghai, China

BMW Group Technology Office, Shanghai, China

BMW Group Engineering China, Beijing, China

BMW Group Engineering Japan, Tokyo, Japan

BMW Group Engineering USA, Woodcliff Lake, USA

BMW Group IT Technology Office, Greenville, USA

BMW Group IT Technology Office, Singapore

BMW Group IT DevOps Hub, Rosslyn, South Africa

BMW do Brasil, Araquari, Brazil

BMW Group Technology Office Tel Aviv, Tel Aviv, Israel

BMW Group R&D Center Seoul, Seoul, South Korea

41

Sales subsidiaries and Financial Services locations worldwide

31

Production and assembly plants

13

Countries with research and development locations

LOCATIONS IN EUROPE

● **Sales subsidiaries and Financial Services**

- 1 Germany
- 2 Norway
- 3 Denmark
- 4 Sweden
- 5 Finland
- 6 The Netherlands
- 7 UK
- 8 Ireland
- 9 Belgium / Luxembourg
- 10 France
- 11 Switzerland
- 12 Italy
- 13 Slovenia *
- 14 Spain
- 15 Portugal

16 Czech Republic

- 17 Poland
- 18 Austria
- 19 Slovakia
- 20 Hungary *
- 21 Romania *
- 22 Bulgaria *
- 23 Greece

■ **Production in Europe**

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

□ **Partner plants in Europe**

- Partner plant, Born, the Netherlands
- Partner plant, Graz, Austria
- Partner plant, Kaliningrad, Russia

▲ **Research and development network in Europe**

- BMW Group Research and Innovation Centre (FIZ), Munich, Germany
- BMW Car IT, Munich, Germany
- BMW Group Autonomous Driving Campus, Unterschleißheim, Germany
- BMW Group Designworks, Munich, Germany
- BMW Group Lightweight Construction and Technology Center, Landshut, Germany
- BMW Group Diesel Competence Centre, Steyr, Austria
- Critical TechWorks S.A., Porto, Portugal
- BMW France, S. A. S., Montigny, France
- Rolls-Royce Motor Cars Ltd., Goodwood, UK

* Sales locations only.

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BMW GROUP INTEGRATED STRATEGY

The BMW Group operates at the intersection of challenging, increasingly complex and differentiated conditions around the world. This includes:

- Global competition
- Megatrends such as electrification and connectivity
- A capital market focused on profitability and growth
- Sustainability
- Diverging social expectations in the face of climate change

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

The BMW Group's integrated strategy is based on fundamental elements, like the integrity of our actions.

↗ Compliance and Human rights.

The BMW Group strategy is developed from an analysis of the global megatrends that are crucial to the transformation of the automotive industry and essentially comprises the integrated and continuous strategy process, the target system and **↗ Corporate management.**

ENVIRONMENTAL ANALYSIS AND MEGATRENDS

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

The most important megatrends with long-term implications for the BMW Group's business model are currently climate change and the reduction of carbon dioxide (CO₂) emissions, electromobility, digitalisation and connectivity – including automated and autonomous driving, as well as mobility patterns within society. **↗ GRI102-46**

Mobility patterns

Individual mobility appears likely to remain a fundamental human need for the foreseeable future, although vehicle ownership depends to a large extent on income, household size and location (urban/suburban). Mobility services, so-called on-demand mobility (ODM), will remain relevant,

especially in urban areas, but will mainly be used as a supplementary option [Mobility concepts and services](#).

Around the world, the conditions for individual mobility in cities and their surrounding suburban areas are developing very differently in some cases and depend above all on the location of these conurbations, their population density and the focus of emissions policy in the respective urban regions. [Mobility concepts and services](#).

Climate change and CO₂ reduction

We see the consequences of climate change as a major challenge for the future. As governments around the world work to translate the goals of the Paris Climate Agreement into national laws, investors are increasingly evaluating companies and their business models according to ESG criteria [BMW Group and capital market](#).

The European Union (EU) sees itself as a global leader in achieving these climate goals. Within the EU, the Sustainable Finance Framework aims to classify a company's business activities according to sustainability criteria.

The US government has also proposed more ambitious climate-protection goals that aim to halve greenhouse gas emissions by 2030 from 2005 levels. China is relying on fleet limits and a growing percentage of zero-emissions vehicles.

Electromobility and drive technologies

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

Digitalisation and connectivity

In addition to the topics already referred to, the combination of digitalisation and connectivity is another important megatrend for the BMW Group. The modern vehicle is already one of the most complex and software-intensive items owned by consumers. Vehicles are increasingly viewed as digital objects, with corresponding functions expected. Customers demand products that are seamlessly and perfectly integrated into their familiar living environment. It is therefore safe to assume that digital business models will generate a growing percentage of added value in the future. China, in particular, is setting new standards for digitalisation. Customer desires are increasingly influenced by the world of consumer electronics and are an important factor in purchasing decisions [Innovation and customer orientation](#).

In addition to the new possibilities digitalisation can offer customers, further potential lies in networking mobile value creation. To create a virtual platform and meet future challenges, the BMW Group founded the Catena-X Automotive Network, together with other manufacturers, system suppliers and technology partners [Production, purchasing and supplier network](#).

Automated / autonomous driving

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

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



STRATEGY PROCESS

The BMW Group regards the strategy process as a continuous task. The assumptions underpinning our strategies are regularly reviewed, based on the findings from our analysis of environmental and external factors. The Board of Management sets the strategic direction for this process, regularly addressing strategic issues for the BMW Group and assessing the impact of external factors. The BMW Group's corporate strategy is the starting point for business departments to systematically align their own strategy with the Company's strategic goals and define the concrete measures that must be implemented in order to achieve them. This process takes place via a planning and management system with a built-in feedback loop.

* [Consumption and carbon emissions data](#).

The strategy is integrated into annual longer-range corporate planning, with implementation monitored by a target system that is comprised of aspects finance, customers, processes, learning and development. [↗ Performance indicators](#).

Corporate strategy

The BMW Group's corporate strategy, referred to as the "BMW Group strategy", forms the core of our integrated approach. It defines the framework for decision-making and lays the foundation for the Company to maintain a consistent focus on profitability, growth and sustainability, even in an increasingly dynamic environment.

The BMW Group strategy comprises four elements: position, direction, strategic approach and collaboration. These formulate the various aspects of our aspirations and are combined in a "strategy arrow" that serves as a symbol for our forward-looking approach. This strategic framework provides a fixed point of reference for all decisions of Company-wide significance.



Position – What does the BMW Group stand for?

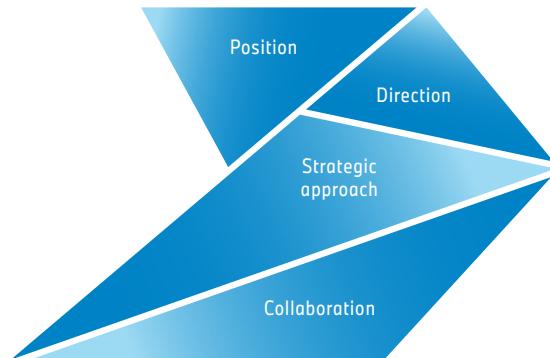
The BMW Group is committed to first-class individual mobility and contributes to sustainable development. It aims to find the right balance between business, the environment and society. The BMW Group combines driving pleasure and responsibility without compromise and, together with its partners, leads the industry in environmental, social and integrity standards. The Company is committed to the Paris Climate Agreement and providing a verifiable track record of continuous improvement. To achieve this and reduce the impact on the environment as a whole, the BMW Group is promoting as well the reduction of CO₂ emissions throughout the whole product life cycle as the principles of the circular economy – from the supply chain, to production, the use phase and the recycling of its products. For this reason, BMW has also laid out ambitious targets to reduce CO₂ emissions by 2030 (reference year 2019), understood as follows:

1. In the use phase of the vehicle, an average reduction of more than 50 % for every kilometre driven
2. In production, a reduction of 80 % for every vehicle produced
3. In the supply chain, a reduction of more than 20 %

Measurable science-based targets, initially up until 2030, have been firmly established across the Company, laying the foundation for the reduction of our CO₂ emissions. We have joined the Science-Based Targets Initiative (SBTi) for this purpose. This will enable us to guarantee transparency and comparability in the validation and measurement of our targets and, at the same time, ensure they are in line with the latest scientific findings [↗ CO₂ and emissions](#).

Control parameters such as life cycle CO₂ emissions and secondary raw material quotas are already important performance indicators during the development phase of our vehicle projects [↗ Performance indicators](#).

To leverage the potential for lowering CO₂ emissions during the use phase, in particular, the BMW Group is actively working on numerous projects and initiatives to improve the framework conditions for electromobility. However, while the ambitious goals of the Paris Climate Agreement are designed to tackle climate change in the transport sector, they can only be achieved through a combination of all modern drive technologies in addition to electromobility that are closely aligned with customer needs and different mobility requirements around the world. Modern combustion-engine technology continues to make a meaningful contribution to the effective reduction of CO₂ emissions worldwide. For this reason, the BMW Group offers those customers who choose not to buy an electrified vehicle – because of their mobility needs or because the prerequisites are not met – vehicles with modern, efficient internal combustion engines that rely on technology that is continuously further



developed. Plug-in hybrid (PHEV) concepts also provide a good alternative in these circumstances. [↗ Products and mobility solutions](#).

Sustainability is built into individual market strategies across our global sales organisation. Centralised measures are combined with local activities in the markets to implement a holistic programme. Best practices in the fields of environmental protection, social sustainability, corporate citizenship and governance are also shared within an established international sustainability network.



Direction – What drives the BMW Group?

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

The focus on profitability is a very important aspect of the BMW Group's corporate management system. All measures and initiatives are aimed at further developing the BMW Group's strong economic base, so it can continue to operate independently and invest in the future.

To underline the importance of the BMW Group's economic performance capabilities, our ambitious financial targets are tied to the following strategic key performance indicators: EBIT margin in the Automotive segment (between 8 and 10%), RoCE in the Automotive segment (at least 18%) and Group EBT margin (more than 10%) [↗ Performance indicators](#).

As part of our focus on efficiency, we regularly assess ways to utilise synergies and efficiencies across the Company in an effort to reduce the complexity that arises from increasingly strict and heterogeneous regulatory requirements. Faster, digitalised processes within lean structures are fundamental to systematically leveraging efficiencies. In vehicle development, for instance, we see considerable potential for reducing process time through digitalisation. In addition to this, distinguishing the BMW Group from its competitors, we are also taking advantage of the expanded possibilities of digitalisation for customer contact, with integrated product and service offerings, functional upgrades and customer support. The BMW Group is also bolstering its portfolio with attractive new models – especially in highly profitable segments.



Strategic approach – Where is the BMW Group heading?

The BMW Group is focused on its customers worldwide and on meeting their different requirements. It does so by understanding the needs of its current and future customers and exceeding their expectations. It combines ground breaking technologies, emotional products and individual customer care to create a unique overall experience. Creating the best customer experience, both physically and digitally, as well as personalised, reliable communication, is of primary importance to us.

The BMW Group is making customer experience the focus of all its marketing and sales activities. The aim is to offer the industry's best premium customer experience and to seamlessly integrate all customer touchpoints, online and offline.

The launch of the My BMW app in July 2020 has given BMW a direct channel to its customers and provided them with a direct link not only to their BMW dealership, but also to the BMW brand as a whole. Customers can use the app to make service appointments, request information on the condition of their vehicle, or receive the latest news on BMW brand products and services. The topic of battery charging has also been fully integrated in this digital ecosystem. The My BMW app can also be used to plan trips and display suitable charging points along the route. The same applies, of course, to the MINI brand with the MINI app.

We recognised the importance of electromobility early on and began our transformation in this direction accordingly. In the initial phase, the BMW Group introduced electrification into standard production with the launch of the fully electric BMW i3 in 2013. In 2014, the BMW Group launched the BMW i8, with ground breaking technology and a futuristic design.

The current, second phase of the transformation began in 2020 with our all-electric model offensive, led by the MINI Cooper SE* and the BMW iX3*, and followed in late 2021 with the BMW i4 and BMW iX. Since 2013, the BMW Group has delivered a total of more than 1 million electrified vehicles to customers. From 2022 onwards, alongside the BMW X3/iX3, additional models will be available with a choice of fully electric or plug-in hybrid drivetrain, or with a state-of-the-art internal combustion engine – for example, in the next generation of luxury BMW 7 Series and BMW 5 Series sedans and the BMW X1. Going forward, the BMW Group will continue to meet specific customer needs in individual markets and segments with a broad range of state-of-the-art drive systems. [↗ Innovations and customer orientation](#).

By 2023, in the middle of the second phase, we will already have at least one fully electric model on the roads in virtually all key model series – from the compact segment to the ultra-luxury class. In this context, we are investing additional funds and plan to increase electrified vehicles' share total deliveries to over 30% by 2025. The trend towards electromobility will also continue to progress dynamically beyond the year 2025. By 2030, the BMW Group plans to increase the share of fully electric automobiles in its total deliveries to more than 50%. [↗ Performance indicators](#).

To make this transformation possible, the BMW Group is pushing ahead, both by restructuring existing plants and by further developing employee competences ([↗ Employees and Society](#)). The restructuring of BMW Group Plant Munich provides a clear example of how the BMW Group can successfully and smoothly transform a full plant, including production of internal combustion engines, to 100% electromobility during ongoing production by 2026. [↗ Production, Purchasing and Supplier network](#).

In addition to delivering product substance, we also offer our customers a 360° approach to electrification, by creating an appropriate charging ecosystem – because charging is a trailblazer for electromobility. As well as offering charging options at home and at work, we also provide public charging through BMW Charging and MINI Charging [↗ Mobility concepts and services](#).

The BMW iX is the first BMW Group vehicle to offer automated driving and parking functions from a new technology kit that will enable continuous improvement and expansion of driver assistance functions and highly automated driving in the mid-term (Level 3). These functions will continue to be rolled out and used in the next-generation BMW 7 Series and BMW 5 Series, for instance. Moreover, with the launch of the BMW iX, the BMW Group became the first premium manufacturer to include the 5G mobile communications standard in a series production vehicle on a worldwide basis. In terms of mobility, this means comprehensive expansion of data-based services in the fields of entertainment and infotainment, automated and assisted driving and, above all, road safety.

The third phase of the transformation will begin in 2025 with our global fully electric product line-up, the Neue Klasse. Production of vehicles for the Neue Klasse will get underway at the newly constructed BMW Group Plant Debrecen and then expanded to BMW Group Plant Munich from 2026 onwards. The Neue Klasse sets the standard for digitalisation, electrification and sustainability. It will be characterised by a New Cluster Architecture (NCAR) geared exclusively towards battery electric vehicles (BEVs), a completely redefined tech stack autonomous driving and a newly developed high-performance electric drivetrain generation. The Neue Klasse also makes a significant contribution to sustainability, by relying on the concept of circularity [↗ Circular design](#).

BMW M is also currently working on various forms of electrification and already launched a performance car with a fully electrified drive train, the BMW i4 M50*, in 2021. At the same time, MINI's transition to an all-electric brand underlines its urban identity. Rolls-Royce, the world's leading luxury brand, will also focus on electromobility in the future [↗ Automotive segment](#).

BMW Motorrad is continuing to evolve in the direction of electromobility. The "Vision Amby" Vision Vehicle and the fully-electric Concept CE 02 provide a glimpse of the future of urban mobility. In the urban mobility segment, the CE 04 electric scooter is a trailblazer for BMW Motorrad's electromobility strategy [↗ Motorcycles segment](#).

In the Financial Services Segment, the strategic approach is geared towards making the product range available to all customer groups across all channels [↗ Financial Services segment](#).



How does the BMW Group ensure cooperation?

Our ambitious strategic objectives can only be achieved if all employees work together. Diversity is an important component of our competitiveness [↗ Employees and society](#). The diversity metric defines the share of women in management positions as a key performance indicator and a strategic target variable. The aim is to increase the share of women in management positions at the BMW Group to 22% by 2025 [↗ Performance indicators](#).

To anchor strategy within the Company, it is critical to keep employees and managers informed, to strengthen their creativity and to encourage them to actively participate in the implementation and achievement of goals. The results of the Employee Sur-

vey confirm high internal acceptance of the BMW Group's strategy and sustainability activities, as well as employees' willingness to play their part [↗ Employees and Society](#). BMW Group employees not only work closely together within the Company, but also with external partners. The stable relationships that have grown over time in our partner networks are based on the same values as those at the BMW Group. This has been especially evident during the pandemic years of 2020 and 2021. Even when confronted with the challenges of global lockdowns and the shortage of semiconductor components, our supply chains have held up well and our retail network showed its strength. This is the only way we can maximise our effectiveness and, together, lead the Company to success.

We are constantly expanding our collaborations to secure access to new technologies and increase value creation – setting cooperation goals and defining strategic fields of co-operation with our partners based on the strategic framework.

* [↗ Consumption and carbon emissions data](#)

PERFORMANCE INDICATORS

Once strategic targets have been derived from the findings of the [environmental analysis](#) and the ongoing [strategy process](#) within the Company, the BMW Group target system translates the strategy into a clear system for measuring performance. The target system is therefore a key instrument for anchoring strategy throughout the Company. For corporate management purposes, the strategic targets are backed by effective performance indicators.

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

Once approved by the Board of Management and Supervisory Board, the target figures in the strategic target system form the planning basis for the current reporting year and the target agreements for BMW Group managers. [Remuneration report](#) [GRI-Index: 102-35](#). Companies subject to the provisions of German Accounting Standard No. 20 (DRS 20) must define the Company's most effective performance indicators for corporate management during the external reporting period (key performance indicators).

The following summarises the strategic targets and key performance indicators defined in DRS 20, which also form the basis for [Performance Management](#). [GRI-Index: 102-19](#)

Group

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

Automotive segment

- Profit before financial result as a percentage of segment revenues (EBIT margin)
- Return on capital employed (RoCE) in %
- Deliveries (in units)
- Share of electrified cars in total deliveries (in %)
- CO₂ emissions EU new vehicle fleet (in g CO₂/km)
- CO₂ emissions per vehicle produced (in tons)

Motorcycles segment

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

Financial Services segment

- Return on equity (RoE) in %



* [Consumption and carbon emissions data](#)

PERFORMANCE MANAGEMENT

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

The BMW Group's performance management system is based on a multi layered structure. Operational performance

is managed primarily at segment level. In order to manage long-term corporate performance and assess strategic issues, additional key performance figures are taken into account within the management system at Group level. In this context, the value added serves as one of several indicators to measure the contribution made to enterprise value during the financial year. This aspiration to add value is measured at both Group and segment level by means of the key financial and non-financial performance indicators (value drivers). The link between value added and the relevant value drivers is presented in a simplified form below.

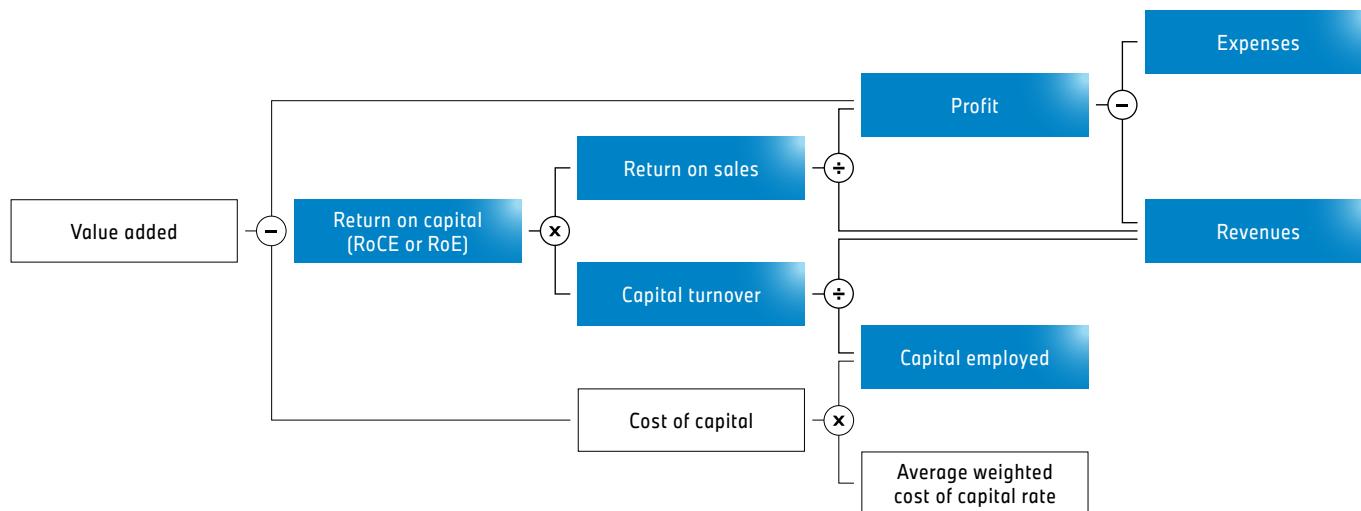
Managing sustainability

The BMW Group's long-term corporate strategies are determined by the Board of Management. Responsibility for implementing the Group's sustainability goals therefore lies

with the full Board. All topics submitted to the Board of Management for decision-making must also be evaluated from the point of view of sustainability, thereby ensuring that sustainability issues are systematically integrated in decision-making processes.

As part of the procedures for managing sustainability on an integrated basis at corporate level, a Group target system has been created, which has been implemented for each of the Board members' areas of responsibility. The BMW Group has set itself the target of decarbonising its vehicle fleet by an average of 40 % overall over the entire life cycle by 2030, based on the reference year 2019. In this context, specific targets have been set for the vehicle's use phase, production and the supply chain ([Position](#)) including emissions reduction targets across the entire value chain ([carbon emissions and pollutants](#)). Additionally, specific carbon targets have been set for each vehicle project.

BMW GROUP - VALUE DRIVERS



An integrated approach to target management ensures that the BMW Group's vehicle projects make a positive contribution towards achieving the sustainability targets that have been set. By 2030, the BMW Group intends to drastically broaden the scope of recycling, while further increasing the proportion of secondary raw materials used to manufacture its automobiles. With this point in mind, the BMW Group established the so-called "Secondary First" approach during the year under report. Non-financial performance indicators such as carbon emissions and secondary raw materials quotas are therefore key performance indicators for all new vehicle projects. The overall result is a cohesive management model across all aspects of the business. [GRI-Index: 102-19](#)

Managing operational performance at segment level

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

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

Automotive segment

The most comprehensive key performance indicator used for the Automotive segment is RoCE, which is measured on the basis of segment profit/loss before financial result and the average capital employed in the segment. It provides information on the profitability of capital employed and business operations. Value driver analyses are used to interpret the causes of a change in RoCE and derive suitable measures to influence its development.

Up to and including the reporting year 2021, capital employed has been defined as the sum of all current and non-current operational assets less liabilities that were available to the operational business and generally did not incur interest (e.g. trade payables and other provisions).

With effect from the reporting year 2022, a simplified definition of capital employed will be applied to make the calculation of RoCE more comprehensible and transparent. Moreover, the capital employed figures reflect the focus of the operating segment management. In future, capital employed will be calculated as the sum of intangible assets, property, plant and equipment and net working capital, the latter comprising inventories and trade receivables less trade payables. The new definition results in a higher level of capital

employed than previously reported. We also expect the amount of capital employed to increase in light of the acquisition of further shares in BMW Brilliance Automotive Ltd. and the resulting full consolidation of that entity in the financial year 2022, whereby the increase will arise primarily due to the capitalisation of reacquired rights in conjunction with the purchase price allocation. The RoCE will be impacted temporarily by the higher capital base as well as the related amortisation expense expected to be recorded.

The new strategic target for RoCE is 18 % (target under the previous definition: 40 %). In substance, the new target is even more ambitious than that previously used to measure the return on capital employed. Value is enhanced for BMW AG shareholders when the RoCE exceeds the cost of capital.

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

Due to the special significance of RoCE for the BMW Group, the Automotive segment is also managed on the basis of a number of additional key performance indicators that have a significant impact on RoCE and hence on segment perfor-



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

Furthermore, the Automotive segment manages its compliance with fleet carbon emissions requirements in regulated markets. In this context, it also reports on the share of electrified vehicles in total deliveries [performance indicators](#). As compliance with regulatory requirements is a significant factor in the BMW Group's success, business decisions relating to vehicle projects also take targets for fleet carbon emissions into account. [Managing sustainability](#)

RETURN ON CAPITAL EMPLOYED (AUTOMOTIVE SEGMENT)

	Profit before financial result in € million	Average capital employed in € million	Return on capital employed in %	
	2021	2020	2021	2020
Automotive	9,870	2,162	16,486	17,026
			59.9	12.7

Motorcycles segment

The Motorcycles segment is largely managed according to the same logic applied to the Automotive segment. The principal key performance indicator is the return on capital employed (RoCE). The new definition of capital employed adopted by the Automotive segment will also be applied by the Motorcycles segment, beginning with the 2022 reporting period. As in the Automotive segment, the new strategic RoCE target set for the Motorcycles segment is 18 %.

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

The main value drivers include the number of deliveries as well as the operating return on sales (corresponding to the EBIT margin: segment profit / loss before financial result as a percentage of segment revenues) as the key performance indicator for segment profitability.

Financial Services segment

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

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

RETURN ON CAPITAL EMPLOYED (MOTORCYCLES SEGMENT)

	Profit before financial result in € million		Average capital employed in € million		Return on capital employed in %	
	2021	2020	2021	2020	2021	2020
Motorcycles	227	103	632	687	35.9	15.0

RETURN ON EQUITY (FINANCIAL SERVICES SEGMENT)

	Profit before tax in € million		Average equity capital in € million		Return on equity in %	
	2021	2020	2021	2020	2021	2020
Financial Services	3,753	1,725	16,586	15,343	22.6	11.2

Strategic management at Group level

Strategic management and the measurement of its financial impact are coordinated primarily at Group level in conjunction with the long-term corporate plan. One of the key performance indicators used in this context is Group profit/loss before tax, which provides a comprehensive measure of the Group's overall corporate performance after consolidation effects and enables a transparent comparison over time. Other key performance indicators at Group level are the size of the workforce at the year-end and the share of women in management functions. By 2025, the BMW Group aims to increase the share of women in management functions to 22 %.

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

Value added Group	= earnings amount – cost of capital
	earnings amount – (cost of capital rate x capital employed)

VALUE ADDED GROUP

	Earnings amount		Cost of capital (equity + debt capital)		Value added Group	
in € million	2021	2020	2021	2020	2021	2020
BMW Group	16,289	5,464	8,938	8,061	7,351	- 2,597

Capital employed comprises the amount of Group equity and pension provisions as well as the financial liabilities of the Automotive and Motorcycles segments employed on average at the end of each of the last five quarters. The earnings amount corresponds to Group profit/loss before tax, adjusted for interest expense incurred in conjunction with the pension provision and on the financial liabilities of the Automotive and Motorcycles segments (profit/loss before interest expense and tax). The cost of capital is the minimum rate of return expected by capital providers in return for the capital employed. Since capital employed comprises an equity capital (e.g. share capital) and a debt capital element (e.g. bonds), the overall cost of capital is determined on the basis of the weighted average rates for equity and debt capital, measured using standard market procedures. The pre-tax average weighted cost of capital for the BMW Group in 2021 was 12 %, unchanged from the previous year.

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

in %	2021	2020
Automotive	12.0	12.0
Motorcycles	12.0	12.0
Financial Services	13.4	13.4

Value-based management for project decisions

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

Board of Management remuneration

Performance criteria for the short- and long-term variable remuneration of the Board of Management are also based on the main strategic financial and non-financial targets and key performance indicators and contribute towards the BMW Group's long-term development. Non-financial key performance indicators used in this context include the number of vehicles delivered, the share of women in management functions, carbon emissions and sales of electrified vehicles. Financial key performance indicators that have an impact on variable remuneration include the return on capital employed for the Automotive segment as well as other key financial performance indicators monitored at Group level. [↗ Remuneration Report](#)

COMPLIANCE AND HUMAN RIGHTS

Compliance means much more to the BMW Group than just complying with applicable laws and Company rules: it is part of our identity and our living culture of integrity and creates a binding framework for all our business activities worldwide. As such, compliance lays the foundation for the long-term success of the Company, builds trust in our products and brands, and shapes the public image of the BMW Group.

Compliance as a corporate function

Compliance is the managerial responsibility of the Board of Management of BMW AG and is primarily executed by creating an appropriate regulatory and supervisory framework, as well as through regular and ad hoc compliance reporting, accompanied by clear and unambiguous compliance communications. This approach is based on the core belief that compliance with applicable laws and related internal regulations is the personal responsibility of each individual employee. As role models, BMW Group managers are also tasked with anchoring compliance culture in their respective area of responsibility and ensuring compliance requirements and processes are implemented accordingly. [↗ GRI-Index 102-16](#)

During the reporting period, the Board of Management of BMW AG significantly refined the compliance organisation and created a new Chief Compliance Officer role, which took effect on 1 January 2021 and which serves as head of the Group Compliance. In addition to being responsible for the Compliance Management System (CMS), the Chief Compliance Officer manages the Group Compliance division and briefs the Board of Management and Supervisory Board of BMW AG on development and implementation of the CMS at regular intervals. Furthermore, compliance has been an-

chored by the Board of Management in the Company's enhanced understanding of leadership.

Compliance Management System (CMS)

The BMW Group's Company-wide CMS is based on the Prevent, Detect, Respond Model, which defines specific prevention, monitoring, control and response measures, on the basis of clearly assigned roles and responsibilities.

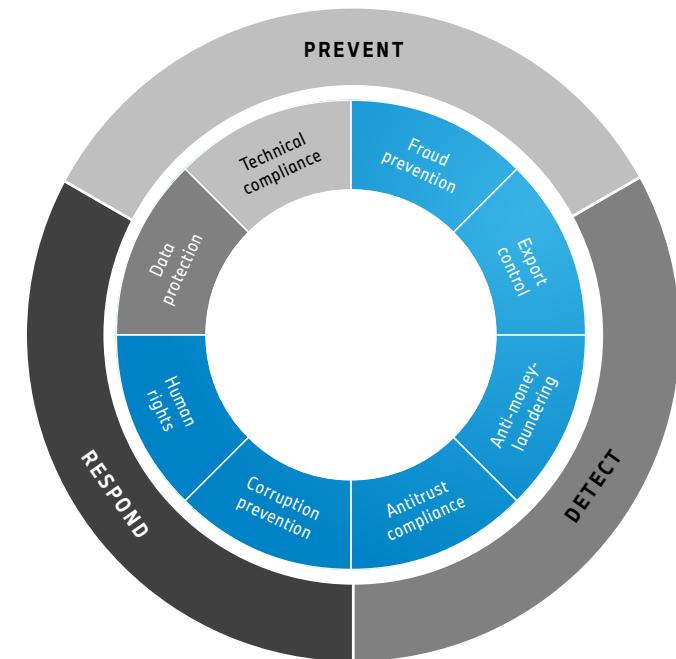
The CMS is tailored to the Company's specific risk situation. It addresses all relevant compliance topics, including fraud prevention, export control, anti-money laundering, antitrust compliance, corruption prevention and [↗ human rights](#) as well as [↗ data privacy and technical compliance](#). These last two topics are the responsibility of the respective specialist departments. An effective and efficient compliance organisation is fundamental to reducing sanction and liability risks, as well as risks arising from other (non-)financial disadvantages, such as reputational risks.

Further development of the CMS

During the reporting period, the organisation and content of the CMS were refined according to defined strategic focus topics. The objective is to further strengthen the culture of compliance and integrity at the Company, with the declared aim of avoiding Company-related violations of the law.

Further development of the CMS is also taking place against the backdrop of external factors, such as global legal developments and the evolution of compliance at other companies. To this end, the BMW Group is involved in various associations and interest groups and has been an active corporate member of the German Institute for Compliance (DICO) for many years, at the Board level and through its leadership of the working group "Human Rights/CSR".

THREE-STAGE APPROACH TO COMPLIANCE MANAGEMENT SYSTEM AND COMPLIANCE TOPICS



The Supply Chain Due Diligence Law will take effect on 1 January 2023 in Germany; the adjustments it requires for the human rights compliance programme have been a key focus for Group Compliance during the reporting period. It should be noted that the Board of Management decided in December 2021 to appoint a Human Rights Officer and assign this role to the head of Group Compliance. Concentrating relevant expertise in this new function will also contribute to the strategic alignment of the Company in the social dimension of sustainability. Other priorities arose in

the context of export controls from heightened trade relations between the US and China and in connection with efforts to prevent money laundering, due in part to the increase in legislative initiatives to tighten multinational anti-money-laundering requirements.

A further priority was developing and implementing more extensive preventive measures in response to the antitrust proceedings brought by the European Commission and concluded in July 2021, concerning restriction of competition in innovation in certain emissions control systems¹.

[↗ Note 10 to the Group Financial Statements](#) [↗ GRI-Index: 205-3](#)

Increasingly strict national legislation to protect personal data, and the higher risks associated with this, shaped compliance measures regarding data privacy.

In response to the rapid pace of transformation in the automotive industry, activities in the field of technical compliance were also significantly expanded during the period under report.

Company-wide compliance network

Business departments at the BMW Group are responsible for lawful conduct during the performance of their assigned tasks. This means they are also responsible for identifying and evaluating any compliance risks that arise in the course of their daily business. Monitoring and reducing these risks also falls under their scope of duties. More than 230 managers group-wide perform these tasks. These Compliance Officers form part of the Compliance Organisation.

Specialist departments are supported in their work by the central Group Compliance function, as well as a Group-wide network of business unit and division compliance functions, supplemented by around 80 local Compliance Officers (heads of local compliance functions) at BMWAG's international subsidiaries. Local Compliance Officers are tasked with implementing the CMS and compliance programmes for

relevant topics within their area of responsibility. Business unit and division compliance functions also perform the task of identifying and implementing specific compliance measures in their area of activity.

Expanded training activities

The BMW Group continuously refines the Group Compliance training opportunities for specific target groups. For example, during the year under review, we redesigned our Group-wide mandatory Compliance Essentials online training to create a user-oriented approach with focused content and a high level of interactivity. This training formed part of the mandatory training programme and included human rights topics in the year under report. [↗ GRI-Index: 412-2](#)

In addition to imparting knowledge, online and classroom training options, including practical case studies, play an important part in strengthening the compliance culture and understanding of compliant behaviour at the Company. Online training must be completed every two years by relevant target groups. The training modules include exercises and test questions relating to the BMW Group Legal Compliance Code and corruption prevention, as well as other topics. So far, more than 69,000 employees worldwide have completed the Compliance Essentials training, and over 36,000 employees completed online antitrust compliance training. Department-specific training modules supplement the extensive options – for instance, in the areas of antitrust law or [↗ human rights](#). [↗ GRI-Index: 205-1](#)

Digitalisation supports compliance

BMW Group employees have used IT-based systems for swift and efficient documentation, assessment and approval of compliance-relevant matters for years. Examples include IT-supported processes to monitor money laundering, sanction lists and exchange activities with competitors as well as to conduct background checks on the reliability of business partners and verify, approve and document the legal admissibility of benefits in kind. Measures are implemented to

avoid compliance risks on the basis of this evaluation.

Reporting system for detecting possible non-compliance with the law and compliance controls

Any employee with questions or concerns relating to compliance can discuss these matters with their managers and with the relevant departments within the BMW Group: specifically, with Group Compliance, Legal Affairs and Corporate Audit. The BMW Group Compliance Contact serves as a further point of contact and provides non-employees with a process for reporting compliance concerns. Our employees worldwide can also submit information relating to possible infringements of the law at the Company in several languages via the BMW Group SpeakUP Line. In 2021, an ombudsperson for suppliers was dedicated. [↗ Verification of effectiveness](#)

The BMW Group protects information providers in two ways. If they prefer, individuals may provide information without disclosing their identity. Policy also stipulates that no one providing information should face retaliatory action. All compliance-related queries and concerns are documented and processed using an electronic Case Management System. If necessary, Corporate Audit, Corporate Security, the legal departments or the Works Council may be called upon to assist in processing the case. [↗ GRI-Index: 102-34](#)

CMS monitoring / controls

Observance and implementation of compliance regulations and processes are subject to regular audits. The BMW Group CMS provides differentiated monitoring levels for this purpose. Compliance Officers are those primarily responsible for performing direct checks in their area of responsibility. Further measures integrated into business processes to help reduce risk generally form part of the [↗ Internal Control System](#). The central Group Compliance function refined its audit approach in 2021, with the aim of increasing audit frequency by introducing risk-based compliance audits without cause. These compliance audits are currently focused on antitrust

law. So-called Compliance Spot Checks were also carried out in 2021, with a focus on possible corruption risks. Corporate Audit also conducts audits focused on compliance requirements.

All control checks are geared towards reducing compliance risks for the BMW Group. Any infringements are immediately remedied, with an emphasis on minimising the risk of repeat offenses and strengthening the understanding of compliance within the Company. Where incidences of non-compliance can be traced to an individual, such persons will be appropriately sanctioned, in accordance with the processes defined for this purpose.

Regular compliance reporting to the Board of Management and Supervisory Board

The Board of Management and Supervisory Board of BMW AG, the Audit Committee and other executive committees are informed on a regular basis and, if necessary, immediately by the Chief Compliance Officer. In 2021, the content reported to committees was focused and the frequency of reports increased – for example, at least twice a year for the Board of Management.

[i] Global implementation of labour standards and human rights

Internationally recognised guidelines for environmental and social compliance set the benchmark for the BMW Group's entire value chain. This applies, in particular, to the Guidelines for Multinational Companies issued by the Organisation for Economic Cooperation and Development (OECD), the UN Guiding Principles on Business and Human Rights, the Ten Principles of the UN Global Compact, the content of the ICC Business Charter for Sustainable Development, and the United Nations Environment Programme's (UNEP) Declaration on Cleaner Production. The BMW Group concentrates on topics and action areas where it can exert its influence as a company. With the participation of employee representatives, these (supra)national requirements were incorporated into internal company rules and principles through the [↗ Joint Declaration on Human Rights and Working Conditions in the BMW Group](#) of 2005 (updated in 2010), clarified in the [↗ BMW Group Code on Human Rights and Working Conditions](#) of 2018 and integrated with the human rights compliance programme.

The automotive industry is heavily involved in global supply chains. In a collaborative global value creation process such as this, there is a risk that human rights may not be respected throughout the supply chain. Respect for human rights has been incorporated into the [↗ BMW Group Supplier Sustainability Policy](#). To fulfil our [↗ environmental and social responsibility](#), we implement a multistage due diligence process in our Purchasing and Supplier Network division.

In addition to the Company's international purchasing terms and conditions, BMW Group dealer and importer contracts include requirements relating to compliance and human rights. Human rights issues also play an important role in the Company's choice of locations and major investment decisions. [i] [↗ GRI-Index: 412-3](#)

Compliance management in the Financial Services segment

The financial services business entails specific risks, due to the nature of its products and processes. The focus of compliance management is therefore anti-money-laundering, compliance with financial sanctions, information and privacy protection, fraud prevention, legislative and regulatory monitoring, consumer protection and implementing the requirements of the Financial Supervisory Authorities. To manage risk in these areas, the Financial Services segment has established its own Compliance and Governance department, which works closely with the central Group Compliance function as a decentralised unit. Based on an annual trend analysis it identifies the possible need for adjustments and defines resulting measures. Implementation by the BMW Group's financial services companies worldwide is continuously reviewed and reported to the management of the Financial Services segment on a quarterly basis.

In the BMW Group's Financial Services segment, compliance is incorporated into the target management process. Integration of specific targets into strategic steering underlines the importance of this topic and helps to monitor the implementation. A management system also supports the process of identifying risks arising from non-compliance with internal and external regulations at an early stage.

PRODUCTS AND MOBILITY SOLUTIONS

- 51** Innovation and Customer Orientation
- 56** Carbon Emissions and Pollutants
- 59** Electric Mobility
- 62** Mobility Concepts and Services
- 65** Product Safety and Data Protection

AT A GLANCE**> 40 %**

decrease in carbon emissions on average per vehicle over its entire life cycle compared with 2019 – that is our target by 2030.

[↗ Decarbonisation targets](#)

328,314

electrified vehicles delivered by the BMW Group in 2021 – more than twice as many as in 2019.

[↗ Broader offering](#)

> 250,000

charging points available to customers in Europe with the BMW and MINI Charging Cards.

[↗ Range of reliable charging services](#)



PRODUCTS AND MOBILITY SOLUTIONS

INNOVATION AND CUSTOMER ORIENTATION

[i] An innovation only differs from a mere idea or an invention when successfully applied to create new products, services or processes. In this particular sense, innovation within the BMW Group is inextricably linked with the concept of customer orientation. During the year under report, innovations again led to processes being optimised, products improved, and new technologies introduced that make everyday life easier for our customers. We see the future as electric, digital and circular.

Circular design – a topic shaping the future

The BMW Group and its brands are well-known for their emotive, forward-thinking design. In the course of the reporting year we also focused on another key facet of our work: circular design. At the IAA Mobility in September 2021, design geared to promoting sustainability and driven by the circular economy concept [↗ Circularity as a Strategic priority](#) found its expression in the [↗ BMW i Vision Circular](#). The design of this vision vehicle has been optimised for closed material loops and shows what a vehicle can look like that is not only made of 100 % recycled materials, but is, in fact, itself fully recyclable.

Efficient urban mobility is another strategic focus reflected in the vision and concept vehicles that the BMW Group presented in 2021. The Group also demonstrated its ability to develop innovative solutions with design studies such as the [↗ BMW Motorrad Vision AMBY](#) and the [↗ BMW i Vision AMBY](#) two-wheelers. Powered by smart speed and drive system controls, they can be used both on the road and on cycle paths. The [↗ MINI Vision Urbanaut](#) shows a facet of the automobile that goes far beyond its core purpose as a means of mobility and can be used in a highly flexible manner. [1]

[↗ SASB-Index](#)

100 %

recycled and recyclable. This design study points to what is conceivable as we move forward. [1]

[i] Digitalisation – an opportunity for innovation and customer orientation

We view digital technologies as an excellent opportunity to further improve our existing processes, come up with new solutions, and engage seamlessly with our customers. For example, in many markets vehicles can be demonstrated live on a screen shared with a customer or configured online together with a member of our sales team. A complete online sales process has already been successfully implemented in some of our markets, with others to follow in the foreseeable future.

Furthermore, digitalisation is a vital key to keeping our vehicles "fresh" throughout their entire life cycle. Since the launch of Operating System 7 in 2018, remote software upgrades have become a reality for BMW automobiles.

Remote software upgrades also provide BMW owners with the option to tap into new digital business models such as "functions on demand". Customers can either purchase additional functions or simply order them for a specific amount of time. The response to these offers has already been highly positive. [\[i\] Online Report](#)

In autumn 2021, with the launch of the new, all-electric BMW iX, the BMW Group simultaneously introduced its new BMW Operating System 8 as well as a new display and control system. The principal design focus was on clarity and straightforward, intuitive usability. The large BMW curved display enables drivers to customise the content of their display via a touchscreen. Buttons and switches have been reduced to a necessary minimum.

Digitalisation also enables innovations, simplifications and advances outside the vehicle. The My BMW app and the MINI app for smartphones have been available since 2020. They provide a connection from wherever the user is located to the vehicle – or to the service partner if required. Both apps were equipped with additional new features during the

period under report. For example, the My BMW app now also includes a digital tyre diagnosis feature that uses artificial intelligence to assess the condition of the vehicle's tyres. The MINI app now enables users to access a broader range of services, including booking appointments and paying for services contactlessly. In an optionally available service video, they can find out about the vehicle check or opt for a variety of services. Innovative digital solutions are also deployed in other areas of the BMW Group, such as in production or development scenarios. When it comes to maintaining production systems, we are switching to what is known as a predictive maintenance strategy. With the help of sensors, cloud-based data analysis and artificial intelligence, the system assesses when a particular piece of equipment needs to be serviced in order to prevent unnecessary production downtime. The technology allows maintenance to be planned and components to be replaced before they actually break down.

Drive technologies of the future

The BMW Group also focuses on the needs and wishes of its customers worldwide when developing its drive technologies. For this reason, we are constantly enhancing our existing drive technologies in the interests of efficiency, decarbonisation and resource conservation. At the same time, of course, the BMW Group is researching new drive technologies with the aim of preparing them for series production. [\[i\] 1\]](#)

REMOTE SOFTWARE UPDATES



Some 30 BMW models are currently upgradeable, which means that suitable vehicles can receive the latest software upgrades "over the air". These remote software upgrades provide BMW vehicles with improvements as well as new digital products and services and keep the software up to date.

The BMW Group has already offered automated remote software upgrades to more than four million of its vehicles, and customers have successfully installed them more than 2.3 million times. Read more in our online special. [\[i\] Online Report](#)

[i] Electric-powered future with the Neue Klasse

The BMW Group sees the transformation to all-electric, connected, sustainable mobility as an opportunity and has developed a clear road map that consists of three phases. In the first phase, the Group began pioneering e-mobility as early as 2007 with project i, enhancing the technology and then developing electrified vehicles for series production. In the second phase, which is currently underway, we are introducing electrification to the product portfolio with a new model initiative ↗ Broader offering based on smart vehicle architectures and our highly flexible ↗ production network, which is capable of manufacturing the full range of vehicles from all-electric to combustion engine drive systems on the same production line. By the peak of the second transformation phase at the end of 2025, the share of electrified cars in the BMW Group's total deliveries is scheduled to rise to at least 30 %.

From 2025, the third phase will begin with the Neue Klasse, which will be characterised by three key aspects: a completely redefined IT and software architecture, a new generation of electric drive systems and batteries, and a new level of sustainability across the entire vehicle life cycle. Contributing factors include:

- the all-electric drive system
- the use of carbon-free energy in ever larger parts of the supply chain
- the increasing use of secondary materials
- closed-loop systems for essential production materials

This high technological standard will be integrated in a complete vehicle architecture exclusively geared towards electric drive systems. [1]

[i] Additionally bolstering battery expertise

Powerful, sustainable energy storage systems and the development of new, innovative battery cells are key elements for powering future generations of all-electric vehicles. For the Neue Klasse, we are working on significantly increasing the energy density of the cells, while at the same time cutting material and production costs. Battery recyclability is another key consideration that will impact the development of all our future generations of battery cells. Moreover, the BMW Group is already conducting intensive research into solid-state battery technology, which shows great promise for the future.

Hydrogen fuel cell technology

During the year under report we began testing the BMW iX5 Hydrogen with its hydrogen fuel cell drive in everyday driving scenarios in Europe. The aim is to test the interaction be-

tween the carbon-free drive system, the chassis technology and the electronic systems under realistic conditions. The BMW iX5 Hydrogen uses hydrogen as a fuel and converts it into electricity via a fuel cell, making the BMW iX5 Hydrogen a fully electrically powered vehicle. A pilot series of this model will be produced at the end of 2022 in order to gain further practical experience in a broadly based field trial.

Hydrogen fuel cell technology has the potential to become a sustainable alternative to battery electric drive systems. The technology really comes into its own when comprehensive electric charging infrastructure is not available and there are also a broad number of applications for this technology on long-distance journeys or in larger classes of vehicle. Depending on market requirements and other general conditions, the BMW Group intends to offer a production vehicle of this type in the second half of the decade. [1]



* ↗ Consumption and carbon emissions data

[I The BMW iX5 Hydrogen is powered by fuel cells that stem from the Group's development cooperation with the Toyota Motor Corporation. However, the fuel cell stack and the overall drive system are being developed in-house by the BMW Group. The collaborative project, which began in 2013, aims to optimise the everyday suitability of fuel cell technology and its use in each company's own production vehicles.

In order to build up an efficient hydrogen-based economy and promote the production of green [Hydrogen](#), the BMW Group supports initiatives right across Europe.

Inspiration and cooperation

Good ideas often come into being when different partners decide to work together. Accordingly, we focus on cooperations in which the strengths of the BMW Group complement those of established partners and innovation drivers such as start-ups. Using this approach, we are constantly developing the innovative strength of the BMW Group.

Regional BMW Group Technology Offices are in search of promising business partners worldwide in fields of innovation such as sensor technology, artificial intelligence, battery technology, smart materials, natural user interfaces and smart logistics. To maintain this network, the BMW Group also holds an intensive dialogue with selected colleges and universities. For example, numerous Group employees also lecture at universities and higher education institutions and a great many students come to the BMW Group each year to complete an internship or write a scientific thesis, enabling us to ensure the transfer of knowledge between theory and practice and help train highly qualified junior staff. **I]**

QUANTUM COMPUTING

The BMW Group clearly sees quantum computing as a groundbreaking technology of the future that has considerable potential for use in a broad range of applications, such as for researching materials, in the field of battery cell chemistry, or to power the future of automated driving with quantum machine learning. However, it is still a long way from achieving technological maturity and that's why it is particularly important for us to provide the best possible support for cutting-edge research and its transfer to industrial applications.

The BMW Group is one of ten German companies that formed the **Quantum Technology and Application Consortium** (QUTAC) in June 2021. The aim of the consortium is to continue developing the existing fundamentals of quantum computing to create truly usable industrial applications.

In June 2021, the BMW Group and the Technical University of Munich (TUM) jointly announced the establishment of the **endowed chair for Quantum Algorithms and Applications**. The move was followed in November 2021 by an agreement with RWTH Aachen University also aimed at supporting research into quantum computing. Both of these collaborations are intended to build a bridge between basic research and industrial application.

In July 2021, the BMW Group launched the **BMW Group Quantum Computing Challenge** crowd innovation initiative in collaboration with Amazon Web Services Inc. Researchers, start-ups and companies alike are called upon to develop innovative quantum algorithms that serve as solutions to one of four industrial challenges that were announced. The winners will be invited to implement the selected pilot projects together with the BMW Group as their customer.

Worldwide culture of innovation

The Munich Research and Innovation Centre (FIZ) is the main hub of the BMW Group's international network of research and development locations. After the initial construction phase, the extension was first occupied in autumn 2020, the new driving simulation centre was also put into operation during the year under report. In five of a total of 14 simulators and usability labs, LED walls are deployed to create a virtual environment for development purposes, to enable more realistic representations than previous projection systems.

The global dialogue with start-ups is another important means for us to bring new impulses into the Company. The dialogue is based on three key pillars: [BMW i Ventures](#) through which we invest in technology start-ups, the [Accelerator URBAN-X](#) start-up, which was initiated by the MINI brand and

focuses on life in the city, and the [BMW Startup Garage](#), which represents the third and final pillar. In May, the BMW Group opened a so-called "incubation site" in Shanghai in cooperation with Alibaba Cloud. This joint innovation base aims to help Chinese tech start-ups scale their innovations.

Cooperations and partnerships

In order to maintain its long-term success, the BMW Group enters into targeted cooperations and partnerships, not only with companies from the automotive industry, but with technology leaders from other sectors as well. The aim of co-operating with external partners is to pool our common expertise and implement innovations as swiftly as possible. Some of the BMW Group's major collaborations and investments are listed below:

BMW Brilliance Automotive Ltd. (BBA) is a joint venture founded in 2003 and owned equally by the BMW Group and Brilliance China Automotive Holdings Ltd. (CBA). BMW Brilliance Automotive manufactures BMW brand models at an engine plant and two automobile plants in Shenyang, China (Liaoning Province). In February 2022, the BMW Group acquired a further 25% of the shares in the BMW Brilliance joint venture. Further information on the consolidation of BMW Brilliance Automotive is available in the Notes to the Group [Notes to the Financial Statement](#).

Spotlight Automotive Limited (Spotlight), a joint venture between the BMW Group and the Chinese manufacturer Great Wall Motors, will produce all-electric MINIs as well as electric vehicles for Great Wall Motors. Established in December 2019, the joint venture also includes the collaborative development of battery electric vehicles. The construction of a production plant in Zhangjiagang (Jiangsu Province) is meanwhile in the advanced stages. With this collaboration, the BMW Group is stepping up its commitment in China and significantly increasing its production capacities.

Since the BMW Group, Daimler and Audi acquired the HERE mapping service in 2015, the three partners have been working on developing high-precision digital maps that can be linked to real-time vehicle data. The maps form the basis for the next generation of location-related services, thereby marking another key step in the evolution of individual mobility as well as building a solid foundation for developing new assistance systems. HERE remains accessible as an independent platform for the automotive industry as well as for other partners. During the year under report, the location data and technology platform had nine direct and indirect shareholders, i.e. Audi, Bosch, the BMW Group, Continental, Intel, Mitsubishi, Daimler, Nippon Telegraph and Telephone, and Pioneer.

The BMW Group is a founding partner of the IONITY joint venture, the aim of which is to establish a high-performance, high-power charging network for electric vehicles right across Europe. The joint venture represents a vital step towards ensuring that electric mobility also becomes a convenient means of transport for long-distance travel, thus establishing it firmly on the market. The founding partners, i.e. the BMW Group, Daimler AG, the Ford Motor Company and the Volkswagen Group together with Audi and Porsche, all participated in equal measure. In 2019, the Hyundai Motor Group with its Hyundai and Kia brands joined as an additional partner. In the year under report, the existing partners signed the inclusion of Blackrock as a further investor (closing after approval through anti-trust authorities). The move will enable IONITY to further invest in consolidating and expanding the fast charging network. [Expanding charging infrastructure and enabling faster charging](#)

Under the brand name YOUR NOW, the BMW Group and Daimler Mobility AG offer innovative, customer-friendly solutions for business partners, cities, towns and municipalities that are looking to make their mobility more efficient and sustainable. The cooperation includes the joint ventures FREE NOW (ride-sharing and multimodality), REACH NOW (on-demand mobility and multimodality), SHARE NOW (car sharing) and CHARGE NOW (charging). In 2021, the energy company bp also joined to become the third partner in Digital Charging Solutions GmbH (DCS), which operates the CHARGE NOW brand. [Innovative mobility services on offer](#)

In 2021, the BMW Group, together with the Ford Motor Company, Volta Energy Technologies and other investors, invested in Solid Power, Inc., one of the industry's leading developers of solid-state battery cells with high energy density that can also be used to power electric vehicles. This investment and the subsequent IPO provided Solid Power, Inc. with the financial resources to secure its research and development activities for the years to come.

Moreover, the BMW Group and Solid Power, Inc. have extended the development agreement that has been in place since 2016; the BMW Group intends to purchase solid-state battery cells from Solid Power, Inc. for use in a prototype within the first half of the current decade.

Information on the overall scope of the BMW Group's research and development activities is provided in the section.

Earnings performance

CARBON EMISSIONS AND POLLUTANTS

[I Mitigating the impact of climate change is one of the greatest challenges of our time and requires a massive effort, not only on the part of society as a whole, but also from policy-makers and the business community. The BMW Group is also involved in these endeavours. By 2050, we intend to achieve the target of net zero in terms of our emissions across the entire value chain. With this aim in mind, in 2020 the BMW Group set itself ambitious, science-based targets for the year 2030, which have been validated by the Science Based Targets initiative (SBTi). We intend to achieve these targets by further reducing the carbon footprint and pollutant emissions of our vehicles, as we have done in the past.

Decarbonising across the entire life cycle

The BMW Group is pursuing a clear strategy of decarbonisation across the entire life cycle of its vehicles and has defined specific targets in order to do so. With this holistic approach, we are moving forward on a path in line with the climate protection targets designed to limit global warming enshrined in the Paris Climate Agreement.

Holistic management system

— The BMW Group intends to leverage its holistic management system to substantially improve its carbon footprint from one vehicle generation to the next across the entire life cycle. In view of the increasing electrification, it is particularly important to be aware that although the trend reduces carbon emissions during the use phase, it increases them at the same time in the supply chain. The reason for this lies primarily in the carbon-intensive components needed to power electric mobility, such as high-voltage batteries in particular. With this point in mind, the BMW Group defines specific decarbonisation targets for all its vehicles right from the outset. The targets

encompass the supply chain, production and the subsequent use of the vehicle by the customer. Our system for measuring performance enables us to ensure that these targets are implemented both rigorously and consistently throughout the entire Group. The strategy allows us to take our decarbonisation targets into account right from the product development stage as well as market-related requirements for our vehicle fleet at the same time. We manage the implementation of our targets and the assessment of progress during the development process with the help of a carbon footprint based on ISO standards 14040 and 14044.

Decarbonisation targets across the value chain

Measurable, science-based targets that initially extend to 2030 form the basis for our decarbonisation strategy and for this reason we have joined the SBTi. The use of science-based targets makes the measurability of our targets transparent and at the same time ensures that they are in line with the latest scientific findings. **I**

We have set ourselves the following decarbonisation targets¹ to be achieved by 2030 (base year 2019). These targets were notified to the SBTi and validated in 2020.

- An average of 80 % carbon reduction at our own production sites and locations (Scope 1 and 2) per vehicle produced. Decarbonisation at BMW Group locations From 2021, carbon emissions in accordance with Scope 1 and 2 include not only production-specific emissions, but also those generated at locations not directly related to production.⁶
- An average of at least 20 %² carbon reduction in the supply chain (Scope 3 upstream³) per vehicle produced. This data also provides us with a scientifically tested and confirmed target for reducing carbon emissions in the supply chain. Reducing carbon emissions in the supply chain

— Carbon reduction during the use phase⁴ (Scope 3 downstream⁵) by an average of at least 50 % per kilometre driven. Thus we again significantly raised the original target of more than 40 % that we had set ourselves. The main reason for this is the dynamic growth in demand for our electrified vehicles. Electric mobility, Automotive segment The adjusted target of 50 % has been submitted and successfully validated by SBTi in February 2022.

¹ Scope 3 emissions generated by the upstream value chain, logistics services and well-to-tank emissions are stated in carbon equivalents. When measuring Scope 1 and Scope 2 emissions and the further Scope 3 emissions, climate-impacting gases apart from carbon dioxide have been ignored.

² Figure rounded for simplification purposes. The target validated in conjunction with the SBTi is 22 %.

³ Categories included under Scope 3 upstream according to the Greenhouse Gas Protocol: 1. Bought-in goods and services and 4. Transport and distribution.

Carbon footprint

⁴ Based on the well-to-wheel method, which in addition to the tank-to-wheel approach also takes into account the generation and supply of fuel and thus the entire impact chain relating to the driving of vehicles.

⁵ Categories included under Scope 3 downstream: Use phase Carbon footprint.

⁶ For comparison purposes, the figures for 2019 (base year) and 2020 have been adjusted accordingly.

With the even more ambitious target of reducing carbon emissions during the use phase by more than 50%, the overall view over the complete life cycle¹ of a vehicle by 2030 results in an average carbon emissions reduction of at least 40%. By 2050, we intend to achieve net zero in terms of our carbon emissions across the entire value chain. As of the year under report, we made the remaining carbon emissions generated at our own plants and locations completely carbon-neutral through the use of voluntary offsetting certificates. [Compensation of site-related carbon emissions](#)

[i] THE BMW GROUP'S CARBON FOOTPRINT (ABRIDGED VERSION)³

	2021	2020
TOTAL EMISSIONS	122,539,929	118,491,889
Scope 1	699,713	678,967
Scope 2	134,849	130,090
Scope 3 ²	121,705,368	117,682,832

For definition, [Glossary: Carbon emissions Scope 1 to Scope 3](#)

For a detailed version, see [Carbon footprint of the BMW Group in "Further GRI information"](#) [1]



[1] GRI-Index: 305-5

[i] Following the overall drop in carbon emissions one year earlier due to the coronavirus pandemic, the figure rose again by around 3% to approximately 123 million tonnes in the year under report, mainly driven by renewed growth in production volume. Nonetheless, carbon emissions are 8% down overall compared to the base year 2019, mainly due to lower average fleet emissions worldwide. [1]

Decarbonisation during the use phase meets legal requirements

The carbon emissions generated during the use phase are the subject of numerous regulatory requirements and also a key parameter in our life cycle assessment. With the early serial introduction of [electrified vehicles](#) since 2013 and the fleet-wide use of innovative [Efficient Dynamics technologies](#) since 2007, we have continuously and permanently reduced both vehicle fuel consumption and emissions. These two parameters form the basis for us for again meeting mandatory carbon emissions and fuel consumption requirements in the year under report. [SASB-Index](#)

EU carbon emissions targets achieved

As from 2021, average fleet CO₂ emissions in the EU⁴ must be reported according to the new WLTP⁵ type test cycle. In the year under report they totalled 115.9 g CO₂/km⁶, taking regulatory requirements into account. We have thus significantly reduced fleet carbon emissions compared with the previous year (2020: 135 g CO₂/km^{6,7}). We were significantly below the limit of 125.8 g CO₂/km applicable for the BMW Group by 9.9 g CO₂/km. The reduction is therefore in line with the trend seen in previous decades, driven by the increasing electrification of our vehicle fleet and continuous improvements in the efficiency of our internal combustion engines. On this basis, we continue to work unabated to further reduce greenhouse gas emissions going forward.

JOINING THE INITIATIVE BUSINESS AMBITION FOR 1.5°C

In line with the targets set at the Paris Climate Agreement, the BMW Group wants to make its contribution to limiting global warming. We are demonstrating this commitment with our medium- and long-term plans for decarbonisation. To emphasise our intention, during the year under report we became the first German automotive manufacturer to join the [Business Ambition for 1.5°C initiative](#) of the SBTi. The campaign brings together companies that have set themselves the target of net zero emissions in line with the SBTi and are thus following a long-term 1.5 degree pathway. By joining the initiative, the BMW Group is also part of the international [Race to Zero campaign](#) organised by the United Nations. With this move, we also want to motivate other companies to take ambitious steps to protect the climate.

¹ Excluding carbon emissions relating to disposal.

² Scope 3 in this case includes emissions from logistics, business travel, employee commuting, upstream supply chain, use phase and waste disposal.

³ Due to the broader extent of reporting on Scope 1 and Scope 2 emissions at BMW Group locations and the changed method for calculating Scope 3 downstream emissions in the use phase, the previous year's figures have been adjusted to enable better comparison.

⁴ EU-27 countries including Norway and Iceland.

⁵ WLTP stands for the new Worldwide harmonized Light vehicles Test Procedure. Since 2021, the EU Commission has used this procedure as the basis for calculating fleet carbon emissions.

⁶ This is a preliminary internal calculation with a potential variation of + / - 0.5 g CO₂/km, as official registration figures have not been provided by the authorities of all EU states. The EU Commission is not expected to publish official figures until November 2022.

⁷ To improve comparability of the previous year's figures with those of the current year under report, the 2020 NEDC figures have been converted to WLTP after adjustment for the applicable flexibilities – specifically, from 99 g CO₂/km according to NEDC (incl. 5 g CO₂/km phase-in, 7.5 g CO₂/km supercredits and 2.4 g CO₂/km eco-innovations) to 135 g CO₂/km according to WLTP (excluding flexibilities). In 2020, a phase-in regulation was accepted, as was the recognition of supercredits. As of 2021, these two simplifications no longer apply for the BMW Group.

⁸ [Consumption and carbon emissions data](#)

Fleet emissions in the USA, China and worldwide

In the USA, average fleet emissions¹ for model year (MY) 2021 were calculated at 134.0 g CO₂/km for passenger cars (MY 2020: 155.7 g CO₂/km) and 150.1 g CO₂/km for light trucks (MY 2020: 185.6 g CO₂/km). Volume-weighted fleet carbon emissions in the USA averaged 140.9 g CO₂/km (MY 2020: 166.8 g CO₂/km) (BMW internal calculation). In the 2021 reporting year, legally permissible imputation factors¹ were included for the first time. For this reason, direct comparability with the previous year is not possible. In China, average fleet carbon emissions² were 163.0 g CO₂/km according to the new WLTC test cycle introduced in the year under report (2020: 151.1 g CO₂/km NEDC). Due to the change of cycle, a direct comparison with the previous year is not possible.

The BMW Group's global carbon fleet emissions³ averaged 197.9 g CO₂/km³ in the year under report (2020: 212.4 g CO₂/km). The figure represents a reduction of 9.4% compared with the 2019 baseline. When calculating these emissions, the BMW Group takes into account the average fleet carbon emissions in the EU, the USA and China and standardises them according to WLTP. Accounting for more than 80 % of BMW Group deliveries overall, these three core markets and regions are a reliable basis for calculating fleet carbon emissions worldwide. In line with the SBTi, we add 10 % to the figures calculated to cover any possible differences between the figures according to WLTP and actual emissions. The figure also includes the upstream supply chain emissions generated by energy sources (fossil fuels and electricity) in accordance with the well-to-wheel approach.⁴

[↗ GRI-Index: 305-5](#)

[i] Legal framework

The BMW Group has the clear ambition not only to comply with statutory carbon emissions limits worldwide, but also to significantly undercut them wherever possible. At the same time, we support the development of harmonised regulations – both nationally and internationally. Comparable regulations in major markets create reliable, predictable framework conditions that make a key contribution to combatting climate change and improving air quality. We address the opportunities and risks associated with increasingly strict carbon emissions regulations as part of our [↗ climate-related risks. ↗ TCFD-Index](#)

The BMW Group supports the proposal published by the EU Commission in the year under report for implementing the EU's 2030 climate protection target. The associated goals of Fit for 55 largely coincide with those of the BMW Group.

Moreover, we are closely monitoring regulatory developments in the USA. In 2020, the BMW Group entered into a voluntary agreement with the US state of California to reduce its fleet emissions. The bilateral agreement is applicable for all new BMW Group vehicle registrations in every state of the USA. In 2021, the US government announced plans to introduce tougher fleet fuel consumption targets at national level. The BMW Group also intends to comply with these future requirements. The US federal requirements regarding Greenhouse Gas Emissions (GHG) generated by vehicle fleets and the Corporate Average Fuel Economy (CAFE) regulations are applicable in this case.

Designing conventional drive systems for greater efficiency and lower emissions

The BMW Group expects state-of-the-art, highly efficient combustion engines to continue playing a vital role. As part of our Efficient Dynamics approach, we will therefore continue to work on further reducing the fuel consumption of conventional drive systems in the coming years, thereby increasing their efficiency. [↗ SASB-Index](#)

Technological improvements

The BMW Group has been implementing its Efficient Dynamics package of technological measures across its entire fleet since 2007. The package comprises a range of coordinated measures designed to reduce fuel consumption. We will continue to pursue this strategy with innovative approaches to the use of internal combustion engines, aerodynamics and lightweight construction. The broader use of 48-volt technology is a key component in this regard. 48-volt recuperation systems gather the energy recovered during braking to supply the vehicle's electrical system and generate additional power, which reduces fuel consumption and therefore carbon emissions. In the EU, apart from our all-electric and plug-in hybrid models, we are also offering a wide range of new models featuring a 48-volt recuperation system. As from 2022, our modular motors will be fitted with the second, even more efficient generation of 48-volt technology. The continued further development of energy management technologies in our vehicles, supplemented by other measures such as switching to highly efficient tyres, should ensure even greater efficiency and optimise fuel consumption. [\[1\]](#)

¹ Average volume-weighted fleet emissions including regulatory credit factors (EV multipliers, credits advanced technologies) of 21.6 g CO₂/km according to USC (United States Combined).

² Average volume-weighted fleet emissions including regulatory credit factors of 8.83 g CO₂/km (off-cycle technologies, NEV multiplier, phase-in) according to WLTC (Worldwide Harmonized Test Cycle under China-specific test road conditions).

³ The figures are determined using a new calculation method, which was applied retroactively to the year 2019 (2019 prior to adjustment: 140 g/km; 2020 prior to adjustment: 133 g/km). For the definition see Glossary [↗ Carbon emissions of the new vehicle fleet worldwide incl. upstream emissions](#).

⁴ The well-to-wheel method takes into account the entire impact chain relating to the movement of vehicles. The method covers everything from the generation and provision of fuel to its conversion into energy and thus also takes into account the environmental impact of producing the required fuel. For example, the BMW Group takes the IEA Energy Report as the basis for calculating emissions in the upstream value chain ([↗ Provision of electrical energy](#)).

[i] Pollutant emissions

Since the early 1990s, the BMW Group has significantly reduced the level of regulated pollutant emissions generated by its vehicles, such as nitrogen oxides (NOx), carbon monoxide (CO) and particulate matter (PM), by deploying new technologies and continually improving existing ones. Between 1992 and 2021, in Europe alone we reduced the relevant exhaust emissions of our new fleet of diesel cars in line with Euro 1 to Euro 6d exhaust standards by more than 90 % compared to the level recorded prior to their introduction. Measures aimed at minimising air pollution have made a significant contribution to these achievements. All BMW Group vehicles offered for sale during the year under report meet the current Euro 6d emissions standard in the European Union as well as similar regulations in Switzerland, Norway, the United Kingdom and Iceland.

Nitrogen oxide levels are a crucial factor determining the quality of air in towns and cities. With this point in mind, since mid-2018 the BMW Group has been using a highly effective combination of a NOx storage catalytic converter (NSC) and a selective catalytic reduction (SCR) system with urea injection (AdBlue) in all diesel-powered BMW vehicles as well as in the larger MINI diesel models. The efficiency of exhaust gas after-treatment has been additionally boosted by the use of an improved oxidation catalytic converter combined with a two-stage SCR system. The new technology has been available since 2020 with the revised generation of six-cylinder diesel engines and is due to be rolled out across the entire product range during the coming years. There have already been noticeable reductions in NOx pollution levels in German cities over the past few years, partially driven by the ongoing renewal of the vehicle fleets of all automotive manufacturers. [1]

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

ELECTRIC MOBILITY

[i] Electric mobility is one of the key topics shaping the future of the BMW Group in terms of sustainable mobility. The increasing number of electrified models and continuously growing sales volume figures place the BMW Group firmly among the leading providers of premium electric mobility worldwide. We see electrification from a holistic point of view and consider it essential to promote electric mobility by putting in place the necessary charging infrastructure as well as customer-friendly charging solutions. Accordingly, we are continuously expanding our range of products and providing a comprehensive range of charging products and services.

Driving electric mobility forward

Our electrified vehicles are making an essential contribution to driving down fleet emissions and thus to meeting our ambitious strategic [\[x\] decarbonisation targets](#) right across the value chain. For this reason, we are systematically continuing to electrify our model range as a vital ingredient of our product strategy.

Drive system diversity

The BMW Group has always focused its business on the needs of its customers, and our product portfolio amply reflects this enduring ambition. Leveraging the benefits of scalable, modular design and the Group's [\[x\] flexible production systems](#), customers can now choose between fully electric vehicles, plug-in hybrids and efficient conventionally powered models. A prime example of the freedom of choice our customers enjoy is the BMW X3, which is the first model series to be available as a plug-in hybrid*, a combustion engine version (both diesel and petrol), and as a BMW iX3* with an all-electric drive system.

By the year 2030, at least half of the BMW Group's vehicle deliveries worldwide are set to be fully electric models.

By offering parallel drive technologies, we are creating a smooth transition to the future of electric mobility, while simultaneously making the best possible use of our existing resources. At the same time, we are systematically continuing to electrify our product range, driven by the dual forces of growing customer demand and regulatory requirements. [1] By 2025, the proportion of electrified automobiles in total Group deliveries is projected to rise to at least 30 %. By the year 2030, at least half of the BMW Group's vehicle deliveries worldwide are set to be fully electric models. Moreover, we intend to put some ten million fully electric vehicles on the road during the next ten years. [1] By the early 2030s, the BMW Group plans to offer only all-electric vehicles to its MINI and Rolls-Royce customers. The fact that we are systematically electrifying both brands has to do with their typical user profiles, as MINIs are predominantly used for urban driving, while Rolls-Royce cars are mainly used for shorter distances. [1]

* [\[x\] Consumption and carbon emissions data.](#)

[i] Broader offering

The BMW Group's range of electrified products consists of purely battery electric vehicles (BEV¹) and plug-in hybrid models (PHEV²).

Apart from the established all-electric BMW i3, MINI Cooper SE⁶ and BMW iX3⁶ models already available, two key innovation drivers were added during the year under report – the BMW iX⁶ and the BMW i4⁶. Over the next two years, the all-electric versions of the BMW 7 Series, the BMW X1, the high-volume 5 Series and the MINI Countryman are set to follow, as will the all-electric Rolls-Royce Spectre. From 2025, we will be rigorously taking the core BMW brand into a new all-electric dimension with the [↗ Neue Klasse](#).

During the year under report, the BMW Group also added further engine variants to its PHEV model range with the BMW 320e⁶ and the BMW 520e⁶. Including these innovations, we are currently offering 17 plug-in hybrid basic models³ in a total of 83 markets worldwide. With innovations such as the [↗ BMW eDrive Zone](#), extensive charging options and increased ranges, we are enabling drivers of plug-in hybrids to travel electrically as often and over as long a distance as possible. The BMW 2 Series Active Tourer⁶ compact plug-in hybrid model will be launched in 2022 and capable of travelling up to 80 kilometres (WLTP⁴) purely on its own battery power. [\[1\]](#)

In 2021, the BMW Group delivered a total of 328,314 all-electric and plug-in hybrid vehicles (2020: 192,662⁵) to customers, around 104,000 of them with all-electric drive systems, thus surpassing our self-imposed target of more than doubling our sales of electrified vehicles compared with the 2019 figure (146,158 units). Therefore, at the end of 2021, more than one million BMW Group vehicles with fully electric or plug-in hybrid drive systems were on the road worldwide ([↗ Automotive segment](#)). In the year under report, the percentage

share of electrified vehicles to total BMW Group deliveries reached 13.0 %.

[i] Increasing range to suit customer needs

The BMW Group assesses the increase in electric vehicle ranges from various points of view. We are not aiming to provide the technically greatest possible range across all vehicle segments as a matter of pure principle. It is far more important to adapt the range to suit the intended use of each individual vehicle. At the same time, we also need to consider the ecological impact, as a longer range means larger and therefore heavier high-voltage batteries. This relationship has a direct effect on resource consumption, the environmental footprint of the respective supply chain, and vehicle weight, which in turn has a significant influence on the overall consumption of a given vehicle.

For these reasons, the MINI Cooper SE⁶ is designed for urban driving and has a range of more than 200 kilometres (WLTP⁴), in line with customer requirements. The new BMW iX and i4 models are designed for covering long distances of around 600 kilometres (WLTP⁴) on just one charge. In view of the customer and usage profiles of both vehicles, we consider these ranges to be optimal. Fully electric vehicles will be capable of achieving ranges of more than 600 kilometres (WLTP⁴), depending on vehicle size and type, as the use of electric mobility continues to become more widespread.

Hydrogen

Our customer-oriented technological diversity approach also includes the further development of fuel cell technology, for which we see considerable potential, depending on the segment. We see electric drive systems that use hydrogen as an energy storage system as a complementary addition to battery electric mobility and as an opportunity to reduce carbon emissions at an even faster rate. In this context, we presented the [↗ BMW iX5 Hydrogen](#) at the IAA Mobility 2021.

We are also driving hydrogen fuel cell technology forward at a higher level. For example, we are involved in worldwide organisations and associations, such as the [↗ Hydrogen Council](#). As an associated partner of [↗ H2 Mobility Deutschland GmbH](#), the BMW Group supports the establishing of infrastructure required for hydrogen-powered vehicles. In this context, the BMW Group welcomes the call in the EU's Fit for 55 legislative package to establish a basic infrastructure of 700-bar hydrogen refuelling stations.

Expanding charging infrastructure and enabling faster charging

An expanded, customer-friendly charging infrastructure will pave the way for the rapid and widespread use of electric mobility. For this reason, the BMW Group is committed to creating standardised framework conditions and services that enable easy charging. [\[2\]](#)

¹ Battery electric vehicle.

² Plug-in hybrid electric vehicle.

³ All performance and body variants are counted as basic models. Specifically, these are the following: BMW 225xe*, BMW 320e*, BMW 320e Touring*, BMW 330e*, BMW 330e Touring*, BMW 520e*, BMW 530e*, BMW 530e Touring*, BMW 545e*, BMW 545e Touring*, BMW X1 xDrive25e*, BMW X1 xDrive25Le* (China only), BMW X2 xDrive25e*, BMW X3 xDrive30e*, BMW X5 xDrive45e*, BMW 745e / Le / Le xDrive* and MINI Cooper SE Countryman ALL4*.

⁴ Range calculated on the basis of the new WLTP test cycle (Worldwide Harmonized Light Vehicles Test Procedure). The actual range achievable depends on a variety of factors, including personal driving style, route characteristics, the outside temperature, heating, air conditioning, preheating and preconditioning. Provisional figure.

⁵ Vehicle delivery figures presented for the year 2020 are not directly comparable with those of previous years. See sales figures for deliveries in the section "Comparison of Forecasts with Actual Outcomes" for further information.

⁶ [↗ Consumption and carbon emissions data](#).

[Range of reliable charging services

With BMW Charging and MINI Charging, the BMW Group offers a comprehensive range of charging solutions that make electrified vehicles more convenient to use in a variety of situations. These include charging products and services that benefit customers on the road, at home and at work.

Customers can use their BMW and MINI charging cards to take advantage of public charging services, providing them with straightforward, transparent access to one of the world's largest charging networks with over 250,000 charging points across Europe, of which 48,000 are located in Germany alone, and also include fast-charging stations with a capacity of over 150 kilowatts (kW). The IONITY European high-power charging service can also be accessed via BMW Charging and MINI Charging. In 2021, the BMW Group introduced a standardised tariff structure for public charging in 22 European countries. With the Connected Charging application, available both within the vehicle and as a smartphone app, we also enable MINI and BMW drivers to charge their vehicles in a predictive, convenient and cost-efficient manner. The service provides drivers with comprehensive information at any time, including the remaining range of their vehicle and the availability of charging points.

Apart from the public charging services they offer, BMW Charging and MINI Charging provide a standard charging solution in the form of the Flexible Fast Charger and other charging products designed for home use. BMW also offers charging solutions for corporate customers in collaboration with partners. The BMW Group itself operates one of the largest [company charging networks](#) in Germany. [Employee mobility](#)

In addition to the BMW Charging and MINI Charging services, we offer green electricity tariffs and attractive solar power services for the home in certain countries, and plans are being put in place to expand this offering to other markets.

Improving framework conditions

The BMW Group still sees a need for political action in order to better promote electric mobility in many countries and cities. EU market research data highlight the close correlation between the density of charging infrastructure and the sale of electrified vehicles – both at the level of member states and in a comparison of various regions.

We support political initiatives in favour of sector coupling, with the aim of forming smart connections between the mobility and the energy sectors. The BMW Group is also conducting its own targeted research and development work in this area. For example, as part of a pilot project in California, USA, customers can already use the [BMW ChargeForward](#) service to synchronise their charging behaviour with grid capacity utilisation and the use of renewable forms of energy ([Collaboration with cities](#)). The further expansion of this technology is planned.

Another project aimed at promoting sector coupling is so-called [Bidirectional Charging Management \(BDL\)](#), which is funded by Germany's Federal Ministry for Economic Affairs and Energy. BDL transforms electric vehicles into mobile energy storage devices and thus into a part of the energy system in that their batteries are not only able to store electricity, but also simultaneously feed it into the operator's power grid in the opposite direction.

Recording electric mobility over the entire life cycle

Electrified vehicles need to be as eco-friendly as possible, not only during their use phase, but also in terms of their overall footprint, including the supply chain. [Holistic management system](#). In the BMW Group's case, for instance, this was confirmed by the environmental report on the BMW iX3³: Over its life cycle, the all-electric vehicle emits around 40% fewer carbon emissions¹ than the BMW X3 30i reference vehicle. If the battery is charged using renewable energy only, carbon emissions are even around 67% lower.

IONITY EUROPEAN FAST-CHARGING NETWORK

[At European level, in collaboration with the joint venture [IONITY](#), the BMW Group is further expanding a comprehensive, high-performance, fast-charging network along major road routes. Depending on the vehicle, charging is particularly fast with capacities of up to 350 kW. All IONITY charging points are publicly accessible, regardless of vehicle brand, and designed in accordance with the European Combined Charging System (CCS) standard. A ubiquitous high-power charging network is key to achieving sufficient market penetration and ultimately the success of electric mobility. All 6,600 IONITY charging points are powered by 100 % green electricity.

[Cooperations and partnerships](#)]

The environmental impact of a battery vehicle is predominantly caused in the upstream value chain, where the purchasing of raw materials to manufacture battery cells and the carbon-intensive production of the batteries themselves leave a significant footprint.

For this reason, the BMW Group sees it as particularly important to produce components such as the electric motor, high-voltage storage systems, and battery cells in a more sustainable manner. [Reducing carbon emissions in the supply chain](#). Other methods of mitigating the environmental impact include recycling and reusing the high-voltage storage units installed in our BEV and PHEV models. The BMW Group already offers all customers that use its battery-powered vehicles to take back their high-voltage batteries free of charge at the end of their life cycle.]

¹ Disclosure in CO₂ equivalents.

² The entire value chain was taken into account and standard consumption levels as well as the European electricity mix were used as a basis.

³ [Consumption and carbon emissions data](#).

MOBILITY CONCEPTS AND SERVICES

IThe BMW Group aims to make mobility more sustainable and cities more pleasant places to live in. With these aims in mind, we are cooperating with cities around the world and are involved in overarching platforms for mobility, thus making our contribution to reducing both traffic density and the associated negative impacts. Via BMW Group subsidiaries, we also offer a range of innovative urban mobility services, which include car sharing, driving and charging services, and a digital, multimodal platform that allows users to conveniently order, combine and use various modes of transport via their smartphones. To make these services more sustainable, the YOUR NOW companies FREE NOW and SHARE NOW are gradually electrifying their fleets of vehicles. In addition, the BMW Group is driving forward the connectivity and automation of its vehicles as key elements towards ensuring eco-friendly, safe and free-flowing traffic in cities.

Shaping the future of mobility

The BMW Group is currently working together with the three German cities of Munich, Berlin and Hamburg, and at international level with Rotterdam, Los Angeles and Beijing, on cooperative research and implementation projects.

In Munich, for example, the BMW Group is currently working with partners from the local business community to develop a new model of collaboration between policymakers, stakeholders and the private sector, building on 25 years of involvement in the so-called Inzell-Initiative. The focus is on creating strategic measures for developing sustainable transportation in the region.

In the German capital, the BMW Group is involved in the [↗ New Mobility Berlin](#) project, which addresses people's changing mobility needs and the shortage of space in a growing city. Against this backdrop, the project aims to make public street space more flexible to use. The project is looking to create shared spaces to provide mobility stations for car sharing or rental bicycles, for example.

In the [↗ National Platform for the Future of Mobility](#), which was set up by the previous federal government, the BMW Group chaired the working group on digitalisation for the mobility sector. The group developed measures to make mobility more climate-neutral, efficient, convenient and cost-effective for the future.

In October 2021, the BMW Group extended its [↗ cooperation](#) with the City of Rotterdam, which has been ongoing since 2018, for a further six years. One successful example of this collaboration is the BMW eDrive Zone technology, which was launched in 2020. [↗ BMW eDrive Zone technology](#)

The importance of cooperation between cities and energy suppliers was meaningfully demonstrated in the [↗ BMW ChargeForward](#) project in California. The project enabled us to demonstrate that intelligently controlled charging coordinated to suit the availability of renewable energy is more environmentally friendly, more energy-efficient and more cost-effective for the customer.

Range of innovative mobility services

Together with Daimler Mobility AG, the BMW Group offers mobility services via the joint venture YOUR NOW, which was established in 2019. The YOUR NOW range of services includes car sharing and the use of e-scooters, e-bikes and e-kick scooters (multimodality) as well as driving and charging services and provides customers with access to the charging infrastructure as well as to alternative means of transportation apart from their own cars. At the same time, they are promoting the expansion of public charging points with their increasingly electrified range of vehicles. All YOUR NOW subsidiaries continued to consistently develop their activities throughout 2021 against a backdrop of pandemic-related restrictions.

As Europe's largest multimodal mobility platform, FREE NOW combines various forms of mobility in one single app. With this strategy, the service brings registered users in European and Latin American cities to their destination quickly and in line with their individual needs. Apart from taxi cabs and private ride services, e-scooters and e-kick scooters, SHARE NOW vehicles have also been bookable via the FREE NOW app since mid-2021. At the same time, FREE NOW is systematically promoting the electrification of the fleet it uses. FREE NOW intends to grow its share of electrically powered trips to 50 % by 2025 and go all-electric by 2030.

SHARE NOW is one of the pioneers in the field of car sharing and offers vehicles for on-demand rental. In 2021, the mobility brand launched its first connection between two metropolitan areas with the route between Rotterdam and Amsterdam. Furthermore, SHARE NOW systematically continued to electrify its vehicle fleet during the year under report and more than a quarter of its vehicles are meanwhile powered by electricity. [\]](#)

[i] The joint venture also includes Digital Charging Solutions (DCS) GmbH, one of the leading developers of digital charging services for car manufacturers and fleet operators in Europe. Under the CHARGE NOW brand, DCS offers comprehensive access to public charging points. As a so-called white-label solution, business customers can offer their end customers made-to-measure access to a network of more than 360,000 public charging points from a variety of operators in 30 countries. The BMW Group utilises the DCS offering by giving its customers access to the public charging services provided by [BMW Charging and MINI Charging](#) at competitive tariff rates in both Europe and Japan. The addition of the energy company bp as DCS's third partner will make a significant contribution towards further expanding the available charging network.

In 2021, the YOUR NOW holding company sold its digital parking services, which were offered under the PARK NOW brand, among others, to the Swedish company EasyPark. **[i]**

[i] The DCS offering includes

360,000

public charging points in 30 countries. **[i]**

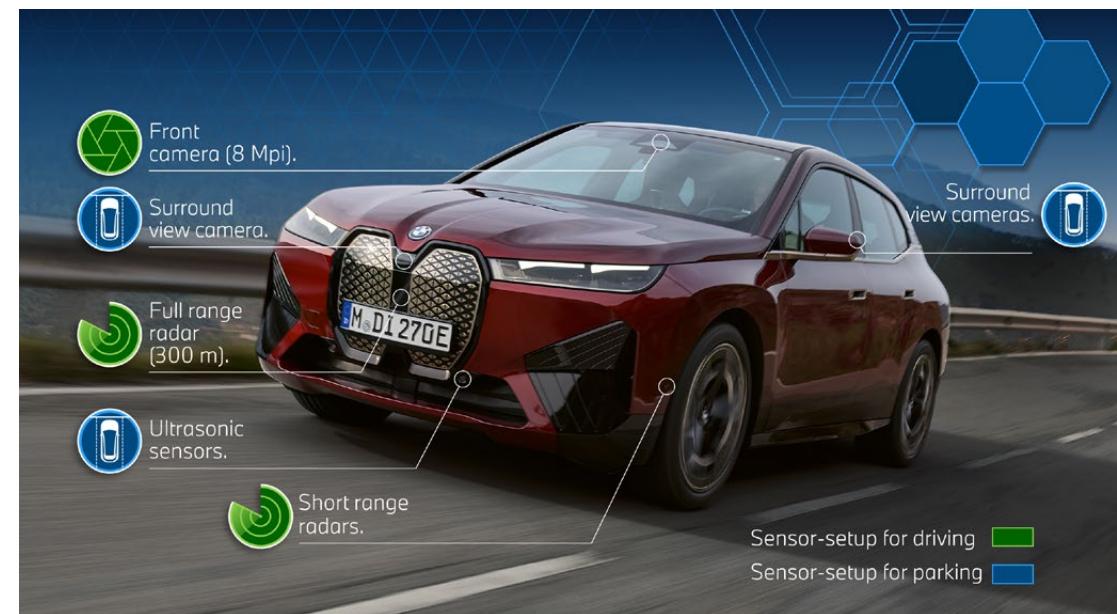
AUTOMATED AND AUTONOMOUS DRIVING

At the end of 2021, the all-electric BMW iX was the first BMW Group vehicle to offer automated driving and parking features from a new technology kit that will also be deployed in the upcoming BMW 7 Series. With the introduction of completely new software and state-of-the-art sensor technology – including the use of an 8-megapixel camera for the first time in the automotive sector – customers can now choose from around 40 driver assistance features designed to make their driving experience more pleasant, convenient and ultimately safer.

Around 1,200 engineers are working on developing and testing new, automated driver assistance functions to achieve these aims. Around half of these employees are highly qualified software developers. Artificial intelligence (AI) is a key technology for enabling automated

and autonomous driving. A large number of AI-based applications are currently in use and being tested under everyday conditions. Automated driver assistance functions are being rigorously developed at more than 12 locations worldwide (including test sites) in order to allow for local circumstances such as regulatory, road and climatic conditions. Regionally differing customer requirements also play a key role.

The recently opened [Driving Simulation Centre](#) in Munich is unique worldwide. Visitors can virtually test driver assistance systems and automated driving functions that realistically simulate the product requirements of the future.



[t] Digital connectivity and automation

Automated features and digitally connected vehicles can help reduce emissions, the risk of accidents and traffic congestion. Since 2017, the Group has been pooling the development of assistance and automation functions at the Autonomous Driving Campus, located just north of Munich. It also operates research facilities in both China and the USA, the BMW Group's two largest markets in terms of traffic-related as well as traffic law specifics, the very beginning. In order to develop new technologies to maturity for series production and expand our testing capacities, we are currently building a new test site in the Czech Republic.

Since 2021, the Munich-based research project TEMPUS*, in which the BMW Group is participating, has been following up questions relating to technical feasibility. The project also aims to assess the acceptance of automated traffic systems among the general public.

With the all-electric BMW iX, which was launched in 2021, we are also offering state-of-the-art driver assistance systems. The BMW iX is the first BMW Group vehicle to feature automated driving and parking functions from a new modular technology toolkit that will be deployed across the entire product portfolio from next year.

With its BMW eDrive Zone technology, the BMW Group is demonstrating how vehicle connectivity can help make urban mobility more sustainable. Plug-in hybrids equipped with the appropriate module can automatically switch to all-electric driving when entering a defined zone, making it easier for customers to drive emissions-free as often as possible, provided their vehicles are charged with green electricity. BMW eDrive Zone technology is already available in over 138 towns and cities across Europe.

Safety of automated and smart systems

The BMW Group gives the safety of its automated systems the highest priority. For that reason, we support the development of an industry-wide ISO standard for highly and fully automated driving functions. In 2019, the BMW Group, together with 11 leading companies in the field of automated driving, published the white paper Safety First for Automated Driving, which was translated into an [ISO Technical Report](#) in 2020. The work is currently being continued in a worldwide ISO working group and scheduled to be published as an ISO Technical Specification in 2023 with the aim of defining uniform technical standards for safe automated driving.

Artificial intelligence (AI) has been used in BMW driver assistance systems since 2018. It helps to detect dangerous situations, such as other vehicles swerving into traffic, at an early stage so that the driver can react accordingly. The AI's learning is controlled and safeguarded throughout the process. Here, too, the Group is working to achieve the international harmonisation of AI standards and helped initiate the development of the new ISO Safety and Artificial Intelligence standard in 2021. In this context, as a founding member of the European GAIA-X project, we are committed to establishing a protected, high-performance data infrastructure as the basis for safe, efficient traffic management. [1]

[t] 138

European towns and cities are compatible with BMW eDrive Zone technology. [1]

PRODUCT SAFETY AND DATA PROTECTION

[I We aspire to deliver the highest standards of quality and safety for all BMW Group vehicles. In all measures, the safety of people is key. In its manufacturing processes, the BMW Group avoids the use of any substances that pose a health risk. The active and passive safety systems built into our vehicles ensure greater safety on the road. In our driving safety training courses, we instruct customers on all aspects of safety and show them how to recognise and react appropriately to dangerous situations. Responsibility towards our customers also includes the responsible handling of their data. In this respect we focus on transparency, informational self-determination, data sovereignty and data security.

Product safety as part of quality management

The BMW Group operates a comprehensive system of quality management, as we want to ensure that our products are of high quality, safe and compliant with the law. All BMW Group vehicles are therefore subject to stringent testing from the development stage right through to production. However, our quality management system goes further and also includes the use of our vehicles after they have been delivered to our customers; if any deviations from the quality standard are observed, they are rigorously followed up. The BMW Group also informs the relevant authorities without delay if required to do so by market-specific regulations. This is especially true for safety-related aspects. If a safety risk is detected, the BMW Group implements any technical measures required in close coordination with the responsible authorities. Corresponding committees, processes and organisations are in place for this purpose, which are controlled by the Product Support, Technical Actions and Warranty Costs department. In the reporting year 2021, safety- and compliance-related technical actions affected 1,920,977 vehicles.

These actions were all of a voluntary nature and carried out in coordination with the respective authorities. The main technical actions related to exhaust gas recirculation issues and Takata-airbags. [↗ GRI-Index: 416-1](#), [↗ SASB-Index](#)

Effective safety systems

State-of-the-art safety systems play a major role in reducing the risk of accidents and injuries (active safety) and largely mitigate the consequences of a possible accident (passive safety). Safety begins with key factors such as optimal chassis tuning, highly effective braking systems and stable passenger compartments, but also includes airbags as standard and digital driver assistance systems such as active cruise control, collision warning, lane guidance and emergency braking assistants. They also promote greater safety for all road users. The connectivity and automation of vehicles also provides a growing number of opportunities to improve safety. The BMW iX sets new standards in this regard, thanks in part to its advanced front collision warning system with braking intervention, which comes as standard.

We work continuously on improving vehicle safety. The [↗ European New Car Assessment Programme](#) (Euro NCAP), a vehicle crash safety assessment scheme, confirms the effectiveness of the safety measures installed in our vehicles. In the 2021 Euro-NCAP-Rating, the BMW iX received the highest rating, just like numerous models did in past years, such as the BMW 4 Series Coupé and BMW 4 Series Convertible, thus demonstrating the Group's premium-level standards in terms of vehicle safety. [↗ SASB-Index](#)

Pollutants management

The BMW Group endeavours to meet legal requirements regarding the use and handling of pollutants at every stage of the value chain. Right from the design stage, the BMW Group is careful to exclude any substances of concern from its vehicles to the greatest extent possible. In doing so, we use the [↗ Global Automotive Declarable Substance List](#) (GADSL) as a guide. At

[I All BMW Group vehicles are subject to stringent quality, safety and legal compliance tests, right from the development stage through to production. **]**

the same time, we are working to reduce emissions in the vehicle interior to an absolute minimum. All BMW, MINI and Rolls-Royce vehicles are equipped with passenger compartment air filters as standard, reliably filtering out pollutants and particles such as dust or pollen from the outside air. In 2020, the BMW Group fitted passenger compartment air filters with [↗ nanofibre filter technology](#), which keeps certain microbial particles and allergens from entering the vehicle's interior. Since 2021, we have been gradually introducing this technology in a range of other BMW Group models.

Customer awareness and empowerment

The BMW Group provides its customers with extensive information on the correct use of its products and services. Information on safety, the proper use of its vehicles, and health protection is available in the integrated operating instructions in printed form, online, or via an app. The information is supplemented by notes and background tips on services, accessories and the vehicle's various components. **]**

[In its [BMW and MINI Driving Experience](#), the BMW Group offers product experiences and safety training with BMW, MINI and BMW Motorrad brand vehicles in 25 countries. The Driving Experience teaches participants safe vehicle handling and prepares them for any dangerous situations that may occur on the road. In 2021, more than 100,000 customers worldwide took part in these training courses.]

Data protection – an essential task

The BMW Group views data protection as one of the most important tasks in these times of increasing digitalisation. For this reason, the strictest data protection requirements are taken into account at an early stage when developing features and services. Via an individually configurable data protection menu, we provide our customers with transparency, informational self-determination and ultimately data sovereignty.

Customer data protection

At the BMW Group, data and information protection is based on the relevant laws and standards, particularly the EU General Data Protection Regulation and the ISO/IEC 27001 international security standard. The personal data of customers are only collected, processed or used to the extent legally permitted and with the consent of the data subject. However, should customers have any queries or complaints regarding the protection of their personal data, they are welcome to contact the Customer Interaction Centre or the data protection officer in their respective markets.

[In 2021, more than 100,000 customers worldwide took part in BMW and MINI Driving Experience training courses.]

At the same time, we continuously strive to maintain our high level of data protection and regularly check all applications that process customer data to ensure that they comply with all current and appropriate IT security measures. In the course of this process, we specifically search for any possible weak points and eliminate them with teams of IT specialists. We implement any new insights into mandatory corporate standards as the need arises.

The BMW Group collaborates closely with the relevant data protection supervisory authorities – particularly regarding fundamental data protection issues, such as those relating to the increasing connectivity of our vehicles.

Securely connected

The BMW Group's responsibility for its products includes the secure transfer of vehicle data to third parties. For this reason, BMW Group vehicles are not directly connected to the Internet, but communicate directly and exclusively with the BMW ConnectedDrive back end via a highly secure connection in a virtual private network. This strategy enables us to minimise the risk of unauthorised third parties gaining access to either the vehicle or the driver's personal data. The point of access to the Internet is controlled via a gateway. We see this Extended Vehicle Approach in accordance with ISO 20078 as the best solution to ensure an outstanding level of data security and protection and to meet statutory cybersecurity requirements (e.g. UN R155).

The secure transmission of data to third parties was implemented with the introduction of BMW CarData in Germany and Europe (2017) and in the USA (2020). CarData provides BMW and MINI customers with complete transparency and sovereignty over any data transferred to authorised third parties, allowing them to decide independently at any time which data they release to service providers such as workshops, insurance companies or fleet managers in order to receive individual service offers.]



[BMW CarData provides BMW and MINI customers with transparency and sovereignty over any data transferred to authorised third parties.]

PRODUCTION, PURCHASING AND SUPPLIER NETWORK

- 67** Production Network
- 70** Circular Economy, Resource Efficiency and Renewable Energy
- 74** Purchasing and Supplier Network

AT A GLANCE**80 %**

decrease in carbon emissions on average per vehicle produced compared with 2019 – that is our target by 2030.

↗ [Carbon emissions at BMW Group locations](#)

Up to 30 %

share of secondary raw materials in our vehicles – and that figure is set to increase.

↗ [Preference for secondary raw materials](#)

Catena-X

is a network-based system for exchanging information and data that creates greater transparency in the supply chain.

↗ [Highlight box](#)



PRODUCTION, PURCHASING AND SUPPLIER NETWORK

PRODUCTION NETWORK

Electrification, digitalisation, efficiency and sustainability are the key factors shaping the future of the BMW Group's production system and the main guiding principles in the restructuring of its global production network. As production of the all-electric BMW iX and BMW i4 models began in 2021, we rigorously attuned our vehicle assembly systems to suit the requirements of electric mobility. At the same time, we are benefiting from the high flexibility of our production system. During the year under report, this agility enabled us to respond both swiftly and specifically to major challenges such as the tense semiconductor supply situation and the ongoing coronavirus pandemic, despite which we still managed to significantly increase production volume year-on-year.

The BMW Group production network

The BMW Group production network comprises 31 locations in 15 countries. The same high standards of quality, safety and sustainability apply at all Group locations* worldwide. Our state-of-the-art production facilities enable us to manufacture all-electric, plug-in hybrids and conventionally powered automobiles all on one line. Electric mobility is playing an increasingly key role in this regard. For example, at the end of 2021, electrified vehicles already accounted for some 26 % of the total number produced at the [BMW Group plant in Munich](#).

TRANSFORMING THE MAIN PLANT IN MUNICH

The restructuring of its plant in Munich amply demonstrates how the BMW Group is transforming itself going forward. Since the launch of the all-electric BMW i4 in November 2021, the BMW Group's main plant has been manufacturing vehicles with all types of drive system on the same production line. From 2023, at least half of all vehicles produced at the Munich plant will be powered by an electrified drive system and the majority of these will be all-electric models.

* BMW Group production sites, including contract manufacturing at Magna Steyr Fahrzeugeile (Austria), VDL Nedcar (the Netherlands) and Inokom Kulim (Malaysia).

Production sites in key markets

The BMW Group aims to strike a good balance between production and deliveries in the various regions of the world where it operates. While 20 of its 31 locations are BMW Group plants, three belong to the BMW Brilliance Automotive Ltd. joint venture in Shenyang (China), which is currently being enlarged to create additional production capacity. Further information on the consolidation of BMW Brilliance Automotive Ltd. is provided in the [Notes to the Group Financial Statements](#). Eight production sites are operated by Group partners or contract manufacturers.

The BMW Group's automotive partner plants in Jakarta (Indonesia), Cairo (Egypt), Kaliningrad (Russia) and Kulim (Malaysia) mainly produce BMW and MINI brand models for their respective regional markets.

The BMW Group also awards contracts to external partners (contract manufacturers) to produce its automobiles and motorcycles in series. During the period under report, Magna Steyr Fahrzeugtechnik produced both the BMW 5 Series Sedan and the BMW Z4 in Graz (Austria). VDL Nedcar in Born (the Netherlands) manufactures the MINI Convertible, the MINI Countryman and the BMW X1. BMW motorcycles are also produced by the TVS Motor Company in Hosur (India) and by Loncin Motor Company in Chongqing (China).

BMW GROUP VEHICLE PLANTS

Location	Country	Production programme 2021	Electrification portfolio
Araquari	Brazil	BMW 3 Series, BMW X1, BMW X3, BMW X4, BMW X5	
Berlin	Germany	BMW motorcycles	BEV
Chennai	India	BMW 2 Series, BMW 3 Series, BMW 5 Series, BMW 6 Series, BMW 7 Series, BMW X1, BMW X3, BMW X4, BMW X5, BMW X7, MINI Countryman	
Dingolfing	Germany	BMW 3 Series, BMW 4 Series, BMW 5 Series, BMW 6 Series, BMW 7 Series, BMW 8 Series, BMW M; BMW iX	BEV, PHEV
Leipzig	Germany	BMW 1 Series, BMW 2 Series, BMW i3, BMW M	BEV, PHEV
Manaus	Brazil	BMW motorcycles	
Munich	Germany	BMW 3 Series, BMW 4 Series, BMW i4, BMW M	BEV, PHEV
Oxford	United Kingdom	MINI, MINI Clubman, MINI Cooper SE*	BEV
Rayong	Thailand	BMW 2 Series, BMW 3 Series, BMW 5 Series, BMW 7 Series, BMW X1, BMW X3, BMW X5, BMW X7 BMW motorcycles	PHEV
Regensburg	Germany	BMW 1 Series, BMW 2 Series, BMW X1, BMW X2	PHEV
Rosslyn	South Africa	BMW X3	
San Luis Potosí	Mexico	BMW 2 Series, BMW 3 Series	PHEV
Spartanburg	USA	BMW X3, BMW X4, BMW X5, BMW X6, BMW X7, BMW M	PHEV
Rolls-Royce Manufacturing Plant, Goodwood	United Kingdom	Rolls-Royce Cullinan, Dawn, Ghost, Phantom, Wraith	BEV from 2023

BMW BRILLIANCE AUTOMOTIVE JOINT VENTURE (VEHICLE PLANTS)

Location	Country	Production programme 2021	Electrification
Dadong (Shenyang)	China	BMW 5 Series, BMW X3; BMW iX3*	BEV, PHEV
Tixi (Shenyang)	China	BMW 1 Series, BMW 3 Series, BMW X1, BMW X2	PHEV

The BMW Group's production network also includes engine plants in Hams Hall (UK), Munich (Germany), Steyr (Austria) and Shenyang (China), as well as component plants in Eisenach, Landshut and Wackersdorf (Germany) and Swindon (UK). By 2024, the BMW Group intends to concentrate its production in Europe of combustion engines at the Steyr and Hams Hall plants.

Significant growth in production volume

The coronavirus pandemic had a lower impact on BMW Group production volumes than one year earlier. However, the limited availability of semiconductor components led to adjustments in the production programme. Despite these challenges, the BMW Group achieved significant year-on-year growth during the reporting period with a production volume of 2,461,269¹ BMW, MINI and Rolls-Royce brand vehicles (2020: 2,255,637¹ units; +9.1%), comprising 2,166,644¹ BMW (2020: 1,980,740¹ units; +9.4%), 288,713 MINI (2020: 271,121 units; +6.5%) and a record number of 5,912 Rolls-Royce (2020: 3,776 units; +56.6%) brand vehicles. In the reporting year 2021, the number of electrified vehicles produced grew by 51% to 341,097 units (2020: 225,604 units). With 187,500 units produced (2020: 168,104 units), BMW Motorrad recorded growth of 11.5 % year-on-year.

BMW GROUP AUTOMOBILE PRODUCTION BY PLANT

in units

Spartanburg

Dingolfing

Regensburg

Leipzig

Oxford

Munich

Rosslyn

Rayong

Chennai

Araquari

Goodwood

San Luis Potosí

Tiexi (BBA)²

Dadong (BBA)²

Born (VDL Nedcar)³

Graz (Magna Steyr)³

Partner plants

Total

	2021	2020	Change in %
Spartanburg	433,810	361,365	20.0
Dingolfing	244,734	231,970	5.5
Regensburg	183,485	199,991	- 8.3
Leipzig	191,604	200,968	- 4.7
Oxford	186,883	175,984	6.2
Munich	151,154	143,758	5.1
Rosslyn	61,580	50,760	21.3
Rayong	24,624	25,752	- 4.4
Chennai	8,472	6,228	36.0
Araquari	10,104	8,400	20.3
Goodwood	5,912	3,776	56.6
San Luis Potosí	69,149	56,081	23.3
Tiexi (BBA) ²	335,311	311,137	7.8
Dadong (BBA) ²	365,466	291,798	25.2
Born (VDL Nedcar) ³	105,214	125,666	- 16.3
Graz (Magna Steyr) ³	54,547	35,747	52.6
Partner plants	29,220	26,256	11.3
Total	2,461,269	2,255,637	9.1

¹ Includes vehicles produced by the BMW Brilliance Automotive Ltd., Shenyang joint venture (2021: 700,777 units; 2020: 602,935 units).

² BMW Brilliance Automotive Ltd., Shenyang joint venture.

³ Contract manufacturing.

Restructuring production for electric mobility

The BMW Group already manufactures automobiles with all-electric or plug-in hybrid drive systems at [13 locations*](#) across its worldwide production network. All-electric models are already part of the production programme in Dingolfing, Leipzig, Munich, Oxford and Shenyang, including the BMW iX produced in Dingolfing and the BMW i4, which has been manufactured at the Munich plant since the year under report.

By the end of 2022, every production plant in Germany shall have the capacity to manufacture at least one all-electric model. From the middle of the decade, the [Neue Klasse](#) will also feature a cluster architecture consistently geared to producing electric drive systems. The new architecture will be deployed for the first time at the Group's new plant in Debrecen, Hungary, as well as at the Munich plant, and will be gradually transferred to the BMW Group's global production network in the coming years.

Component production for electrified vehicles

The Dingolfing plant now plays a leading role as a competence centre for electric drive systems, producing battery modules, high-voltage batteries and fifth-generation electric motors, which are also produced at the Landshut plant. The BMW Group plants in Spartanburg (USA) and Shenyang (China) also make high-voltage batteries. The Leipzig plant began manufacturing battery modules and other battery components during the year under report. The Regensburg plant also began producing battery components during the same period. In Thailand, the BMW Group collaborates with a partner that makes high-voltage batteries for electrified vehicles that are produced locally.

* BMW Group production sites, including contract manufacturing at Magna Steyr Fahrzeugteile (Austria), VDL Nedcar (the Netherlands) and Inokom Kulim (Malaysia).

Developing expertise for battery cell production

The approval process for the planned pilot plant in Parsdorf near Munich for near-series battery cell production came closer to completion during the year under report. The BMW Group intends to further optimise the production of battery cells at the Parsdorf plant in terms of quality, performance and costs. Since 2019, we have been pooling our knowledge at the Battery Cell Competence Centre in Munich. The entire value chain of battery cell technology is concentrated at the Centre, including research and development, the composition and design of the battery cell and industrial producibility.

CIRCULAR ECONOMY, RESOURCE EFFICIENCY AND RENEWABLE ENERGY

I Circularity is one of our key strategic priorities. The increased use of secondary raw materials is a cornerstone of the BMW Group's long-term decarbonisation strategy. We also see the circular economy concept as an important factor in our efforts to significantly mitigate the social and environmental impacts of mining and processing primary raw materials. The use of secondary materials also has economic benefits, as it conserves primary raw materials. Circularity calls for a holistic strategic approach, beginning at the product design stage and encouraging the increased use of secondary raw materials in our supply chain as well as the recycling of BMW Group vehicles at the end of their life cycle. At the same time, in our own production cycles we are systematically pursuing the strategy of conserving resources, improving energy efficiency and continuously cutting emissions.

Since 2019, we have been building up relevant knowledge in this field at the Battery Cell Competence Centre in Munich.

Circularity as a strategic priority

The responsible and efficient use of resources is of great importance to the BMW Group, which takes a targeted approach to the circular economy concept based on the four principles Re:think, Re:duce, Re:use and Re:cycle.

We are working hard to further integrate the principle of circularity in all our processes. However, the availability of high-quality secondary raw materials is currently limited and in some cases insufficient to meet demand. Depending on material requirements, adequate amounts of secondary material are not yet available for every application. As part of its efforts to meet these challenges, the BMW Group is working together with its partners to form closed material loops in the automotive industry. In collaboration with BASF and the ALBA Group, we are currently testing improved methods of recycling automotive plastics as part of a pilot project.

[↗ Online-Report](#)

From product development to recycling

The efficient use of resources needs to be considered right from the outset, not only during the design process, but also later at the product development stage, and is therefore an essential requirement. The BMW Group aims to design its vehicles so that as many material cycles as possible are closed. We summarise this principle under the concept of circular design. With the BMW i Vision Circular, we have shown that we are taking a critical look at the trend towards increasingly complex composites of materials and analysing new approaches to using compounds of (mono)materials ([↗ Innovations](#)). **I**

Re:think, Re:duce, Re:use, Re:cycle – our circular economy principles.

[i] At the end of a product's life cycle, it needs to be possible to increasingly separate and recycle key groups of materials at a high degree of purity so that they can be reused in the automotive industry in so-called closed loops. The strategy reduces the need for primary materials and thus the necessity to source potentially critical raw materials.

Average distribution of materials in BMW Group vehicles

In this context, the BMW Group regards end-of-life vehicles as a source of secondary materials. We therefore promote the recovery of end-of-life vehicles, components and materials in order to reintegrate them in the raw materials cycle. Together with its national sales organisations, the BMW Group has already introduced take-back systems for end-of-life vehicles in 30 countries and offers eco-friendly vehicle recycling at more than 2,800 take-back points. All BMW Group vehicles sold since 2008 meet the currently applicable worldwide requirements for the recycling of end-of-life vehicles, components and materials. Vehicles are already currently required to be 95% recyclable (based on vehicle weight). [↗ GRI-Index: 301-3](#) [↗ SASB-Index](#)

Preference for secondary materials

The BMW Group not only wants to create the basic conditions for recycling vehicles, it is also looking to reduce the use of primary raw materials in the automotive value chain. This means closing loops in the production chain, i. e. by returning production remnants to the material supplier or recovering materials at the end of a product's life cycle. In doing so, we take special care to avoid downcycling these materials into inferior secondary materials. By 2030, the BMW Group aims to take the recycling process to a new level, while at the same time further increasing the proportion of secondary materials it uses to manufacture its vehicles. To

achieve this aim, the BMW Group established the "Secondary First" approach during the year under report, which generally gives preference to the use of secondary materials when stipulating specifications for products, materials and suppliers. This principle can only be deviated from in justified exceptional cases.

Currently, an average of up to 30 %¹ of the components used in vehicle manufacture across Europe originate from recycled and reused materials. However, the percentage of material recycled differs considerably, depending on the group. While the recycled proportion of many plastics, for example, is in the single-digit percentage range, secondary cast aluminium is already used at a rate of over 50 % in certain components.

The use of secondary raw materials also significantly reduces carbon emissions compared with primary materials – for example around 80 % of aluminium and up to 70 % of steel² are recycled. At the same time, this strategy reduces the amount of natural resources and critical raw materials that need to be extracted. The circularity principle also helps to more effectively mitigate risks that can be associated with the extraction of primary raw materials – from market-related or even political availability risks to those relating to environmental and social standards.

In general, any secondary raw materials used have to meet the same strict requirements as primary materials in terms of quality, safety and reliability. Therefore, the market availability of these high-quality materials needs to increase significantly. In order to improve the structural framework conditions required to achieve this aim, both cross-industry approaches and political initiatives are necessary.

SASB-Index

Investments in resource-friendly technologies

The BMW Group invests, partly through its [↗ own venture capital fund](#), in key technologies that can make a decisive contribution to achieving carbon neutrality and conserving resources.



With this point in mind, through BMW i Ventures we have been investing in the US start-up Lilac Solutions since 2021. Lilac is pursuing the goal of extracting lithium from the brine of saltwater deposits using ion exchangers, deploying a far more eco-friendly method that conserves resources more effectively than conventional processes. Since the year under report, our investments through BMW i Ventures have additionally focused on an innovative process developed by the US start-up Boston Metal for producing steel without generating carbon emissions. We have also entered into an agreement with the Swedish start-up H2 Green Steel to purchase hydrogen steel produced using green electricity.

Resource management at every location

The BMW Group wants to lead the way by keeping resource consumption and carbon emissions in its production processes to an absolute minimum. Apart from [↗ carbon emissions](#), the other relevant variables are energy and water consumption, waste for disposal, the use of solvents and the [↗ reduction of solvent emissions \(VOC\)](#). [\[1\]](#)

¹ Based on vehicle weight, calculated on the basis of actual supplier feedback, studies and expert assessments.

² Based on the Gabi database.

I Controlling resource consumption is an integral part of environmental management in the BMW Group's global production network and managed by a dedicated steering committee for the international environmental protection network. Each facility, area and building is assigned to an internal operator, who is responsible not only for the technical systems and the smooth running of processes and procedures, but also for their environmental impacts¹.

A certified environmental management system in accordance with ISO 14001 is implemented at every BMW Group production site. A total of five competence centres, i.e. Emissions, Water, Waste, Qualification and the Environmental Management System, coordinate environmental protection measures throughout the BMW Group worldwide. Accordingly, any ecological improvements that have proven to be effective at one location are implemented at other locations to the extent possible. Continuous training and the exchange of experiences among employees ensure the transfer of knowledge and the Group-wide application of the latest findings. In the year under report, our environmental management system again made a major contribution to ensuring that there were no significant environmental incidents involving the payment of fines throughout the production network.

Water

The BMW Group pursues the aim of continuously reducing the amount of water used in its production processes. Accordingly, its production plants optimise their circulation systems, for example by treating wastewater and putting water-saving processes in place. One example is the dry separation system used in the paint shop. Other closed-loop

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

² Related to the total weight of the waste.

³ VOC (volatile organic compounds) emissions are mostly generated during the painting process and can be reduced through the use of new painting technologies.

systems are also currently being tested in the painting process and gradually introduced throughout the Group's production network. Specific [water consumption](#) in production was improved slightly to 2.15 m³ (2020: 2.25 m³) per vehicle produced during the year under report.

Waste

In its efforts to reduce the volume of waste it generates, the BMW Group deploys coordinated recycling and treatment concepts adapted to the waste streams in its various plants, to regionally applicable regulations and to locally existing waste disposal structures. In 2021, 99.2%² of the waste generated by production processes was either recycled or recovered. During the year under report, the [volume of waste for disposal per vehicle produced](#) decreased to 2.90 kg, 12.9 % lower than the 2020 figure. We aim to maintain this high recycling and recovery rate within the BMW Group as we increasingly transition to electric mobility. We are therefore integrating the newly generated waste streams in our recycling and treatment systems. [SASB-Index](#)

Solvents

The BMW Group reduced its emissions of volatile organic compounds (VOC³) per vehicle produced by 13.6 % to 0.70 kg during the period under report. The year-on-year improvement was mainly due to the use of solvent-free cleaning agents and the new thermal afterburners deployed in the paint shops at the Group's plants in Shenyang (China) ([Solvents per vehicle produced](#)). Due to the progress made in the use of solvent-free substances and the optimisation of our paint shops, we expect to see a further reduction in emissions levels going forward. [GRI-Index: 305-7](#) ¹

Carbon emissions at BMW Group locations

Compared with the base year 2019, the BMW Group intends to reduce the average amount of carbon emissions per vehicle produced by a further 80 % by 2030. **I** Production accounts for biggest share of the [Scope 1 and Scope 2 emissions](#) generated by the BMW Group and this is where the greatest

An 80 % average reduction of carbon emissions per vehicle produced by 2030.

opportunities to further reduce these emissions lie. As in the past, we are focusing on additional energy efficiency measures, the increasing generation of our own electricity from renewable sources, the purchasing of green electricity from supply contracts, and the use of certificates of origin.

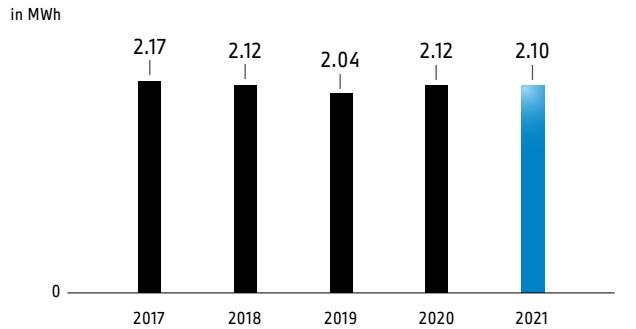
The remaining emissions are largely due to the use of natural gas. Here we face the challenge of replacing natural gas with non-fossil energy sources such as biogas, hydrogen or renewable electricity. The "heat transition" required to do so is made more complicated by the physical availability of alternative energy sources, the technical retrofitting of plants, and political framework conditions.

Energy management and efficiency

It is vitally important to use energy in an efficient, responsible manner in order to conserve resources. The BMW Group has processes in place throughout the organisation to plan and implement energy management measures with the aim of continuously optimising its use. Clear roles are assigned with corresponding responsibilities, targets and reporting obligations to the central strategy departments, the regional controlling bodies and the various production plants at local level. ¹

The BMW Group invests systematically in the energy efficiency of its global production network, enabling it to cut the energy consumption of machines to a minimum, such as those deployed to generate the required processing heat in its paint shops. The limited availability of semiconductor components compelled the BMW Group to make adjustments to its production programme during the year under

ENERGY CONSUMPTION PER VEHICLE PRODUCED^{1,2}



Renewable energy

The BMW Group is committed to the use of renewable energy at all its locations. Worldwide, all BMW Group production sites⁴ and the vast majority of its other locations procure their electricity from renewable self-generation plants, direct supply contracts for green electricity, and electricity of certified origin. We also made additional use of biogas certificates in the year under report. Moreover, we are increasing the amount of renewable energy generated at our own sites. Additions made during the reporting year included large-scale photovoltaic installations at our plant in Araquari, Brazil, which generate some of the electricity required for production at the site.

At present, however, the BMW Group is unable to entirely cover its electricity requirements by producing its own renewable energy, and therefore purchases additional power from renewable and predominantly local or regional sources. We cover an increasing proportion of our electricity requirements through so-called Power Purchase Agreements (PPAs), i. e. direct purchases from defined renewable energy generation plants, such as the regional green electricity bought in to manufacture the BMW iX and the BMW i4.

report, which also negatively impacted energy consumption per vehicle at some of its plants. For this reason, absolute consumption³ within the BMW Group increased to 6,476,955 MWh during the year under report (2020: 6,040,824 MWh). However, at 2.10 MWh per vehicle produced, specific energy consumption in the BMW Group's vehicle production fell by 0.9 % in 2021 compared to 2020. This fact is attributable to various energy efficiency measures as well as improved production capacity utilisation. [↗ Energy consumption in detail](#)

[↗ GRI-Index: 302-1, 302-3, 302-4](#)

¹ Efficiency indicator calculated from the absolute energy consumption (adjusted for CHP losses) of automobile production (BMW Group plants incl. BMW Brilliance Automotive Ltd. joint venture, excluding partner plants and contract manufacturing) divided by the number of units produced in automobile production (BMW Group plants incl. BMW Brilliance Automotive Ltd. joint venture and partner plants, excluding contract manufacturing).

² Figures for 2017 and 2018 figures were subjected to a limited assurance review.

³ As of 2021, this figure also includes energy consumption at further BMW Group locations as well as energy consumption in production. For comparison purposes, the figure for 2020 has been adjusted accordingly (2020 prior to adjustment: 5,714,610 MWh).

⁴ Including BMW Brilliance Automotive Ltd., Shenyang.

⁵ To the extent recordable in the carbon footprint; market-based-method according to GHG-Protocol.

COMPENSATION OF SITE-RELATED CARBON EMISSIONS

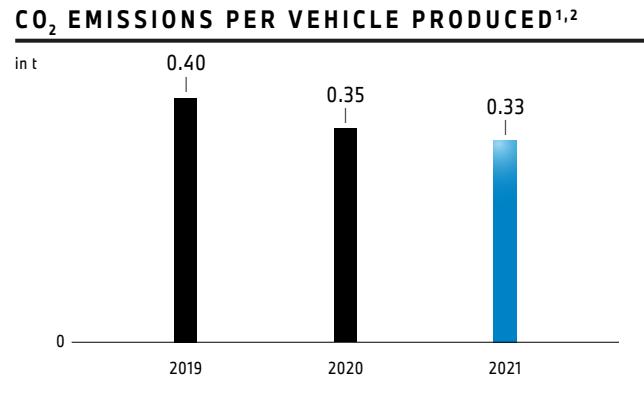
I The carbon emissions generated within its own production network are already below the 1.5°C path calculated for the BMW Group. Since the year under report, the BMW Group has been making the remaining carbon footprint generated by its plants and other locations carbon-neutral on the energy balance sheet, including company cars and business trips, through the use of voluntary offsetting certificates. Via this method, we are demonstrably offsetting the associated carbon emissions by supporting external projects. In collaboration with experienced partners such as atmosfair and First Climate, we support climate protection projects that meet strict criteria. As part of the certifi-

cation process, projects are required to demonstrate, for example, the permanence of the decarbonisation impact they achieve. Another vital criterion is additionality, i. e. proof that the project in question would not have come about without financing via carbon offsetting certificates. Furthermore, for the post-Kyoto phase of the carbon offsetting market, we emphasise the importance of ensuring that there is no double counting of the emissions saved alongside the nationally determined contributions of the affected countries named in the Paris Climate Agreement. We also ensure that the projects additionally generate a social benefit. [↗ GRI-Index: 305-5](#)

Carbon emissions at BMW Group locations

Year-on-year, the carbon emissions per vehicle^{1,2} generated at BMW Group locations fell by 5.7% to 0.33 t of CO₂ (2020: 0.35 t of CO₂), i.e. a reduction of 17.5 % compared with the 2019 base year.

The main reason for the drop in relative carbon emissions per vehicle produced was improved energy efficiency on the back of higher production volumes following the pandemic-related restrictions. From mid-2021, however, supply bottlenecks for semiconductor components and the necessary adjustments to the production programme dampened the positive trend. As a result, absolute carbon emissions³ at BMW Group locations increased to 766,153 t of CO₂ (2020: 734,710 t of CO₂) due to the overall increase in energy consumption relating to higher production volumes. In the previous year, consumption and production volumes were significantly lower due to pandemic-related restrictions. In the first half of 2021, the cold weather in Germany also led to greater energy requirements for heating and thus to an increase in carbon emissions. ↗ GRI-Index: 305-1, 305-2, 305-3, 305-5



[i] Carbon emissions relating to transport logistics

As part of the Green Transport Logistics project, the BMW Group is aiming to make transport logistics climate-neutral, both within the production network and for vehicle deliveries. The carbon footprint and the use of carbon-efficient energy and modes of transport play a significant role in this regard. We are therefore making a major contribution to transforming the transport sector, pursuing a technologically open, innovative approach across all modes of transport. In order to ensure sufficient supplies between our plants, however, we were compelled to increase the year-on-year use of air freight during the reporting year due to issues relating to the supply of semiconductors.

Since the beginning of 2021, in cooperation with transport service providers, the BMW Group has been using low-carbon liquefied natural gas (LNG) on certain European transport routes to cover its production requirements. Depending on availability, we are gradually increasing the biogenic content of the LNG fuel we use. At the same time, we are increasing the volume of products transported by rail: around half of the vehicles produced leave our plants by rail.

¹ Efficiency indicator calculated from the absolute energy consumption (adjusted for CHP losses) of automobile production (BMW Group plants incl. BMW Brilliance Automotive Ltd. joint venture, excluding partner plants and contract manufacturing) divided by the number of vehicles produced in automobile production (BMW Group plants incl. BMW Brilliance Automotive Ltd. joint venture and partner plants, excluding contract manufacturing).

² As of 2021, this figure also includes the carbon emissions of all other BMW Group locations in addition to those generated by production processes. For comparison purposes, the figure for 2020 has been adjusted accordingly (2019 before adjustment: 0.30 t; 2020 before adjustment: 0.23 t).

³ As of 2021, this figure also includes the carbon emissions of all other BMW Group locations in addition to those generated by production processes. For comparison purposes, the figure for 2020 has been adjusted accordingly (2020 before adjustment: 652,795).

⁴ Figure rounded for simplification purposes. The target percentage validated in conjunction with the SBTi is 22 %.

PURCHASING AND SUPPLIER NETWORK

The BMW Group's supplier network comprises over 32,000 direct supplier locations worldwide, with whom we maintain direct supplier relationships. Our rigorous partner selection process is based on the criteria of quality, innovation, flexibility, cost and sustainability. To meet the respective due diligence requirements in terms of environmental and social standards, we rely on systematic risk analyses as well as prevention, empowerment and remediation measures. We also use standardised online assessments and audits that are integrated in our business processes. Moreover, the BMW Group enshrines its obligatory sustainability standards in all its supply contracts. ↗ We have set ourselves the goal of reducing carbon emissions in the supply chain by at least 20%⁴ by 2030 (base year 2019), while simultaneously increasing the use of secondary materials.

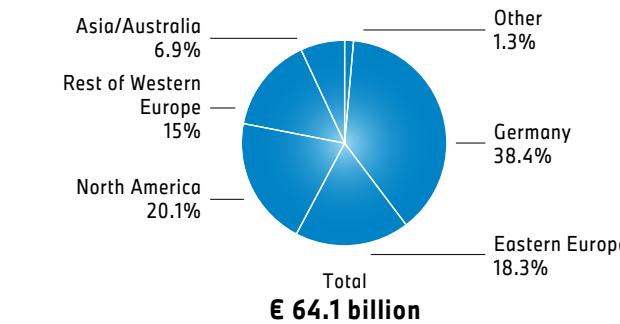
[i] Global network and local procurement

Global purchasing, the management of international supplier relationships, in-house component production and the efficient management of challenges within the supplier network are key factors in ensuring stable supplies to our production sites. At the same time, Purchasing ensures the future viability of the BMW Group by rigorously aligning the supplier network with strategic future topics such as digitalisation and electric mobility, while securing the required purchasing volume. ↗

[i] The department Purchasing and Supplier Network is responsible for the worldwide procurement and quality assurance of production materials, raw materials, capital goods and services as well as the production of vehicle components manufactured in-house. The BMW Group follows the principle of sourcing vehicle components as closely as possible to its production sites. Efficient teams are in place in all major purchasing markets in order to identify risks swiftly and respond flexibly and at short notice to changing market situations. Close cooperation with our suppliers in a spirit of partnership was one of the factors that enabled us, for example, to cushion the effects of the global semiconductor shortage to a large extent. In order to secure long-term supplies in this area, the BMW Group concluded a direct agreement with semiconductor suppliers for the first time at the end of 2021. The agreement enables the BMW Group to secure the supply of several million semiconductors per year. Overall, however, the supply situation for semiconductor components will again remain tight in 2022.

REGIONAL DISTRIBUTION OF BMW GROUP PURCHASE VOLUMES¹

in € billion



¹ Direct and indirect procurement; without BMW Brilliance Automotive Ltd., Shenyang joint venture.

² The audits conducted worldwide were in accordance with the standards of the Responsible Business Alliance (RBA) and the United States Environmental Protection Agency (EPA).

Taking ecological and social responsibility

The BMW Group sees itself as a pioneer in terms of corporate due diligence in its supplier network. Back in 2008, we defined a comprehensive draft of preventive measures, including contractual obligations to comply with environmental and social standards, and stipulated them for the first time when selecting suppliers for the BMW i3. We have also defined and implemented raw-material-specific sustainability requirements for certain components.

In 2014, we extended our standards to include a multistage due diligence process. Since then, the process has included the procurement of production materials for vehicle models as well as risk-based, non-production-related goods and services. Every supplier who has a direct business relationship with the BMW Group is obliged to sign these requirements for its manufacturing and delivery locations and pass them on contractually to its respective sub-suppliers. Specific

requirements are set out in the [BMW Group Supplier Sustainability Policy](#), the order documents and the contract documents. These requirements must be implemented prior to the start of production or by the agreed target date.

[↗] Further GRI information [GRI-Index: 308-1, 414-1](#) [SASB-Index](#)

Management system and mission statement

The BMW Group is committed to respecting internationally recognised human rights and is guided, among other things, by the UN Guiding Principles on Business and Human Rights, the OECD Due Diligence Guidance for Responsible Business, and the German government's National Action Plan as well as the Supply Chain Due Diligence Act derived from it [Worldwide Implementation of Labour Standards and Human Rights](#).

IMPLEMENTATION OF THE SUPPLY CHAIN DUE DILIGENCE ACT

[i] In 2021, the German Bundestag passed the Supply Chain Due Diligence Act, in which the BMW Group actively participated through its involvement in the National Action Plan "Business and Human Rights". We very much welcome the regulation that has now been adopted and are also advocating for Europe-wide directives that ensure fair competitive conditions. Our sustainability programme has fulfilled key due diligence requirements since 2014. For example, as a preventive measure, the BMW Group requires its suppliers to draw up a guideline on working conditions and human rights. Since 2019, we only commission suppliers with more than 500 employees if they have a certified occupational health and safety management system in place in

accordance with ISO 45001. Our suppliers are also trained as part of the certification process. Moreover, if we identify high-risk suppliers, we conduct additional audits at the supplier's premises with the help of our own assessors and external auditors. In the year under report, we reviewed approximately 200 potential and active supplier locations via this method². Auditing, however, was hampered by pandemic-related travel restrictions and is thus below the level of the previous year (2020: 313). **[i]**

[Obligatory sustainability standards apply to all BMW Group suppliers and are incorporated in the supply contracts.]

The respective demands placed on us and our suppliers are integrated throughout the Group by means of the following internal standards:

- The [↗ BMW Group Code of Conduct on Human Rights and Working Conditions](#) explains how we promote human rights and good working conditions and implement the core working standards of the International Labour Organisation (ILO).
- The [↗ BMW Group Supplier Sustainability Policy](#) summarises the BMW Group's principles governing the global supplier network in accordance with internationally acknowledged standards and guidelines. We regularly update the risks we have identified in our supplier network.

Risk analyses on ecological and social responsibility

The BMW Group monitors and assesses human rights risks and impacts in its supplier network, both in its existing business relationships and whenever it enters a new market or field of business. The BMW Group Due Diligence Programme within the Purchasing and Supplier Network consists of various coordinated procedures, measures and standardised applications that are integrated in business processes such as procurement.

The BMW Group has been using a risk filter to identify human rights risks at the locations of direct and indirect suppliers* since 2012. In a dynamic, location-specific risk analysis, it draws on various country- and commodity-group-specific risk

databases and standardised risk maps, and includes all supplier locations that have already been awarded orders as well as all potential supplier locations. Since 2020, the risk filter has also included risk databases and standardised risk maps provided by the Responsible Business Alliance (RBA). This view of risks is supplemented by commodity-group-specific assessments provided by our internal purchasing experts.

Another component when assessing the potential negative impacts of business activities is the Drive Sustainability questionnaire, which is subject to continuous improvement. In this context, both direct and indirect suppliers are required to provide information on their sustainability performance and the preventive and remedial measures they have implemented. The information provided is checked for accuracy and completeness by an independent third party. The information is obtained from new suppliers as part of the contract awarding process. Existing business relationships are audited and updated on a continual basis. [↗ Further GRI information](#). In order to minimise the risks, we pay close attention to implementing preventive measures. Further information is available [↗ online](#).

Our aim is to check compliance with our sustainability standards in the intermediate stages of the value chain on an ad hoc basis. The audit is partially conducted via the supply chain mapping of suppliers for whom an indirect risk has been identified. Moreover, the BMW Group develops raw-material-specific sustainability strategies and derives so-called empowerment activities and pilot projects from them to both ensure and improve compliance with environmental and social standards.

[↗ GRI-Index: 308-1, 412-1, 412-3, 414-1](#)

Preventive and remedial measures

In 2014, we agreed upon preventive measures with our direct suppliers concerning working conditions, occupational health and safety, human rights and the environment. The extent of these measures is based on the size of the supplier

and the potential risks. Direct suppliers with more than 50 employees are required to implement preventive measures such as guidelines regarding child labour, freedom of association, and collective bargaining as well as occupational safety and environmental protection. We require suppliers with more than 100 employees to communicate our sustainability standards to their suppliers and have a control mechanism in place in the form of externally audited and certified environmental management systems. If a supplier employs more than 500 people, we require, among other things, the publication of a sustainability report, a code of conduct, and externally audited and certified occupational safety and environmental protection management systems as additional control mechanisms.

During the year under report, the BMW Group identified sustainability deficits at 61% of its suppliers (2020: 64%) and agreed on corrective preventive measures. The measures related to subcontractor management, reporting, control mechanisms and mission statements. [1]

* Direct suppliers are tier-1 suppliers of the BMW Group. Indirect suppliers operate downstream in the value chain between tier-1 suppliers and raw materials suppliers.

[i] We require suppliers with more than 100 employees to have externally audited and certified environmental protection management systems in place. [i]

[i] By signing a contract with the BMW Group, the supplier undertakes to implement and apply the preventive measures prior to the start of production or by an agreed target date. The supplier undertakes to demand compliance with these agreements from his subcontractors and to follow them up. All BMW Group supplier contracts include resource efficiency requirements and demand compliance with the principles of the UN Global Compact and the International Labour Organisation (ILO). For this reason, the BMW Group has set itself the goal of ensuring compliance with these commitments.

[↗ GRI-Index: 308-2, 412-2, 414-2](#)

Checking effectiveness

In addition to the preventive measures mentioned above, the BMW Group conducts audits of environmental and social



standards at supplier locations in high-risk regions or for high-risk product groups. For this reason, we are members of the Responsible Business Alliance (RBA) and the German Association of the Automotive Industry (VDA). Together with other automotive manufacturers and suppliers in the VDA, we have developed the Responsible Supply Chain Initiative (RSCI), an assessment programme newly established for this purpose that we will implement as of 2022.

Since September 2021, we have supplemented our prevention and remediation review methods with the standardised use of RBA Voices, a grievance mechanism for employees of the companies we audit. RBA Voices will be applied to all high-risk suppliers that are part of the RBA's audit programme and do not yet have their own grievance mechanism.

Any information received regarding potential breaches of the BMW Group's sustainability standards in the supplier network is processed by the internal Human Rights Contact Supply Chain function, where tips can be submitted anonymously by telephone or email. In addition, suppliers and their employees have the option of reporting potential human rights or environmental violations to our Compliance Ombudsman for the supplier network. [↗ Whistle-blower systems to uncover possible violations of the law and compliance controls](#). A human rights officer was appointed for the first time during the year under report. [↗ Compliance and human rights](#)

Standardisation and cooperation

At the instigation of the BMW Group and with the support of other automotive manufacturers in the Drive Sustainability initiative, in 2017 an analysis of the 37 most important raw materials was conducted at the European business network CSR Europe. Since then, the resulting [↗ Material Change Report](#) has served as the basis for potential improvements and the development of both BMW-Group-specific and common solutions for the automotive and electronics industries. In 2021, further improvements were made to the report on the

TRAINING FOR THE SUPPLY CHAIN

[i] Alongside the required prevention measures, the BMW Group has been offering training courses aimed at buyers, internal process partners and suppliers since 2012. To raise awareness of social and environmental standards in the supply chain, we explain interdependencies and clearly describe what we expect of the companies we work together with. Moreover, together with partner companies, in selected cases we are breaking new ground with the aim of taking action at the very beginning of the supply chain. [↗ Further GRI information](#) [↗ GRI-Index: 412-2 \[i\]](#)

[↗ Raw Material Outlook Platform](#). The platform currently contains risk profiles for ten raw materials.

In the automotive supply chain, which is particularly complex by industry standards, traceability right back to the raw material extraction stage can be significantly improved with new digital tools. The BMW Group is committed to driving improvements within the framework of initiatives such as the Catena-X Automotive Network – and is working with partner companies to standardise data and information flows in the automotive value chain in order to comply with antitrust-related and legal requirements. Together with partners at Catena-X and the WBCSD, we are working on solutions to measure actual [↗ carbon emissions data in the supply chain](#) and make it comparable, with the aim of effectively reducing carbon emissions in our supply chain. [i]

[i] Rigorous reduction and traceability of critical raw materials

Due to the complexity of multilayered, dynamic, globalised value chains and customer-supplier relationships, it is a major challenge to ensure sustainability standards right from the raw materials extraction stage. We have a clear aspiration to comply with environmental and human rights standards at every level of our supply chains. Sourcing the raw materials required to produce battery cells, such as lithium and cobalt, is generally a highly challenging task. In order to establish traceability and transparency across the supply chain for both of these raw materials and to minimise the identified risks, the BMW Group sources them directly from the producers, and

makes them available to its own suppliers in order to produce the current generation of battery cells. The strategy allows us to fully document both the origin and the path of the lithium and cobalt we use, while creating transparency regarding mining methods at the same time.

Further measures that serve to meet our due diligence requirements include reducing or eliminating the use of so-called high-risk primary raw materials. For example, we have reduced the use of cobalt in the cathodes of our current generation of battery cells to less than 10 %. Our latest generation of electric motors is made without the need for any rare earths.

The BMW Group also keeps a close eye on raw materials that are classified as so-called "conflict minerals". These include ores whose mining and trade are frequently associated with violations of environmental and social standards. By using standardised applications such as the Conflict Minerals Reporting Template (CMRT) of the Responsible Minerals Initiative (RMI), the BMW Group ensures the traceability of the raw materials it uses, right from the direct supplier to the certified smelter. ↗ [SASB-Index](#)

Mitigating risks through industry initiatives and partnerships

Apart from eliminating, substituting or reducing the use of risk-related primary raw materials, we rely on close cooperation with our partners in the supplier network. Our aim is to continue reducing the potential negative impacts of our business activities in our raw materials supply chains.

ALLIANCE FOR CROSS-COMPANY, DECENTRALISED DATA EXCHANGE

[i] As part of the Catena-X Automotive Network initiative, the BMW Group is working to establish an open, scalable, decentralised network for the secure exchange of information and data across companies in the automotive value chain. The network is based on an industry consortium funded by the Federal Ministry for Economic Affairs and Energy (BMWK)* consisting of national and international partners from the automotive value chain. Continuously connected data chains will make it possible to create completely digital images of automobiles and the core processes of automotive value creation, so-called digital twins. New business processes and services can be either made possible or collaboratively enhanced, based on these digital twins. By using the European GAIA-X and International Data Spaces Frameworks as the architectural basis for the Catena-X network, the companies involved have already agreed on the essential infrastructural principles for project implementation. ↗

[i] Traceability of conflict minerals back to the certified mine. ↗

We also expect our direct suppliers to demand minimum standards in their chain of upstream suppliers, which has been done for all the 37 raw materials we analysed. The BMW Group even goes one step further in this regard because, as a precautionary measure, we are committed to not using minerals such as cobalt that are extracted from the deep sea. Together with other companies, we have declared this in a ↗ [moratorium](#). ↗

CONFLICT MINERAL TUNGSTEN: CLOSING MATERIAL CYCLES

[i] The circular economy concept is a key method for ensuring the responsible use of raw materials and resources. For example, since the year under report, the BMW Group has been reducing the amount of the primary raw tungsten it requires by introducing a closed material cycle. To achieve this aim, we collect discarded drill and screw inserts in our German and Austrian plants, recycle them, and have new tools manufactured from the secondary raw material obtained. Apart from reducing our consumption of primary raw materials, the strategy also cuts carbon emissions. ↗ [SASB-Index](#) ↗

* Since the end of 2021: Federal Ministry for Economic Affairs and Climate Protection (BMWK).

[I The BMW Group is actively involved in multi-stakeholder initiatives such as the [Initiative for Responsible Mining Assurance \(IRMA\)](#), the [Aluminium Stewardship Initiative \(ASI\)](#), the [Global Platform for Sustainable Natural Rubber \(GPSNR\)](#) and the [Responsible Mica Initiative \(RMI\)](#) with the aim of establishing and further developing certification systems for suppliers. We therefore require certification in accordance with these standards for prioritised raw materials in our supplier network. [↗ Online](#)

Reducing carbon emissions in the supply chain

With the growing demand for electrified vehicles, the need for suitable components and parts in production is also increasing – and with it the volume of carbon emissions they generate. If no countermeasures are taken, the supply chain footprint of an all-electric vehicle could be nearly twice that of a conventional combustion engine model, practically eroding part of the benefit of electric driving during the use phase. **[1]** The BMW Group is reversing this trend and also intends to reduce the volume of carbon emissions generated in the supply chain by at least 20 %¹ per vehicle by 2030 compared to the base year 2019. **[I** To achieve this aim, we have been establishing decarbonisation as well as other measures among our suppliers as an award criterion since 2020. Within this

TYRES MADE OF FSC-CERTIFIED NATURAL RUBBER

[I In 2021, the BMW Group introduced the use of FSC-certified tyres on a first vehicle model – the BMW X5 xDrive45e plug-in hybrid² – [↗ FSC-certified tyres](#) made of natural rubber, making the BMW Group the first automotive manufacturer in the world to equip its vehicles with tyres based on sustainable, certified natural rubber and rayon – a wood-based material used to reinforce tyres. **[1]**

framework, we bindingly agreed corresponding measures for 429 contracts awarded in the course of 2021.

One of the most effective ways of decarbonising the supply chain is the use of green electricity. For this reason, in 2020, we entered into contractual agreements with battery cell manufacturers to use only energy generated from renewable sources to produce the current generation of battery cells. In 2021, the BMW Group also introduced green electricity as a mandatory criterion for awarding new contracts in its supply chain – and has already concluded green electricity agreements in the awarding of 427 orders, particularly with upstream suppliers of energy-intensive products.

These measures have already enabled the Group to reach agreements that cut carbon emissions² by well over 20 million tonnes during the period from 2021 to 2030. For example, carbon emissions generated in the supply chain to produce battery cells for the BMW iX have been reduced by up to 1.5 t CO₂ per vehicle, simply by agreeing to use green electricity to manufacture them. The implementation of the strategic target was incorporated in the necessary areas across the Group in 2021 and will be measured and reported in future by using the key parameter of [↗ carbon emissions per vehicle produced](#).

Carbon Disclosure Project (CDP) for supplier empowerment

Through its participation in the CDP Supply Chain Programme, the BMW Group has been motivating its suppliers to operate sustainably since 2014 and, for example, to use renewable energy in their production processes. The core of the programme is an annual report, which includes a variety of climate-related aspects such as decarbonisation and increasing the percentage of renewable energy used. The BMW Group strongly encourages its suppliers to set targets in line with the Paris Climate Agreement in their efforts to help limit global warming. Together with the BMW Group's specified target for decarbonising the supply chain, this led to a further significant increase in supplier commitment. For example, year-on-year, supplier participation in the CDP

We aim to reduce carbon emissions in the supply chain by at least 20 %¹ by 2030 (base year 2019).

Supply Chain Programme increased from 218 to 250 suppliers, which covers 80 % (2020: 79 %) of the BMW Group's production-relevant purchasing volume. Some 34 % of suppliers (2020: 29 %) had at least a 2-degree-compliant target system in place and 38 % (2020: 35 %) of suppliers received at least a B rating. As in previous years, in 2021 the average CDP rating among the BMW Group's participating suppliers was a score of C.

The BMW Group has integrated the assessments of the CDP Supply Chain Programme in its key purchasing processes. The results are used in supplier discussions, in strategic management discussions and in the overall supplier strategies to point out potential for improvement. They also form a basis for determining the group of bidders in purchasing strategies when awarding contracts. The BMW Group uses the CDP's assessment to support and further encourage its own suppliers to implement the Paris Climate Agreement. Suppliers who have participated for some time generally attain a significantly improved CDP rating.

[↗ GRI-Index: 308-1, 308-2, 414-2 \[1\]](#)

¹ Average per vehicle produced; figure rounded for simplification purposes. The target validated in conjunction with the SBTi is 22 %.

² [↗ Consumption and carbon emissions data](#).

EMPLOYEES AND SOCIETY

- 80** Employer Attractiveness and Employee Development
- 83** Health and Performance
- 86** Diversity
- 89** Corporate Citizenship

AT A GLANCE

€ 389 million

Invested in vocational and further training of BMW Group employees in 2021.

[↗ Direct link to section](#)

18.8 %

of management positions at BMW Group held by women at the end of 2021. By 2025, the share is expected to rise to 22%.

[↗ Direct link to section](#)

€ 35 million

spent by the BMW Group in 2021 on social projects and other activities in conjunction with its corporate citizenship responsibilities.

[↗ Direct link to section](#)

**Employees and Society**

EMPLOYEES AND SOCIETY

EMPLOYER ATTRACTIVENESS AND EMPLOYEE DEVELOPMENT

It The personal commitment and technical expertise of our employees are crucial to the success of the BMW Group. With a broad range of interesting and future-oriented jobs at attractive conditions, we offer our employees secure prospects and the opportunity to develop personally as well as help shape the BMW Group's future. The objectives of our Human Resources (HR) strategy have been defined with a view to attracting skilled employees, optimising their deployment and providing them with opportunities to develop their potential, thereby ensuring that all their skills and expertise are available to meet the future needs of the BMW Group. The success of this approach is borne out by the results of employee satisfaction surveys and the outstanding positions consistently achieved in employer rankings. **I**

The BMW Group's attractiveness as an employer

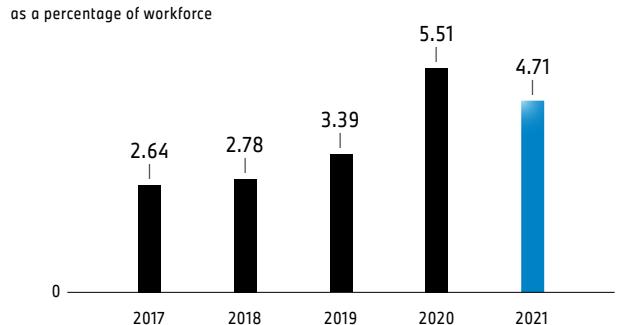
At 31 December 2021, the BMW Group employed a total of 118,909 people worldwide*, slightly below the headcount at the end of the previous year (2020: 120,726; -1.5%). [↗ Further GRI information](#) This reduction was achieved through a combination of natural employee fluctuation and voluntary agreements in line with planned workforce restructuring measures. For this purpose, appropriate provisions were made which were taken into account in personnel expenses. [↗ Notes](#)

to the [Group Financial Statements, no. 15](#). At the same time, we stepped up our recruitment efforts in 2021 with a view to ensuring the continued availability of all the required expertise within the workforce to ensure the planned future growth of the BMW Group. [↗ GRI-Index: 102-8](#)

Strategic personnel planning serves as a tool for identifying the need to readjust personnel and competence structures at an early stage. The BMW Group uses this information as the basis for making targeted improvements in the fields of vocational and further training, personnel development, HR marketing, recruiting and training programmes for future talents. [↗ GRI-Index: Employee development, vocational and further training](#)

* With effect from the reporting year 2020, a new definition of the term "employee" is applied (see the [↗ Glossary](#) for the definition). For the periods 2018 and older, the percentage of employees no longer reported was between 7.5 % and 8.0 %.

EMPLOYEE ATTRITION RATE¹



Employees have varying needs when it comes to organising their work and their working hours. For this reason, the BMW Group offers a great deal of individual personal scope in the form of working time arrangements, including flexible working hours, remote working, additional holidays in return for a corresponding reduction in salary, sabbaticals, and temporary or permanent part-time solutions. [Further GRI information](#) During the reporting year, under the title Connected-Works, we continued to develop a process that was started back in 2013 to implement a diverse range of options for employees to work within a spatially flexible, autonomous and needs-oriented environment.^[1]

Employer rankings and awards

Highly regarded employer ratings once again ranked the BMW Group as one of the world's most attractive employers. In 2021, for instance, the BMW Group was again the world's top-ranked automotive manufacturer in the current ranking of the [World's Most Attractive Employers 2021](#) as rated by Universum, a well-known study provider. Among aspiring engineers, the BMW Group ranked third worldwide, directly after Google and Microsoft. For IT students, the BMW Group is the only automotive company among the world's top 10 employers, mostly in competition with prestigious technology enterprises. The BMW Group again achieved the top spot in the Trendence Professionals Barometer for Germany in 2021.

Results of the employee survey

The Group-wide survey of the workforce conducted every two years enables employees to assess the organisation's performance on a regular basis and from their own perspective. The assessment is performed with the aid of the High-Performance Index (HPI).

[The survey conducted in autumn 2021 showed a significant improvement in the HPI compared with two years earlier. At the same time, the participation rate rose to a record high, with some 100,000 employees or 79 % of the total workforce² taking part in the survey. Moreover, signifi-](#)

cant progress was evident in all areas surveyed. For instance, the BMW Group's corporate strategy received a very high level of approval from the workforce. Particularly noteworthy was the fact that 84 % of participants were convinced by the strategy of integrating sustainability and setting ambitious targets in this respect. They also signalled a high level of willingness and motivation to play an active role in this process, with some 82 % of respondents concluding that they are optimistic about the future of the BMW Group.^[1]

EMPLOYEE MOBILITY

[The BMW Group offers its employees a variety of eco-friendly mobility and commuting solutions. The creation of one of Germany's largest corporate charging networks marks a special milestone. The network of some 5,000 charging points at numerous locations in Germany is available to charge not only company and fleet vehicles, but employees' private electric vehicles, too. More than 1,000 e-roaming³ charging points are also available for use by the general public. All charging points are powered entirely by renewable electricity sources. At the same time, we encourage our employees to use alternative means of transport such as bicycles, including BMW Lease-Rad arrangements. The Munich location is also served by a network of Group-owned shuttle buses – 30 % of which are already fully electric – that operate between the Group's various sites. The BMW Group also subsidises the use of public transport with the BMW JobTicket in Munich.^{\[1\]}](#)

[Attractive employment conditions](#)

As a key factor for the BMW Group's attractiveness as an employer, we aim to ensure that, based on their overall remuneration package, our employees earn above average for the respective labour markets. To confirm this, we conduct remuneration studies each year on a worldwide basis. The total salary package consists of a monthly remuneration and a variable component dependent on the BMW Group's overall performance. We also offer additional benefits such as Company pension schemes and an attractive range of mobility benefits, which can differ from country to country.

[GRI-Index: 102-35, 102-38, 102-39, 401-2, SASB-Index](#)

The BMW Group confirmed its position as the most popular automotive manufacturer in the latest ranking of the World's Most Attractive Employers 2021.

¹ BMW AG; departures of employees with permanent employment contracts.

² All BMW Group employees on fixed contracts at 1 August 2021.

³ E-roaming enables electric vehicles to be charged irrespective of the provider.

[t] Despite the good progress, however, employees also identified a number of potential areas for optimising business processes. The results of the survey will form the basis for concrete measures that are scheduled for implementation by mid-2022. [↗ GRI-Index: 102-43](#)

Employee involvement

Our employees represent a crucial stakeholder group for the BMW Group. As such, we actively involve them in our corporate strategy development. The internal dialogues on the topic of sustainability, first introduced in 2020, have become one of the main platforms used to achieve this end. At the two dialogue events held in 2021, we provided information and findings on sustainability topics such as decarbonisation and the social dimension of sustainability. [↗ Dialogue with the stakeholders](#)

The BMW Group's ideas management system as a further opportunity for employee involvement encourages employees to contribute ideas on matters that do not fall within their normal remit. Employee ideas that generate a positive financial effect for the BMW Group are rewarded with the payment of a bonus. In 2021, 4,810 ideas were submitted (2020: 5,980), more than a quarter of which were directly related to sustainability – similar to one year earlier. A total of 1,318 ideas were implemented during the year under report (2020: 1,561), resulting in first-year benefits totalling € 30.4 million (2020: €18.2 million). [↗ GRI-Index: 102-42](#)

Developing expertise for the future

The transformation of the automotive industry entails numerous far-reaching changes. The BMW Group takes a forward-looking approach to the related challenges for the workforce structure, equally considering social, economic and technological developments. Against this backdrop, we strive continuously to ensure our employees have the necessary skill sets, for both the present and the future. The BMW Group is combining the transformation of expertise

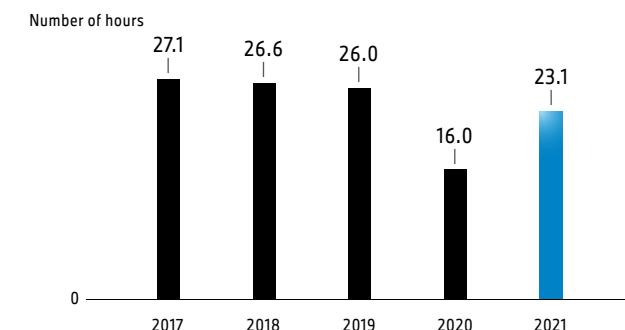
necessitated by electrification with substantial levels of investment at its various [↗ locations](#).

Largest training initiative in the BMW Group's history

In 2021, the BMW Group launched the largest training initiative in its history, aimed at promoting and maintaining the ability of its workforce to perform with the requisite expertise and ensuring the Group's long-term competitiveness. Apart from electric mobility and digitalisation, the BMW Group is also focusing on a number of future-oriented fields, such as electrics and electronics, data analytics, innovative production technologies and new working methods.

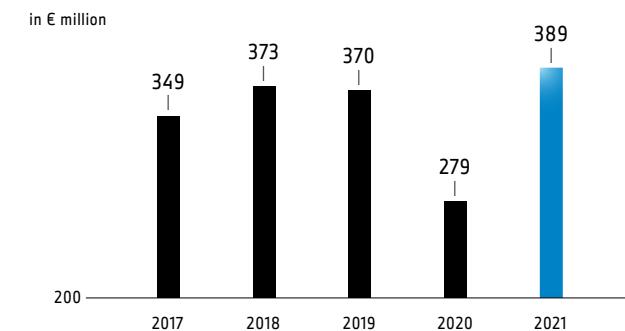
The scale of the training initiative is reflected in the significant increase in the number of participants compared with the previous year. Training measures undertaken across the BMW Group in 2021 involved a total of 1.1 million participants (2020: 770,000). Each member of the BMW Group workforce received an average of 23.1 hours of training during the year under report (2020: 16.0 hours). [↗ Further GRI Information. 1](#) In total, the BMW Group invested € 388.6 million (2020: € 279.0 million) in training and further education in the financial year 2021. The total expense for the years 2020 and 2021 therefore exceeds half a billion euros. [↗ GRI-Index: 404-2](#)

[t] AVERAGE HOURS OF FURTHER TRAINING¹



1

INVESTMENT IN TRAINING AND FURTHER EDUCATION²



¹ Further training of BMW Group employees in consolidated and non-consolidated 100 % subsidiaries worldwide. Data are collated on the basis of direct inputs of participants and, to a small extent, by extrapolation. Data also include e-learning formats.

² Vocational and further training comprises the in-house training of all BMW Group apprentices ([↗ Glossary \[Apprentices\]](#)) as well as the further training of BMW Group employees and temporary staff at consolidated companies worldwide.

[i] Key role for managers in the transformation process

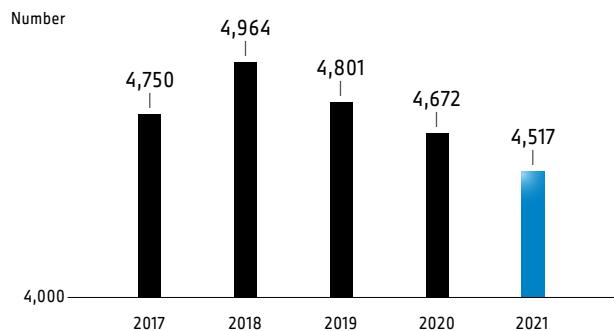
BMW Group managers have a key role to play in shaping the ongoing transformation process. For this reason, the BMW Group promotes personalities who have the right attitude and willingness to perform, joint leadership skills and a high degree of identification with the organisation. We encourage leadership skills by means of strategically aligned management training programmes based on a uniform understanding of leadership. Apart from careers in management, the BMW Group also offers the so-called "Expert Career", which does not generally involve disciplinary responsibility for other employees. It focuses instead on technical, project-related or corporate topics as well as other tasks driving the transformation process.

Recruiting and promoting new staff

Through its comprehensive range of apprenticeships, the BMW Group creates a broad range of attractive employment prospects for young people. Promoting future talents also plays a key role in building up expertise within the Group. [1]

[i] The recruitment and promotion of future talents is increasingly focused on the future-oriented topics of electrification, automation and artificial intelligence. [1]

APPRENTICES AND PARTICIPANTS IN YOUNG TALENT PROGRAMMES¹



Securing future talents

The BMW Group covers its recruiting requirements with the help of future talents programmes, either with an academic emphasis or through qualified vocational training. Trainees are currently preparing for their future occupations within the BMW Group in 30 skilled trades and 18 dual study programmes at 19 training locations around the world. The total number of apprentices, dual study students and participants in future talents programmes* remained at the high level of 4,517 in the year under report (2020: 4,672; -3.3%). In Germany, some 1,200 young people began an apprenticeship or a dual study programme in 2021 (2020: 1,200). A similar number of apprenticeships and study places has been announced for the coming year. BMW AG continues to offer its apprentices and dual study students permanent employment at the BMW Group's plants and headquarters after they have completed their vocational training.

[i] Focus on future-oriented fields

Electrification, automation and connectivity as well as artificial intelligence (AI) are shaping and influencing apprenticeship and future talents training programmes offered by the BMW Group. The relevant programme contents are therefore

updated annually to ensure that our expertise needs for the future are adequately covered. In the year under report, for instance, training for all vocational fields was expanded to include fundamental aspects of cloud computing, 3D printing and data analytics. At the same time, further vocational profiles were added in 2021, such as IT specialist for data and process analysis.

HEALTH AND PERFORMANCE

The health and performance of employees are key factors in the success of the BMW Group. We are therefore committed not only to maintaining the status quo, but also to consciously encouraging improvement. Despite the coronavirus pandemic and the challenges it has posed, we continued to make good progress in terms of the various health management and occupational safety measures in place throughout the BMW Group. Overall, for example, the accident frequency rate decreased.

Centralised health and occupational safety management

Health and occupational safety activities within the BMW Group are combined in the Work Environment, Health, Group Safety and Group Data Protection unit and allocated to the Board of Management's Human Resources and Social Affairs area of responsibility. The managers in the various specialist departments are responsible for all related processes, supported and advised by the centralised health management and occupational safety teams. [1]

* Includes SpeedUp (an undergraduate programme) and Fastlane (a master's programme).

[i] Health management on a holistic basis

The BMW Group bundles all measures aimed at promoting the health and performance of its workforce within its Health Initiative programme. Current health-related topics such as nutrition, exercise and fitness as well as behavioural ergonomics, cancer prevention or mental resilience are addressed in action days, dialogue events and training courses, with the aim of raising employee awareness for these important issues.

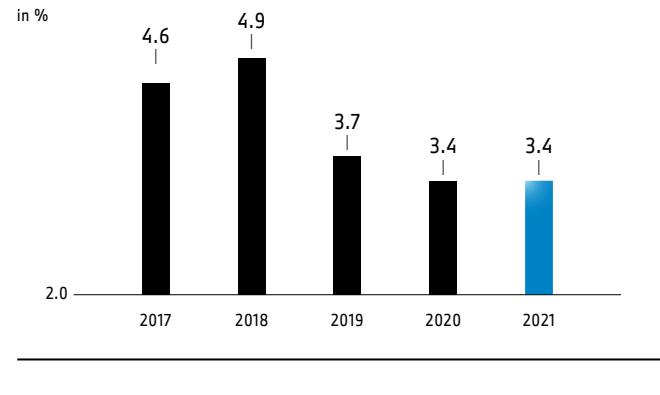
Global approach

The BMW Group places great emphasis of ensuring that all employees have access to its in-house health services. In Germany, these services focus on providing acute care for employees and temporary workers during working hours. In certain countries, however, the Group's health service also takes on primary care tasks, such as at the sites in Thailand, India or Mexico. The BMW Group's Company doctors also advise employees on individual preventive measures if requested to do so, and help them adapt their work environ-

MEASURES ADOPTED IN LIGHT OF THE CORONAVIRUS PANDEMIC

[i] The SARS-CoV-2 occupational health and safety regulations applicable for Germany and the Works Agreement concluded in 2020 continued to apply in 2021. A Group-wide "Corona Manual", which is updated regularly, provides guidelines for implementing infection control measures. In addition to protection and hygiene concepts, the emphasis of the prevention efforts made during the year under report was on the vaccination of employees. The BMW Group's health service teams carried out Covid-19 vaccinations at numerous international plant locations. In Germany alone, the BMW Group carried out almost 50,000 vaccinations in 2021. **[i]**

[i] SICKNESS RATE¹



ment to ensure that their health and performance are maintained in the long term. **[↗ GRI-Index: 403-3, 403-6]**

One of the parameters the BMW Group uses to quantify the success of its health management measures is the sickness rate. At 3.4 %, the sickness rate at BMW AG was at the same level to one year earlier (2020: 3.4 %). The Group continuously strives to improve this figure. **[↗ GRI-Index: 403-10]**

Occupational safety and ergonomics at Group sites

Preventive measures such as safe and ergonomically favourable workplaces are well-established aspects of the BMW Group's approach to health protection. The right to health and safety in the workplace is also a key feature firmly embedded in the **[↗ BMW Group's Code on Human Rights and Working Conditions]**, which includes a commitment to comply with currently applicable occupational health and safety legislation worldwide. Furthermore, uniform standards applying to all sites are constantly improved, and help to ensure that health and safety requirements are consistent throughout the Group.

[i] 99.72 % of employees at BMW Group plants work at a site covered by an international occupational health and safety management system certified to either ISO 45001 or OHRIS level. **[i]**

Certified occupational health and safety management system

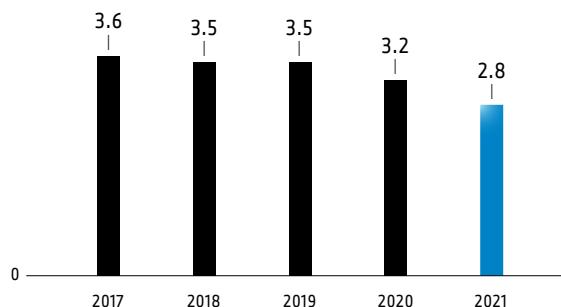
In addition to international cooperation arrangements, occupational health and safety activities throughout BMW Group are coordinated on a global basis in line with a corresponding management system that is certified to ISO 45001 or OHRIS² level at 28 out of 31 plants. This means that 70,459 (2020: 69,092) or 99.72 % (2020: 99.7 %) of permanent employees and 14,772 or 98.98 % of temporary employees³ at BMW Group plants work at a site covered by an international occupational health and safety management system. It is the stated aim of the BMW Group to obtain certification to one of these international standards for all of its plants by 2025. The only plants for which this remains to be done are the Manaus plant (Brazil), the partner plant in Kaliningrad (Russia) and the contract manufacturing facility in Born (the Netherlands). Employer and employee representatives work together at nearly all locations to bring about a continual improvement in health and safety standards. **[↗ GRI-Index: 403-1, 403-4 **[i]****

¹ BMW AG; number of hours of absence due to paid sick leave divided by the contractually agreed number of working hours; up to 2018, absence due to unpaid was also taken into account. Figures up to 2018 are not comparable.

² Occupational Health and Risk Management System.

³ Figures excluding temporary employees included in the management system.

[ACCIDENT FREQUENCY RATE¹]



places on a fully automated basis. With this project, the BMW Group is going beyond current legal requirements and setting the benchmark for the automotive industry. The range of risk assessments was expanded to include a mobile workplace analysis in view of the increased scale of working from home.

The BMW Group uses various management systems to assess the methods and tools deployed across the Group. The results of the assessments are subsequently used to enhance internal norms. As part of co-determination arrangements, the Works Council and, if necessary, the representatives of severely disabled employees and HR management are involved.

The BMW Group ensures the quality of its processes by means of annual internal audits. Audits and certifications of sites are conducted by external service providers. All necessary audits were again successfully performed in 2021, resulting, for example, in the elimination of defects identified in plant and equipment. [↗ GRI-Index: 403-2](#)

Regular training for employees

An important prerequisite for ensuring that its occupational safety and health procedures work well at all locations is the provision of regular training to employees. Responsibility for the training measures implemented in this field lies with the Training Competence Centre, which comprises staff from the occupational safety, ergonomics, environmental protection and health management departments. The seminar curriculum is drawn up in collaboration with safety specialists, Company doctors and the BMW Group Academy. The specialised departments can also be called on to provide solutions to help meet short-term needs.

[Accident frequency

The measures implemented by the BMW Group are also helping in accident prevention terms. The accident frequency rate dropped further to 2.8 accidents per million hours worked (2020: 3.2). There were no fatal accidents during the year under report (2020: one) [↗ Further GRI information](#). The stated goal is to have occupational health and safety standards in place throughout the Group. The success of the plants of our joint venture BMW Brilliance Automotive Ltd., Shenyang, China, in this respect – with their very low accident frequency rate – is a good example. [↗ GRI-Index: 403-9](#)

Recognising and avoiding risks

The BMW Group conducts comprehensive risk and stress analyses in order to identify potential work-related risks in both production and office workplaces. Pilot work continues on the so-called Digital Workplace Stress Management system which is used to assess ergonomic aspects of work-

[2.8 accidents per million hours worked.]

[The BMW Group requires its suppliers to comply with internationally recognised occupational health and safety requirements.]

Occupational safety along the value chain

It is extremely important for the BMW Group that external partners and their employees also find a safe work environment at our locations and take advantage of the available safety measures. For this purpose, cooperation with contractual parties is regulated in a separate contractor declaration, enabling potential hazards to be identified and appropriate protective measures to be taken on this basis. On large-scale construction sites of the BMW Group, all employees of partner companies are given safety briefings by BMW Group experts. In the case of smaller contracts, the contractor is responsible for performing this duty. The department responsible for placing the order monitors compliance with the occupational health and safety regulations, supported by the relevant occupational health and safety unit as required.

In order to improve occupational safety at the upstream stages of the value chain, too, the BMW Group requires its suppliers – via the agreed purchasing terms and conditions – to comply with internationally recognised occupational health and safety requirements.² [↗ GRI-Index: 403-7](#)

¹ Number of occupational accidents with at least one day of absence from work per one million hours worked.

² Management systems in accordance with ISO 45001 and derived from the International Labour Organization (ILO) or UNGC (United Nations Global Compact).

DIVERSITY

[i] The BMW Group sees diversity as a strength. A diverse workforce brings with it different perspectives, experiences and competencies – and can therefore make us more innovative and competitive as a company. For this reason, we encourage a working environment that actively incorporates different perspectives. We embrace diversity in all its facets on the basis of our diversity concept. Our guiding principle is to create "a sense of community" in which people can work together in a spirit characterised by appreciation, mutual understanding, openness and fairness.

Embedding diversity

The BMW Group places great emphasis on an unprejudiced, appreciative and inclusive working environment for all its employees. Key principles such as protection against discrimination, equal treatment of all employees and respect at all times are firmly embedded in the [BMW Legal Compliance Code](#) and the [BMW Group Code of Human Rights and Working Conditions](#). All employees can contact their line managers, the relevant

[i] A diverse workforce brings with it different perspectives, experiences and competencies – making the BMW Group more innovative and competitive. [i]

specialist departments, the HR department or the Works Council if they have any pertinent concerns. The BMW Group SpeakUP Line is a telephone service available in over 30 languages that gives employees worldwide the opportunity to report possible violations both anonymously and confidentially ([Whistleblower Systems for Detecting Possible Legal Violations and Compliance Controls](#)). [GRI-Index: 406-1](#)

Using a variety of training events, presentations and dialogue formats, we endeavour to sensitize employees and managers to the positive contribution that diversity can make to the business. The BMW Group also promotes diversity and equal opportunity in its recruiting and personnel development strategies.

Diversity-promoting concepts have also been developed in relation to the composition of the Board of Management and Supervisory Board. Information on the stipulated diversity criteria and their implementation is provided in the [Corporate Governance Statement](#). [GRI-Index: Diversity and equal opportunity](#)

Group-wide initiatives

The BMW Group is committed to raising awareness for diversity throughout the organisation. In this context, for instance, we organise an annual Diversity Week, which in 2021 involved 170 activities aimed at motivating employees worldwide to address the issue of diversity. The international communication campaign Driven by Diversity was also launched at the same time. The aim of the internal campaign is to make the diverse identities, ways of thinking and experiences of our employees visible and to embed diversity even deeper in the corporate culture of the BMW Group and in the mindset of its employees.

Employee engagement

Employee initiatives play a key role in ensuring that diversity is actively practised. For example, two teams from the future talents programme took part in the Germany-wide [Diversity Challenge](#) of the [Diversity Charter](#) during the year under report. One of the teams was awarded first place for developing a diversity app.

Many other employees are involved in internal networks that have been set up, including a number of women's networks at various locations and the BMW Group PRIDE group, which campaigns across borders for the interests of the LGBT+* community. [Sexual Orientation and Identity](#) The dialogue generated by the aforementioned internal networks creates further momentum for the BMW Group's commitment to support diversity.

Promoting diversity

The BMW Group takes an holistic approach to the subject of diversity, focusing primarily on five key dimensions, namely cultural background; age and experience; sexual orientation and identity; physical and mental ability; and gender. The two departments, HR Policy and Strategy and HR Operations, working together with the relevant disciplinary line managers, are responsible for implementing the measures decided upon. [\[i\]](#)

* Abbreviation for all sexual orientations and forms of identity.

[BMW AG EMPLOYEES ACCORDING TO AGE GROUP, DIVIDED INTO FUNCTIONS AND GENDER]

in %	< 30 years old	30–50 years old	> 50 years old
2019 total	11.6	59.2	29.2
2020 total	10.4	59.9	29.7
2021 total	9.8	59.9	30.3
direct ¹	13.3	53.6	33.1
indirect ²	7.8	63.6	28.6
male	8.8	59.2	31.9
female	15.2	63.4	21.4

Age and experience

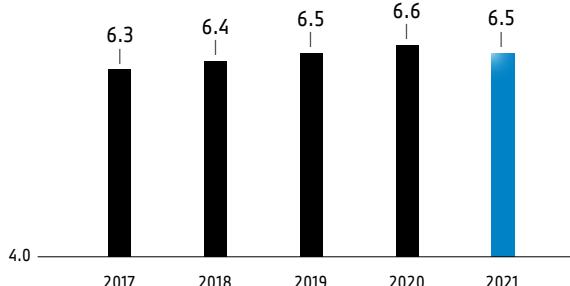
The BMW Group sees demographic change as both a challenge and an opportunity. Since 2019, as part of the Senior Expert Programme, retired employees have been passing on their knowledge and experience to their younger colleagues. Conversely, within the Reverse Mentoring Programme organised by the BMW Group, older employees benefit from the new knowledge of the younger generation. We train our managers to recognise and leverage the opportunities that mixed-age teams offer. ↗ [GRI-Index: 404-2](#)

Physical and mental abilities

In line with its core values, the BMW Group is convinced of the need to offer an inclusive and barrier-free working environment for employees with physical or mental disabilities. This begins with providing training opportunities for severely disabled young people and continues by designing workplaces that meet their needs. We have reaffirmed this aspiration in 2021 by joining the international initiative ↗ [The Valuable 500](#). Furthermore, in the year under report BMW AG awarded contracts amounting to around € 24.2 million (2020: € 25 million)⁴ to workshops staffed by people with severe restrictions.

[SHARE OF EMPLOYEES WITH SEVERE DISABILITIES AT BMW AG³]

in %



Sexual orientation and identity

The focus we place on sexual orientation and identity is a clear reflection of diversity in action within the BMW Group. An open-minded, unprejudiced and respectful working environment is a prerequisite for LGBT+ employees to be able to contribute their full potential. For this reason, the BMW Group uses a range of informational events and dialogue formats to raise awareness of LGBT+ issues among employees and managers. We are supported in the implementation of measures by the internal network BMW Group PRIDE. We also send a clear signal to the outside world: in 2021, for instance, we joined the PROUT EMPLOYER network of the ↗ [Prout at Work Foundation](#) and signed the UN Standards of Conduct for Business for Tackling Discrimination against LGBTI people.

Gender

In 2021, the BMW Group systematically implemented the measures decided upon in 2020 aimed at promoting women in the workforce. One focus was placed on future talents and executive management training programmes. ↗ [Increasing the share of women at all levels](#). In the Inspired Lead leadership programme, for example, gender diversity is taken into account in both the selection of participants and the learning content. The option of filling management functions in tandem (joint leadership) was also well received by employees in the first year after the programme was introduced. In 2021, our measures relating to the promotion of women were evaluated externally on the basis of the Women's Career Index. This assessment confirmed the effectiveness of the measures taken and the progress we have made.

[People from over 110 countries work successfully together at the BMW Group.]

¹ Clock-controlled and production employees.

² All employees without clock control.

³ The share of employees with severe disabilities is based on the statutory requirements in accordance with the German Social Code (SGB IX).

⁴ The figure for 2021 comprises all orders completed and billed by 31 December 2021.

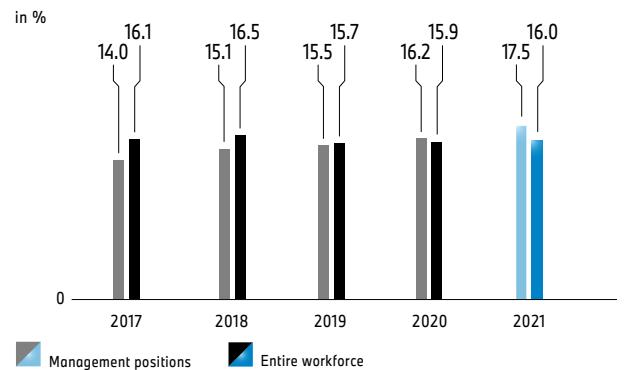
BMW AG regularly compares the monthly salary levels and variable remuneration of women and men employed by the Company. The respective degree of employment and functional level are also taken into account. The objective of the audit is to ensure that the remuneration structures result in fair pay. There were no significant differences in the overall remuneration package between the genders within BMW AG in the year under review. [↗ GRI-Index: 405-2 \[1\]](#)

Increasing the share of women

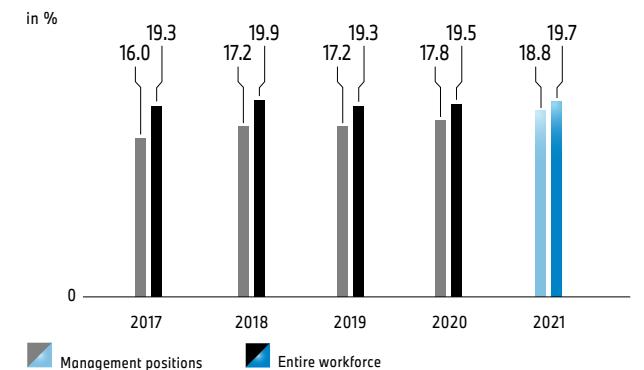
The BMW Group is working continuously to increase the share of women in the workforce as a whole and in management functions in particular. This remains a challenging task in that it is still the case that more men go through the process of vocational training, particularly in technical fields, and are therefore in the majority on the labour market.

The BMW Group has set targets for the percentage share of women at all levels of the Company. We have raised our targets for the percentage of women in management functions

PERCENTAGE OF WOMEN IN MANAGEMENT POSITIONS AND IN THE TOTAL WORKFORCE AT BMW AG²



PERCENTAGE OF WOMEN IN MANAGEMENT POSITIONS AND IN THE TOTAL WORKFORCE OF THE BMW GROUP²



by 2025, namely to 22 % for the BMW Group and 20 % for BMW AG. By 2025, we aim to increase the share of women in the BMW Group workforce as a whole to between 20 and 22 % and to between 17 to 19 % for the BMW AG.

The share of women in management functions¹ within the BMW Group has been rising steadily for many years. Globally, the share of female managers in the BMW Group stood at 18.8 % at the end of 2021 (2020: 17.8 %). At BMW AG, the number of women in management functions has more than doubled between 2011 and the present day. Expressed as a percentage, the share of female managers at BMW AG was 17.5 % at the end of the period under report (2020: 16.2 %).

The share of women in the BMW Group workforce as a whole reached 19.7 % (2020: 19.5 %). At BMW AG, women accounted for 16.0 % of the total workforce (2020: 15.9 %) [↗ Further GRI Information](#).

Share of women in management functions in the BMW Group at 18.8 %.

¹ Regarding the term "management function" please see the [↗ Glossary](#).

² The new definition of the term "employee" is provided in the [↗ Glossary](#).

CORPORATE CITIZENSHIP

[i] As a corporation with a multinational workforce and locations on six continents, we are very much a part of society. For this reason, our ecological, economic and social responsibility extends beyond our core business. The main focus of our corporate citizen activities at our international locations is to make a contribution towards achieving better living conditions, educational opportunities and greater intercultural understanding. Through a broad range of activities, we also contribute towards the attainment of the UN's Sustainable Development Goals.

BUILDING BRIDGES BETWEEN CULTURES

[i] As an enterprise with global operations and a highly diverse workforce, we have a keen interest in encouraging tolerance and understanding between various nations, cultures and religions. Together with the [United Nations Alliance of Civilisations \(UNAOC\)](#), since 2011 we have regularly presented the [Intercultural Innovation Award](#). The Award is given in recognition of projects that seek constructive solutions to intercultural tensions and conflict.

The BMW Group's target is to reach a total of six million people by 2025 with the award-winning projects. By the end of 2021, the award-winning projects will already have benefited around 5.7 million people (2020: 5.1 million people).¹ The BMW Group therefore considers it is well on the way to exceeding the target it has set itself. [\[1\]](#)

Our aspiration

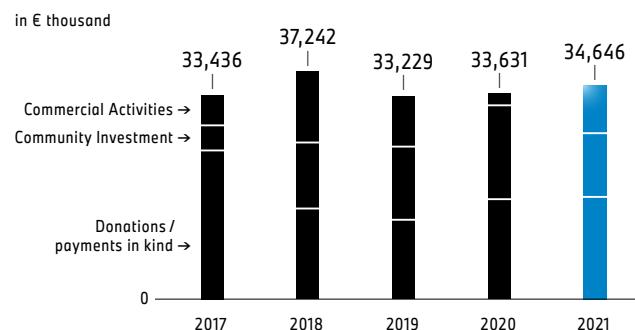
The BMW Group aspires to address concrete needs and achieve a long-term impact by means of its corporate citizenship activities. We therefore focus primarily on projects where our expertise can be best leveraged to make a purposeful contribution. In the event of a crisis, we also provide fast and unbureaucratic assistance. During the year under report, for instance, the BMW Group made € 1.5 million available for rescue services in connection with the flood disaster in Germany.²

The BMW Group's expenditure on corporate citizenship activities in 2021 totalled € 34.6 million (2020: € 33.6 million). These include social projects, communication activities, sponsorship of cultural and sporting events, and donations of various kinds.

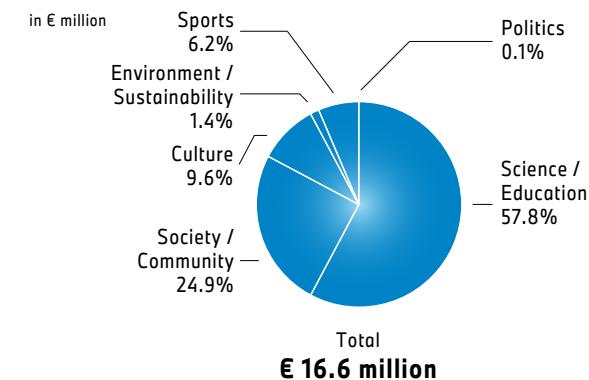
Improving prospects for life with educational projects

At its various locations, the BMW Group develops educational projects that facilitate young people's first steps into the labour market and, in this way, offer them better prospects for life. With its programmes from primary school level through to higher education, the BMW Group is making a

[i] TOTAL EXPENDITURE ON CORPORATE CITIZENSHIP BY TYPE OF ACTIVITY³



[i] DONATIONS WORLDWIDE⁴



lasting contribution towards more equal opportunity. The BMW Group bases its funding approach on the specific needs and requirements at each location. During the year under report, the BMW Group supported a range of educational projects – for example in China, India, South Korea, Russia and the USA. Further information is provided and additional projects described on the website [BMW Group Corporate Citizenship](#). [\[1\]](#)

¹ The number of people supported by projects is provided by the award winners at the end of each year. It is calculated based on combined data from media and sources. The figure reported relates only to the people who benefit directly from the projects concerned.

² Of which approximately €900,000 was called upon in 2021.

³ The BMW Group's corporate citizenship activities are divided into three main areas: donations (comprising cash and non-cash contributions), community investments (including expenditure on our own project initiatives and partnerships as well as corporate volunteering) and commercial activities (covering activity and event sponsoring undertaken to promote culture, sports and sustainability). Commercial activities also include cause-related marketing.

⁴ In the form of cash and non-cash contributions.

[Strengthening employee engagement

A great number of BMW Group employees around the world are committed to social and environmental issues in a variety of ways. This includes, above all, supporting educational projects and campaigns for the benefit of the communities at the locations where we have operations. In order to make it easier for employees to become involved in such activities, the BMW Group launched a so-called Social Week in 2021, comprising a lecture series as well as introductory events. In addition, the creation of a Social Marketplace provides employees with a digital platform on which they are able to obtain information about charitable projects and exchange ideas with like-minded people. Environment-related initiatives – such as collecting plastic waste, planting trees or growing vegetables – are also a recurring feature of the projects pursued by our employees.

Awards for social engagement

The BMW Group actively involves its employees in its social engagement activities. Over the past ten years, particularly dedicated charitable work has been recognised with the BMW Group Award for Social Engagement¹. In 2021, the BMW Group honoured four employees for their social engagement, in one case even with a special prize sponsored by the Doppelfeld Foundation. The BMW Group Awards for social engagement are each endowed with € 10,000 and directly benefit the projects concerned.

[The BMW Group Award honours particularly dedicated social engagement on the part of our employees.]

Promoting innovation

We encourage young talented people within the BMW Group to use their know-how to set up their own projects to help solve the social and ecological challenges of our day. In the "Innovation for Impact" accelerator programme, we support young employees who are making a valuable contribution with innovative technologies.

Inspiring Responsible Leadership – the BMW Foundation Herbert Quandt

The [BMW Foundation Herbert Quandt](#)² is an independent corporate foundation and, as an important partner, contributes with its activities to the social responsibility aspirations of the BMW Group. At the same time, the Foundation encourages leaders worldwide to take action as "Responsible Leaders" and is committed to help shape a peaceful, just and sustainable future. The Foundation strives to promote the UN Sustainable Development Goals. These goals also play a key role in the Foundation's grants, collaborations and investments, with social and sustainability-related impacts taken into account in every investment decision. Detailed information on this process is provided in the latest [Impact Investing Report](#). Significant activities during the year under report included the [RESPOND Accelerator programme](#), the [Equity, Diversity, and Belonging Week](#) and a Responsible Leaders Lab on the topic of [Reshaping Mobility to Serve Citizens' Needs](#).]

CREATING A FORUM FOR YOUNG TALENT ACROSS THE WORLD

[The mission statement of the [One Young World](#) network is to meet global challenges together, while creating lasting, global connections. This guiding principle brings together young people from all over the world who are committed to social responsibility. The BMW Group has been sending a delegation to the One Young World Summit since 2016. In 2021, around 60 young employees from the BMW Group took part in the event.]

[With our accelerator programme, we support young employees who are making a valuable social or ecological contribution with innovative technologies.]

¹ Designation until 2020: BMW Group Award for Social Commitment.

² The BMW Foundation Herbert Quandt is a corporate foundation of BMW AG. The Foundation implements its programme with the income earned on endowment assets or received in the form of regular financial contributions from the benefactor. In accordance with its statutes, the independent foundation is advised by a board of trustees, on which the Chairman of the Supervisory Board and one member each of the Supervisory Board and the Board of Management of BMW AG are represented.

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AT A GLANCE

€ 16,060 million

Group profit before tax (up 207.5 % on the previous year)

[↗ Direct link to section](#)

€ 9,870 million

Profit before financial result: Automotive segment (up 356.5 % on the previous year)

[↗ Direct link to section](#)

€ 3,753 million

Profit before tax: Financial Services segment (up 117.6 % on the previous year)

[↗ Direct link to section](#)

FINANCIAL PERFORMANCE

GENERAL AND SECTOR-SPECIFIC ENVIRONMENT

Following the pandemic-related slump in 2020, the global economy experienced an upswing in the year under report. According to the provisional calculations of the International Monetary Fund (IMF), global gross domestic product (GDP) grew by 5.9 % year-on-year in 2021. All three major regions – Europe, the USA and China – saw an economic recovery.

The coronavirus crisis hit countries in the eurozone harder than in other major regions. For this very reason, however, the subsequent recovery in the worst affected European countries was more pronounced. Overall, the economies of the eurozone countries grew by 5.1% year-on-year. At 2.7%, Germany's economy recorded a lower growth rate than other European countries, mainly reflecting the impact of supply shortfalls, particularly for semiconductor components. By contrast, the economies of France (+6.7%), Italy (+6.3%) and Spain (+5.0%) all grew strongly, influenced in particular by good progress made on the vaccination front, the easing of pandemic restrictions and the catch-up effects driven by pent-up demand.

Despite its exit from the European Union (EU) and the impact of supply bottlenecks, the economy of the United Kingdom (UK), which had experienced a particularly severe slump in the previous year, recovered in 2021, with GDP up by 7.0 %.

The US economy grew by 5.7 % year-on-year. The US labour market also staged a recovery in 2021. Although the USA's employment figures have not yet returned to pre-crisis levels, some sectors are already seeing labour shortages.

China's economic growth rate rose to 8.1% in 2021, well up on the previous year, boosted in particular by a renewed sharp rise in exports. However, the pace of growth slowed somewhat towards the end of the year due to weaker consumer demand.

After contracting significantly in 2020, Japan's economy recovered slightly during the first half of 2021. Despite extensive stimulus packages, however, the second half of the year saw a drop in economic output, with the year-on-year growth rate finishing at 1.8 %.



Currency markets and international interest rate environment

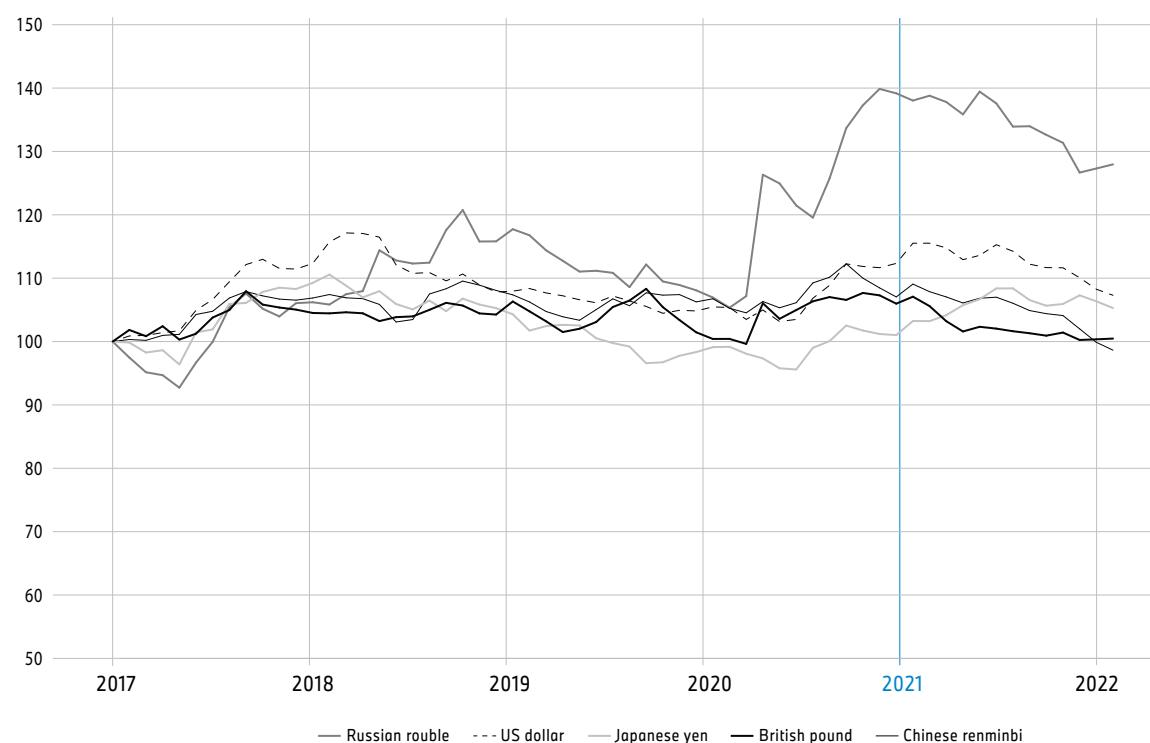
Supply chain bottlenecks, capacity constraints and higher energy prices caused inflation to rise in the world's major economies in 2021. Towards the end of the year, a number of central banks announced their intention to modify their previous highly expansionary monetary policies.

The bandwidth of fluctuation in the US dollar / euro exchange rate was slightly narrower in 2021 than in the previous year. The US currency fluctuated between 1.23 and 1.12 US dollars to the euro and weakened somewhat compared to the previous year with an average rate of 1.18 US dollars to the euro in 2021. Both the European Central Bank (ECB) and the US Federal Reserve (Fed) left their benchmark interest rates unchanged. Towards the end of the year, however, they announced that bond purchases would be curtailed.

Post-Brexit, the British pound remains fairly close to the lower value it fell to after the 2016 referendum. However, at an average rate of 0.86 pounds to the euro, the British currency was slightly stronger than in previous years. In response to the high inflation rate, the Bank of England (BoE) raised the official bank rate by 15 basis points to 25 basis points in December 2021.

EXCHANGE RATES COMPARED TO THE EURO

Index: December 2016 = 100



In China, the rapid recovery of the domestic economy and the sharp growth in exports in 2021 led to a continuous appreciation of the Chinese renminbi. On average over the year, the Chinese currency traded at 7.63 renminbi to the euro. Bucking the international trend, the Chinese central bank lowered the reserve requirement ratio for most banks by 50 basis points at the end of 2021, thereby easing its monetary policy in order to shore up the economy.

The average exchange rate of the Japanese yen was 130 to the euro during the year under report.

As in the previous year, the currencies of major emerging markets weakened again in 2021 due to the impact of the coronavirus pandemic. While the average value of the Indian rupee fell by around 3 % against the euro, the Russian rouble depreciated by 5 % and the Brazilian real by as much as 8 % on average against the euro.

Energy and raw materials prices

The year 2021 was marked by a pronounced shortage of raw materials, with demand outstripping supply for nearly all commodities. Average prices for steel and aluminium roughly doubled year-on-year, but fell again slightly towards the end of the 12-month period.

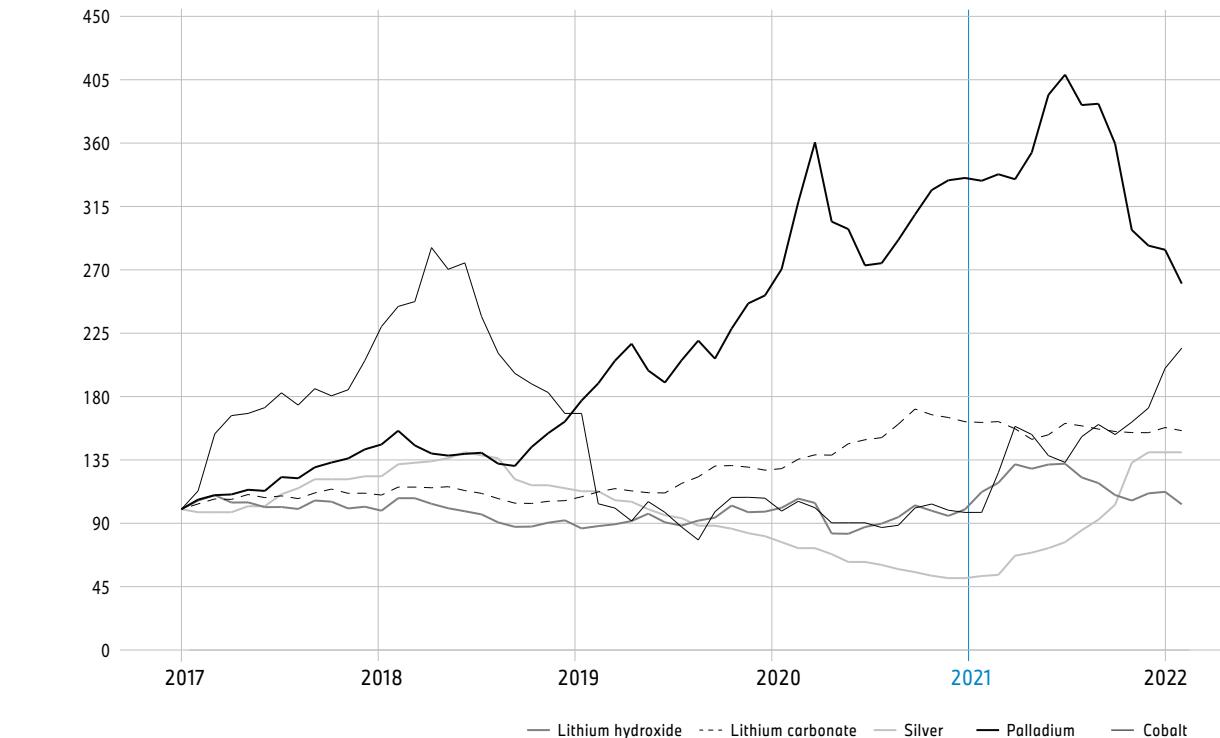
Prices for precious and non-ferrous metals also followed a similar trend. After rising sharply through to mid-2021, prices fell again during the second half of the year, particularly for

rhodium and palladium. Lower demand from the automotive industry also had a dampening effect on prices.

Prices of raw materials for batteries, however, rose significantly, mainly due to the growing demand for electric vehicles. Quoted prices for cobalt, for example, were up almost twofold compared to the low for the year recorded one year earlier. Similarly, the average price of lithium almost doubled year-on-year.

DEVELOPMENT OF METALS PRICES

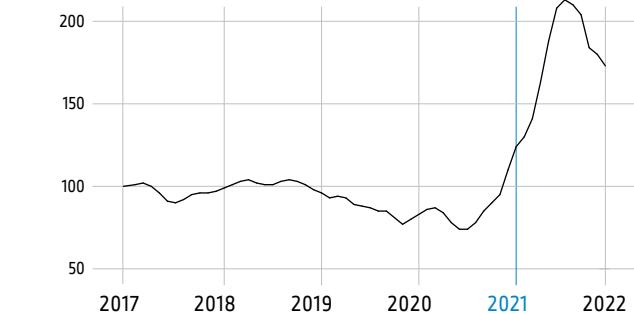
Index: December 2016 = 100



Source: Reuters

STEEL PRICE TREND

Index: January 2016 = 100

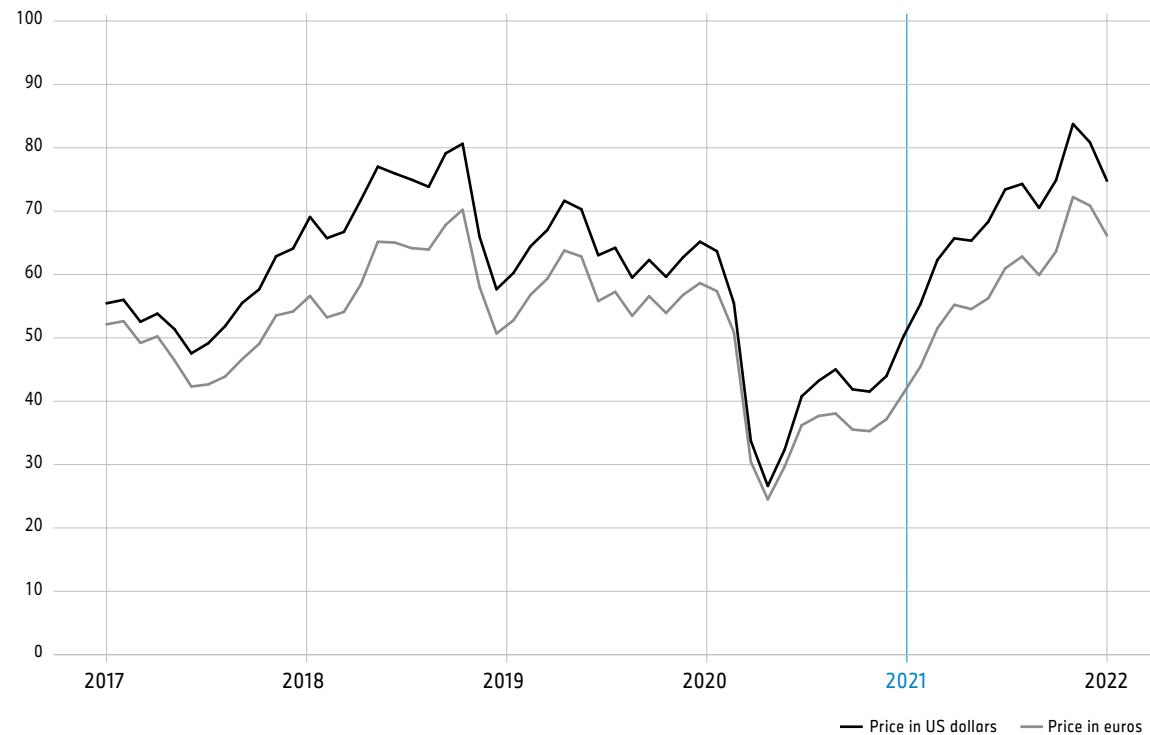


Source: Working Group for the Iron and Metal Processing Industry.

Whereas in the previous year, oil markets had seen negative prices for a brief period in the wake of the coronavirus pandemic, crude oil prices rose massively in 2021. WTI-grade oil was temporarily quoted at over 84 US dollars per barrel and Brent crude at over 86 US dollars per barrel, both reaching their highest level in seven years. Prices fell again slightly towards the end of 2021, but were still well above prior-year levels.

OIL PRICE TREND

Price per barrel of Brent Crude



International automobile markets

International automobile markets recovered slightly overall in 2021, despite the continuing supply bottlenecks reported in many markets. Registration figures for passenger cars and light commercial vehicles worldwide edged up by 1% to 73.4 million units.

INTERNATIONAL AUTOMOBILE MARKETS

	Change compared to previous year in %
Europe	- 2
thereof Germany	- 10
thereof France	+ 1
thereof Italy	+ 6
thereof Spain	+ 1
thereof United Kingdom (UK)	+ 1
USA	+ 3
China	+ 3
Japan	- 3
Total	+ 1

International motorcycle markets

The trend on international motorcycle markets in the 250 cc plus class was predominantly positive in 2021. Worldwide, motorcycle registrations were 14% up on one year earlier, when pandemic-related factors had caused the markets to contract. Markets in Europe also showed an upward trend, with registrations up by 7% year-on-year. Among the major motorcycle markets, positive contributions to the region's recovery came from Italy (+22%), Spain (+11%) and France (+10%). By contrast, registration figures in Germany fell sharply (-12%). Registrations in the USA rose by 15% year-on-year. The Brazilian market also performed extremely well, with registrations up by 32% after a decline one year earlier. China recorded the biggest increase with growth of 44%.

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

INTERNATIONAL MOTORCYCLE MARKETS

	Change compared to previous year in %
Europe	+ 7
thereof Germany	- 12
thereof France	+ 10
thereof Italy	+ 22
thereof Spain	+ 11
Americas	+ 19
thereof USA	+ 15
thereof Brazil	+ 32
Asia	+ 31
thereof China	+ 44
Total	+ 14



OVERALL ASSESSMENT BY MANAGEMENT OF THE FINANCIAL YEAR

Despite the global challenges driven by semiconductor component supply shortages and the impact of the coronavirus pandemic, the BMW Group can be satisfied with the course of business in the financial year 2021.

The BMW Group's results of operations, financial position and net assets are indicative of its solid financial condition. Business developed in line with management expectations. This assessment also takes into account events after the end of the reporting period.

COMPARISON OF FORECASTS WITH ACTUAL OUTCOMES

The following table shows the development of key performance indicators for the BMW Group as a whole as well as for the Automotive, Motorcycles and Financial Services segments in the financial year 2021 compared to the forecasts made in the BMW Group Report 2020. Favourable selling price trends for new and pre-owned vehicles as well as the partial reversal of the provision for the EU antitrust proceedings resulted in the EBIT margin forecast for the Automotive segment being adjusted during the year. Due to lower risk provisioning expense recognised for expected residual value and credit risks, higher profits on the resale of lease returns and the reversal of credit risk allowances, the BMW Group also adjusted its forecast for the return on equity (RoE) range. The changes are shown below.

Detailed information on the BMW Group's key performance indicators is provided below in conjunction with the analysis of the Group's results of operations, financial position and net assets. Changes in the key performance indicators used for the Automotive, Motorcycles and Financial Services segments are explained in the respective sections on the segments.

BMW GROUP: COMPARISON OF THE FORECASTS FOR 2021 WITH ACTUAL OUTCOMES IN 2021

	Forecast for 2021 in 2020 Group Report	Forecast revision during the year	Actual outcome in 2021
GROUP			
Profit before tax	significant increase		€ million 16,060 (+207.5 %) significant increase
Workforce at year-end	slight decrease		118,909 (-1.5 %) slight decrease
Share of women in management positions in the BMW Group	slight increase		% 18.8 (+5.6 %) solid increase
AUTOMOTIVE SEGMENT			
Deliveries to customers ¹	solid increase		units 2,521,514 (+8.4 %) solid increase
Share of electrified vehicles in deliveries	significant increase		% 13.0 (+56.6 %) significant increase
Emissions new vehicle fleet ²	significant decrease		in g / km 115.9 (-14.1 %) significant decrease
CO ₂ emissions per vehicle produced ³	moderate decrease		in tons 0.33 (-5.7 %) moderate decrease
EBIT margin	between 6 and 8	Q2: between 7 and 9 Q3: between 9.5 and 10.5	% 10.3 (+7.6 %-points)
Return on capital employed (RoCE) ⁶	significant increase		% 59.9 (+47.2 %-points) significant increase
MOTORCYCLES SEGMENT			
Deliveries to customers	solid increase	Q2: significant increase	units 194,261 (+14.8 %) significant increase
EBIT margin	between 8 and 10		% 8.3 (+3.8 %-points)
Return on capital employed (RoCE) ⁶	significant increase		% 35.9 (+20.9 %-points) significant increase
FINANCIAL SERVICES SEGMENT			
Return on equity (RoE)	between 12 and 15	Q2: between 17 and 20 Q3: between 20 and 23	% 22.6 (+11.4 %-points)

¹ Including automobiles from the joint venture BMW Brilliance Automotive Ltd. Shenyang (2021: 651,236 units).

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

³ Efficiency indicator calculated on the basis of Scope 1 and Scope 2 emissions (i.e. a market-based method according to GHG Protocol Scope 2 guidance; mainly use of VDA emission factors as well as occasional use of local emissions factors). This excludes climate-changing gases (other than carbon dioxide) that are emitted in conjunction with vehicle production (BMW Group plants incl. BMW Brilliance Automotive Ltd. joint venture and Motorrad, excluding partner plant and contract manufacturing) as well as other BMW Group locations not assigned to manufacturing (e.g. research centres, sales centres, office buildings) divided by the number of vehicles generated in automobile production (BMW Group plants including the BMW Brilliance Automotive Ltd. joint venture and partner plants, excluding contract manufacturing).

⁴ For better comparability of the previous year's values with the current year under report, the 2020 NEDC figures were converted to WLTP, making adjustments for applicable flexibilities – specifically from 99 g CO₂ / km according to NEDC (including 5 g CO₂ / km phase-in, 7.5 g CO₂ / km supercredits and 2.4 g CO₂ / km eco-innovations) to 135 g CO₂ / km according to WLTP (excluding flexibilities). In 2020, a phase-in scheme and the awarding of supercredits were possible. In 2021, these two exemptions were no longer available for the BMW Group.

⁵ Due to the expansion of the reporting scope during the year under report, the comparative figure (in 2020 before the adjustment: 0.31 tonnes) was revised to 0.35 tonnes.

⁶ Unlike the other key performance indicators, the RoCE forecast for the Automotive and Motorcycles segments is based on the change in percentage points. ↗ Glossary

Retail vehicle delivery data*

In 2020, BMW Group reviewed and revised its policies and procedures for the reporting of retail vehicle delivery data for automobiles in order to further improve the reliability and validity of its retail vehicle delivery data, in particular with respect to the timing of the recognition of retail vehicle deliveries (the Revised Reporting Process). BMW Group has applied the Revised Reporting Process to all markets with effect from the year 2020. While BMW Group revised retail vehicle delivery data for certain of its most significant markets for the years 2016 through 2019 presented in this report, such data were not revised for BMW Group's other markets. As a result, retail vehicle delivery data presented in this report for the years 2016 through 2019 is not directly comparable to such data presented for the years 2020 and 2021. Specifically, the retail vehicle delivery data for automobiles presented in this report have been revised as follows:

When presenting total retail vehicle delivery data for automobiles other than model-by-model data, data relating to the years 2016 through 2019 for BMW Group's 16 most significant markets were adjusted to reflect the Revised Reporting Process. In the years 2016 through 2019, these 16 markets represented on average approximately 87% of BMW Group's total retail deliveries of automobiles. For each of the years 2016 through 2019, these revisions amounted to less than 1% of BMW Group's total retail deliveries of automobiles.

The retail vehicle delivery data for automobiles for BMW Group's other markets have not been adjusted for any period prior to 2020, nor have any retail vehicle delivery data for motorcycles been adjusted for any period prior to 2020. BMW Group believes the impact on BMW Group's retail vehicle delivery data presented in this report of such data not having been adjusted to reflect the Revised Reporting Process to be immaterial.

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

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

— Retail vehicle delivery data for periods prior to 2020 include an immaterial number of pre-series vehicles that were never intended to be sold to end users (such as vehicles for use by government agencies in connection with safety evaluations (e.g., crash tests) or for other tests).

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



EARNINGS PERFORMANCE OF THE BMW GROUP

BMW GROUP CONDENSED INCOME STATEMENT

in € million	2021	2020	Change in %
Revenues	111,239	98,990	12.4
Cost of sales	- 89,253	- 85,408	- 4.5
Gross profit	21,986	13,582	61.9
Selling and administrative expenses	- 9,233	- 8,795	- 5.0
Other operating income and expenses	647	43	-
Profit before financial result	13,400	4,830	-
Financial result	2,660	392	-
Profit / loss before tax	16,060	5,222	-
Income taxes	- 3,597	- 1,365	-
Net profit	12,463	3,857	-
Earnings per share of common stock in €	18.77	5.73	-
Earnings per share of preferred stock in €	18.79	5.75	-

in %	2021	2020	Change in %-points
Gross profit margin ³	19.8	13.7	6.1
Pre-tax return on sales ¹	14.4	5.3	9.1
Post-tax return on sales ²	11.2	3.9	7.3
Effective tax rate ⁴	22.4	26.1	- 3.7

¹ Group profit before tax as a percentage of Group revenues.

² Group net profit as a percentage of Group revenues.

³ Gross profit as a percentage of Group revenues.

⁴ Income taxes as a percentage of Group revenues.

Group revenues by region were as follows:

BMW GROUP REVENUES BY REGION

in %	2021	2020
Europe	42.4	44.3
Asia	32.5	32.1
Americas	22.8	21.4
Other regions	2.3	2.2
Group	100.0	100.0

BMW GROUP COST OF SALES

in € million	2021	2020	Change in %
Manufacturing costs	51,361	46,878	9.6
Cost of sales relating to financial services business	26,409	27,114	-2.6
thereof interest expense relating to financial services business	1,643	1,960	-16.2
Research and development expenses	6,299	5,689	10.7
thereof amortisation of capitalised development costs	1,935	1,710	13.2
Service contracts, telematics and roadside assistance	1,591	1,411	12.8
Warranty expenses	2,192	2,971	-26.2
Other cost of sales	1,401	1,345	4.2
Cost of sales	89,253	85,408	4.5

2021	2020	Change in %
51,361	46,878	9.6
26,409	27,114	-2.6
1,643	1,960	-16.2
6,299	5,689	10.7
1,935	1,710	13.2
1,591	1,411	12.8
2,192	2,971	-26.2
1,401	1,345	4.2
89,253	85,408	4.5

Antitrust investigation concluded

In the Half-Year Report to 30 June 2021, information was provided on the conclusion of the EU Commission's antitrust proceedings in connection with allegations of colluding to restrict competition for innovation with regard to certain exhaust treatment systems. In accordance with the updated Statement of Objections received on 20 May 2021, the EU Commission dropped most of the original charges. Remeasurement of the provision originally recognised in the financial year 2019 gave rise to a positive impact on earnings of around one billion euros in the second quarter 2021. The proceedings were concluded by settlement on 8 July 2021 and resulted in a fine of approximately € 373 million, which was paid in July 2021. Further information, in particular relating to further antitrust proceedings and civil lawsuits, is provided in note 38 to the Group Financial Statements 2021.

Increase in Group net profit in 2021

Group revenues were significantly higher in the financial year 2021, reflecting the impact of coronavirus-related dealership closures in the previous 12-month period (2021: € 111,239 million; 2020: € 98,990 million; + 12.4%). Sales volume was

also higher in 2021, whereby the increase was held down by production shortfalls due to supply bottlenecks for semiconductor components. However, this unfavourable impact was more than offset by improved pricing, due to both the growing desire for individual mobility on the one hand and the reduced worldwide availability of products triggered by those same semiconductor component shortages on the other. In addition, revenues were also boosted by favourable product mix effects due to increased sales of high-revenue models. The semiconductor scarcity was also reflected in higher selling prices on pre-owned vehicle markets, which in turn gave rise to higher revenues from the sale of lease returns.

Group cost of sales rose to € 89,253 million (2020: € 85,408 million; + 4.5%), mainly due to sales volume growth.

Other factors influencing the increase were volume-related cost of sales for lease returns, rising raw materials and energy prices, and the higher proportion of electrified vehicles sold. Furthermore, reversals of and lower additions to credit risk allowances as well as the remarketing result arising on the sale of lease returns had a positive impact on cost of sales.

In the previous year, warranty expenses were impacted by the recognition of provisions in connection with the exhaust gas recirculation cooler and other warranty-related items.

The reduced workforce size and changeover effects resulting from the modernisation of the pension plan model in Germany amounting to € 562 million¹ had a positive impact on cost of sales and selling and administrative expenses, while higher expenses for performance-related remuneration components had an offsetting effect. Depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales and in selling and administrative expenses totalled € 6,495 million (2020: € 6,143 million).

¹ Further information is provided in note 32 to the Group Financial Statements.

A substantial part of research and development expenditure in 2021 related to new vehicle models (including the all-electric BMW iX and BMW i4 models and the new BMW 2 Series Active Tourer) as well as the development of digital products, automated driving and new architectures. The year-on-year rise in research and development expenses clearly reflects the increase in vehicle and module production start-up activities as the BMW Group continues its electric offensive.

The net amount of other operating income and expenses improved significantly, primarily due to the income arising on the partial reversal of the provision relating to the antitrust proceedings of the EU Commission, which was recorded in the second quarter 2021.

As a result of the various factors described above, profit before financial result jumped to € 13,400 million (2020: € 4,830 million).

The financial result improved significantly to a net positive amount of € 2,660 million (2020: net positive amount of € 392 million), influenced in particular by improvements in the line items "Other financial result" and "Result from equity accounted investments".

Other financial result benefited in 2021 from the continued favourable fair value development of interest rate hedges resulting from the rise in yield curves in the USA, whereas in the previous year the downward trend in interest rates gave

rise to fair value measurement losses on interest rate hedges. Other financial result was additionally impacted by positive valuation effects, primarily arising on investments held by the BMW i Ventures fund and on the investment in SGL Carbon shares.

The increased at-equity result from the Chinese joint venture BMW Brilliance Automotive Ltd., Shenyang, amounting to € 1,727 million (2020: € 1,212 million) was another key driver of the improved financial result.

As forecast most recently in the Quarterly Statement to 30 September 2021, Group profit before tax of € 16,060 million was significantly higher than one year earlier (2020: € 5,222 million) and therefore in line with expectations.

Income tax expense for the year increased to € 3,597 million (2020: € 1,365 million), mainly due to the significant year-on-year improvement in Group profit before tax. The effective tax rate for the 12-month period was 22.4% (2020: 26.1%), reflecting the partial reversal in 2021 of the risk provision in connection with the antitrust proceedings of the EU Commission as well as the impact of fair value measurement gains within other financial result.

The size of the workforce decreased slightly to 118,909 employees year-on-year and was therefore in line with expectations (2020: 120,726 employees; -1.5%).

BMW GROUP RESEARCH AND DEVELOPMENT EXPENSES

in € million

Research and development expenditure	
New expenditure for capitalised development costs	
Amortisation	
Research and development expenses	

	2021	2020
6,870	6,279	
- 2,506	- 2,300	
1,935	1,710	
6,299	5,689	

BMW GROUP PERFORMANCE INDICATORS RELATING TO RESEARCH AND DEVELOPMENT EXPENSES

in %

Research and development expenditure ratio ¹	
Capitalisation rate ²	

	2021	2020	Change in %-pts.
6.2	6.3	- 0.1	
36.5	36.6	- 0.1	

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

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

FINANCIAL POSITION OF THE BMW GROUP

The consolidated cash flow statements for the Group and the Automotive and Financial Services segments show the sources and applications of cash flows for the financial years 2021 and 2020, classified according to operating, investing and financing activities. Cash and cash equivalents in the cash flow statements correspond to the amounts disclosed in the balance sheet.

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

The main factors driving the higher net cash inflow from operating activities were the Group's improved profit before tax on the one hand and the overall change in working capital on the other. Within working capital, the rise in trade payables due to higher production volumes had a favourable effect, while the increase in inventories in the Automotive segment – partially compensated by a decrease in inventories in the Financial Services segment – had an offsetting effect. Within receivables from sales financing, amounts due from retail customers went up on the back of higher business volumes. On the other hand, receivables from dealership financing fell in light of brisk demand and short standing times for vehicles, and therefore had an offsetting effect. The decrease in provisions mainly reflected the partial reversal in 2021 of the risk provision in connection with the antitrust proceedings of the EU Commission.

Substantial investments in property, plant and equipment and intangible assets, in particular for the launch of new vehicle models, resulted in a higher net cash outflow from investing activities. In the previous year, proceeds from the sale of marketable securities and the receipt of a dividend from BMW Brilliance Automotive Ltd., Shenyang, also had a positive effect on the net cash flow from investing activities.

The change in the net cash outflow from financing activities mainly reflected the higher level of financial liabilities payable to BMW Group companies in which an investment is held as well as the lower dividend paid out for the 2020 pandemic year.

BMW GROUP CASH FLOWS

in € million

Cash inflow (+) / outflow (-) from operating activities	
Cash inflow (+) / outflow (-) from investing activities	
Cash inflow (+) / outflow (-) from financing activities	
Effects of exchange rate and changes in composition of Group	
Change in cash and cash equivalents	

	2021	2020	Change
15,903	13,251	2,652	
- 6,389	- 3,636	- 2,753	
- 6,735	- 8,254	1,519	
- 307	140	- 447	
2,472	1,501	971	

Free cash flow for the Automotive segment was as follows:

FREE CASH FLOW AUTOMOTIVE SEGMENT

in € million	2021	2020	Change
Cash inflow (+) / outflow (-) from operating activities	12,583	8,178	4,405
Cash inflow (+) / outflow (-) from investing activities	- 6,208	- 3,933	- 2,275
Adjustment for net investment in marketable securities and investment funds	- 21	- 850	829
Free cash flow Automotive segment	6,354	3,395	2,959

The Automotive segment generated free cash flow amounting to € 6,354 million in 2021. The main factor influencing the increase in the net cash inflow from operating activities was the year-on-year improvement in profit before tax. Within working capital, the positive impact of higher trade payables

was partially offset by the increase in inventories resulting from production adjustments caused by semiconductor supply bottlenecks. The increase in the net cash outflow from investing activities was mainly attributable to the changes described in the Group Cash Flow Statement.

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

NET FINANCIAL ASSETS AUTOMOTIVE SEGMENT

in € million	31. 12. 2021	31. 12. 2020	Change
Cash and cash equivalents	12,009	9,522	2,487
Marketable securities and investment funds	3,767	3,759	8
Intragroup net financing	9,111	7,996	1,115
Financial assets	24,887	21,277	3,610
Less: external financial liabilities*	- 2,525	- 2,815	290
Net financial assets Automotive segment	22,362	18,462	3,900

*Excluding derivative financial instruments.

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

CASH FLOWS FINANCIAL SERVICES SEGMENT

in € million	2021	2020	Change
Cash inflow (+) / outflow (-) from operating activities	3,259	2,762	497
Cash inflow (+) / outflow (-) from investing activities	74	424	-350
Cash inflow (+) / outflow (-) from financing activities	- 2,629	- 2,508	- 121
Effects of exchange rate and changes in composition of segment	- 96	110	- 206
Change in cash and cash equivalents	608	788	- 180

in € million	2021	2020	Change
Cash inflow (+) / outflow (-) from operating activities	3,259	2,762	497
Cash inflow (+) / outflow (-) from investing activities	74	424	- 350
Cash inflow (+) / outflow (-) from financing activities	- 2,629	- 2,508	- 121
Effects of exchange rate and changes in composition of segment	- 96	110	- 206
Change in cash and cash equivalents	608	788	- 180

The main factor driving up net cash inflow from operating activities was the increase in segment profit before tax. Furthermore, a reduction in dealership inventories and the associated reduction in receivables from sales financing, primarily dealership financing, had a positive effect, while the increase in retail customer financing had an offsetting impact. The decrease in inventories as a consequence of strong demand for lease returns also had a positive impact. The change in the net cash inflow from investing activities was attributable to the combined effect of higher outflows for investments in and lower inflows from sales of marketable securities.

REFINANCING

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

1. The ability to act through permanent access to strategically important capital markets
2. Autonomy through the diversification of refinancing instruments and investors
3. Focus on value through the optimisation of financing costs

Financing measures undertaken at corporate level ensure access to liquidity for the Group's operating subsidiaries at standard market conditions and consistent credit terms. Funds are acquired in line with a target liability structure, comprising a balanced mix of financing instruments. The use of longer-term instruments to refinance the Group's Financial Services business and the maintenance of a sufficiently high liquidity reserve serves to rule out any imminent liquidity risk for the portfolio. This conservative financial approach also has a favourable effect on the Group's rating. Further information is provided in the section "Liquidity risks" within the chapter [Outlook, Risk and Opportunity Management](#).

Focused capital market management, good ratings and the high level of acceptance enjoyed by the BMW Group on those markets enabled it to refinance itself on the world's debt capital markets at favourable conditions during the period under report. In addition to bonds, the BMW Group also issued commercial paper in 2021. As in previous years, all issues were in high demand, not only from institutional investors, but also from private investors in selected transactions. Moreover, retail customer and dealership financing receivables as well as rights and obligations from leasing contracts are securitised in the form of asset-backed securities (ABS) financing arrangements. Specific banking instruments, such as the customer deposits used by the Group's own banks in Germany and the USA, are also deployed for financing purposes. In addition, loans are taken from international banks.

In 2021, the BMW Group issued bonds totalling approximately € 6.9 billion. The BMW Group refinanced itself by means of 144A transactions with a total volume of 4.5 billion US dollar on the US capital market and by means so-called Panda bonds with a volume of 9.5 billion Chinese renminbi on the Chinese capital market. Activities on international capital markets were rounded off by one euro benchmark

bond amounting to € 1.5 billion and a bond denominated in Canadian dollars with a total value of 0.5 billion Canadian dollar. ABS transactions with a total financing volume equivalent to € 15.1 billion were executed in 2021, including both new and rolled-over ABS transactions. During the year under report, the BMW Group was party to ABS transactions in the following markets: Australia, Canada, China, France, Germany, Japan, South Africa, South Korea, Switzerland, the USA and the UK.

The following table provides an overview of amounts utilised at 31 December 2021 in connection with the BMW Group's money and capital market programmes:

Programmes	Programme volume	Amount utilised*
<i>in € billion</i>		
Euro Medium Term Notes	50.0	30.7
Australian Medium Term Notes	1.6	-
Commercial Paper	13.0	1.4

* Measured at the exchange rate on the trade date of the respective transaction.

The BMW Group continued to deploy robust liquidity-related measures throughout 2021 to ensure its ability to act flexibly and independently at all times. Thanks to the combination of financing measures taken and the high free cash flow generated during the year, liquidity on hand totalled € 20.2 billion at 31 December 2021 and was therefore significantly higher than the previous year's corresponding figure of € 17.8 billion.

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

The credit line was not being utilised at 31 December 2021. Further information with respect to financial liabilities is provided in notes 31, 35 and 39 to the Group Financial Statements.

NET ASSETS POSITION OF THE BMW GROUP

BMW GROUP CONDENSED BALANCE SHEET AT 31 DECEMBER

in € million	2021	2020	Change in %	Currency-adjusted change in % ¹	Proportion of balance sheet total in % 2021
ASSETS					
Intangible assets	12,980	12,342	5.2	4.9	5.7
Property, plant and equipment	22,390	21,850	2.5	0.7	9.8
Leased products	44,700	41,995	6.4	2.9	19.5
Investments accounted for using the equity method	5,112	3,585	42.6	42.6	2.2
Other investments	1,241	735	68.8	61.9	0.5
Receivables from sales financing	87,417	84,277	3.7	-1.0	38.1
Financial assets	7,515	7,752	-3.1	-4.6	3.3
Deferred and current tax	3,731	3,065	21.7	16.6	1.6
Other assets	10,243	10,326	-0.8	-3.0	4.4
Inventories	15,928	14,896	6.9	4.0	6.9
Trade receivables	2,261	2,298	-1.6	-4.5	1.0
Cash and cash equivalents	16,009	13,537	18.3	16.2	7.0
Total assets	229,527	216,658	5.9	2.6	100.0
EQUITY AND LIABILITIES					
Equity	75,132	61,520	22.1	18.3	32.7
Pension provisions	1,247	3,693	-66.2	-66.5	0.5
Other provisions	13,954	13,982	-0.2	-2.5	6.1
Deferred and current tax	2,379	1,256	89.4	86.0	1.0
Financial liabilities	103,463	106,376	-2.7	-6.0	45.1
Trade payables	10,932	8,644	26.5	24.4	4.8
Other liabilities	22,420	21,187	5.8	1.3	9.8
Total equity and liabilities	229,527	216,658	5.9	2.6	100.0

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

Adjusted for currency effects, the BMW Group's balance sheet total was slightly higher than at 31 December 2020. Including currency effects from the US dollar, the British pound and the Chinese Renminbi, amongst others, the balance sheet total grew solidly compared to the previous year².

Adjusted for currency effects, property, plant and equipment and intangible assets all went up year-on-year, driven by higher capital expenditure, particularly in connection with the electrification of the vehicle fleet as well as new model revisions.

Based on constant currencies, leased products were slightly highly than one year earlier. Although the contract portfolio under management was at a similar level compared to the previous year, leased products in the balance sheet grew as a consequence of volume growth as well as the higher average financing volume per vehicle, the latter brought about by an improved product mix.

Investments accounted for using the equity method (adjusted for currency effects) increased significantly over the 12-month period under report, mainly driven by the rise in the BMW Group's at-equity valuation of the Chinese joint venture BMW Brilliance Automotive Ltd., Shenyang, in light of that entity's higher earnings and the fact that it did not pay out a dividend during the financial year 2021.

Receivables from sales financing (adjusted for currency effects) went down slightly compared to 31 December 2020, primarily due to the decrease in dealership financing, mainly in the USA, Germany, the UK and France. The currency-adjusted decrease in dealership financing receivables was partially offset by rising retail customer financing. Overall, however, receivables from sales financing grew slightly. A total of 1,334,853 new credit financing contracts were concluded

² Further information is provided in note 4 to the Group Financial Statements.

with retail customers during the financial year 2021. The number of contracts in place with dealerships and retail customers fell by 2.6% to 3,929,583 contracts.

The earnings-related higher cash holdings of Group companies contributed to the increase in cash and cash equivalents.

Group equity rose to € 75,132 million, driven primarily by the profit of € 12,382 million attributable to shareholders of BMW AG and reduced by the dividend payout of € 1,253 million.

Adjusted for currency effects, pension obligations decreased significantly to € 1,247 million, mainly due to actuarial gains and the positive effects arising from the modernisation of the pension model in Germany².

Financial liabilities decreased over the 12-month period due to the repayment of bonds (adjusted for currency effects).

Despite the volatile situation with respect to the further course of the coronavirus pandemic and the limited availability of semiconductor components, the BMW Group's results of operations, financial position and net assets all improved during the financial year 2021.

BMW GROUP EQUITY RATIO¹

in %	31. 12. 2021	31. 12. 2020	Change in %-points
Group	32.7	28.4	4.3
Automotive segment	41.5	37.0	4.5
Financial Services segment	11.3	10.5	0.8

¹ Equity capital as a percentage of the balance sheet total, respectively.

² Further information is provided in note 32 to the Group Financial Statements.

VALUE ADDED STATEMENT

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

Net value added by the BMW Group rose sharply in 2021 due to the year-on-year improvement in earnings.

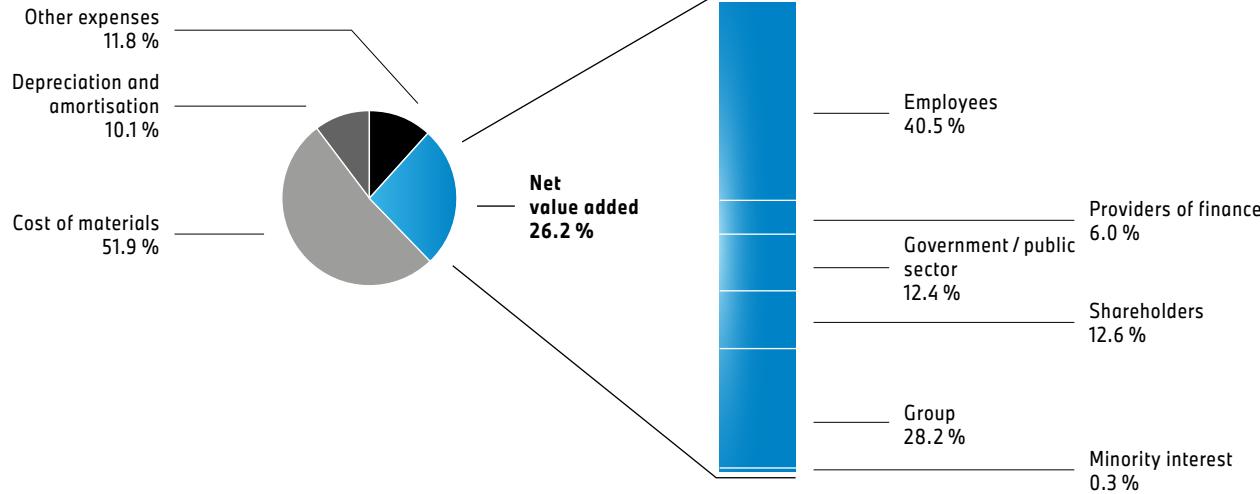
BMW GROUP VALUE ADDED STATEMENT

	2021 in € million	2021 in %	2020 in € million	2020 in %	Change in %
WORK PERFORMED					
Revenues	111,239	96.0	98,990	98.4	12.4
Financial income	2,904	2.5	650	0.6	-
Other income	1,702	1.5	916	0.9	85.8
Total output	115,845	100.0	100,556	100.0	15.2
Cost of materials*	60,173	51.9	52,355	52.1	14.9
Other expenses	13,599	11.8	16,766	16.7	-18.9
Bought-in costs	73,772	63.7	69,121	68.8	6.7
Gross value added	42,073	36.3	31,435	31.3	33.8
Depreciation and amortisation of total tangible, intangible and investment assets	11,758	10.1	11,976	11.9	-1.8
Net value added	30,315	26.2	19,459	19.3	55.8
ALLOCATION					
Employees	12,286	40.5	12,244	63.0	0.3
Providers of finance	1,808	6.0	2,129	10.9	-15.1
Government / public sector	3,758	12.4	1,229	6.3	-
Shareholders	3,827	12.6	1,253	6.4	-
Group	8,555	28.2	2,522	13.0	-
Minority interest	81	0.3	82	0.4	-1.2
Net value added	30,315	100.0	19,459	100.0	55.8

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

BMW GROUP VALUE ADDED 2021

in %



COURSE OF BUSINESS

Automotive segment

BMW Group retains leadership in premium segment

Despite global challenges such as semiconductor component supply issues and the impact of the coronavirus pandemic, the BMW Group can be satisfied with the positive course of business in the financial year 2021. Driven by brisk demand and an attractive product range, automobile deliveries grew by a solid 8.4% to a total of 2,521,514¹ BMW, MINI and Rolls-Royce brand vehicles (2020: 2,325,179¹ units), enabling the BMW Group to extend its lead in the premium segment.

Deliveries² of BMW brand vehicles grew by 9.1% to 2,213,790¹ units (2020: 2,028,841¹ units). MINI also recorded an increase, with deliveries rising to 302,138 units (2020: 292,582 units; +3.3%). Rolls-Royce Motor Cars delivered a total of 5,586 units (2020: 3,756 units; +48.7%), the highest figure recorded for the luxury marque to date.

Deliveries of electrified vehicles at record level

Electric mobility continues to gain in significance for the entire sector and is a key driver of sales volume growth for the BMW Group. The trend is reflected in the sharp rise in the sale of electrified models offered by the BMW and MINI brands.

With a total of 328,314³ units, deliveries jumped sharply by 70.4% in the year under report (2020: 192,662³ units). Demand was particularly strong for the Group's all-electric models and delivery figures more than doubled year-on-year to 103,854³ units (2020: 44,541³ units; +133.2%). Their share of total deliveries was 4.1% (2020: 1.9%) in the year under report. Two additional all-electric models, the BMW iX⁴ and the BMW i4⁴, went on sale towards the end of 2021, both of which have been highly acclaimed in the trade press. By the end of the period under report, the BMW Group had a total of 14 electrified models on the roads. In 2022, the product range will be expanded to include the all-electric BMW i7 luxury sedan and the BMW ix1. The increased share of deliveries accounted for by electrified vehicles and the rigorous use of Efficient Dynamics technologies enabled further progress to be made in decarbonising fleet emissions. Further information is provided in the chapter [Carbon emissions and pollutants](#).

DELIVERIES OF ELECTRIFIED MODELS

in units	2021	2020	Change in %
BMW Group PHEV	224,460	148,121	51.5
BMW Group BEV	103,854	44,541	133.2
Total	328,314	192,662	70.4



4



¹ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 651,236 units; 2020: 602,247 units).

² See [Glossary](#) for definition of deliveries.

³ Includes the joint venture BMW Brilliance Automotive Ltd., Shenyang.

⁴ Consumption and carbon emissions.

**Sales volume situation in main markets:
new record set in China**

Deliveries of BMW, MINI and Rolls-Royce brand vehicles in Asia rose solidly to a new high of 1,067,914¹ units (2020: 986,464¹ units; +8.3 %). The sales figure for China grew by 8.9 %, also resulting in a new record level of 847,935¹ units (2020: 778,412¹ units).

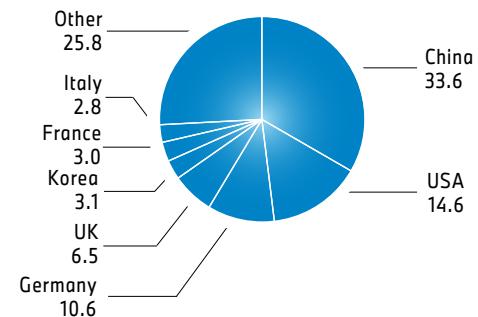
Europe saw a slight increase in the number of deliveries to 949,124 units (2020: 913,642 units; +3.9 %). In Germany, however, the impact of the coronavirus pandemic became even more pronounced at the beginning of 2021, a fact reflected in weak sales figures during the early stages of the year. Over the year as a whole, a total of 266,818 units were delivered, well down on the previous year (2020: 285,019 units; -6.4 %).

In the UK, sales of all three brands totalled 164,344 units (2020: 163,174 units; +0.7 %), marginally up on the previous year's figure. France and Italy, however, both recorded double-digit growth rates. Sales in France, for example, rose to 76,845 units (2020: 69,880 units; +10.0 %), while in Italy the BMW Group delivered a total of 70,224 units (2020: 62,538 units; +12.3 %).

Sales also recovered well in the Americas region during the year under report, with delivery numbers rising to 451,747 units (2020: 379,714 units; +19.0 %). A total of 368,032 units were delivered in the USA (2020: 307,876 units; +19.5 %).

BMW GROUP – LARGEST AUTOMOBILE MARKETS 2021

as a percentage of sales volume



BMW GROUP DELIVERIES OF VEHICLES BY REGION AND MARKET²

in 1,000 units	2021	2020	2019	2018	2017
Europe	949.1	913.6	1,081.6	1,097.4	1,101.9
thereof Germany	266.8	285.0	330.5	310.6	296.5
thereof UK	164.3	163.2	233.8	236.8	242.4
Americas	451.7	379.7	472.9	457.1	456.1
thereof USA	368.0	307.9	375.7	355.4	358.8
Asia ¹	1,067.9	986.5	930.8	871.8	847.7
thereof China ¹	847.9	778.4	724.7	635.8	595.0
Other markets	52.8	45.4	52.2	59.9	59.3
Total¹	2,521.5	2,325.2	2,537.5	2,486.1	2,465.0

¹ Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2019: 538,612 units; 2018: 455,581 units; 2017: 385,705 units).

² Retail vehicle delivery data presented for 2020 and 2021 is not directly comparable to such data presented for previous years. For further information on retail vehicle delivery data, please see [Comparison of Forecasts with Actual Outcomes](#).

³ [Consumption and carbon emissions](#).

BMW brand sets new record

The BMW brand set a new record in 2021, delivering a total of 2,213,790¹ units (2020: 2,028,841 units; +9.1 %). The core brand's growth was mainly attributable to its youthful, attractive range of models. The BMW X family in particular remained extremely popular. The BMW X3 and BMW X4 model revisions launched in 2021 made a significant contribution to the brand's strong overall sales performance. The figure included 37,938 units of the new BMW iX3³, which means approximately every tenth BMW X3 vehicle delivered worldwide was all-electric.

Numerous new BMW brand products

The BMW brand brought a variety of new vehicles to market in 2021. For example, at the beginning of the year, the all-electric BMW iX3¹ was launched in Europe, followed in March 2021 by the BMW 320e¹ and BMW 520e¹. These two new entry-level models with plug-in hybrid drive systems are part of the BMW 3 Series and BMW 5 Series respectively. The BMW X3 and BMW X4 model revisions were launched during the summer. The second generation of the BMW 4 Series Gran Coupé celebrated its market début in the autumn. The all-new BMW iX and BMW i4 models were added to the all-electric vehicle product range in November 2021. The BMW 2 Series Coupé was launched on the North American market towards the end of the year under report, with other markets following in early 2022.

DELIVERIES OF BMW VEHICLES BY MODEL VARIANT^{1,2}

in units

BMW 1 Series / BMW 2 Series

BMW 3 Series / BMW 4 Series

BMW 5 Series / BMW 6 Series

BMW 7 Series / BMW 8 Series

BMW Z4

BMW X1 / X2

BMW X3 / X4

BMW X5 / X6

BMW X7

BMW i (iX, i3 and i8)

BMW total

	2021	2020	Change in %	Share of BMW deliveries 2021 in %
BMW 1 Series / BMW 2 Series	265,964	268,915	- 1.1	12.0
BMW 3 Series / BMW 4 Series	490,969	420,295	16.8	22.2
BMW 5 Series / BMW 6 Series	326,212	322,457	1.2	14.7
BMW 7 Series / BMW 8 Series	62,628	66,728	- 6.1	2.8
BMW Z4	14,778	14,982	- 1.4	0.7
BMW X1 / X2	311,928	304,270	2.5	14.1
BMW X3 / X4	414,671	347,565	19.3	18.7
BMW X5 / X6	240,504	206,774	16.3	10.9
BMW X7	54,957	48,693	12.9	2.5
BMW i (iX, i3 and i8)	31,179	28,162	10.7	1.4
BMW total	2,213,790	2,028,841	9.1	100.0

¹ Consumption and carbon emissions data² Including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 651,236 units, 2020: 602,247 units).**New milestone in BMW M success story**

The BMW Group marked a new milestone in the success story of its BMW M brand in 2021, delivering a total of 163,541 units of its high-performance models (2020: 144,231 units), 13.4 % up on the previous year. The new BMW M3¹ and BMW M4¹ as well as the BMW X5 M¹ and BMW X6 M¹ Sports Activity Vehicles all contributed significantly to the sales growth recorded in 2021.



To mark its 50th anniversary in 2022, the BMW M brand will continue its market offensive with the addition of new all-electric models, starting with the BMW iX M60¹, which celebrated its world première on the North American market at the beginning of 2022. Together with the BMW i4 M50¹, the BMW Group is also focusing on electric mobility in the high-performance class.



Sales growth for MINI

MINI also recorded higher sales volumes, with a total of 302,138 units delivered worldwide (2020: 292,582; +3.3%). A key factor driving the growth was the number of electrified vehicles sold. The all-electric MINI Cooper SE* was the best-selling model in the MINI family, with sales almost doubling to 34,851 units year-on-year (2020: 17,580 units; +98.2%). Together with the MINI Countryman Plug-in Hybrid*, it accounted for 18% of the brand's total deliveries worldwide in 2021.



Revised models of the MINI 3-door, MINI 5-door and MINI Convertible were also launched during the year under report. Demand for the John Cooper Works Performance models remained high.

New record for Rolls-Royce

Rolls-Royce Motor Cars can also look back on a highly successful year, in which a record number of 5,586 ultra-luxury vehicles were delivered to customers (2020: 3,756 units; +48.7%). High demand for the marque worldwide was driven in particular by the popularity of the Ghost* and the Cullinan*. The Black Badge variants, with their exclusive features and more powerful engines, also remained extremely sought-after.

DELIVERIES OF ROLLS-ROYCE VEHICLES BY MODEL VARIANT *

in units	2021	2020	Change in %
Phantom	427	360	18.6
Ghost	1,909	324	-
Wraith / Dawn	828	873	-5.2
Cullinan	2,422	2,199	10.1
Rolls-Royce total	5,586	3,756	48.7

DELIVERIES OF MINI VEHICLES BY MODEL VARIANT

in units	2021	2020	Change in %	Share of MINI deliveries 2021 in %
MINI Hatch (3- and 5-door)	164,270	157,040	4.6	54.4
MINI Convertible	25,120	24,875	1.0	8.3
MINI Clubman	30,385	32,958	-7.8	10.0
MINI Countryman	82,363	77,709	6.0	27.3
MINI total	302,138	292,582	3.3	100.0

* Consumption and carbon emissions

Results of operations of the Automotive segment

Automotive segment revenues amounted to € 95,476 million (2020: € 80,853 million; +18.1%, currency-adjusted: +18.3%) and were therefore significantly higher than one year earlier.

Sales volume was also higher in 2021, whereby the increase was held down by production shortfalls due to supply bottlenecks for semiconductor components. However, this unfavourable impact was more than offset by improved pricing due to both the growing desire for individual mobility on the one hand and the reduced worldwide availability of products triggered by those same semiconductor component shortages on the other. Other factors with a positive impact on segment revenues were the increased volume of high-revenue vehicles sold, the exceptionally strong performance of pre-owned vehicle markets and hence better residual values and growth in spare parts and accessories business.

Segment cost of sales rose significantly to € 78,637 million (2020: € 71,456 million; +10.0%), whereby the year-on-year increase was primarily attributable to sales volume growth. Further negative factors included rises in raw materials and energy prices, higher expenses due to the increasing proportion of electrified vehicles, larger allocations to provisions for performance-related remuneration components and higher research and development expenses. In the previous year, warranty expenses were impacted by the recognition of provisions in connection with the exhaust gas recirculation cooler and other warranty-related items.

As described in the section above on the results of operations for the BMW Group as a whole, the changeover effects arising from the modernisation of the pension model in Germany had a total positive impact of € 542 million on Automotive segment cost of sales and selling and administrative expenses, while higher expenses for performance-related remuneration components had an offsetting effect.

The net amount of other operating income and expenses improved significantly, largely due to the partial reversal of the provision for EU antitrust proceedings in the second quarter 2021, as described above.

The Automotive segment EBIT margin (profit before financial result as a percentage of revenues) came in at 10.3% (2020: 2.7%; +7.6 percentage points). As forecast in the quarterly statement to 30 September 2021, the EBIT margin was within the target range of between 9.5 and 10.5% and therefore in line with revised expectations. In the 2020 Annual Report, a segment EBIT margin within a target range of between 6 and 8% was forecast.

At € 1,935 million, the Automotive segment's financial result was significantly up on the previous year (2020: € 560 million). As described above, the main driving factors in this respect were the improved result from the at-equity accounted Chinese joint venture BMW Brilliance Automotive Ltd., Shenyang, positive valuation effects recognised in other financial result arising on investments held by the BMW i Ventures fund and on the investment in SGL Carbon shares.

Profit before tax for the year amounted to € 11,805 million and was therefore significantly higher than one year earlier (2020: € 2,722 million).

In line with expectations, the Automotive segment's RoCE for 2021 rose sharply to 59.9 % (2020: 12.7 %; +47.2 percentage points), mainly due to the considerable year-on-year rise in EBIT on the one hand and the lower volume of capital employed on the other, the latter attributable primarily to lower average inventories during the financial year under report.

BMW GROUP MARGINS BY SEGMENT

in %

AUTOMOTIVE

Gross profit margin¹

EBIT margin²

MOTORCYCLES

Gross profit margin¹

EBIT margin²

	2021	2020	Change in %-points
Gross profit margin ¹	17.6	11.6	6.0
EBIT margin ²	10.3	2.7	7.6
Gross profit margin ¹	17.8	15.0	2.8
EBIT margin ²	8.3	4.5	3.8

¹ Gross profit as a percentage of segment revenues.

² Profit before financial result as percentage of segment revenues.

Motorcycles segment

BMW Motorrad reports best sales performance to date

The Motorcycles segment had the most successful year in its history with a total of 194,261 units delivered during the year under report (2020: 169,272 units), 14.8 % up on the previous year. Despite the ongoing impact of semiconductor shortages and pandemic-related issues, the revised outlook for the full year, as communicated in the quarterly statement to 30 September 2021, was achieved within a generally favourable market environment.

Sales volume growth in nearly all markets

In Europe, sales volume grew solidly by 8.9 % to 111,126 units in 2021 (2020: 102,026 units). Excellent sales performances were recorded for France with 19,887 units (2020: 17,539 units; +13.4 %), Italy with 16,034 units (2020: 13,918 units; +15.2 %) and Spain with 12,616 units (2020: 11,030 units; +14.4 %). Within a generally contracting market, deliveries in Germany fell moderately to 25,972 units (2020: 27,516 units; -5.6 %).

Figures for the USA were also significantly higher than in the previous year, with deliveries rising at a double-digit rate to 16,030 units (2020: 12,135 units; +32.1 %). The picture was similar in China, where deliveries climbed by 21.4 % to 14,309 units (2020: 11,788 units). Brazil also saw a slight increase, with deliveries rising to 11,150 units (2020: 10,707 units; +4.1 %).

New models launched in the year under report

The BMW Group brought five new motorcycle models and three model revisions onto the market in 2021. The first of these was the M 1000 RR – the first M model from BMW Motorrad to be powered by a high-performance in-line four-cylinder engine – which was launched in February 2021 in the Sports segment. The same month saw the launch of the R 18 Classic in the Heritage segment, based on the high-capacity 1,800 cc R18 boxer engine. The launch was followed in March 2021 by the model revisions of the G 310 R

(Roadster segment), the G 310 GS (Adventure segment) and the R 1250 RT (Tour segment). The S 1000 R was also added to the model range in the Roadster segment in May. Last but not least, in September, BMW Motorrad launched the R 18 B and the R 18 Transcontinental models in the Heritage segment – two further derivatives of the 1,800 cc boxer family.

New products unveiled: systematically embracing electrification

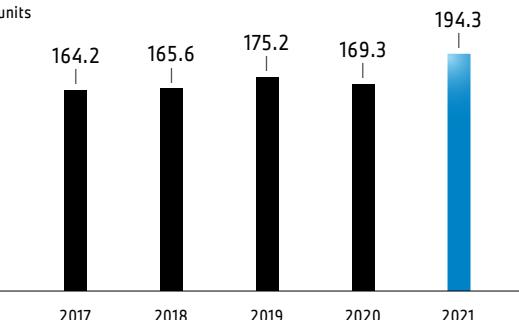
The BMW Group unveiled the BMW Motorrad Vision Amby at the IAA Mobility in 2021. This completely new concept motorcycle has been designed as an electrified vehicle that combines the typical elements of a bicycle and a motorcycle. Together with the all-electric CE 02 concept vehicle, which was presented to the public online in September, these models provide a revealing glimpse of how the future of urban mobility could look.

BMW Motorrad systematically continued to pursue its electric mobility strategy throughout the year under report, including the unveiling of the CE 04 Electric Scooter (Urban Mobility segment) in July 2021. The launch of this new product is scheduled for the first half of 2022.

In addition, a number of series production models were presented to the public during the year under report, including the C 400 GT and C 400 X Scooter models in March and the K1600 GT, K1600 GTL and K1600 B Tourer models in October.

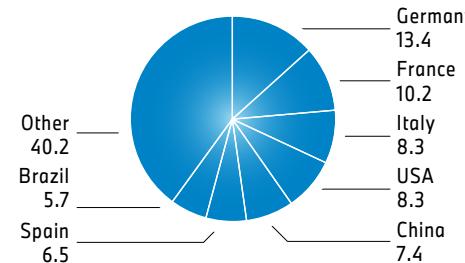
BMW GROUP DELIVERIES OF MOTORCYCLES

in 1,000 units



BMW GROUP – LARGEST MOTORCYCLE MARKETS 2021

as a percentage of sales volume



Results of operations of the Motorcycles segment

The Motorcycles segment EBIT margin (profit before financial result as a percentage of revenues) came in at 8.3% (2020: 4.5%; +3.8 percentage points) and thus within the forecast target range of between 8 and 10 %.

Profit before tax for the year was significantly higher at € 228 million (2020: € 100 million), mostly driven by favourable product mix effects and year-on-year sales volume growth, the latter also partially reflecting the adverse impact of coronavirus-related dealership closures in the previous year.

The RoCE for the Motorcycles segment in 2021 was 35.9 % and therefore significantly higher than one year earlier (2020: 15.0 %; +20.9 percentage points), mainly due to the improved EBIT performance, and was therefore in line with the revised outlook communicated in the quarterly statement to 30 September 2021.

Financial Services segment

Record segment profit before tax

The financial year 2021 was a successful one for the Financial Services segment, with profit before tax up by 117.6 % to € 3,753 million (2020: € 1,725 million). In the previous year, additional risk provisioning expenses for credit and residual value risks had had a negative impact on earnings. The year under report, however, was influenced by the exceptionally positive trend on pre-owned vehicle markets, particularly in the USA and the UK. The upturn on the pre-owned market caused the remarketing values of lease returns to increase sharply. Alongside this favourable development, segment earnings also benefited from the unchanged low level of allowances that needed to be recognised for credit risks. The credit loss ratio on the total credit portfolio fell to a historically low level of 0.18 % at 31 December 2021 (2020: 0.21%), comprising 0.11% (2020: 0.16%) for leasing business and 0.28 % (2020: 0.31%) for credit financing business with retail customers. Further information on risks and opportuni-

ties in the Financial Services segment is provided in the chapter [Risk and opportunity management](#).

In balance sheet terms, business volume grew slightly by 4.8 % to stand at € 139,530 million at the end of the reporting period (2020: € 133,093 million).

New business with retail customers moderately up on previous year

A total of 1,956,514 new credit financing and leasing contracts were signed with retail customers during 2021 (2020: 1,845,271 contracts; +6.0 %). The improved performance in 2021 reflected growth in both new credit financing business (+7.8 %) and new leasing business (+2.4 %). The biggest increases were registered in China and the USA. Overall, leasing accounted for 31.8 % and credit financing for 68.2 % of new business.

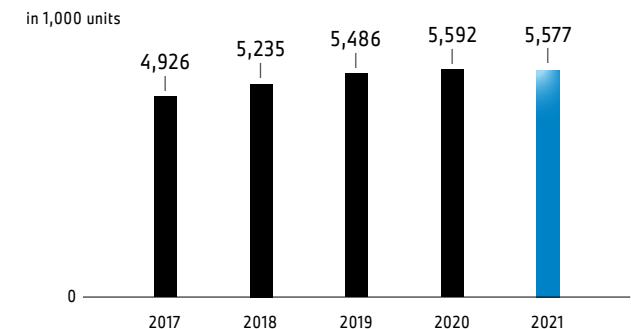
Business with pre-owned vehicles also developed positively, with the number of new contracts signed up by 1.4 %. In total, 411,520 new credit financing and leasing contracts for pre-owned BMW and MINI brand vehicles were signed during the year under report (2020: 405,713 contracts).

The total volume of new credit financing and leasing contracts concluded with retail customers during the 12-month period amounted to € 63,414 million, significantly up on the previous year (2020: € 57,200 million; +10.9 %).

The share of new BMW Group vehicles either leased or financed by the Financial Services segment stood at 50.5 %¹ (2020: 49.8 %; +0.7 percentage points).

At 31 December 2021, the contract portfolio with retail customers comprised 5,577,011 contracts and was therefore at a similar level to one year earlier (2020: 5,591,799 contracts; -0.3 %). In regional terms, China grew at the fastest rate, registering a 9.0 % year-on-year increase. The Asia / Pacific region finished at a similar level to the previous year (+0.3 %). By contrast, the Americas (-2.2 %), the EU Bank² (-1.7 %) and the Europe / Middle East / Africa regions (-1.7 %) all registered slight contract portfolio decreases.

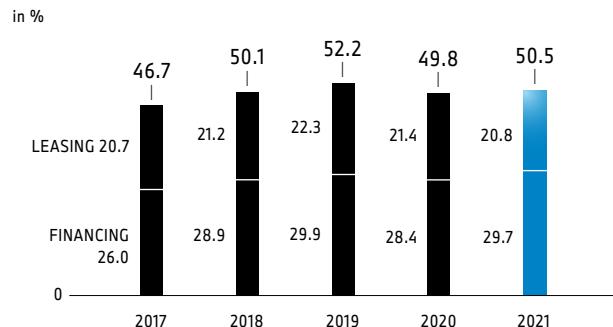
CONTRACT PORTFOLIO OF FINANCIAL SERVICES SEGMENT WITH RETAIL CUSTOMERS



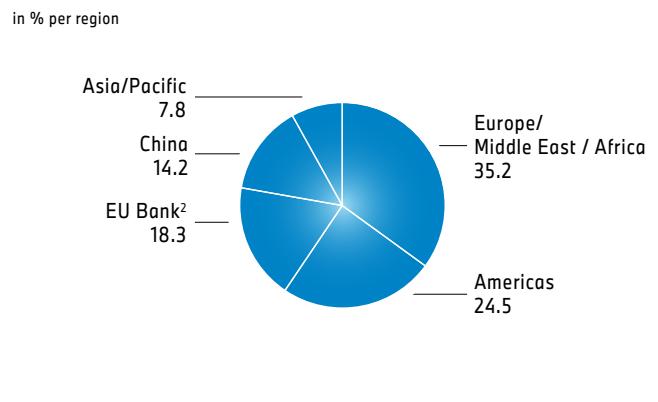
¹ The calculation only includes automobile markets in which the Financial Services segment is represented by a consolidated entity.

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

BMW GROUP NEW VEHICLES FINANCED OR LEASED BY FINANCIAL SERVICES SEGMENT¹



CONTRACT PORTFOLIO RETAIL CUSTOMER FINANCING OF FINANCIAL SERVICES SEGMENT 2021



¹ Due to adjustments in delivery figures, numbers have been adjusted retroactively,
[Glossary](#).

² With effect from the fourth quarter 2019, the EU Bank comprises BMW Bank GmbH and its branches in Italy, Spain and Portugal. The former subsidiary in France was transferred for organisational purposes to the Europe / Middle East / Africa region in conjunction with strategic realignments.

Under the brand name Alphabet, the Financial Services segment's fleet management business primarily offers leasing and financing arrangements as well as specialist services to commercial customers. At 31 December 2021, the contract portfolio stood at 696,393 contracts (2020: 704,977 contracts; -1.2%).

Dealership financing significantly lower

The dealership financing line of business was impacted by a significant reduction in vehicle inventories held by dealerships at the end of the year, mainly due to constraints on new vehicle production caused by semiconductor shortages on the one hand and the high demand for new and pre-owned vehicles on the other. As a result, the volume of dealership financing decreased significantly by 19.0 % to € 13,149 million at 31 December 2021 (2020: € 16,241 million).

Results of operations of the Financial Services segment

Financial Services segment revenues increased to € 32,867 million (2020: € 30,044 million; +9.4 %), driven in particular by the higher level of revenues generated with end-of-contract business on the back of ongoing favourable conditions on pre-owned vehicle markets. Segment cost of sales went up by € 791 million (2020: € 26,958 million; +2.9 %), mainly due to increased costs associated with the sale of returned lease vehicles.

At the same time, the remarketing values of those vehicles also surged, with a corresponding positive impact on earnings. Moreover, segment earnings benefited from the unchanged low level of allowances required to be recognised for credit risks. This contrasts with the situation one year earlier, when earnings were impacted by additional risk provisioning expenses for credit and residual value risks in light of the coronavirus pandemic.

The Financial Services segment's profit before tax rose significantly to € 3,753 million (2020: € 1,725 million).

Return on equity (RoE) finished at 22.6 %, significantly higher than the level recorded one year earlier (2020: 11.2 %; +11.4 percentage points). The main reason for the increase was the improved risk profile throughout the year – in particular thanks to better remarketing outcomes and lower expenses for credit risk allowances.

The RoE in 2021 was therefore in line with the revised forecast of between 20 and 23 %. Originally, an RoE within a range of 12 to 15 % was predicted for 2021 in the BMW Group Report 2020.

Other Entities segment / Eliminations

The Other Entities segment recorded a profit before tax of € 531 million in the financial year under report (2020: loss before tax of € 235 million). The turnaround was primarily attributable to the improvement in other financial result, which benefited from the recognition of fair value measurement gains on interest rate hedges entered into with matching maturities in conjunction with the refinancing of Financial Services business in a period of rising rather than falling interest rates.

Eliminations gave rise to a loss before tax of € 257 million (2020: profit before tax of € 910 million). The deterioration here reflected the higher volume of leasing-business-related eliminations required, primarily due to the year-on-year increase in new leasing business, both in terms of sales volume and contract values.

COMMENTS ON THE FINANCIAL STATEMENTS OF BMW AG

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

The key financial performance indicator for BMW AG is the dividend payout ratio (unappropriated profit of BMW AG in accordance with HGB in relation to net profit for the year of the BMW Group in accordance with IFRS). The key non-financial performance indicators are essentially identical and concurrent with those of the BMW Group. These are described in detail in the [Financial Performance](#) section of the Combined Management Report.

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

Business environment and review of operations

The general and sector-specific environment of BMW AG is essentially the same as that of the BMW Group and is described in the [Financial Performance](#) section of the Combined Management Report.

BMW AG develops, manufactures and sells automobiles and motorcycles as well as spare parts and accessories manufactured in-house, by foreign subsidiaries and by external suppliers, and performs services related to these products. Sales activities are conducted primarily through branches, subsidiaries, independent dealerships and importers. Benefiting mainly from the diminishing impact of the coronavirus pandemic, automobile deliveries increased by 187,648 units to 2,437,591 units in the financial year 2021. This figure includes 674,995 units relating to series sets supplied to the joint venture BMW Brilliance Automotive Ltd., Shenyang, an increase of 76,142 units over the previous year.

At 31 December 2021, BMW AG employed a workforce of 83,308 people (31 December 2020: 84,668 people).

Despite the global challenges driven by semiconductor supply shortages and the impact of the coronavirus pandemic, BMW AG can be satisfied with the course of business in the financial year 2021.

The BMW Group's results of operations, financial position and net assets of the financial year 2021 are indicative of its solid financial condition. Business developed in line with management expectations. This assessment also takes into account events after the end of the reporting period.

Results of operations

BMW AG INCOME STATEMENT

in € million

	2021	2020
Revenues	88,526	75,040
Cost of sales	- 72,283	- 63,726
Gross profit	16,243	11,314
Selling expenses	- 3,858	- 4,030
Administrative expenses	- 3,243	- 2,747
Research and development expenses	- 6,451	- 5,394
Other operating income	2,199	1,237
Other operating expenses	- 1,460	- 1,250
Result on investments	2,991	3,084
Financial result	- 426	- 280
Income taxes	- 1,068	- 214
Profit after income tax	4,927	1,720
Other taxes	- 17	- 18
Net profit	4,910	1,702
Transfer to revenue reserves	- 1,083	- 449
Unappropriated profit available for distribution	3,827	1,253

Revenues increased by € 13,486 million in 2021, primarily reflecting year-on-year sales volume growth. In geographical terms, the greater part of the increase was generated in the USA, China and Rest of Europe. Revenues totalled € 88,526 million (2020: € 75,040 million), of which Group internal revenues accounted for € 60,373 million (2020: € 49,348 million) or 68.2% (2020: 65.8%).

Cost of sales went up by 13.4% to € 72,283 million, mostly due to sales volume growth.

Gross profit rose by € 4,929 million to € 16,243 million.

Overall, selling expenses decreased slightly and general administrative expenses increased significantly.

A large proportion of the research and development expenses incurred in 2021 are related to new vehicle models (including the all-electric BMW iX and BMW i4 models and the new BMW 2 Series Active Tourer) as well as to the development of digital products, automated driving and new ar-

chitectures. Research and development expenses rose by 19.6% year-on-year, reflecting the increase in vehicle and module production start-up activities as the BMW Group continues its electric offensive.

Other operating income increased to € 2,199 million (2020: € 1,237 million), primarily due to income arising on the partial reversal of the provision relating to EU Commission antitrust proceedings.

Other operating expenses increased slightly to € 1,460 million (2020: € 1,250 million) and, as in the previous year, comprised mainly expenses from financing transactions and additions to other provisions.

Income from profit transfer agreements with Group companies, reported in the line item Result on investments, was similar to one year earlier.

The financial result deteriorated by € 146 million, mainly due to lower income from designated plan assets offset against pension obligations.

The expense for income taxes related primarily to current tax for the financial year 2021.

After deducting the expense for taxes, the Company reports a net profit of € 4,910 million, compared to € 1,702 million in the previous year.

Subject to the shareholders' approval of the appropriation of results at the Annual General Meeting, the unappropriated profit available for distribution amounts to € 3,827 million (2020: € 1,253 million). As a percentage of Group net profit, the dividend corresponds to a payout ratio of 30.7% (2020: 32.5%), which is therefore within the forecasted target range of 30% to 40%.

Financial and net assets position**BMW AG BALANCE SHEET AT 31 DECEMBER**

in € million	2021	2020	in € million	2021	2020
ASSETS					
Intangible assets	704	488	Subscribed capital	662	660
Property, plant and equipment	12,740	12,520	Capital reserves	2,342	2,239
Investments	5,067	3,826	Revenue reserves	12,096	11,013
Tangible, intangible and investment assets	18,511	16,834	Unappropriated profit available for distribution	3,827	1,253
Inventories	7,287	5,748	Equity	18,927	15,165
Trade receivables	758	778	Registered profit-sharing certificates	26	27
Receivables from subsidiaries	21,019	18,939	Pension provisions	422	229
Other receivables and other assets	4,071	3,849	Other provisions	9,995	10,093
Marketable securities	3,077	3,336	Provisions	10,417	10,322
Cash and cash equivalents	8,824	6,822	Liabilities to banks	1	101
Current assets	45,036	39,472	Trade payables	6,531	4,785
Prepaid expenses	72	73	Liabilities to subsidiaries	24,462	23,404
Surplus of pension and similar plan assets over liabilities	1,086	1,261	Other liabilities	462	221
Total assets	64,705	57,640	Liabilities	31,456	28,511
DEFERRED INCOME					
Total equity and liabilities					
				3,879	3,615
				64,705	57,640

Capital expenditure on intangible assets and property, plant and equipment in the year under report totalled € 3,304 million (2020: € 2,790 million), up by 18.4 % compared to the previous year. Depreciation and amortisation amounted to € 2,846 million (2020: € 2,646 million).

Investment assets increased to € 5,067 million (2020: € 3,826 million) mainly due to a non-cash contribution recorded in capital reserves in the amount of € 957 million at the level of BMW INTEC Beteiligungs GmbH, Munich.

Inventories rose to € 7,287 million (2020: € 5,748 million), primarily due to higher levels of bought-in goods for resale, work in progress and finished goods.

Receivables from subsidiaries increased to € 21,019 million (2020: € 18,939 million), mainly reflecting the higher level of intragroup trade receivables.

The increase in other receivables and other assets to € 4,071 million (2020: € 3,849 million) was mainly attributable to higher tax receivables. The decrease in financial market receivables had an offsetting effect.

Equity increased by € 3,762 million to € 18,927 million due to the higher level of unappropriated profit reported, which was, in turn, attributable to the combined effect of the previous year's lower dividend payout and the higher transfer to other revenue reserves as well as the issue of shares of preferred stock in conjunction with the Employee Share Programme in 2021. The equity ratio changed from 26.3 % to 29.3 %.

In order to secure pension obligations, cash funds totalling € 1,081 million were transferred to BMW Trust e.V., Munich, in conjunction with a Contractual Trust Arrangement (CTA), to be invested in plan assets. Plan assets are offset against the related guaranteed obligations. The resulting surplus of assets over liabilities is reported in the BMW AG balance sheet on the line item Surplus of pension and similar plan assets over liabilities.

Provisions for pensions increased from € 229 million to € 422 million, after offsetting of pension plan assets against pension obligations.

Other provisions decreased slightly from € 10,093 million to € 9,995 million due to the utilisation and partial reversal of the provision relating to EU Commission antitrust proceedings. This was mainly offset by additions to personnel-related provisions and provisions for statutory and non-statutory warranty and product guarantee obligations.

Liabilities to subsidiaries increased to € 24,462 million (2020: € 23,404 million), mainly in connection with intra-group refinancing.

Deferred income increased by € 264 million to € 3,879 million and included primarily amounts for services still to be performed relating to service and maintenance contracts.

Liquidity within the BMW Group is ensured by means of a liquidity concept applied uniformly across the Group. This involves concentrating a significant part of the Group's liquidity at the level of BMW AG. An important instrument in this context is the cash pool based at BMW AG. The liquidity position reported by BMW AG therefore reflects the global activities of BMW AG and other Group companies.

Cash and cash equivalents increased by € 2,002 million to € 8,824 million, mainly due to surpluses from operating activities. Cash outflows for investments in fixed assets had an offsetting effect.

Risks and opportunities

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

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

Outlook

For the financial year 2022, BMW AG expects an unchanged dividend payout ratio (unappropriated profit of BMW AG in accordance with HGB in relation to the Group net profit attributable to shareholders of BMW AG in accordance with

IFRS) within a range of between 30 % and 40 %. Up to the financial year 2021, the payout ratio was defined as the unappropriated profit of BMW AG in accordance with HGB in relation to the Group net profit in accordance with IFRS (2021: 30.7 %).

Due to its significance in the Group and its close ties with Group companies, expectations for BMW AG with respect to its non-financial performance indicators correspond largely to the BMW Group's outlook. This is described in detail in the [Outlook, Risk and Opportunity Management](#) section of the Combined Management Report.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich branch, has issued an unqualified audit opinion on the financial statements of BMW AG, of which the balance sheet and the income statement are presented here. The BMW AG financial statements for the financial year 2021 will be submitted to the operator of the electronic version of the German Federal Gazette and can be obtained via the Company Register website. These financial statements are available on the BMW Group's website at www.bmwgroup.com/ir.

EU TAXONOMY

In the framework of the EU Green Deal and the Action Plan "Financing Sustainable Growth", the EU taxonomy is a cornerstone of the EU's aspiration to become climate-neutral by 2050. Its key objectives are to create transparency for capital market participants and to channel capital flows towards sustainable economic activities.

The EU taxonomy is a classification system that defines economic activities as environmentally sustainable based on predetermined criteria. Environmental sustainability is ascertained in three steps.

Essentially, an economic activity can only be classified as sustainable if it makes a substantial contribution to one of the following six environmental objectives:

- 1) Climate change mitigation
- 2) Climate change adaptation
- 3) The sustainable use and protection of water and marine resources
- 4) The transition to a circular economy
- 5) Pollution prevention and control
- 6) The protection and restoration of biodiversity and ecosystems

Substantial contribution depends on the extent to which the economic activity in question fulfils so-called technical screening criteria. No other environmental objective may be

significantly harmed, and minimum protection criteria for occupational safety and human rights must also be met.

The EU Taxonomy Regulation was published in July 2020. The Delegated Act on the first two environmental objectives, climate change mitigation and climate change adaptation, and the delegated regulation on reporting requirements (Article 8 of the EU Taxonomy Regulation) came into force at the end of December 2021*. In addition, the EU Commission published an initial FAQ document in December 2021 and a second FAQ document in early February 2022 to explain application issues relevant for the first year of reporting. On the basis of the phased introduction of the EU taxonomy in the Delegated Acts, in 2021 companies such as the BMW Group are required to report the taxonomy-eligible proportion of revenues, capital expenditures and operational expenditures for the first two environmental objectives. From the reporting years 2022 and 2023 onwards, the reporting requirements are to be successively expanded to include the taxonomy-aligned proportion of revenues, capital and operational expenditures and to all environmental objectives.

Our understanding of sustainability

The BMW Group supports the overarching aim of the EU Taxonomy Regulation to promote the private financing of sustainable economic activities in order to make Europe the world's first climate-neutral continent by 2050. As a company aspiring to establish a climate-neutral business model

across its entire value chain by 2050, we welcome initiatives that serve this objective. For this reason, we have set ourselves specific targets and report systematically each year on the actual levels achieved.

In the coming years, the significant growth in electric mobility will mean that – depending on the energy mix – the majority of carbon emissions will be generated in particular within the upstream value chain rather than in the use phase. Without the anticipated set of measures, emissions generated within the BMW Group supply chain would already exceed direct carbon emissions in the use phase prior to 2030. [↗ Strategy/Supplier network/Carbon emissions](#) Accordingly, the BMW Group is taking a holistic approach to achieving its sustainability-related targets and is committed to considering carbon emissions over the entire life cycle of the vehicles it produces. [↗ Carbon Emissions and Pollutants](#) Currently, however, for the purpose of assessing carbon emissions, the EU taxonomy focuses exclusively on reducing emissions in the use phase that are attributable to locally emissions-free drive systems, an approach which also ignores the emissions indirectly attributable to the supply of energy. Moreover, the taxonomy only reflects the impact of decarbonisation measures in production to the extent that they serve to manufacture taxonomy-aligned products. However, increasing the energy efficiency of paint shop processes also reduces carbon emissions when a conventionally powered vehicle is painted. [↗](#)

* Commission Delegated Regulation (EU) 2021/2139 dated 4 June 2021 and Commission Delegated Regulation (EU) 2021/2178 dated 6 July 2021.

[i] Explanatory comments on reporting procedures

For the reporting year 2021, the currently applicable simplification rules only require reporting on taxonomy eligibility in relation to the environmental objectives of climate change mitigation and climate change adaptation. Taxonomy eligibility is an indicator of the environmental sustainability potential of an economic activity based on the selective requirements of the EU taxonomy. It does not, however, say anything about the actual sustainability of a company's economic activities at the present point in time. Our aspiration is to successively make all of the BMW Group's economic activities more sustainable.

An economic activity is taxonomy-eligible if it is described in the Delegated Acts relating to the six environmental objectives, regardless of whether that economic activity meets all of the technical screening criteria stipulated in those Delegated Acts. The BMW Group's business activities can currently be allocated to two economic activities that are described in the Delegated Act relating to the first two environmental objectives:

- Economic activity 3.3 Manufacture of low carbon technologies for transport including the production of passenger vehicles and motorcycles.

[↗ Overview of the BMW Group](#)

- Economic activity 6.5 Transport by motorbikes, passenger cars and light commercial vehicles including the purchase, financing, renting, leasing and operation of passenger cars and motorcycles.

[↗ Overview of the BMW Group](#)

Based on the descriptions of the two economic activities listed for Environmental Objective 1 (Climate change mitigation), a large part of the BMW Group's business model falls within the scope of the EU taxonomy*.

Only the sale of parts and components, such as aftersales business excluding the provision of repair services and the supply of production components to BMW Brilliance Automotive Ltd. (BBA) as well as other third parties, and non-automotive banking and insurance services performed by the

Financial Services segment, are not described as economic activities in the Delegated Regulation and are therefore not taxonomy-eligible.

Accordingly, for 2021, 82.9 % of revenues, 99.7 % of capital expenditure, and 100.0 % of operational expenditure are taxonomy-eligible.

The taxonomy-aligned proportions that will need to be reported in the coming years will initially be significantly lower than these values. They will subsequently increase due to the growing share of zero-emissions vehicles, the development and production methods used, and potentially contributions made to other environmental objectives as yet to be defined. Due to the high level of investment in the transformation of our business activities, for example in the electrification of our vehicles and research into alternative drive systems, these economic activities have the potential to become taxonomy-aligned over time. Overall, we anticipate that the proportion of taxonomy-aligned economic activities will steadily rise as a result of the increasing electrification of our product portfolio.

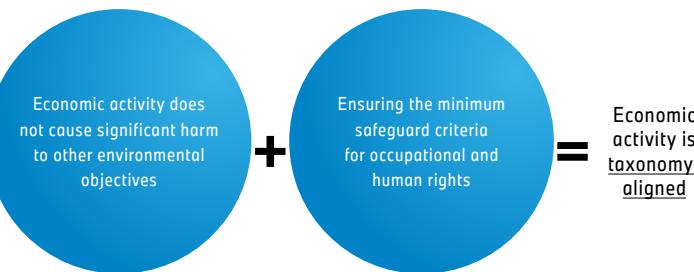
By 2025 the share of electrified automobiles in total Group deliveries is expected to rise to at least 30 %. Over the next decade, we expect that some ten million of our all-electric vehicles will be on the roads. Therefore, by 2030, at least every second automobile delivered by the BMW Group will be an all-electric model. [1]

[i] EXPLANATORY COMMENTS ON REPORTING PROCEDURES

— Reporting in 2021 —



— Reporting from 2022 onwards —



[1]

* It should be noted that the relevant Delegated Regulation describes the economic activity "Manufacture of low-carbon technologies for transport" differently for Environmental Objective 1 (Climate change mitigation) and Environmental Objective 2 (Climate change adaptation). For the purposes of consistent reporting on the taxonomy-eligibility of vehicle production, the BMW Group follows the description given for Environmental Objective 1, given that taxonomy-eligible vehicle production as listed for Environmental Objective 2 is a subset of taxonomy-eligible vehicle production for Environmental Objective 1.

I MANDATORY EU TAXONOMY DISCLOSURES

REVENUES	Total (in € million)	Proportion (in %)
Eligible activities	92,262	82.9
Non-eligible activities	18,977	17.1
CAPITAL EXPENDITURE	Total (in € million)	Proportion (in %)
Eligible activities	25,917	99.7
Non-eligible activities	67	0.3
OPERATIONAL EXPENDITURE	Total (in € million)	Proportion (in %)
Eligible activities	4,478	100.0
Non-eligible activities	0	0.0

I Technical information

The proportion of total revenues, capital expenditure and operational expenditure relating to eligible and non-eligible activities are shown in each case as an aggregate percentage for the BMW Group. Only taxonomy-eligible revenues, capital expenditure, and operational expenditure as listed for Environmental Objective 1 ("Climate change mitigation") are disclosed, given that taxonomy-eligible revenues, capital expenditure and operational expenditure for Environmental Objective 2 ("Climate change adaptation") are a subset of the values for Environmental Objective 1 ("Climate change mitigation"). This approach avoids double counting of revenues, capital expenditure and operational expenditure when determining the KPI in the numerator across multiple economic activities.

Further information on **revenues** is provided in [note 7](#) to the Group Financial Statements. Revenues are calculated in accordance with Article 2(5) of Directive 2013/34/EU. Revenues comprise revenue and income items recognised in accordance with IAS 1.82(a), as amended by Commission

parties or the delivery of parts to cooperation partners (including BBA) are not taken into account.

Operational expenditure comprises only non-capitalised development costs, maintenance and refurbishment costs for buildings, repairs to property, plant and equipment, relevant IT costs in the Financial Services segment, non-capitalised expenses relating to short-term lease contracts with expenditure for low value assets, and contracts with purely variable remuneration. The KPI figure calculated for taxonomy-purposes is not used by the BMW Group for financial reporting purposes. [1\]](#)

Regulation (EC) No. 1126/2008. Revenues relating to the sale of parts and components (e.g. after-sales business excluding the provision of repair services) and the supply of production components to BBA and third parties, insurance premiums, and interest income on deposit-taking and credit business were not included, as these economic activities are not classified as taxonomy-eligible.

In the case of the disclosures for **capital expenditure**, reference is made to [note 21](#) and [note 22](#) to the Group Financial Statements. Capital expenditure is calculated in accordance with IAS 16.73 (e) (i) and (iii) (Property, Plant and Equipment), IAS 38.118 (e) (i) (Intangible Assets) and IFRS 16.53 (h) (Leases). In accordance with the definition of capital expenditure provided in Annex I of the Delegated Regulation (EU) 2021/2178, the KPI figure used for taxonomy purposes comprises additions to intangible assets, in particular capitalised development costs, additions to property, plant and equipment as well as right-of-use assets in accordance with IFRS 16, and leased-out products. Capital expenditure relating to the sale of parts to external third

OUTLOOK, RISK AND OPPORTUNITY MANAGEMENT

OUTLOOK

Both the Outlook and the [Risk and Opportunity Management](#) sections of this report present the expected development in 2022, including the main risks and opportunities from the perspective of the BMW Group's management. In line with the Group's performance management, the outlook covers a period of one year. Risks and opportunities are managed on the basis of a two-year assessment period. Disclosures relating to risk and opportunity management therefore address a period of two years.

The continuous forecasting process applied within the BMW Group ensures that it is constantly ready to take advantage of opportunities as they arise, but also to react appropriately to any unexpected risks. The principal risks and opportunities are described in detail in the Risk and Opportunity Management section. Actual outcomes may deviate from the outlook due to unexpected events.

It is not yet possible to accurately assess the full impact of the war in Ukraine, as the situation remains highly volatile, making it extremely difficult to forecast macroeconomic developments and the likely performance of international automobile markets in the financial year 2022 [Forecast assumptions](#).

Economic outlook

According to IMF projections in January, the global economy will continue to grow in 2022, less strongly than in the previous year, and reach a level of around 4.0 %. Risks definitely persist, however, first and foremost due to the further course of the war in Ukraine, the estimated impact of which has been taken into account in the current economic forecasts only rudimentarily. High inflation is likely to lead to interest rate increases in some countries and weaken demand to some extent. New virus variants, pandemic-related restrictions or prolonged supply bottlenecks could slow the pace of economic growth. Further information on political and global economic risks is also available in the section [Risk and Opportunity Management](#).

In the Eurozone, GDP growth is projected to be around 3.0 % in 2022. At 2.1%, the growth rate in Germany is expected to be slightly lower than one year earlier and similar figures are predicted for France (+2.8 %), Italy (+3.1%) and Spain (+4.6 %).

The UK economy is projected to grow by 3.5% in 2022 despite labour shortages and continued supply bottlenecks.

A growth rate of 3.2% is projected for the USA in 2022, which is still positive, although not as strong as in the previous year. The stimulus and infrastructure packages adopted by the US Administration are likely to provide support for the economy.

After strong growth in the previous year, momentum in China is expected to drop slightly in 2022. A growth rate of 5.1% is therefore projected for the 12-month period.

After a slight recovery in the year under report, the pace of growth in Japan is projected to increase moderately in 2022 (+2.3 %).

Currency markets and international interest rate environment

Currencies of particular importance for the international operations of the BMW Group are the Chinese renminbi, the British pound, the US dollar and the Japanese yen.

Whereas the ECB is likely to keep persevering with its expansionary monetary policy in 2022, the US Federal Reserve has announced its intention to tighten its policy in light of high inflation and the USA's strong economic recovery and to raise interest rates during the first half of 2022. Compared with the previous year, the US dollar is therefore likely to appreciate against the euro.

Following the gain in value of the British pound against the euro in 2021 and the tighter monetary policy predicted in the UK over the 12-month period, combined with moderate interest rate hikes, a further slight appreciation of the currency is expected in 2022.

The central bank in Japan is unlikely to change its highly expansionary monetary policy in 2022. The yen is therefore likely to depreciate slightly against the euro.

After appreciating against the euro in 2021, the Chinese renminbi is expected to lose in value slightly in the course of 2022, due to the Chinese central bank's recent decision to ease monetary policy with a view to ensuring that the greater demand for financing can be met.

The Russian rouble has depreciated significantly, especially since the beginning of the military conflict with Ukraine. The currencies of emerging market countries such as Brazil and India are likely to remain under pressure against the US dollar and the euro in 2022, mainly due to the ongoing impact of the coronavirus pandemic.

International automobile markets

Supply bottlenecks are likely to continue having a dampening impact on automobile markets in 2022. The war in Ukraine will significantly exacerbate the current supply bottlenecks. The forecasts are generally based on the assumption that the supply bottlenecks will be overcome in the second half of 2022. Registration figures worldwide are expected to grow at a slightly faster rate than in the previous year (approximately 77 million units; +4%). However, due to the marked weakness of recent years, absolute registration figures remain well below normal levels.

Europe's automobile markets are expected to grow moderately in 2022 (12.5 million units; +6%).

The trend is similar in the USA, with the market expected to grow by 6% to 15.9 million units in 2022. However, this is still below the pre-coronavirus crisis level.

In China, on the other hand, the automobile market as a whole is expected to remain flat, reflecting the slowdown in

economic momentum. After the slight recovery in 2021, passenger vehicle registrations are therefore expected to be in the region of 21.2 million units in 2022, just 1% up on the previous year.

The Japanese automobile market is currently predicted to expand slightly in 2022 (4.4 million units; +2%).

Registration figures on international automobile markets are expected to develop as follows in 2022:

INTERNATIONAL AUTOMOBILE MARKETS

	Change in Registrations %
Europe	+ 6
thereof Germany	+ 6
thereof France	+ 4
thereof Italy	+ 4
thereof Spain	+ 6
thereof UK	+ 12
USA	+ 6
China	+ 1
Japan	+ 2
Total	+ 4

International motorcycle markets

The BMW Group expects, subject to the further development in Ukraine, the world's motorcycle markets in the 250 cc plus class to remain stable in 2022, with volumes generally remaining at the previous year's level.

The impact of the war in Ukraine, the limited availability of vehicle components, the further course of the coronavirus pandemic, and macroeconomic factors will continue to influence the performance of motorcycles markets in 2022.

Expected consequences for the BMW Group

Future developments on international automobile markets have a direct impact on the BMW Group. The challenging market environment, the supply situation for vehicle components, the coronavirus pandemic and further developments in the Ukraine conflict are currently the factors most likely to have a significant impact on business performance. Flexible coordination between the Group's sales and production networks will also help cushion the impact of unforeseeable developments in individual regions. [↗ Risk and Opportunity Management](#)

Assumptions used in the outlook

Both the Outlook and the Risk and Opportunity Management sections of this report contain forward-looking statements based on the BMW Group's expectations and assessments and may be influenced by unforeseeable events. As a result, actual outcomes can deviate either positively or negatively from the expectations described below, due to changes in the political and economic environment as well as other factors. [↗ Risk and Opportunity Management](#)

The following outlook covers a forecast period of one year and is based on the composition of the BMW Group during that time. For this reason, the outlook also includes the impact of fully consolidating BMW Brilliance Automotive Ltd., Shenyang, (BMW Brilliance). On 11 February 2022, the BMW Group increased its shareholding in the BMW Brilliance joint venture from 50% to 75%*. The full consolidation of BMW Brilliance with effect from that date has a significant impact on some of the BMW Group's key performance indicators.

* See [↗ note \[3\]](#) to the Group Financial Statements

The outlook takes account of all information available at the time of reporting and which could have an impact on the overall course of business of the Group. The expectations contained in the outlook are based on the BMW Group's forecast for 2022 and reflect its most recent status. The basis for the preparation of and the principal assumptions used in the forecasts – which consider the consensual opinions of leading organisations, such as economic research institutes and banks – are set out below. The BMW Group's outlook takes account of these assumptions.

The coronavirus pandemic is no longer currently expected to have a significant impact on the results of operations, financial and net assets position of BMW AG and the Group as a whole.

However, international demand for semiconductors is still predicted to remain high, causing the supply situation to remain tight. As in the financial year 2021, the risk of supply bottlenecks affecting the availability of the semiconductor components required for production persists and the situation is not expected to ease before the second half of 2022.

The dual impact of an economic upturn and supply bottlenecks caused raw materials prices to rise sharply in 2021. The BMW Group expects the overall situation on raw materials and energy markets to remain tense in the foreseeable future and has already taken the initial impact of the prevailing situation into account in its outlook for the financial year 2022.

Moreover, the war in Ukraine is having a substantial effect on that country's automotive supply industry, with supply restrictions resulting in production schedule adjustments and/or interruptions at a number of BMW Group plants.

The outlook does not factor in the following:

- A significant tightening of sanctions against Russia or a change in the interpretation of existing sanctions
- An escalation of the conflict outside Ukraine
- Additional major price hikes for energy and raw materials, including rises triggered by the war in Ukraine and / or the related sanctions

Regardless of these uncertainties, however, the situation remains highly volatile, making it very difficult to accurately forecast outcomes for the financial year 2022. Other possible longer-term effects of the war in Ukraine cannot be estimated at the present time and are therefore not taken into account in the outlook.

Outlook for the BMW Group – key performance indicators

Prior to the outbreak of war in Ukraine, the BMW Group was set to forecast slight year-on-year growth in deliveries of BMW, MINI and Rolls-Royce brand vehicles for the Automotive segment¹. However, due to the production schedule adjustments and interruptions described above that have been triggered by the war in Ukraine, it now predicts deliveries to remain at previous year's level.

The BMW Group expects to achieve its target of slightly cutting the carbon emissions generated by its EU new vehicle fleet, driven in particular by the significantly growing share of electrified automobiles in total deliveries.

Without the impact of the war in Ukraine, carbon emissions per vehicle produced would have been predicted to decline moderately². However, in light of the likely adverse impact of production schedule adjustments and interruptions triggered by the war in Ukraine, the scale of reduction is now only expected to be slight.

Excluding the impact of the full consolidation of BMW Brilliance and the war in Ukraine, the Automotive segment EBIT margin had been expected to finish within a target range of between 8 and 10 %.

Although, as described above, the BMW Group had been set to forecast sales volume growth, the EBIT margin had nevertheless been expected to be lower year-on-year due to the absence of various positive effects that had benefited the financial year 2021, such as the partial reversal of the provision relating to the concluded antitrust proceedings, the remeasurement gains arising on the modernisation of the pension plan, and the highly favourable risk situation in the leasing line of business. The full consolidation of BMW Brilliance would have increased segment revenues and EBIT sharply, but due to consolidation effects, no significant impact on the EBIT margin in the Automotive segment was expected for the financial year 2022 and the figure would have been likely to remain between 8 and 10 %. However, in light of the probable adverse impact of production schedule adjustments and interruptions triggered by the war in Ukraine, an EBIT margin of between 7 and 9 % is now thought to be more realistic.

Based on the newly adopted methodology, RoCE for the Automotive segment would have been forecast at between 19 and 24 %, reflecting the lower level of earnings otherwise expected without the increase in the stake in BMW Brilliance and the impact of the war in Ukraine. However, the additional net assets identified in conjunction with the increased stake in BMW Brilliance plus fair value adjustments arising on the purchase price allocation have the twin effect of increasing capital employed. In combination with elimination effects on earnings in 2022, the targeted range for RoCE would therefore have been between 15 and 20 %. However, in light of the adverse impact of production schedule adjust-

¹ Delivery figures already include vehicles produced by BMW Brilliance.

² Carbon emissions per vehicle produced already take BMW Brilliance into account.

ments and interruptions triggered by the war in Ukraine, a RoCE in a range between 14 and 19 % is now considered more likely.

Motorcycles segment deliveries are forecast to increase slightly. The EBIT margin is predicted to finish within a range of between 8 and 10 % and, based on the revised methodology, the segment RoCE within a range of 19 and 24 %. Key performance indicators for the Motorcycles segment will only be marginally affected by the full consolidation of BMW Brilliance and are not currently expected to be substantially impacted by the war in Ukraine.

The RoE in the Financial Services segment is predicted to finish within a range of between 14 and 17 %. Compared with the financial year 2021, it has been assumed that the highly favourable results from remarketing lease returns, combined with an easing of the supply situation for semiconductors during the second half of the year, will return to a normal level. The full consolidation of BMW Brilliance will not impact the Financial Services segment, as the companies held jointly with BMW Brilliance that are attributable to this segment have already been reported on a fully consolidated basis due to the segment's majority shareholdings in the entities concerned. Likewise, no significant impact is currently expected from the war in Ukraine.

Excluding the impact of the full consolidation of BMW Brilliance, Group profit before tax would have decreased significantly. Without the impact of the war in Ukraine, sales volumes would have been expected to develop positively over the forecast period. However, this volume growth would not have been sufficient to compensate for the previous year's effects, such as the partial reversal of the provision relating to the concluded antitrust proceedings, the remeasurement gains arising on the modernisation of the pension plan, and the highly favourable risk situation within the credit and leasing lines of business. Nonetheless, including the impact of the full consolidation of BMW Brilliance, Group profit before

tax is set to increase significantly over the forecast period, mainly reflecting BMW Brilliance's additional contribution to the Automotive segment's operating profit as well as the remeasurement of the at-equity investment previously recorded, with a positive effect of approximately € 7 to € 8 billion to be recognised within the financial result. These effects would more than compensate for the elimination of the previous at-equity result of BMW Brilliance in the financial result and the negative impact of consolidated adjustments arising on full consolidation. Even taking into account the negative impact of production schedule adjustments and interruptions triggered by the war in Ukraine, Group profit is expected to increase significantly.

The share of women in management functions within the BMW Group is expected to rise slightly, irrespective of the Group's increased stake in BMW Brilliance.

Without taking the full consolidation of BMW Brilliance into account, the targets described above would have been achieved with only a slight rise in the overall number of employees. However, the increase in the stake in BMW Brilliance and the full consolidation of that entity will cause the number of employees to rise significantly.

The BMW Group's actual business performance may also deviate from current expectations due to the risks and opportunities discussed below in the section on [Risk and Opportunity Management](#).

BMW GROUP KEY PERFORMANCE INDICATORS

		2021 reported	2021 adjusted	2022 Outlook
GROUP				
Profit before tax	€ million	16,060		Significant increase
Workforce at year-end		118,909		Significant increase
Share of women in management positions in the BMW Group	%	18.8		Slight increase
AUTOMOTIVE SEGMENT				
Deliveries to customers ¹	units	2,521,514		in line with last year's level
Share of electrified vehicles in deliveries	%	13.0		Significant increase
CO ₂ emissions EU New Vehicle Fleet ²	g/km	115.9		Slight decrease
CO ₂ emissions per vehicle produced ³	tons	0.33		Slight decrease
EBIT margin	%	10.3		between 7 and 9
Return on capital employed (RoCE) ⁴	%	59.9	24.0	between 14 and 19
MOTORCYCLES SEGMENT				
Deliveries to customers	units	194,261		Slight increase
EBIT margin	%	8.3		between 8 and 10
Return on capital employed (RoCE) ⁴	%	35.9	21.9	between 19 and 24
FINANCIAL SERVICES SEGMENT				
Return of Equity (RoE)	%	22.6		between 14 and 17

¹ Deliveries including the joint venture BMW Brilliance Automotive Ltd., Shenyang (2021: 651,236 units).

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

³ Efficiency ratio calculated on the basis of Scope 1 and Scope 2 CO₂ emissions (i.e. a market-based method according to GHG Protocol Scope 2 guidance; but excluding climate-changing gases other than carbon dioxide from vehicle production (BMW Group manufacturing sites incl. joint venture BMW Brilliance Automotive Ltd. and motorcycles, but excluding contract manufacturers), as well as BMW Group non-manufacturing sites, (e.g. Research centre, Sales centre, offices) divided by the number of vehicles (excluding motorcycles) produced (BMW Group manufacturing sites incl. joint venture BMW Brilliance Automotive Ltd., excluding contract manufacturers).

⁴ New method of calculation applied with effect from 2022. [Performance Management](#)

RISK AND OPPORTUNITY MANAGEMENT

The BMW Group's business is exposed to a variety of uncertainties and changes. Against this backdrop, it consciously takes well-calculated risks and makes full use of any opportunities that present themselves.

The management of risks and opportunities is essential in order to respond appropriately to any changes that occur in political, economic, ecological, social, technological or legal conditions. The BMW Group has put a comprehensive risk management system in place to effectively manage these risks as they arise.



The aim of the risk management system is to identify, assess and proactively manage any risks that could threaten the attainment of the Group's corporate targets. As part of that process, any individual or cumulative risks capable of posing a threat to the profitability of the business are both monitored and managed.

All opportunities and risks that are expected to materialise have already been addressed in the Outlook Report. The following sections focus on potential future developments or events that could result in a positive (opportunity) or a negative (risk) deviation from the outlook for the BMW Group.

As a general rule, the time horizon considered covers the current and the following financial year. Potential short-term effects of climate change are taken into account.

Medium- to long-term risks in connection with the climate change are described in the section [Climate-related opportunities and risks](#).

With effect from 11 February 2022, the BMW Brilliance Automotive Ltd. (BMW Brilliance) joint venture is fully consolidated in the Group Financial Statements. If the full consolidation of BMW Brilliance from that date is expected to result in a different classification of individual risk categories, such changes are indicated separately in this Risk Report.

Overall Risk and Opportunity Situation

The assessment of the overall risk situation is based on a consolidated view of all significant individual risks to which the BMW Group is exposed. The BMW Group's overall exposure to risk, including the impact of integrating BMW Brilliance, has increased moderately compared with the previous year. A prolonged military conflict between Russia and Ukraine and a worsening of the coronavirus pandemic could have a further negative impact on the global economy and hold down sales volume. At the same time, considerable uncertainties remain in the form of potential bottlenecks along the entire supply chain, particularly for semiconductors. However, if the effect of these issues were to prove less severe in 2022 than currently expected, opportunities could arise that could benefit both revenues and earnings.

The Management and the Supervisory Board do not see any threat to the BMW Group's status as a going concern. Similar to one year earlier, the current set of risks to the BMW Group are considered to be manageable. If these risks – or opportunities – were to materialise, they could have an impact on underlying key performance indicators, thus causing deviations from the outlook. Regardless of the full consolidation of BMW Brilliance, the BMW Group's financial resources are stable and liquidity requirements are currently covered by existing liquidity as well as the various financing instruments available.

In addition to the risks described below, unforeseen events could have a negative impact on business operations and hence on the BMW Group's results of operations, financial position and net assets as well as on its reputation.

Organisation of Risk Management

Risk management is organised as a decentralised, Group-wide network and steered by a centralised risk management function. The various BMW Group divisions are represented by Network Representatives. The responsibilities and tasks of the centralised risk management function and the Network Representatives are clearly documented and accepted. Risks pertaining to BMW Brilliance are incorporated in this Risk Report on the basis of the assessment made by the centralised risk management function. In future, BMW Brilliance will also be integrated in the risk management network. Significant risks reported from within the network are firstly presented for review to the Risk Management Steering Committee, which is chaired by Group Controlling. After they have been reviewed, any significant risks are reported to

both the Board of Management and the Supervisory Board's Audit Committee.

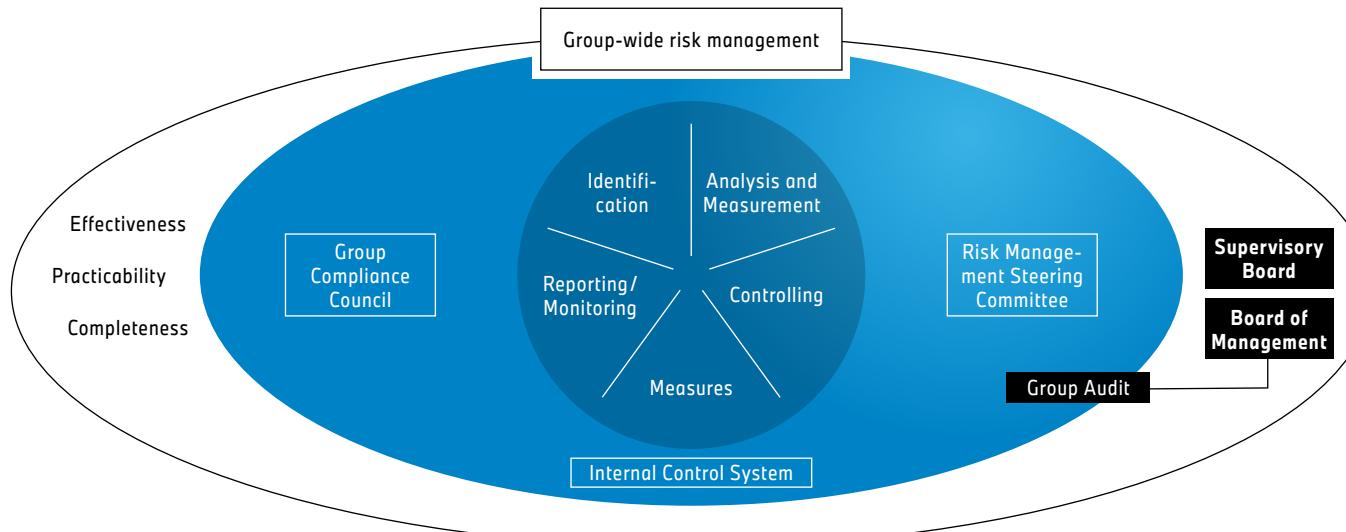
Other functions such as Compliance and Human Rights and the Internal Control System serve as key interfaces to the risk management system. In its capacity as an independent control body, Corporate Audit reviews the risk management system established by the Board of Management on an annual basis.

According to Group-wide guidelines, every employee and manager has a duty to report risks via the relevant reporting channels. The key elements of an appropriate risk culture are embedded in the BMW Group's core values, the BMW Group Risk Management Policy and the BMW Group Risk Manage-

ment Guidelines as well as in the Group's overall risk strategy. New information and requirements are continuously incorporated in the BMW Group's risk management system, thereby ensuring its ongoing development. Training programmes and informational events are regularly conducted throughout the BMW Group, particularly within the risk management network.

The risk management process is applicable across the entire Group and comprises the early identification, analysis and measurement of risks, the coordinated use of appropriate risk management tools and the monitoring and assessment of the measures taken.

RISK MANAGEMENT IN THE BMW GROUP



Risk Measurement

The BMW Group utilises standardised methods to assess risks. All significant risks are measured using value-at-risk models and assessed on the basis of uniform loss distribution metrics, thereby enabling better comparability of risks for both internal and external reporting purposes. The overall impact of the risks on the results of operations, financial and net assets position is referred to in the following sections uniformly as "earnings impact".

Risks are measured net of any risk mitigation measures that are already taking effect (net basis).

Risks are classified according to the risk amount (average earnings impact, taking into account the probability of occurrence). The earnings impact may be significantly higher if the risk actually materialises (worst-case scenario).

In light of the continued growth of the business and the associated risks, the value limits used in the Annual Report since 2013 have been revised.

The following ranges apply for the purpose of classifying the risk amount:

Class	Previous risk amount range	New risk amount range
Low	€ 0 – 50 million	€ 0 – 200 million
Medium	> € 50 – 400 million	> € 200 – 1,000 million
High	> € 400 million	> € 1,000 million

The impact of risks and opportunities is presented separately without offsetting. If no specific reference is made, opportunities and risks relate to the Automotive segment. The scope of entities consolidated for risk reporting purposes corresponds to the scope of consolidated entities included in the BMW Group Financial Statements.

Monitoring Risk-Bearing Capacity

Group-wide effects and trends can be identified by aggregating all significant risks at Group level using value-at-risk models. For this purpose, the potential earnings impact of the risks (confidence level: 99 %) is aggregated, taking correlation effects into account. In order to assess the risk-bearing capacity of the BMW Group, the aggregated amount of risks is compared with the risk cover amount (i.e. the equity capital of the BMW Group recognised for accounting purposes). A limit system for various risks helps monitor the risk-bearing capacity.

Managing Reputational Risks

Quite apart from the financial consequences, risks can also have an impact on the BMW Group's reputation. For these purposes, the BMW Group assesses all risks with regard to their impact on its reputation using a scoring model. Moreover, other overarching topics are monitored by means of regular media analysis. Any significant reputational repercussions are described in the following sections.

Managing Non-Financial Risks as Reported in the NFS

Alongside the maintenance of a comprehensive system of risk management, sustainability constitutes a core strategic principle of the BMW Group. Risks resulting from sustainability issues are generally identified via the Group-wide risk management network.

In accordance with § 289c of the German Commercial Code (HGB) risks that could have an impact on the non-financial aspects referred to in the relevant legislation are reviewed as part of the reporting process. Significant risks in this context are defined as those stemming from business activities, business relationships and products and services provided by the BMW Group that are highly likely to have a seriously adverse impact. No significant non-financial risks were identified during the year under report.

Opportunity Management

A dynamic market environment also gives rise to opportunities. Identifying these opportunities is an integral part of the BMW Group's strategic planning process. The Group's range of products and services is continually reviewed on the basis of these analyses.

The continuous monitoring of key business processes and strict cost controls are also essential factors for ensuring high levels of profitability and return on capital employed.

The importance of opportunities for the BMW Group is classified on a qualitative basis in the categories "significant" and "insignificant". Probable measures aimed at increasing profitability are already incorporated in the outlook.

Risks and Opportunities

The following table provides an overview of significant risks and opportunities for the years 2022 and 2023 and indicates their level of importance for the BMW Group. Overall, no risks capable of threatening the continued existence of the BMW Group were identified either at the balance sheet date or at the date on which the Group Financial Statements were drawn up.

Due to the particular features of the business model applied for Financial Services business, risks and opportunities relating to that segment are presented separately in the section Risk management system in the Financial Services segment.

Due to the medium- to long-term horizon involved, risks associated with climate change are presented in the section [Climate-related opportunities and risks](#).

	Risks		Opportunities	
	Classification of the risk amount ¹	Change compared to prior year ²	Classification	Change compared to prior year
Macroeconomic risks and opportunities	Medium	Stable	Insignificant	Decreased
Strategic and sector-specific risks and opportunities				
Changes in legislation and regulatory requirements	High	Stable	Insignificant	Stable
Market developments	Medium	Decreased	Insignificant	Stable
Risks and opportunities relating to operations				
Production and technology	Medium	Stable	Insignificant	Stable
Purchasing	High	Stable	Insignificant	Stable
Sales network	Low	Stable	Insignificant	Stable
Information security, data protection and IT	High	Increased	Insignificant	Stable
Financial risks and opportunities				
Foreign currencies	Low	Decreased	Significant	Stable
Raw materials	High	Increased	Significant	Stable
Liquidity	Low	Stable	-	-
Other financial risks	Medium	Stable	Insignificant	Decreased
Pension obligations	Medium	Decreased	Significant	Stable
Legal risks	Medium	Stable	-	-

¹ The classified risk amount does not change as a result of the full consolidation of BMW Brilliance.

² As shown in the section "Risk measurement", the risk amount ranges used for risk classification purposes have been updated. The change shown here relates to the classification of prior-year risks using the updated risk amount ranges.

Macroeconomic Risks and Opportunities

Economic conditions have an impact on business performance and hence on the level of earnings generated by the BMW Group. Unforeseen disruptions in global economic relations can have highly unpredictable effects. The risk amount over the two-year assessment period is classified as medium.

The invasion of Ukraine by Russian troops has, among other factors, triggered supply restrictions affecting components from Ukraine which have already led to production schedule adjustments and interruptions at a number of BMW Group plants. If the military conflict continues for a prolonged period, it will also have a perceptible impact on sales.

There is a risk of a further escalation of the conflict and therefore of the sanctions imposed by Western countries on Russia as well as possible retaliatory measures by Russia. Any additional sanctions relating to the capital market and the import and export of goods and raw materials will have distinct consequences that are also likely to have a negative impact on economies outside Russia.

Global supply shortfalls – particularly for semiconductors – continue to dampen the prospects of economic growth. These bottlenecks could persist throughout the whole of 2022, with the resulting shortage of (upstream) products causing the hitherto strong recovery of the global economy to lose pace.

Mutation could result in the emergence of a highly contagious coronavirus variant that could, in turn, cause severe disease. In this case, strict containment measures could slow down the economic recovery. The BMW Group is monitoring the situation on a continuous basis and taking appropriate measures as required.

The conflict between the USA and China is also set to remain a major topic of discussion. The focus is currently shift-

ing from simple tariff increases to further import and export restrictions on specific technologies. This could also lead to less favourable import and export conditions for the BMW Group.

A further risk is seen in the very high rate of inflation currently being observed in many regions. If inflation were to remain high over an extended period, rising prices would curb demand. The expected interest rate hikes by central banks will also have a dampening effect on business.

Macroeconomic opportunities that could have a sustained positive impact on the BMW Group's results of operation are classified as insignificant.

Strategic and Sector-Specific Risks and Opportunities

Changes in legislation and regulatory requirements

The introduction of more stringent legislation and regulations, particularly regarding emissions, safety and consumer protection as well as regional vehicle-related purchase and usage taxes, poses a significant risk for the automobile industry. Country- and sector-specific trade barriers can also be subject to change at short notice. Any sudden tightening of regulations in these areas could necessitate significantly higher investments and ongoing expenses or exert influence on customer behaviour. The risk amount attached to the occurrence of the risk of disruption in product availability due to unforeseeable short-term changes in legislation and regulations is classified as high.

At present, the BMW Group is seeing a continuous trend towards increasingly stringent vehicle emissions regulations, particularly for conventional drive systems, with the aim of improving air quality, above all in conurbations. A legislative proposal for the new Euro 7 emissions standard is being discussed within the European Union. As the technical requirements and the implementation timetable for the new standard are still subject to consultation, a certain element of risk is involved. A discussion about fuel consumption and carbon

emissions could affect the Company's reputation.

Additional risks could result from the tightening of existing import and export regulations, which could, in turn, lead primarily to additional expenses, but also complicate the import and export of vehicles and parts.

Changes in trade policies could also have a positive impact on the BMW Group's earnings in the short to medium term. Any reduction in tariff barriers, import restrictions or direct excise duties could result in lower manufacturing costs or enable products and services to be offered to customers at more attractive prices. Additional opportunities potentially arising from changes in legislation and regulations are classified as insignificant.

Market developments

Increasingly fierce competition among established manufacturers and the emergence of new competitors can have repercussions that are difficult to predict. Unforeseen consumer preferences and changes in brand perceptions could also give rise to both opportunities and risks. The risk amount attached to the occurrence of market risks over the two-year assessment period is classified as medium.

Any toughening of market competition could ramp up pressure on sales volume and selling prices. For instance, the BMW Group could be confronted with short-term supply and demand distortions in the transition from conventionally powered vehicles to alternative drive concepts. Customer behaviour can also change, such as in the event of changing social values and norms or as a consequence of governmental policies relating to vehicle usage.

Sales markets are continuously monitored in order to optimally meet customer requirements and, at the same time, capitalise on opportunities in terms of sales growth and pricing. Opportunities arising over the assessment period are classified as insignificant.

Risks and Opportunities Relating to Operations

Risks and opportunities relating to production and technologies

Risks relating to production processes and fields of technology can lead to unplanned production interruptions or additional costs due to vehicle recall actions. The risk amount attached to the occurrence of such risks over the two-year assessment period is classified as medium.

Potential causes of production downtimes include fires, natural hazards and infrastructural damage as well as machine and tooling breakdowns. Equally significantly, however, production could also be impaired by bottlenecks in the supply of production materials or components, utility or media supply failures or disruptions to transportation, logistics or IT systems, all of which could be caused by cyberattacks, among other factors.

All production units have a variety of measures in place to deal with potential production interruptions and downtimes, some of which are already integrated in the planning process and also applied at operational level with a high degree of flexibility. These measures have an effect on both the amount of damage and the probability of the risks occurring.

Technical fire protection, transparency with regard to potential natural hazards relevant for site selection and ongoing operations, underpinned by other appropriate (e.g. structural) measures, a rapid response by on-site fire services and employee training are the key strategies for preventing or reducing any potential damage from fires and/or natural hazards. Furthermore, policies are in place with insurance companies of high credit standing to mitigate the impact of any property damage caused by fire and/or natural events that lead to significant business interruptions at either the Group's or suppliers' premises.

Appropriate measures have been put in place to counter the threat of targeted cyberattacks, reflecting the fact that any such attacks could cause damage to production facilities

and possibly result in long downtimes and substantial losses.

Vehicles could be damaged or destroyed by natural hazards or other threats during transport from the Group's production plants to its various sales regions. Premiums and deductibles for transport insurance policies currently remain at a persistently high level. Any further increase could make it economically unviable to take out insurance, as a result of which the BMW Group would be required to bear the losses itself.

The BMW Group recognises appropriate provisions for statutory and non-statutory warranty obligations. It cannot be ruled out, however, that additional costs could arise in conjunction with vehicle recalls that are either not covered or not fully covered by provisions. Despite, deploying thorough quality assurance processes, such risks can always arise if the materials and/or processing procedures used prove insufficient, in some cases years after a product has been launched. A high number of recalls could also have a negative impact on the BMW Group's reputation. Further information on risks in conjunction with provisions for statutory and non-statutory warranty obligations is provided in [note 33](#) to the Group Financial Statements.

The development and testing of new technologies inherently give rise to a certain level of risk. An accident – for example involving a vehicle in automated driving mode – could have a negative impact on the Company's reputation, regardless of cause. Avoiding these risks is a top priority for the BMW Group.

The BMW Group sees opportunities relating to production processes and fields of technology primarily in the competitive edge gained from mastering new and complex technologies. Given the long lead times involved in developing new products and processes, additional opportunities are not expected to have a significant earnings impact on the BMW Group during the assessment period.

Risks and opportunities relating to purchasing

Purchasing risks relate primarily to supply risks caused by the failure of a supplier as well as to threats to BMW Group-relevant know-how within the supplier network. Production problems at supplier level could lead to consequences caused by increased expenditure for the BMW Group due to production interruptions and a corresponding reduction in vehicle sales. The BMW Group deploys an extensive set of checks and proactive management measures to tackle the challenges currently facing the automotive supply industry. The risk amount attached to purchasing risks over the two-year assessment period is classified as high.

Potential reasons for the failure of individual suppliers to deliver include IT-related risks, non-compliance with sustainability or quality standards, the lack of availability of raw materials and other input materials, and the occurrence of natural hazards and/or fires. Insufficient financial capacity on the part of individual suppliers can also jeopardise supplies to production plants. In this context, the BMW Group ensures financial support for suppliers that are of critical importance for maintaining production. Moreover, any major deterioration of a particular country's security situation is incorporated in the risk measurement process as a potential reason for the failure of a value or supply chain.

Among other challenges, the military conflict between Russia and Ukraine is causing disruptions in the supply of components produced in Ukraine. Any further escalation could potentially affect both direct suppliers and upstream sub-suppliers from neighbouring countries, thereby aggravating the supply situation still further and curtailing the availability of raw materials from Russia.

The growing complexity of the supplier network, particularly in the case of sub-suppliers whose operations can only be indirectly monitored by the BMW Group, is a further potential cause of downtimes at supplier locations. Due to the high level of demand on international semiconductor markets, the

BMW Group has already experienced temporary bottlenecks in the supply of electronic components.

The ongoing tight supply situation along the entire supply chain – particularly due to bottlenecks affecting the supply of semiconductors – could continue to result in adjustments to the production schedule. Reporting on such eventualities could also have a negative impact on the Company's reputation. The BMW Group is monitoring the situation very closely, assessing developments on a continual basis and ensuring that supply chains and production plants are working together as closely as possible.

The increased threat of cyberattacks along the entire value chain also affects supply security as well as the ability to protect know-how relevant to the BMW Group. In order to ensure a uniform level of IT security for all those involved along the value and supply chain, the BMW Group impresses on suppliers the importance of obtaining appropriate IT security certification.

When selecting its suppliers, the BMW Group not only takes into account external requirements, such as those contained in the German Supply Chain Due Diligence Act (Lieferketten-sorgfaltspflichtengesetz), but also ensures that the sustainability standards set internally by the Group are met.

The risks associated with the supply of raw materials are mitigated either by reducing the use of the raw materials in question or substituting them with alternative products.

Within the Purchasing and Supplier Network, opportunities arise primarily in the context of global sourcing and associated efficiency improvements. Making optimal use of any innovations developed by suppliers is a key prerequisite for developing future-oriented mobility products and services. Similarly, favourable location-related cost factors, particularly those arising due to the close proximity of supplier struc-

tures to new and existing BMW Group production plants as well as the introduction of innovative production technologies, could lead to lower cost of materials for the BMW Group.

Opportunities arising over the assessment period are classified as insignificant.

Risks and opportunities relating to the sales network

In order to sell its products and services, the BMW Group operates a global sales network – mainly comprising independent dealerships, branches, subsidiaries and importers. Any threat to the continued activities of parts of the sales network, for example due to the impending insolvency of large-scale dealerships, would entail risks for the BMW Group. The risk amount attached to sales and marketing risks over the two-year assessment period is classified as low.

As in other areas, the BMW Group is shaping the future of its sales organisation with a clear focus on placing the customer experience at the centre of its activities. Our declared aim is to deliver the best premium brand and customer experience in the industry. A key building block in this endeavour is the digitalisation of the customer journey. In conjunction with the dealership organisation, new opportunities are arising in this context, which the BMW Group, however, classifies as insignificant.

Information security, data protection and IT

Digitalisation and automation across all areas of the business and all BMW Group products offer excellent opportunities that are helping move the organisation forward on its strategic path towards sustainability. At the same time, requirements regarding the confidentiality, integrity and availability of information are becoming increasingly strict, with a corresponding impact on the related use of information technology (IT). The level of threat has continuously risen in recent years and the impact of the military conflict between

Russia and Ukraine could lead to a further increase in the number of cyberattacks. Moreover, legal and regulatory requirements are becoming ever stricter worldwide. Examples include the Second Act to Increase the Security of Information Technology Systems (German IT Security Act 2.0) and new data protection laws in China.

In view of the higher incidence of observed attacks on BMW Group applications and systems, the risk amount – despite extensive security measures – is classified as high.

In addition to threats in the form of cyberattacks and physical interventions, information and data can also be compromised by a lack of risk awareness and inappropriate behaviour. The main direct consequences would be negative effects on revenues, disruption in the production of components and vehicles, or reputational damage.

The BMW Group places great emphasis on protecting business information, for instance against unauthorised access and/or misuse. Data security is an integral part of all Group business processes and practised in accordance with the ISO/IEC 27001 international standard. In conjunction with risk management requirements, risks relating to information security, data protection and IT are systematically documented, allocated appropriate measures by the departments concerned and continuously monitored with regard to threat level and risk mitigation. Regular analyses and controls as well as tight security management policies ensure an appropriate level of security.

However, despite continuous testing and preventive security measures, it is impossible to completely eliminate risks in this area. All authorised persons are required to treat information such as confidential business, customer and employee data with great care, use information systems securely and handle risks in a transparent manner. Uniform requirements that apply throughout the Group are

documented in a comprehensive set of rules and guidelines. A consistently applied policy of updating such rules and regulations to current situations, coupled with regular communication, awareness-raising and training measures, form the basis for a high level of security and risk awareness in general.

With regard to cooperations and business partnerships, the BMW Group protects its intellectual property as well as its customer and employee data by issuing clearly defined instructions on information security and data protection. Trade secrets and sensitive personal data are subject to particularly stringent security measures.

The loss or theft of sensitive business information could also have a negative impact on the Company's reputation.



Financial Risks and Risks relating to the use of Financial Instruments

Currency risks and opportunities

As an internationally operating enterprise, the BMW Group conducts business in a variety of currencies, thus giving rise to currency risks and opportunities. A substantial portion of Group revenues, production, other purchases and funding occur outside the eurozone, particularly in China and the USA. Regularly updated cash-flow-at-risk models and scenario analyses are used to measure currency risks and opportunities. The risk amount associated with currency risks is classified as low. The risk situation is more favourable than in the previous year, as exchange rates have developed positively compared with those assumed in earlier forecasts.

Operational currency management is based on the results of currency risk analyses. The BMW Group manages currency risks at both strategic (medium to long term) and operational level (short to medium term). Medium- to long-term measures include increasing production and purchase volumes in

foreign currency regions, i. e. natural hedging. Currency risks are managed in the short to medium term and for operational purposes by means of hedging on financial markets. The principal objective is to increase planning reliability for the BMW Group. Hedging transactions are entered into only with financial partners of good credit standing. Depending on exchange rate developments, significant opportunities may arise.

Risks and opportunities relating to raw materials prices

As a manufacturing company, the BMW Group is exposed to purchase price risks, particularly in relation to the raw materials used in vehicle production. Changes in prices are monitored via a well-defined management process, the primary objective of which is to improve planning reliability for the BMW Group as a whole.

The analysis of raw materials price risks is based on planned purchases of raw materials and components containing those products. Cash-flow-at-risk models and scenario analyses are deployed to measure risks and opportunities relating to raw materials prices. Price fluctuations for precious metals (platinum, palladium, rhodium), non-ferrous metals (aluminium, copper), raw materials for batteries (lead, nickel, cobalt) and, to some extent, for steel and its basic ingredients (iron ore, coking coal) as well as energy (gas, electricity) are hedged using financial derivatives and supply contracts with fixed pricing arrangements.

Due to high demand, the prices of many raw materials have been, and continue to be, subject to a high degree of fluctuations on commodity markets. Accordingly, the risk amount associated with raw materials prices is classified as high. Significant opportunities could arise if raw materials prices, contrary to current expectations, develop favourably for the BMW Group.

Liquidity risks

The major part of the Financial Services segment's credit financing and leasing business is refinanced on capital markets. Liquidity risks can arise in the form of rising refinancing costs or from restricted access to funds due to the general market situation. The risk amount associated with liquidity risks is classified as low.

Based on the experience gained during the global financial crisis, a liquidity concept has been drawn up, which is rigorously adhered to and continuously developed. In the Financial Services segment, the use of the "matched funding principle" ensures that liquidity risks are generally avoided.

Solvency is assured at all times throughout the BMW Group by adhering to liquidity ratios and using a broadly diversified range of refinancing sources. Regular measurement and monitoring ensure that cash inflows and outflows for the various maturities and currencies offset one another. This approach is an integral part of the BMW Group's liquidity concept.

The liquidity position is monitored continuously and managed through the Group-wide planning of financial requirements and funding. At present, opportunities relating to liquidity are not expected to have any significant earnings impact. Further information on risks in conjunction with financial instruments is provided in [note 39](#) to the Group Financial Statements.

Other financial risks

Other financial risks worth mentioning include counterparty risks as well as those arising in connection with investments in other entities.

The BMW Group works together with banks to ensure that the available liquidity is optimally invested in order to hedge against financial market risks (particularly currency, commodity and interest rate risks) using derivative financial in-

struments and to protect payments made in advance. Counterparty risk denotes the risk that the BMW Group will not receive, or not receive in full, the payments due to it in connection with the investment and hedging transactions referred to above. An enhanced value-at-risk model is employed to measure counterparty risk, taking into account the creditworthiness (rating) of the banks and the business volumes involved. Risk is managed using a limit system, which includes daily monitoring of the extent to which limits are being utilised at the level of the individual counterparties.

The BMW Group holds equity investments of varying amounts in numerous entities, which could give rise to risks requiring the recognition of impairment losses.

The risk amount associated with other financial risks is classified as medium. Generally speaking revaluations of investments could give rise to opportunities with a significant earnings impact.

Risks and opportunities relating to pension obligations

Future pension obligations are financed largely via external pension funds or trust constructs that are legally separate from the BMW Group. Externally managed funds are invested on capital markets in a broadly diversified portfolio with a view to enabling future pension payments to be disbursed out of pension assets. These arrangements greatly reduce the need to fund pension payments out of ongoing operations.

Risks can arise from fluctuations in pension obligations on the one hand and the related pension assets on the other. Opportunities can arise if the value of pension assets on capital markets develops favourably or if pension obligations decrease at a more pronounced rate than the related assets.

Pension obligations are primarily measured using a discount rate based on market yields from high-quality corporate bonds. These yields are subject to market fluctuations and

therefore influence the level of pension obligations. Changes in other parameters, such as rising inflation rates and longer life expectancy, also impact the amount as well as the duration of future pension payments. Regulatory requirements or changes may also affect the amount of pension obligations.

The fluctuation of pension assets reflects the volatility of individual asset classes on capital markets. The broadly diversified portfolio comprises investments in interest-bearing securities, equities, real estate and other asset classes.

The risk relating to pension obligations was substantially reduced by the restructuring of pension commitments in Germany in 2021. Under the new arrangements, employees were given the option to switch to the Company's defined contribution pension plan. While the latter entails the risk associated with guaranteeing a minimum rate of return, the overall risk is lower than that arising in connection with the defined benefit pension plan.

The risk amount attached to pension obligations is classified as medium.

Remeasurements on the liabilities and assets sides are recognised net of deferred taxes through other comprehensive income and hence directly in equity of the BMW Group (within revenue reserves). Further information on risks in conjunction with pension provisions is provided in [note 32](#) to the Group Financial Statements.

Legal Risks

Due to the global nature of its operations, the BMW Group is exposed to various legal risks. Legal risks may result from non-compliance with laws or other legal requirements, or from legal disputes with business partners or other market participants. If legal risks were to materialise, they could have a high earnings impact over the two-year assessment period. The risk amounts attached to significant identified legal risks are classified as medium.

The growing globalisation of the BMW Group's operations as well as of business interdependencies in general, combined with the variety and complexity of legal provisions – increasingly including import and export regulations – give rise to a greater risk of non-compliance with applicable legislation. A Compliance Management System is in place across the BMW Group to ensure that its representative bodies, executives and staff members worldwide consistently act in a lawful manner. Further information on compliance within the BMW Group as well as on the Compliance Management System is provided in the chapter [Compliance and human rights](#).

Like all entities with international operations, the BMW Group is confronted with legal disputes and alleged claims relating in particular to warranty and product liability, infringements of protected rights and proceedings initiated by government agencies. Any of these could, amongst other consequences, have an adverse impact on the Group's reputation. Proceedings of this nature are essentially typical for the sector, may result as a consequence of realigning product or purchasing strategies to changed market conditions, or are antitrust-related. Particularly in the US market, class action lawsuits and product liability risks can have substantial financial consequences and cause damage to the BMW Group's reputation. More rigorous application, interpretation of, or changes to, existing regulations could result in a greater number of recalls.

For several years, lawsuits have been filed against BMW Bank GmbH (BMW Bank) in which consumers claim the withdrawal of their loan and leasing contracts on the basis of allegedly incorrect and insufficient pre-contractual information. The focus is on loan contracts. Since 2017, BMW Bank has won the vast majority of these lawsuits. In November 2019, the Federal Court of Justice (BGH) adopted a decision of principle in favour of BMW Bank, confirming the accuracy of consumer-relevant information in loan contracts. In addition, in October 2020 the BGH decided in a case in which BMW Bank was not involved that consumers are generally obliged to pay a compensation after a successful withdrawal. Since the beginning of 2020, several references for a preliminary ruling on the scope of information obligations have been filed with the European Court of Justice (ECJ). On September 9, 2021, the ECJ decided on the requests for preliminary ruling concerning the requirements on the terms and conditions in consumer credit agreements in particular with regard to default interest and prepayment penalty. Based on this ruling the BGH requests the ECJ for another preliminary ruling whether the concept of abuse of rights in connection with consumer credit agreements is still applicable under certain circumstances. Although this is technically not a final decision, the BGH mentioned in the reasoning part of its decision that it does not consider BMW Bank's terms and conditions in consumer credit agreements to completely fulfill the requirements as set by the ECJ ruling. Therefore, there is a legal risk that borrowers might withdraw consumer credit agreements of BMW Bank with reference to the proceeding submitted to the ECJ and the ECJ decision as of September 9, 2021. However, the right to compensation of BMW Bank due to the car use period of the borrower is still applicable. The possible financial impact cannot be definitively assessed at this stage.

International movements of goods require compliance with extensive export control regulations. In addition to

goods-related restrictions, international trading may also involve personal, country-specific and end-use-related restrictions. In particular, non-compliance with applicable EU and US export control regulations could result in significant legal consequences for the BMW Group. In light of its strong presence in the USA and China, any intensification of the trade dispute between the two countries could be a potential source of additional risk exposure.

The BMW Group is subject to tax and customs audits in every country in which it operates, potentially resulting in back taxes, retrospective customs duties, interest, penalties and similar payments. Payments of this nature may, for instance, result from the full or the partial non-recognition of intercompany transfer prices in the countries concerned. Further substantive legal risks may also arise as a result of changes in tax or customs legislation or due to the way that legislation is interpreted by tax and customs authorities or courts. In many cases, such changes can also have a retrospective impact on calendar years that were not yet subject to definitive audits. In order to minimise procedural tax and customs risks, the BMW Group recently set up a comprehensive Tax and Customs Control Framework that is already being applied in Germany and will be rolled out successively in other countries.

The BMW Group recognises appropriate levels of provision for lawsuits and risks. In addition, a part of these risks is insured to an economically reasonable extent. Nevertheless, it cannot be ruled out that damages may occur in excess of the insured amounts. In accordance with International Financial Reporting Standards (IFRS), the required information is not provided if the BMW Group concludes that disclosure of the information could seriously prejudice the outcome of the relevant legal proceedings. Further information on contingent liabilities is provided in [note 38](#) to the Group Financial Statements.

Alleged or actual non-compliance with the law could also have a negative impact on the BMW Group's reputation.

Risk Management System in the Financial Services Segment

Risk management within the Financial Services business is built on the prevailing risk culture, the defined risk strategy, the internal capital adequacy assessment process framework and a set of rules comprising principles and guidelines. The main tool used to manage risk within the Financial Services segment is to ensure its risk-bearing capacity.

All risks – in the sense of unexpected losses – must be covered at all times. Based on the segment's risk appetite, this is achieved by ensuring specified levels of risk-covering assets (asset cushions) in the form of equity capital. Unexpected losses are measured using various value-at-risk models, which are validated at regular intervals. Risks are aggregated after taking account of correlation effects. In addition to assessing the Group's ability to bear risk, stress scenarios are also examined. The segment's risk-bearing capacity is regularly controlled by means of an integrated limit system for the various risk categories.

Due to the close interrelationships within the Group, developments that affect the BMW Group's industrial business in the first step are also relevant for the Financial Services segment in the second step. In addition, banking supervisory agencies around the world require sustainability risks to be adequately addressed. Sustainability risks, such as natural events or a change in carbon pricing, affect existing risk categories and can also have an impact in the short term.

The following overview provides a summary of the main risks and opportunities in the Financial Services segment:

Risks and opportunities relating to the Financial Services segment

The main categories of risk relevant for financial services business are credit and counterparty risk, residual value risk, interest rate risk, operational risk and liquidity risk. The evaluation of liquidity risk for the Financial Services segment is included in the liquidity risk category for the Group as a whole.

Credit and counterparty risks and opportunities relating to the Financial Services segment

Credit and counterparty default risk arises within the Financial Services segment if a contractual partner (e.g. a customer or dealership) becomes either unable or only partially able to fulfil its contractual obligations, so that less income is generated or losses are incurred. Among other consequences, the military conflict between Russia and Ukraine could also result in credit losses. The risk amount attached to the occurrence of unexpected credit or counterparty default risks over the two-year assessment period is classified as medium. The BMW Group classifies potential opportunities in this area as insignificant.

In the financial year 2021, the Financial Services segment benefited among other things from a favourable risk situation and the resulting lower level of impairment allowances required. Credit losses were at an historically low level.

Initial and continuous creditworthiness testing is an important aspect of the BMW Group's credit risk management system. For this reason, every borrower's creditworthiness is tested for all credit financing and leasing contracts entered into by the BMW Group. Opportunities may arise if the managed portfolio performs better over time than estimated when the credits were granted. Changes in the creditworthiness of customers arising during the credit term are covered by risk provisioning procedures. The credit risk of individual customers is quantified on a monthly basis and, depending on the outcome, taken into account within the risk provisioning system. Macroeconomic developments are currently subject to a higher degree of volatility. If developments are more favourable than assumed in the outlook, credit losses may be lower than expected, leading to a positive earnings impact.

	Risks		Opportunities	
	Classification of the risk amount ¹	Change compared to prior year ²	Classification	Change compared to prior year
Credit risk	Medium	Stable	Insignificant	Stable
Residual value	High	Stable	Significant	Stable
Interest rate changes	Low	Stable	Significant	Stable
Operational risks	Medium	Increased	-	-

¹ The classified risk amount does not change as a result of the full consolidation of BMW Brilliance.

² As shown in the section "Risk measurement", the risk amount ranges used for risk classification purposes have been revised. The change shown here relates to the classification of prior-year risks using the revised risk amount ranges.

Residual value risks and opportunities relating to the Financial Services segment

Risks and opportunities arise in conjunction with leasing contracts if the market value of a leased vehicle at the end of the contractual term of a lease differs from the residual value estimated at the commencement date of the lease. A residual value risk exists if the expected market value of the vehicle at the end of the contractual term is lower than its estimated residual value at the date the contract was entered into. The risk amount attached to the occurrence of unexpected residual value risks over the two-year assessment period is classified as high. Opportunities can arise out of a positive deviation between the actual market value and the original residual value forecast. The BMW Group classifies potential residual value opportunities as significant.

Each vehicle's estimated residual value is calculated at the beginning of the contract on the basis of historical external and internal data. Developments on pre-owned car markets are an important factor for the BMW Group. The BMW Group has developed and implemented specialised methods and processes that enable the sustainability aspects of residual value risks to be appropriately assessed and managed.

Market developments are observed throughout the contractual period and the risk assessment updated accordingly. Residual value risk management essentially follows the same established process, regardless of the drive system variant.

The exceptional upturn in the pre-owned vehicle market, particularly in the USA and the UK, combined with high levels of revenue generated on lease returns sold, had a correspondingly positive effect on the residual value situation across the Financial Services segment during the financial year 2021. This development was reflected in the lower level of residual value risk provisioning required.

Interest rate risks and opportunities relating to the Financial Services segment

Interest rate risks in the Financial Services segment relate to potential losses caused by changes in market interest rates. These can arise when fixed interest rate periods do not match for assets and liabilities recognised in the balance sheet. The risk amount attached to interest rate risks is classified as low. Favourable interest rate developments compared to the outlook represent opportunities that the BMW Group classifies as significant. Interest rate risks in the Financial Services business are managed by ensuring that fixed interest rate periods match to a large extent and through the use of interest-rate derivatives. If the relevant recognition criteria are fulfilled, derivatives used by the BMW Group are accounted for as hedging relationships. Further information on risks in conjunction with financial instruments is provided in [note 39](#) to the Group Financial Statements.

Operational risks relating to the Financial Services segment

In the Financial Services segment, operational risks are defined as the risk of losses arising due to the unsuitability or failure of internal procedures (process risks), people (personnel-related risks), systems (infrastructure and IT risks) and external events (external risks). The recording and measurement of risk scenarios, loss events and countermeasures in the operational risk management system provide the basis for the systematic analysis and management of potential or materialised operational risks. Annual self-assessments are also carried out.

Due to closer interconnection with other risk categories, such as outsourcing risks or information security risks, the level of the risk amount has been raised slightly from low to medium compared to the previous year. The classification of the risk amount has changed to medium as the pertinent threshold of €200 million was exceeded for the first time.

Climate-Related Opportunities and Risks

[t] Numerous developments of relevance for the BMW Group are either directly or indirectly linked to climate-related issues. The BMW Group is taking action to mitigate the impact of climate change and to adapt to changing climatic conditions. It is therefore imperative to identify climate-related risks and opportunities and to take appropriate account of them in determining the strategic direction to be followed, managing the business and organising a Group-wide risk management system. Since 2019, the BMW Group has been acting on the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and is continuously developing its reporting on the management of climate-related risks and opportunities.

When considering climate-related risks, the BMW Group distinguishes between physical and transitory risks. Physical risks refer to the actual impact of climate change. Physical risks attributable to fundamental changes in climatic conditions, such as rising temperatures or changing precipitation patterns, are referred to as chronic and generally have a longer-term effect. We therefore monitor these risks over a period of up to 30 years. However, extreme weather events such as storms, floods and heatwaves are already becoming more frequent.

Transitory risks, on the other hand, arise from the transition to a low-carbon economy. This category of risks includes for example new and additional legal requirements relating to climate protection. We also see the changes resulting from the transition to a low-carbon future as an opportunity. Innovative products and services enable us to develop new fields of business, help decarbonise the mobility sector and thus boost our competitiveness at the same time.

Organisation and processes for managing climate-related risks

Within the BMW Group, the Board of Management is directly responsible for all matters relating to climate change including dealing with the consequences of climate change. Ac-

cordingly, the individual members of the Board of Management are each charged with the task of ensuring that their portfolios are strategically aligned with the stated objectives. Moreover, each proposal presented to the Board of Management is required to be assessed from a sustainability perspective and thus also with regard to climate-related aspects. [↗ Internal management within strategy](#)

As part of the environmental analysis as part of the strategy process, the BMW Group analyses and takes account of transitory risks from a regulatory perspective on a continuous basis. During the financial year under report, the BMW Group successfully completed its "Adaptation to Climate Change" project with the involvement of top management. The physical climate risks were analysed and assessed using an external assessment tool.

Scenario analyses for identifying climate-related opportunities and risks

The BMW Group focuses on both mitigating and adapting to the consequences of climate change.

In the Adaptation to Climate Change project, we identified and assessed physical risks comprehensively for the first time on the basis of two different time horizons (2030 and 2050) as well as various climate change scenarios. Three warming pathways developed by the Intergovernmental Panel on Climate Change (IPCC) were applied and, in accordance with the TCFD recommendation, the impact of physical risks on the various stages of the value chain (including real estate, logistics and suppliers) was examined.

The so-called RCP* scenarios range from a low-emissions scenario in line with the 2°C target (RCP 2.6), a medium scenario with global warming of 2.4–2.7°C by the year 2100 (RCP 4.5) through to a 5°C scenario (RCP 8.5). On the one

hand, the RCP 2.6 scenario entails high transitory risks for the BMW Group due to stricter regulatory requirements governing carbon emissions. On the other hand, fewer physical risks would be likely to arise given the more ambitious climate protection measures. In the RCP 8.5 scenario, however, the physical risks dominate due to insufficient climate protection measures. Based on the BMW Group's assessment, the RCP 4.5 scenario is currently seen as the most likely and roughly corresponds to the contributions currently committed to by each country at national level.

Physical climate risks

- Climate change is likely to cause natural disasters to occur more frequently at our locations, for example heavy rains and heat waves, with the risk of damage to both inventories and products. To avoid production stoppages, we have already taken preventive measures at our production sites and other premises, such as the installation of sluice gates at the plant in Chennai, India.
- Extreme weather events at suppliers' locations worldwide can impact component deliveries and consequently supplies to production plants. Under these circumstances, key transport routes could be blocked – with implications for both the supply of components and the distribution of new vehicles.
- Physical climate risks could have a negative impact on economic growth in the regions affected, with noticeable unfavourable macroeconomic consequences, including a loss of income and the threat of unemployment for consumers. These factors, in turn, could reduce purchasing power in certain regions and have a negative impact on the BMW Group's sales volumes and operating result.

Transitory climate risks

- A significant tightening of laws and regulations in the BMW Group's main markets (the EU, the USA and China), particularly in terms of carbon emissions regulations which may also result from possible legal proceedings or court decisions and regional vehicle purchase and usage taxes, could have an impact on the BMW Group's range of products and services and result in higher costs and / or lower sales volumes. [↗ Changes in legislation and regulatory requirements 1](#)
- [\[t\]](#) Any serious failure to comply with sustainability or quality standards could cause disruptions in the supply chain or the inability of individual suppliers to deliver.
- The aim is to reduce carbon emissions across all relevant supply chains on the basis of constructive cooperation with suppliers. It is important to point out, however, that the BMW Group depends on receiving accurate information from suppliers in this regard.
- However, if the carbon price were to rise to unexpected levels without sufficient time to plan accordingly, production costs will be driven up, with a correspondingly negative impact on the BMW Group's sales volumes and profitability. Furthermore, setting a price for carbon emissions could result in reduced purchasing power and thus hold down economic growth in the regions concerned.
- The global spread of electric mobility may give rise to bottlenecks in the availability of raw materials, particularly those needed to manufacture battery cells. As a result, higher raw materials prices could also have an impact on the BMW Group's earnings situation.

- Stricter requirements for carbon emitters due to regulatory tightening could affect the reputation of the BMW Group and make it less attractive as a sustainable investment.
- The transformation to a lower-emissions economy is fundamentally changing certain industries. Due to the potential macroeconomic consequences, the related sustainability risks are seen as a threat to the stability of financial markets. They could also have a negative impact on job security as well as the financial position of selected industries and their employees.

Climate-related opportunities

- With its flexible vehicle architectures and production systems, the BMW Group strives to take account of fluctuating customer demand as well as regulatory and infrastructural differences in its markets in a swift and adaptable manner. [↗ Production network](#)
- The BMW Group sees the growing demand for electrified vehicles as a major opportunity. We are leveraging this opportunity by continuously expanding our range of electrified products, while at the same time pressing ahead with the in-house development and production of electric drive systems, batteries and battery cell prototypes. This approach enables us to secure key know-how in new technologies at an early stage, gain crucial systems expertise and exploit cost advantages, which could also provide a decisive competitive edge. [↗ Production network](#)
- The BMW Group's strategic planning assumptions will endeavour to anticipate the consequences of rising carbon prices in the form of taxes and levies as well as potential shortfalls in emissions credits under emissions trading schemes, taking into account the assumptions applied in its own decision-making process and its cooperation with suppliers. [↗ Circular economy, resource efficiency and renewable efficiency](#)

- The BMW Group can exert its influence across its global supplier network to cut carbon emissions and work towards implementing decarbonisation measures. For instance, it has already entered into a contractual agreement with its cell manufacturers that only green electricity will be used to produce the fifth generation of battery cells. [↗ Supplier network and purchases](#) and [↗ Decarbonisation](#)
- By switching to lower-carbon processes and technologies at its own production plants, the BMW Group is not only boosting efficiency, but also cutting its costs. For example, generating its own electricity from renewable energy sources reduces the carbon footprint and minimises dependence on external electricity sources as well as its exposure to price fluctuations on the energy market. [↗ Renewable energy](#)
- In the best interest of a circular economy, the BMW Group intends to gradually increase its use of secondary materials and hence reduce carbon emissions at the same time. With this strategy, we are not only contributing towards achieving our decarbonisation target in the supply chain, but also reducing our dependence on primary materials in terms of their availability and cost. [↗ Circular economy and resource efficiency](#)
- By reporting comprehensively and transparently in a manner that meets potential legal requirements at an early stage, we are better able to ensure our access to capital markets and obtain attractive financing conditions on a long-term basis. [↗ BMW Group and Capital Markets](#)

By rigorously aligning its corporate strategy to meet specific sustainability targets, the BMW Group takes appropriate account of risks and opportunities in all its investments, innovations and corporate decisions. [1\]](#)

INTERNAL CONTROL SYSTEM

The Internal Control System* (ICS) is part of the BMW Group's overall system of internal governance, and is based on a set of measures and control activities that are integrated in processes and organisational structures with a view to ensuring the accuracy of external financial and non-financial reporting. The requirements for the design and structure of ICS procedures incorporated in accounting and financial reporting processes as well as those used to generate selected non-financial information included in the BMW Group Report are defined on a Group-wide basis.

The ICS for financial reporting has the task of ensuring that the BMW Group's accounting and financial reporting processes are both accurate and reliable. The ICS for non-financial reporting focuses primarily on the further development of the processes used to gather data as the basis for reporting non-financial performance indicators within the BMW Group Report.

The BMW Group's ICS is based on the "Three Lines of Defence" model, including a clear definition of how the various functions are required to interact with one another to manage risks. As an essential component of the second line of defence, the ICS serves as a link between the operating units (first line), internal audit (third line) and the external auditor.

Internationally acknowledged standards for internal control systems were taken into account when designing the various elements of the ICS deployed by the BMW Group. The system comprises:

- Group-wide mandatory accounting guidelines
- Controls integrated in processes and IT systems
- Organisational measures incorporating the principles of the risk-oriented segregation of duties
- Process-independent monitoring measures

Basically, the aim of any internal control system is to prevent, or reduce the probability of, potential risks from occurring. Both the system itself and the methods applied are subject to continuous improvement, with system effectiveness assessed regularly on the basis of centralised and decentralised process analyses, data analyses within the various financial systems, and audit-related procedures.

The principal features of the BMW Group's ICS are described below.

Guidelines for recognising, measuring and allocating items to accounts, along with the definitions of non-financial performance indicators are available to all employees via the BMW Group's intranet system. New financial reporting standards are assessed at an early stage for their impact on the BMW Group's accounting and financial reporting systems. Pertinent requirements are reviewed continuously and revised at least once a year, or more frequently if required.

Preventive controls serve to identify and eliminate weaknesses and omissions in processes. Detective controls on the other hand are deployed to detect and correct any errors in the results of those processes and are generally based on the principle of the segregation of duties. All key relevant IT systems incorporate controls that are designed, among other

things, to prevent business transactions from being recorded incorrectly, ensure the complete recognition and accurate of business transactions in accordance with the applicable requirements, and provide the basis for checking the accuracy of consolidation procedures.

Whenever changes are made to IT systems relating to accounting and financial reporting processes, the aforementioned controls are adapted to take account of new requirements and/or any opportunities that have arisen due to technical advances in information technology. Moreover, the BMW Group deploys data analysis tools to identify and subsequently eliminate weaknesses in its processes and/or control systems.

Responsibilities for ensuring the effectiveness of ICS procedures for accounting and financial reporting processes as well as the further development of the reporting of non-financial performance indicators are clearly defined in a role-based model and allocated to the relevant line and process managers. Once a year, the managers responsible report on their assessment of the ICS in place for accounting and financial reporting processes, based on the results of both internal and external audits as well as continual monitoring. The results of the assessment are gathered and documented in a centralised IT system. Any weaknesses found in the ICS are eliminated, taking into account their potential impact. Both the Board of Management and the Audit Committee are informed about the effectiveness of the ICS on an annual basis. The Board of Management and, where appropriate, the Supervisory Board, are promptly informed in the event of any significant changes to the ICS.

* Disclosures pursuant to § 289 and § 315 HGB.

DISCLOSURES RELEVANT FOR TAKEOVERS* AND EXPLANATORY COMMENTS

Composition of subscribed capital

The subscribed capital (share capital) of BMW AG amounted to € 661,399,500 at 31 December 2021 (2020: € 659,684,500) and, in accordance with Article 4 no. 1 of the Articles of Incorporation is sub-divided into 601,995,196 shares of common stock (91.02 %) (2020: 601,995,196; 91.26 %) and 59,404,304 shares of non-voting preferred stock (8.98 %) (2020: 57,689,304; 8.74 %), each with a par value of € 1. The Company's shares are issued to bearer.

The rights and duties of shareholders derive from the German Stock Corporation Act (AktG) in conjunction with the Company's Articles of Incorporation, the full text of which is available at www.bmwgroup.com. The right of shareholders to have their shares evidenced is excluded in accordance with the Articles of Incorporation. The voting power attached to each share corresponds to its par value. Each €1 of par value of share capital represented in a vote entitles the holder to one vote (Article 18 no. 1 of the Articles of Incorporation).

The Company's shares of preferred stock are shares as defined in §§ 139 et seqq. AktG, which carry a cumulative preferential right in terms of the allocation of profit and for which voting rights are excluded. These shares confer voting rights only in exceptional cases stipulated by law, in particular if the preference amount has either not been paid or not been paid

in full within one year and the arrears are not paid in the subsequent year alongside the full preference amount due for that year. With the exception of voting rights, holders of shares of preferred stock are entitled to the same rights as holders of shares of common stock. In addition, Article 24 of the Articles of Incorporation confers preferential treatment to the non-voting shares of preferred stock with regard to the appropriation of the Company's unappropriated profit. Accordingly, the unappropriated profit is required to be appropriated in the following order:

- (a)** Subsequent payment of any arrears on dividends on non-voting shares of preferred stock in the order of accrued
- (b)** Payment of an advance dividend of € 0.02 per € 1 par value on non-voting shares of preferred stock
- (c)** Uniform payment of any other dividends on shares of common and preferred stock, provided the shareholders do not resolve otherwise at the Annual General Meeting

Restrictions affecting voting rights or the transfer of shares

In addition to shares of common stock, the Company has also issued non-voting shares of preferred stock. Further information can be found in the section "Composition of subscribed capital".

When the Company issues non-voting shares of preferred stock to employees in conjunction with its Employee Share Programme, these shares are generally subject to a Company-imposed blocking period of four years, calculated from the beginning of the calendar year in which the shares were issued.

Contractual holding period arrangements also apply to shares of common stock acquired by Board of Management members and certain senior department heads in conjunction with share-based remuneration programmes. [↗ Remuneration Report](#)

**Disclosures Relevant for Takeovers
and Explanatory Comments**

**Direct or indirect investments in capital exceeding 10 %
of voting rights**

Based on the information available to the Company, the following direct or indirect holdings exceeding 10 % of the voting rights at the end of the reporting period were held at the stated reporting date:¹

in %	Direct share of voting rights	Indirect share of voting rights
Stefan Quandt, Germany	0.2	25.6 ²
AQTON SE, Bad Homburg v. d. Höhe, Germany	9.0	16.6 ³
AQTON Verwaltung GmbH, Bad Homburg v. d. Höhe, Germany		16.6 ⁴
AQTON GmbH & Co. KG für Automobilwerte, Bad Homburg v. d. Höhe, Germany	16.6	
Susanne Klatten, Germany	0.2	20.7 ⁵
Susanne Klatten Beteiligungs GmbH, Bad Homburg v. d. Höhe, Germany	20.7	

¹ Based on voluntary notifications provided by the listed shareholders as at 31 December 2021.

² Controlled entities, of which 3 % or more are attributed: AQTON SE, AQTON Verwaltung GmbH, AQTON GmbH & Co. KG für Automobilwerte.

³ Controlled entities, of which 3 % or more are attributed: AQTON Verwaltung GmbH, AQTON GmbH & Co. KG für Automobilwerte.

⁴ Controlled entities, of which 3 % or more are attributed: AQTON GmbH & Co. KG für Automobilwerte.

⁵ Controlled entities, of which 3 % or more are attributed: Susanne Klatten Beteiligungs GmbH.

The voting percentages disclosed above may have changed subsequent to the stated date if these changes were not required to be reported to the Company. As the Company's shares are issued to bearer, the Company is generally only aware of changes in shareholdings if such changes are subject to mandatory notification rules.

Shares with special rights that confer control rights

There are no shares with special rights that confer control rights.

Control of voting rights when employees participate in capital and do not directly exercise their control rights

Like all other shareholders, employees exercise their control rights pertaining to shares they have acquired in conjunction with the Employee Share Programme and/or the share-based remuneration programme directly on the basis of relevant legal provisions and the Company's Articles of Incorporation.

Statutory regulations and provisions contained in the Articles of Incorporation governing the appointment and removal of members of the Board of Management and changes to the Articles of Incorporation

The appointment or removal of members of the Board of Management is based on the rules contained in §§ 84 et seqq. AktG in conjunction with § 31 of the German Co-Determination Act (MitbestG).

Amendments to the Articles of Incorporation must comply with §§ 179 et seqq. AktG. Amendments must be decided upon by the shareholders at the Annual General Meeting (§ 119 (1) no. 6, § 179 (1) AktG). The Supervisory Board is authorised to approve amendments to the Articles of Incorporation that only affect its wording (Article 14 no. 3 of the Articles of Incorporation). Resolutions are passed at the Annual General Meeting by a simple majority of votes cast unless otherwise explicitly required by binding provisions of law or, if a majority of share capital is required, by a simple majority of share capital represented in the vote (Article 20 no. 1 of the Articles of Incorporation).

Authorisations of the Board of Management, in particular with respect to the issuing or buying back of shares

The Board of Management is authorised to buy back shares and sell repurchased shares in situations specified in § 71 AktG, for example to avert serious and imminent damage to the Company and/or to offer shares to persons either currently or previously employed by BMW AG or one of its affiliated companies.

In accordance with Article 4 no. 5 of the Articles of Incorporation, the Board of Management is authorised, with the approval of the Supervisory Board, to increase by means of cash contributions BMW AG's share capital during the period up to and including 15 May 2024 by up to € 1,722,600 for the purposes of an Employee Share Programme by issuing new non-voting shares of preferred stock, which carry the same rights as existing non-voting shares of preferred stock (Authorised Capital 2019). The subscription rights of existing shareholders are excluded. No conditional capital was in place at the reporting date.

Significant agreements of the Company taking effect in the event of a change in control following a takeover bid

BMW AG is party to the following major agreements, which contain provisions that would apply in the event of a change in control or the acquisition of control as a result of a takeover bid:

- An agreement concluded with an international consortium of banks relating to a syndicated credit line, which was not being utilised at the balance sheet date, entitles the lending banks to give extraordinary notice to terminate the credit line, such that all outstanding amounts, including interest, would fall due with immediate effect if

one or more parties jointly acquire direct or indirect control of BMW AG. The term "control" is defined as the acquisition of more than 50 % of the share capital of BMW AG, the right to receive more than 50 % of the dividend, or the right to direct the affairs of the Company or appoint the majority of members of the Supervisory Board.

- A cooperation agreement concluded with Peugeot SA relating to small (1- to 1.6-litre) petrol engines entitles each of the cooperation partners to give extraordinary notification of termination in the event of a competitor acquiring control over the other contractual party and if any concerns of the other contractual party regarding the impact of the change of control on the cooperation arrangements are not resolved during the subsequent discussion process.
- BMW AG acts as guarantor for all obligations arising from the joint venture agreement relating to BMW Brilliance Automotive Ltd. in China. This agreement grants an extraordinary right of termination to either joint venture partner in the event of a change in control at either one of the parties, or if more than 25 % of the shares of the other party are acquired by a third party – either directly or indirectly – or if the other party is merged with another legal entity. Termination of the joint venture agreement may lead to the dissolution of the joint venture, with an optional purchase right for BMW (or the partner) to acquire the shares of the other partner or to the liquidation of the joint venture company.
- Framework agreements are in place with financial institutions and banks (ISDA Master Agreements) with respect to trading activities with derivative financial instruments. These agreements include an extraordinary right of termination that triggers actions in the event that the creditworthiness of the party involved is materially weaker following a direct or indirect acquisition of beneficially

owned equity capital which confers the power to elect a majority of the Supervisory Board of a contractual party or any other ownership interest that enables the acquirer to exercise control over a contractual party or which constitutes a merger or a transfer of net assets.

- BMW AG and Mercedes-Benz Group AG have entered into a Joint Venture Agreement relating to mobility services, which includes the areas of car sharing, ride hailing and charging, and entitles both Mercedes-Benz Group AG and BMW AG (hereafter referred to as "principals") to initiate a bidding procedure in the event that (i) the other principal receives notice in accordance with § 33 of the German Securities Trading Act (WpHG) that – including shares attributed pursuant to § 34 WpHG – a shareholding of more than 50 % has been attained or, in accordance with § 20 AktG of the German Stock Corporation Act (AktG) that a shareholding of more than 50 % has been attained or (ii) a shareholder or a third party – including shares attributed pursuant to § 30 WpHG – holds more than 50 % of the voting rights or shares in the other principal, or (iii) the other principal has concluded a control agreement as a dependent company. The outcome of such a bidding procedure is that the joint venture will go to the principal making the highest bid.
- Several supply and development contracts between BMW AG and various industrial customers, all relating to the sale of components for drivetrain systems, grant an extraordinary right of termination to the relevant industrial customer in specified cases of a change in control at BMW AG (for example BMW AG merges with a third party or is taken over by a third party; an automobile manufacturer acquires more than 50 % of the voting rights or share capital of BMW AG).

Disclosures Relevant for Takeovers
and Explanatory Comments

- BMW AG is party to the shareholder agreement relating to There Holding B.V., which is the majority shareholder of the HERE Group. In accordance with the shareholder agreement, each contractual party is required to offer its directly or indirectly held shares in There Holding B.V. for sale to the other shareholders in the event of a change in control. A change in control of BMW AG arises if a person takes over or loses control of BMW AG, with control defined as (i) holding or having control over more than 50 % of the voting rights, (ii) the possibility to control more than 50 % of voting rights exercisable at Annual General Meetings on all or nearly all matters, or (iii) the right to determine the majority of members of the Board of Management or the Supervisory Board. Furthermore, a change in control occurs if competitors of the HERE Group, or certain potential competitors of the HERE Group from the technology sector, acquire at least 25 % of BMW AG. If none of the other shareholders acquire these shares, the other shareholders are entitled to resolve that There Holding B.V. be dissolved.
- The development collaboration agreement between BMW AG, Intel Corporation and Mobileye Vision Technologies Ltd., relating to the development of technologies used in automated vehicles, may be terminated by any of the contractual parties if a competitor of one of the parties acquires and subsequently holds at least 30 % of the voting shares of one of the contractual parties.
- The development collaboration agreement between BMW AG, FCA US LLC and FCA Italy S.p.A. relating to the development of technologies used in conjunction with automated vehicles, may be terminated by any of the contractual parties if certain competitors in the technology sector acquire and subsequently hold at least 30 % of the voting shares of one of the other contractual parties.
- BMW AG has entered into an agreement with Great Wall Motor Company Limited to establish the joint venture Spotlight Automotive Ltd. in China. The agreement grants an extraordinary right of termination to either joint venture partner in the event that – either directly or indirectly – more than 25 % of the shares of the other party are acquired by a third party or the other party is merged with another legal entity. The termination of the joint venture agreement may result in the sale of the shares to the other joint venture partner or in the liquidation of the joint venture entity.

**Compensation agreements with members of the Board
of Management or with employees in the event of a
takeover bid**

The BMW Group has not concluded any compensation agreements with members of the Board of Management or with employees for situations involving a takeover offer.

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GROUP - FINANCIAL STATEMENTS

INCOME STATEMENT FOR GROUP AND SEGMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR GROUP

in € million	Note	2021	2020
Net profit / loss		12,463	3,857
Remeasurement of the net liability for defined benefit pension plans	32	1,243	- 354
Deferred taxes		- 224	139
Items not expected to be reclassified to the income statement in the future		1,019	- 215
Marketable securities (at fair value through other comprehensive income)		- 45	7
Derivative financial instruments		14	991
Costs of hedging		72	201
Other comprehensive income from equity accounted investments		- 50	106
Deferred taxes*		163	- 423
Currency translation foreign operations		1,228	- 1,283
Items that can be reclassified to the income statement in the future		1,382	- 401
Other comprehensive income for the period after tax	19	2,401	- 616
Total comprehensive income		14,864	3,241
Total comprehensive income attributable to minority interests		81	82
Total comprehensive income attributable to shareholders of BMW AG	31	14,783	3,159

* Prior year's figure adjusted.

Balance Sheet for Group and Segments
at 31 December 2021

BALANCE SHEET FOR GROUP AND SEGMENTS AT 31 DECEMBER 2021

in € million	Note	Group		Automotive (unaudited supplementary information)		Motorcycles (unaudited supplementary information)		Financial Services (unaudited supplementary information)		Other Entities (unaudited supplementary information)		Eliminations (unaudited supplementary information)	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
ASSETS													
Intangible assets	21	12,980	12,342	12,438	11,809	167	155	374	377	1	1	-	-
Property, plant and equipment	22	22,390	21,850	21,885	21,371	438	401	67	78	-	-	-	-
Leased products	23	44,700	41,995	-	-	-	-	52,017	48,759	-	-	-7,317	-6,764
Investments accounted for using the equity method	24	5,112	3,585	5,112	3,585	-	-	-	-	-	-	-	-
Other investments		1,241	735	6,061	4,711	-	-	21	20	6,899	6,938	-11,740	-10,934
Receivables from sales financing	25	51,712	48,025	-	-	-	-	51,808	48,082	-	-	-96	-57
Financial assets	26	1,715	2,644	577	559	-	-	159	161	997	1,939	-18	-15
Deferred tax	13	2,202	2,459	3,418	3,196	-	-	618	550	39	131	-1,873	-1,418
Other assets	28	1,302	1,216	2,057	2,861	30	33	2,649	2,929	38,882	41,860	-42,316	-46,467
Non-current assets		143,354	134,851	51,548	48,092	635	589	107,713	100,956	46,818	50,869	-63,360	-65,655
Inventories	29	15,928	14,896	14,868	13,391	656	687	404	818	-	-	-	-
Trade receivables	30	2,261	2,298	2,076	1,979	91	219	94	100	-	-	-	-
Receivables from sales financing	25	35,705	36,252	-	-	-	-	35,705	36,252	-	-	-	-
Financial assets	26	5,800	5,108	4,925	4,152	-	-	542	612	520	392	-187	-48
Current tax	27	1,529	606	300	342	-	-	83	64	1,146	200	-	-
Other assets	28	8,941	9,110	35,592	33,747	3	2	5,425	5,952	56,589	52,625	-88,668	-83,216
Cash and cash equivalents		16,009	13,537	12,009	9,522	9	5	3,471	2,863	520	1,147	-	-
Current assets		86,173	81,807	69,770	63,133	759	913	45,724	46,661	58,775	54,364	-88,855	-83,264
Total assets		229,527	216,658	121,318	111,225	1,394	1,502	153,437	147,617	105,593	105,233	-152,215	-148,919

Balance Sheet for Group and Segments
at 31 December 2021

BALANCE SHEET FOR GROUP AND SEGMENTS AT 31 DECEMBER 2021

in € million	Note	Group		Automotive (unaudited supplementary information)		Motorcycles (unaudited supplementary information)		Financial Services (unaudited supplementary information)		Other Entities (unaudited supplementary information)		Eliminations (unaudited supplementary information)	
		2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
EQUITY AND LIABILITIES													
Subscribed capital	31	661	660	-	-	-	-	-	-	-	-	-	-
Capital reserves	31	2,325	2,199	-	-	-	-	-	-	-	-	-	-
Revenue reserves	31	71,705	59,550	-	-	-	-	-	-	-	-	-	-
Accumulated other equity	31	-325	-1,518	-	-	-	-	-	-	-	-	-	-
Equity attributable to shareholders of BMW AG	31	74,366	60,891	-	-	-	-	-	-	-	-	-	-
Minority interest		766	629	-	-	-	-	-	-	-	-	-	-
Equity		75,132	61,520	50,296	41,117	-	-	17,324	15,555	25,264	21,389	-17,752	-16,541
Pension provisions	32	1,247	3,693	1,073	3,197	31	109	35	49	108	338	-	-
Other provisions	33	7,206	6,488	6,944	6,268	110	74	152	146	-	-	-	-
Deferred tax	13	1,458	509	1,515	697	-	-	3,426	2,812	88	78	-3,571	-3,078
Financial liabilities	35	62,342	67,390	2,247	2,087	2	-	18,909	17,730	41,202	47,588	-18	-15
Other liabilities	36	5,676	5,095	6,739	7,270	524	522	40,003	42,506	475	1,011	-42,065	-46,214
Non-current provisions and liabilities		77,929	83,175	18,518	19,519	667	705	62,525	63,243	41,873	49,015	-45,654	-49,307
Other provisions	33	6,748	7,494	6,175	6,960	109	100	460	388	4	46	-	-
Current tax	34	921	747	700	537	-	-	140	192	81	18	-	-
Financial liabilities	35	41,121	38,986	1,462	897	-	-	24,428	25,178	15,418	12,959	-187	-48
Trade payables	37	10,932	8,644	9,650	7,365	378	378	894	892	10	9	-	-
Other liabilities	36	16,744	16,092	34,517	34,830	240	319	47,666	42,169	22,943	21,797	-88,622	-83,023
Current provisions and liabilities		76,466	71,963	52,504	50,589	727	797	73,588	68,819	38,456	34,829	-88,809	-83,071
Total equity and liabilities		229,527	216,658	121,318	111,225	1,394	1,502	153,437	147,617	105,593	105,233	-152,215	-148,919

CASH FLOW STATEMENT FOR GROUP AND SEGMENTS

in € million	Group		Automotive (unaudited supplementary information)	Financial Services (unaudited supplementary information)
	2021	2020	2021	2020
Profit / loss before tax	16,060	5,222	11,805	2,722
Income taxes paid	- 3,217	- 1,605	- 1,805	- 382
Interest received ¹	130	163	220	283
Other interest and similar income / expenses ¹	78	104	115	152
Depreciation and amortisation of tangible and intangible assets	6,495	6,139	6,341	5,974
Other non-cash income and expense items	- 713	99	- 470	94
Result from equity accounted investments	- 1,520	- 920	- 1,520	- 920
Change in leased products	- 1,282	- 1,016	-	-
Change in receivables from sales financing	965	4,192	-	-
Changes in working capital	1,355	- 996	762	- 841
Change in inventories	- 563	370	- 1,032	422
Change in trade receivables	119	160	- 16	191
Change in trade payables	1,799	- 1,526	1,810	- 1,454
Change in provisions	- 1,256	1,115	- 1,440	1,122
Change in other operating assets and liabilities	- 1,192	754	- 1,425	- 26
Cash inflow / outflow from operating activities	15,903	13,251	12,583	8,178

CASH FLOW STATEMENT FOR GROUP AND SEGMENTS

in € million

Total investment in intangible assets and property, plant and equipment

	Group	Automotive (unaudited supplementary information)	Financial Services (unaudited supplementary information)			
	2021	2020	2020			
Total investment in intangible assets and property, plant and equipment	- 6,619	- 6,150	- 6,439	- 5,990	- 12	- 14
Proceeds from subsidies for intangible assets and property, plant and equipment	54	53	43	45	11	8
Proceeds from the disposal of intangible assets and property, plant and equipment	40	34	39	34	1	-
Expenditure for investment assets	- 158	- 176	- 132	- 199	- 1	-
Proceeds from the disposal of investment assets and other business units ²	263	1,328	260	1,327	-	-
Investments in marketable securities and investment funds	- 271	- 925	- 16	- 829	- 185	- 91
Proceeds from the sale of marketable securities and investment funds	302	2,200	37	1,679	260	521
Cash inflow / outflow from investing activities	- 6,389	- 3,636	- 6,208	- 3,933	74	424
Payments into equity	103	28	103	28	-	-
Payment of dividends for the previous year	- 1,277	- 1,671	- 1,277	- 1,671	-	-
Intragroup financing and equity transactions	-	-	- 1,545	- 901	- 2,511	- 2,438
Interest paid ¹	- 217	- 275	- 367	- 447	- 27	- 18
Proceeds from issue of non-current financial liabilities	224,916	164,478	-	-	218,348	153,823
Repayment of non-current financial liabilities	- 232,089	- 171,532	- 659	- 982	- 219,488	- 156,657
Change in other financial liabilities	1,829	718	-	-	1,049	2,782
Cash inflow / outflow from financing activities	- 6,735	- 8,254	- 3,745	- 3,973	- 2,629	- 2,508
Effect of exchange rate on cash and cash equivalents	- 307	180	- 143	130	- 96	110
Effect of changes in composition of Group on cash and cash equivalents	-	- 40	-	43	-	-
Change in cash and cash equivalents	2,472	1,501	2,487	445	608	788
Cash and cash equivalents as at 1 January	13,537	12,036	9,522	9,077	2,863	2,075
Cash and cash equivalents as at 31 December	16,009	13,537	12,009	9,522	3,471	2,863

¹ With the exception of interest for lease liabilities, interest relating to financial services business is classified as revenues / cost of sales.² Includes dividends received from investment assets amounting to € - million (2020: € 1,020 million).The reconciliation of liabilities from financing activities is presented in [Note \[35\]](#).

Statement of Changes
in Equity for Group

STATEMENT OF CHANGES IN EQUITY FOR GROUP

in € million	Note	Accumulated other equity									Total
		Subscribed capital	Capital reserves	Revenue reserves	Translation differences	Marketable securities	Derivative financial instruments	Costs of hedging	Equity attributable to shareholders of BMW AG	Minority interest	
1 January 2021	31	660	2,199	59,550	- 2,156	34	868	- 264	60,891	629	61,520
Net profit		-	-	12,382	-	-	-	-	12,382	81	12,463
Other comprehensive income for the period after tax		-	-	1,019	1,718	- 32	- 317	13	2,401	-	2,401
Comprehensive income at 31 December 2021		-	-	13,401	1,718	- 32	- 317	13	14,783	81	14,864
Dividend payments		-	-	- 1,253	-	-	-	-	- 1,253	- 24	- 1,277
Subscribed share capital increase out of Authorised Capital		1	-	-	-	-	-	-	1	-	1
Premium arising on capital increase relating to preferred stock		-	126	-	-	-	-	-	126	-	126
Other changes		-	-	7	-	-	- 189	-	- 182	80	- 102
31 December 2021	31	661	2,325	71,705	- 438	2	362	- 251	74,366	766	75,132

**Statement of Changes
in Equity for Group**

STATEMENT OF CHANGES IN EQUITY FOR GROUP

in € million	Note	Accumulated other equity										Total
		Subscribed capital	Capital reserves	Revenue reserves	Translation differences	Marketable securities	Derivative financial instruments	Costs of hedging	Equity attributable to shareholders of BMW AG	Minority interest		
1 January 2020	31	659	2,161	57,667	- 760	29	15	- 447	59,324	583	59,907	
Net profit		-	-	3,775	-	-	-	-	3,775	82	3,857	
Other comprehensive income for the period after tax*		-	-	- 215	- 1,396	5	803	187	- 616	-	- 616	
Comprehensive income at 31 December 2020		-	-	3,560	- 1,396	5	803	187	3,159	82	3,241	
Dividend payments		-	-	- 1,646	-	-	-	-	- 1,646	- 25	- 1,671	
Subscribed share capital increase out of Authorised Capital		1	-	-	-	-	-	-	1	-	1	
Premium arising on capital increase relating to preferred stock		-	38	-	-	-	-	-	38	-	38	
Other changes*		-	-	- 31	-	-	50	- 4	15	- 11	4	
31 December 2020	31	660	2,199	59,550	- 2,156	34	868	- 264	60,891	629	61,520	

* Prior year's figures adjusted.

NOTES TO THE GROUP FINANCIAL STATEMENTS

ACCOUNTING PRINCIPLES AND POLICIES

01 Basis of preparation

The consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft (BMW Group Financial Statements or Group Financial Statements) at 31 December 2021 were drawn up in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU), and the supplementary requirements of § 315 e (1) of the German Commercial Code (HGB). The Group Financial Statements and Combined Management Report will be submitted electronically to the operator of the Federal Gazette and are accessible via the website of the Company Register. Bayerische Motoren Werke Aktiengesellschaft (BMW AG), which has its seat in Germany, Munich, Petuelring 130, is registered in the Commercial Register of the District Court of Munich under the number HRB 42243. BMW AG manufactures automobiles and motorcycles in the premium segment.

The Group currency is the euro. All amounts are disclosed in millions of euros (€ million) unless stated otherwise.

Key figures presented in the report have been rounded in accordance with standard commercial practise. In certain cases, this may mean that values do not add up exactly to the stated total and that percentages cannot be derived from the values shown.

The income statement for the BMW Group and segments is presented using the cost of sales method.

In order to provide a better insight into the results of operations, financial position and net assets of the BMW Group, and going beyond the requirements of IFRS 8 (Operating Segments), the Group Financial Statements also include an income statement and a balance sheet for the Automotive, Motorcycles, Financial Services and Other Entities segments. The Group Cash Flow Statement is supplemented by a statement of cash flows for the Automotive and Financial Services segments. Inter-segment transactions relate primarily to internal sales of products, the provision of funds for Group companies and the related interest. A description of the nature of the business and the major operating activities of the BMW Group's segments is provided in [note 45](#) ("Explanatory notes to segment information").

Approval for the publication of the Group Financial Statements was granted by the Board of Management on 8 March 2022.

02 Group reporting entity and consolidation principles

The BMW Group Financial Statements include BMW AG and all material subsidiaries over which BMW AG – either directly or indirectly – exercises control. This also includes 59 structured entities, consisting of asset-backed financing arrangements and special purpose funds.

In relation to fully consolidated companies, the following changes took place in the Group reporting entity in the financial year 2021:

	Germany	Foreign	Total
Included at			
31 December 2020	21	185	206
Included for the first time in 2021	-	16	16
No longer included in 2021	1	16	17
Included at			
31 December 2021	20	185	205

All consolidated subsidiaries have the same year-end as BMW AG with the exception of BMW India Private Ltd. and BMW India Financial Services Private Ltd., whose year-ends are 31 March in accordance with local legal requirements. Interim financial statements are prepared as at 31 December for the two companies with divergent reporting dates.

When assessing whether an investment gives rise to a controlled entity, an associated company, a joint operation or a joint venture, the BMW Group considers contractual arrangements and other circumstances, as well as the structure and legal form of the entity. Discretionary decisions may also be required. If indications exist of a change in the judgement of

(joint) control, the BMW Group undertakes a new assessment.

An entity is deemed to be controlled if BMWAG – either directly or indirectly – has power over it, is exposed or has rights to variable returns from it and has the ability to influence those returns.

An entity is classified as an associated company if BMW AG – either directly or indirectly – has the ability to exercise significant influence over the entity's operating and financial policies. As a general rule, the Group is assumed to have significant influence if it holds 20% or more of the entity's voting power.

Joint operations and joint ventures are forms of joint arrangements. Such an arrangement exists when a BMW Group entity jointly carries out activities with a third party on the basis of a contractual agreement.

In the case of a joint operation, the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Assets, liabilities, revenues and expenses of a joint operation are recognised proportionately in the Group Financial Statements on the basis of the BMW Group entity's rights and obligations (proportionate consolidation). The impact of joint operations on the Group Financial Statements are of minor significance.

The BMW Group's largest joint operation is Spotlight Automotive Limited (Spotlight), which has been operated jointly with the Chinese automobile manufacturer Great Wall Motor Company Limited (Great Wall) since 2019, jointly developing and manufacturing electric vehicles in China. The BMW Group and Great Wall each hold 50 % of the joint operation's equity. In addition to electric MINI vehicles, Spotlight will in future also develop and produce electric vehicles for Great Wall.

In the case of a joint venture, the parties which have joint control only have rights to the net assets of the arrangement.

Associated companies and joint ventures are accounted for using the equity method, with measurement on initial recognition based on acquisition cost.

On 30. September 2021, the BMW Group signed an agreement with the Huachen Group to acquire all of the shares of Brilliance Automobile Manufacturing Co, Ltd., a Huachen Group subsidiary. The acquisition includes land usage rights as well as buildings and production facilities of a Huachen Group vehicle plant at the Shenyang site. The transaction is expected to be completed in the first half of 2022 after all the necessary regulatory approvals have been obtained.

The other changes to the Group reporting entity do not have a material impact on the results of operations, financial position and net assets of the Group.

03 Increased shareholding in BMW Brilliance Automotive Ltd.

On 11 February 2022, via the Group company BMW Holding B.V., the BMW Group increased its shareholding in the joint venture BMW Brilliance Automotive Ltd. (BMW Brilliance) from 50 % to 75 % with the acquisition of a further 25 % of BMW Brilliance's shares. On 11 October 2018, the BMW Group signed an agreement with its joint venture partner, a wholly owned subsidiary of Brilliance China Automotive Holdings Ltd. (CBA), to acquire these shares. The agreement was approved at the CBA shareholders' meeting on 18 January 2019.

The previous joint venture requirement came to an end with effect from 1 January 2022. The amended joint venture agreement came into force and the formal transfer of shares was completed on 11 February 2022, following the issuance of an amended "business license". Since that date, the BMW Group has held a 75 % majority of the voting rights, as

a result of which it now has control over BMW Brilliance. BMW Brilliance will therefore be fully consolidated as a subsidiary in the BMW Group Financial Statements with effect from 11 February 2022. The contractual term of the joint venture, which previously ran until 2028, has been extended to 2040.

BMW Brilliance manufactures BMW brand models primarily for the Chinese market at its two vehicle production plants as well as petrol engines and high-voltage batteries at a separate facility.

The strategic objective of the acquisition is to further strengthen the BMW Group's long-term collaboration with a partner in China, to expand production capacities at the existing locations in Shenyang and to systematically increase the local production of further models including New Energy Vehicles.

Since the acquisition took place prior to the date on which the financial statements were approved for publication, this report contains disclosures relating to the business combination, even though BMW Brilliance will not be fully consolidated until the financial year 2022.

The consideration paid for the additional 25 % stake totals € 3.7 billion, including hedging effects, and has been settled entirely in cash.

Cash and cash equivalents acquired totalled approximately € 8.7 billion.

As the BMW Group already held 50 % of the shares in BMW Brilliance prior to the acquisition, the transaction constitutes a business combination achieved in stages (step acquisition).

In this context, the Group's 50 % shareholding in BMW Brilliance at the acquisition date will be measured at fair value,

which has been provisionally calculated at € 11 to 12 billion. The expected remeasurement gain of € 7 to 8 billion will be recognised in the financial year 2022 on the line item "Result on investments" within the financial result.

The fair values of the assets acquired and liabilities assumed at the acquisition date are currently in the process of being measured. The balance sheet values at 31 December 2021 are included in [note 24](#). The remeasurement of acquired assets and liabilities will give rise primarily to the recognition of reacquired rights and dealership relationships as intangible assets. Other fair value adjustments will also be recognised, mainly for property, plant and equipment and inventories. Due to the proximity of the acquisition date and the date on which these financial statements were authorised for issue, further information is not yet available for disclosure and will be provided in the BMW Group's next quarterly statement. Adjustments to the fair value may also arise over the course of the financial year 2022 as the fair value measurement process is finalised.

Following the business combination, minority interests in the equity capital of BMW Automotive Finance (China) Co. Ltd. and in Herald International Financial Leasing Co., Ltd. will change to 10.5 % in each case. As the two entities are already included in the Group Financial Statements as subsidiaries, the change will be recognised through Group equity without any impact on profit or loss.

04 Foreign currency translation and measurement

The financial statements of consolidated companies which are presented in a foreign currency are translated using the modified closing rate method. Under this method, assets and liabilities are translated at the closing exchange rate, whilst income and expenses are translated at the average exchange rate. Differences arising on foreign currency translation are presented in "Accumulated other equity".

In the single entity accounts of BMW AG and its subsidiaries, foreign currency receivables and payables are measured on initial recognition using the exchange rate prevailing at the date of first-time recognition. Advance payments to suppliers or from customers in a foreign currency that result in the addition of non-monetary assets or liabilities are recorded at

the exchange rate prevailing at the date of payment. At the end of the reporting period, foreign currency receivables and payables are measured using the closing exchange rate. The resulting unrealised gains and losses, as well as realised gains and losses arising on settlement, are recognised in the income statement, in line with the underlying substance of the transaction. Non-monetary balance sheet items denominated in foreign currencies are rolled forward on the basis of historical exchange rates.

The exchange rates of currencies which have a material impact on the Group Financial Statements were as follows:

1 Euro =	Closing rate		Average rate	
	31. 12. 2021	31. 12. 2020	2021	2020
US Dollar	1.14	1.23	1.18	1.14
British Pound	0.84	0.90	0.86	0.89
Chinese Renminbi	7.22	8.00	7.63	7.87
Russian Rouble	85.23	90.54	87.18	82.71
Korean Won	1,351.64	1,329.79	1,353.58	1,345.42

Argentina has fulfilled the definition of a hyperinflationary economy since 1 July 2018. Since that date, IAS 29 (Financial Reporting in Hyperinflationary Economies) has therefore been applied for the BMW subsidiary in Argentina. The price indices published by the Federación Argentina de Consejos Profesionales de Ciencias Económicas (FACPCE) are used to adjust non-monetary assets and liabilities and items in the income statement. The resulting effects are not material for the BMW Group.

05 Financial reporting rules

a Financial reporting standards applied for the first time in the financial year 2021:

Standard / Interpretation	Date of issue by IASB	Mandatory application IASB	Mandatory application EU
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16	Interest Rate Benchmark Reform – Phase 2	27.08.2020	01.01.2021

In August 2020, the IASB published the Amendment Standard Interest Rate Benchmark Reform (IBOR) – Phase 2. The amendments contain a number of reliefs to mitigate the impact on the accounting treatment of hedge relationships, financial instruments and lease liabilities resulting from the reform of interest rate benchmarks.

The BMW Group is impacted by the reform of interest rate benchmarks primarily in the area of financial liabilities and related interest rate hedges. For a significant proportion of these instruments, the previous benchmark interest rate was replaced by an alternative interest rate in 2021.

The adoption of the rules contained in the amended Standard means that the existing hedging relationships can be continued and the contractual changes arising due to the

interest rate benchmark reform do not therefore have any direct impact on profit or loss.

Further explanatory comments on the impact of the interest rate benchmark reform are provided in [note 39](#).

The adoption of other financial reporting Standards or Revised Standards in the financial year 2021 did not have any significant impact on the BMW Group Financial Statements.

Based on current assessments, the application of the new rules is not expected to have a material impact on the Group Financial Statements of the BMW Group. Early adoption of IFRS 17 is not planned.

Similarly, other financial reporting standards issued by the IASB and not yet applied are not expected to have any significant impact on the BMW Group Financial Statements.

06 Accounting policies, assumptions, judgements and estimations

Revenues from customer contracts include in particular revenues from the sale of products (primarily new and pre-owned vehicles and related products) as well as revenues from services. Revenue is recognised when control is transferred to the dealership or retail customer. In the case of sales of products, this is usually at the point in time when the risks and rewards of ownership are transferred. Revenues are stated net of settlement discount, bonuses and rebates as well as interest and residual value subsidies. The consideration arising from these sales usually falls due for payment immediately or within 30 days. In exceptional cases, a longer payment may also be agreed. In the case of services, control is transferred over time. Consideration for the rendering of services to customers usually falls due for payment at the beginning of a contract and is therefore deferred as a contract liability. The deferred amount is released over the service period and recognised as revenue in the income statement. As a rule, amounts are released on the basis of the expected expense trend, as this best reflects the performance of the service. If the sale of products includes a determinable amount for services (multiple-component contracts), the related revenues are deferred and recognised as income in the same way. Variable consideration components, such as bonuses, are measured at the expected value, and in the case of multi-component contracts, allocated to all performance obligations unless directly attributable to the sale of a vehicle.

b Financial reporting pronouncements issued by the IASB, but not yet applied

In May 2017, the IASB published IFRS 17 Insurance Contracts. The Standard replaces IFRS 4 and contains new rules relating to recognition, measurement, presentation and disclosure requirements for insurance contracts. The new rules are mandatory for financial years beginning on or after 1 January 2023. In a Group-wide project, the BMW Group is currently examining the impact of adopting IFRS 17 for existing agreements and, where applicable, the impact on financial reporting.

Revenues from the sale of products, for which repurchase arrangements are in place, are not recognised immediately in full. Instead, revenues are either recognised proportionately or the difference between the sales and repurchase price is recognised in instalments over the term of the contract depending on the nature of the agreement. In the case of vehicles sold to a dealership that are expected to be repurchased in a subsequent period as part of leasing operations, revenues are not recognised at Group level at the time of the sale of the vehicle. Instead, assets and liabilities relating to the right of return vehicles are recognised.

Revenues from leases of own-manufactured vehicles are recognised at Group level in accordance with the requirements for manufacturer or dealer leases. In the case of operating leases, revenues from lease payments are recognised on a straight-line basis over the lease term.

Finance leases, on the other hand, are accounted for as a sale. At the lease commencement date, revenues are recognised at the amount of the fair value of the leased asset and reduced by any unguaranteed residual value of vehicles that are expected to be returned to the Group at the end of the lease term. In addition, initial direct costs are recognised as cost of sales at the lease commencement date.

Revenues also include interest income from financial services. Interest income arising on finance leases as well as on retail customer and dealership financing is recognised using the effective interest method and reported as interest income on credit financing within revenues.

Public sector grants are not recognised until there is reasonable assurance that the conditions attaching to them have been complied with and the grants will be received. The resulting income is recognised in cost of sales over the periods in which the costs occur that they are intended to compensate.

Earnings per share are calculated as follows: Basic earnings per share are calculated for common and preferred stock by dividing the net profit for the year after minority interests and attributable to each category of stock, by the average number of outstanding shares. Net profit for the year is accordingly allocated to the different categories of stock. The portion of the net profit that is not being distributed is allocated to each category of stock based on the number of outstanding shares. Profits available for distribution are determined directly on the basis of the dividend proposals or resolutions for common and preferred stock. Diluted earnings per share are calculated and separately disclosed in accordance with IAS 33.

Intangible assets are measured on initial recognition at acquisition or manufacturing cost. Subsequently, intangible assets with finite useful lives are amortised on a straight-line basis over their useful lives of between three and 20 years. Impairment losses are recognised where necessary. Intangible assets with indefinite useful lives are tested annually for impairment. Internally generated intangible assets mainly comprise development costs for vehicle, module and architecture projects.

Development costs are capitalised if all of the criteria specified by IAS 38 are met. They are measured on the basis of direct costs and directly attributable overhead costs. Project-related capitalised development costs are amortised on a straight-line basis following the start of production over the estimated product life (usually five to twelve years).

Goodwill arises when the cost of acquiring a business exceeds the Group's share of the net fair value of the assets, liabilities and contingent liabilities identified during the acquisition.

Intangible assets also include **emission allowances** and similar **rights arising from programmes aimed at reducing**

carbon or other climate-damaging emissions (for example in conjunction with the EU Emissions Trading System or vehicle-related emissions regulations in the USA or China). These allowances and rights are carried at cost and, in the event that they are allocated free of charge, recorded at a value of zero. Amounts are derecognised at the date of the return, sale or expiry of the allowances or rights. In parallel to the recognition of these allowances and rights as assets, provisions are recognised in accordance with IAS 37 corresponding to the amount of obligations expected to arise in conjunction with the related emission regulations. Provisions are measured on the basis of the expected value of the allowances or rights that are to be returned.

If there is any indication of **impairment of intangible assets**, or if an annual impairment test is required (i.e. intangible assets with an indefinite useful life, goodwill), an impairment test is performed. Each individual asset is tested separately unless the cash flows generated by the asset are not sufficiently independent from the cash flows generated by other assets or other groups of assets. In these cases, impairment is tested at the level of a cash-generating unit, which is the norm for the BMW Group.

For the purpose of the impairment test, the carrying amount of an asset (or a cash-generating unit) is compared with the recoverable amount. The first step of the impairment test is to determine the value in use. If the value in use is lower than the carrying amount, the next step is to determine the fair value less costs to sell and compare the amount so determined with the asset's carrying amount. If the fair value is lower than the carrying amount, an impairment loss is recognised, reducing the carrying amount to the higher of the asset's value in use or fair value less costs to sell.

If the reason for a previously recognised impairment loss no longer exists, the impairment loss is reversed up to the level

of the recoverable amount, but no higher than the amortised acquisition or manufacturing cost. Impairment losses on goodwill are not reversed.

As part of the process of assessing recoverability, it is generally necessary to apply estimations and assumptions – in particular regarding future cash inflows and outflows and the length of the forecast period – which could differ from actual amounts. Actual amounts may differ from the assumptions and estimations used if business conditions develop differently to expectations.

The BMW Group determines the value in use on the basis of a present value computation. Cash flows used for this calculation are derived from long-term forecasts approved by management. These long-term forecasts are based on detailed forecasts drawn up at an operational level, covering a planning period of six years. For the purposes of calculating cash flows beyond the planning period, a perpetual annuity return is assumed which does not take growth into account. Forecasting assumptions are continually adjusted to current information and regularly compared with external sources. The assumptions used take account in particular of expectations of the profitability of the product portfolio, future market share development, macroeconomic developments (such as currency, interest rate and raw materials prices) as well as the legal environment and past experience. Assumptions also take into account the impact of climate change and the influence of other sustainability factors on business performance and the product portfolio, for example as a result of changes in demand patterns, regulatory requirements or changes in production conditions.

Amounts are discounted on the basis of a market-related cost of capital rate. Impairment tests are performed for accounting and financial reporting purposes for the Automotive and Motorcycles cash-generating units using a risk-adjusted pre-tax cost of capital (WACC). In the case of the Financial Services cash-generating unit, a pre-tax cost of

equity capital is used, as is customary in the sector. The following discount factors were applied:

in %	2021	2020
Automotive	10.1	10.2
Motorcycles	10.1	10.2
Financial Services	13.0	13.2

The risk-adjusted discount rate, calculated using a CAPM model, also takes into account specific peer-group information relating to beta-factors, capital structure data and borrowing costs. In conjunction with the impairment tests for cash-generating units, sensitivity analyses are performed for the main assumptions in order to rule out that possible changes to the assumptions used to determine the recoverable amount would result in the requirement to recognise an impairment loss. Even in the case of a 10 % deterioration in the individual measurement assumptions, the need to recognise an impairment loss did not arise.

All items of **property, plant and equipment** are measured at acquisition or manufacturing cost less accumulated depreciation and accumulated impairment losses.

The cost of internally constructed plant and equipment comprises all costs which are directly attributable to the manufacturing process as well as an appropriate proportion of production-related overheads. This includes production-related depreciation and amortisation as well as an appropriate proportion of administrative and social costs. Financing costs are not included in acquisition or manufacturing cost unless they are directly attributable to the asset. The carrying amount of items of depreciable property, plant and equipment is written down according to scheduled usage-based depreciation – as a general rule on a straight-line basis – over the useful lives of the assets. Depreciation is recorded as an expense in the income statement.

The following useful lives are applied throughout the BMW Group:

in years

Factory and office buildings, residential buildings, fixed installations in buildings and outside facilities	8 to 50
Plant and machinery	3 to 21
Other facilities, factory and office equipment	2 to 25

The useful life of the plant and equipment is reviewed regularly and extended or shortened as necessary, based on the assumptions used for long-term corporate planning purposes and product-related decisions, as described above. For machinery used in multiple-shift operations, depreciation rates are increased to account for the additional utilisation. If there is any indication of impairment of property, plant and equipment, an impairment test is performed as described above for intangible assets.

In the case of **leased items of property, plant and equipment**, a right-of-use asset and a liability for the outstanding lease payments are recognised with effect from the date on which the leased asset becomes available for use by the BMW Group. The cost of the right-of-use asset is the sum of the amount at which lease liability is initially measured, any lease payments made at or before the lease commencement date, any initial direct costs incurred by the lessee and the estimated costs of dismantling, removing or restoring the leased asset. Lease incentives granted by the lessor are deducted. Right-of-use assets are depreciated on a straight-line basis over the shorter of the useful life of the leased asset and the expected lease term. If ownership of the leased asset is automatically transferred at the end of the lease term or the exercise of a purchase option is reflected in the lease payments, the right-of-use asset is depreciated on a straight-line basis over the expected useful life of the leased asset. Right-of-use assets are reported in the bal-

ance sheet within the relevant line items for property, plant and equipment. The depreciation expense on right-of-use assets is reported in the income statement in cost of sales as well as in selling and administrative expenses.

The lease liability is measured on initial recognition at the present value of the future lease payments. Subsequent to initial recognition, the carrying amount of the lease liability is increased to reflect interest on the lease liability and reduced, without income statement impact, by the lease payments made. Lease liabilities are reported within financial liabilities, while interest expense is reported as part of net interest result. In the cash flow statement, both the repayment portion and the interest portion of lease payments are shown as cash outflows from financing activities.

The lease payments to be taken into account to measure the right-of-use asset and the lease liability comprise fixed payments, variable lease payments that depend on an index or an interest rate as well as amounts expected to be payable under residual value guarantees. If it is reasonably certain that a purchase or lease extension option will be exercised, the relevant payments are also included. Payments for periods for which the lessee has an option to terminate a lease unilaterally are only included in the lease payments if it is reasonably certain that the termination option will not be exercised. For the purposes of assessing options, the BMW Group takes account of all facts and circumstances that create an economic incentive to exercise or not to exercise the option.

IFRS 16 requires that lease payments are discounted as a general rule using the interest rate implicit in the lease. However, since the interest rate in leases entered into by the BMW Group cannot readily be determined, amounts are discounted on the basis of the incremental borrowing rate, comprising the risk-free interest rate in the relevant currency for matching maturities plus a premium for the credit risk. Specific risks attached to an asset are generally not taken

into account, given that collateral received in the context of alternative financing arrangements is not relevant within the BMW Group.

Determining which items are to be counted as lease payments – including the issue of the lease term underlying those payments – and which discount rate to apply involves using estimates and assumptions that may differ from actual outcomes.

As lessee, the BMW Group makes use of the application exemptions available for short-term leases and leases of low-value assets.

The BMW Group has not applied the exemptions available to lessees to account for COVID-19-related rent concessions (amendments to IFRS 16 dated 28 May 2020 and 31 March 2021).

Group products recognised by BMW Group entities as **leased products** under operating leases are measured at manufacturing cost and all other leased products at acquisition cost, in each case including initial direct costs. All leased products are depreciated over the period of the lease using the straight-line method down to their expected residual value.

Where the recoverable amount of a lease exceeds the asset's carrying amount, changes in residual value expectations are recognised by adjusting scheduled depreciation prospectively over the remaining term of the lease. If the recoverable amount is lower than the asset's carrying amount, an impairment loss is recognised for the shortfall. A test is carried out at each balance sheet date to determine whether an impairment loss recognised in prior years no longer exists or has decreased. In such cases, the carrying amount of the asset is increased to the recoverable amount, at a maximum up to the amount of the asset's amortised cost.

Assumptions and estimations are required regarding future residual values, since these represent a significant part of future cash inflows. Relevant factors to be considered include the trend in market prices and demand on the pre-owned automobile market. The expected change in the drive-system mix going forward, which is subject to continuous analysis, is also taken into account. The BMW Group has developed and implemented methods and processes that enable the sustainability aspects of residual value risks, particularly climate-related factors, to be appropriately assessed and managed. Potential regulatory changes are also taken into account. For example, upward or downward adjustments can be made to residual values on the basis of a range of scenario analyses. The assumptions are based on internally available historical data and current market data as well as on forecasts of external institutions. Furthermore, assumptions are regularly validated by comparison with external data. Certain types of contracts require a high degree of judgement when deciding whether they give rise to operating leases or finance receivables.

Investments accounted for using the equity method are measured – provided no impairment has been recognised – at cost of investment adjusted for the Group's share of earnings and changes in equity capital. If there is any indication that an investment is impaired, an impairment test is performed on the basis of the discounted cash flow method. An indicator exists, for example, in the event of a serious shortfall compared to budget, the loss of an active market or if funds are required to avoid insolvency.

With the exception of lease receivables, **financial assets** are measured on initial recognition at their fair value. Financial assets include in particular other investments, receivables from sales financing, marketable securities and investment funds, derivative financial assets, trade receivables and cash and cash equivalents. As a general rule, initial recognition takes place as soon as the BMW Group becomes a party to a contract; in the case of standard purchases or sales of

non-derivative financial assets, initial recognition takes place at the settlement date.

Depending on the business model and the structure of contractual cash flows, financial assets are classified as measured at amortised cost, at fair value through comprehensive income or at fair value through profit or loss. The category "measured at fair value through comprehensive income" at the BMW Group comprises mainly marketable securities and investment funds used for liquidity management purposes. Selected marketable securities and investment funds, money market funds within cash and cash equivalents as well as convertible bonds are recognised at fair value through profit or loss, as their contractual cash flows do not solely represent payments of principal and interest.

The BMW Group does not make use of the option to measure equity instruments at fair value through other comprehensive income or debt instruments at fair value through profit or loss.

The market values of financial instruments measured at fair value are determined on the basis of market information available at the balance sheet date, such as quoted prices or using appropriate measurement methods, in particular the discounted cash flow method.

Items reported under **other investments** within the scope of IFRS 9 are measured at fair value through profit or loss. Investments in subsidiaries, joint arrangements and associated companies that are not material to the BMW Group are also included in other investments.

Receivables from sales financing are measured as a general rule at amortised cost using the effective interest rate method.

Receivables from sales financing also include finance lease receivables which are measured at the amount of the net

investment in the lease. This balance sheet line item also includes operating lease receivables due at the end of the reporting period, while the related vehicles are reported as leased products.

With the exception of receivables from operating leases and trade receivables, the BMW Group applies the general approach described in IFRS 9 to determine **impairment** of financial assets. Under the general approach, loss allowances are measured on initial recognition on the basis of the expected 12-month credit loss (stage 1). If the credit loss risk at the end of the reporting period has increased significantly since initial recognition, the impairment allowance is measured on the basis of lifetime expected credit losses (stage 2 – general approach). The measurement of the change in default risk is based on a comparison of the default risk at the date of initial recognition and at the end of the reporting period. The default risk at the end of each reporting period is determined on the basis of credit checks, current key performance indicators and any overdue payments.

The BMW Group applies the simplified approach described in IFRS 9 to operating lease and trade receivables, whereby the amount of the loss allowance is measured subsequent to the initial recognition of the receivable on the basis of lifetime expected credit losses (stage 2 – simplified approach). For the purposes of allocating at item to stage 2, it is irrelevant whether the credit risk of the assets concerned has increased significantly since initial recognition.

As a general rule, the BMW Group assumes that a receivable is in default if it is more than 90 days overdue or if there are objective indications of insolvency, such as the opening of insolvency proceedings. Credit-impaired assets are identified as such on the basis of this definition of default. In the case of credit-impaired assets which had not been credit-impaired at the time they were acquired or originated, an impairment allowance is recognised at an amount equal to lifetime expected credit losses (stage 3). This is the case

regardless of whether the general or simplified approach is applied. In the case of stage 3 assets, interest income is calculated on the asset's carrying amount less any impairment loss.

The BMW Group derecognises financial assets when it has no reasonable expectation of recovery. This may be the case, for instance, if the debtor is deemed not to have sufficient assets or other sources of income to service the debt.

Loss allowances relating to the balance sheet item "Receivables from sales financing" are determined primarily on the basis of past experience with credit losses, current data on overdue receivables, rating classes and scoring information.

Forward-looking information (for instance forecasts of key performance indicators) is also taken into account if, based on past experience, such indicators show a substantive correlation to actual credit losses.

Loss allowances on trade receivables are determined primarily on the basis of information relating to overdue amounts. Furthermore, both positive and negative economic scenarios are used alongside the latest forecasts of key performance indicators when determining the level of valuation allowances. These scenarios are based on local analyses and take into account, for example, anticipated political and economic developments as well as sustainability risks in the markets concerned.

Input factors available on the market, such as ratings and probabilities of default, are used to calculate valuation allowances for cash and cash equivalents, financial receivables, receivables from subsidiaries and receivables from companies in which an investment is held. In the case of marketable securities and investment funds, the BMW Group usually applies the option not to allocate financial assets with a low default risk to different stages. Accordingly, assets with an investment grade rating are always allocated to stage 1.

Derivative financial instruments are used within the BMW Group for hedging purposes in order to reduce currency, interest rate, fair value and market price risks. Derivative financial instruments are recognised as of the trade date, measured at their fair value. Depending on their market value at measurement date, these financial instruments are reported in the balance sheet as financial assets or financial liabilities.

Fair values are determined on the basis of valuation models. Observable market price, tenor and currency basis spreads are taken into account in the measurement of derivative financial instruments. Furthermore, the Group's own credit risk and that of counterparties is taken into account on the basis of credit default swap values for market contracts with matching terms.

The BMW Group applies the option to recognise the credit risks arising from the fair values of a group of derivative financial assets and liabilities on the basis of their total net amount. Portfolio-based valuation adjustments (credit valuation adjustments and debit valuation adjustments) to the individual derivative financial assets and financial liabilities are allocated using the relative fair value approach (net method).

Where hedge accounting is applied, changes in fair value of derivative financial instruments are presented as part of other financial result in the income statement or within other comprehensive income as a component of accumulated other equity, depending on whether the hedging relationship is classified as a fair value hedge or a cash flow hedge.

Fair value hedges are mainly used to hedge interest rate risks relating to financial liabilities. The currency basis is not designated as part of the hedging relationship in the case of cross currency interest rate hedges accounted for as fair value hedges. Accordingly, changes in the market value of such components are recorded as costs of hedging within

accumulated other equity. Amounts accumulated in equity are reclassified to other financial result within the income statement over the term of the hedging relationship.

In addition, for selected fixed-interest assets, a portion of the interest rate risk is hedged on a portfolio basis in accordance with IAS 39. The designated hedged items (underlying transactions) are reported in the balance sheet as receivables from sales financing or financial liabilities. Interest rate risks are hedged on the basis of the present value of net cash flows relating to fixed-income assets (on the asset side) less cash flows relating to variable-rate financing (on the liabilities side). The net cash flow determined in this way is hedged by purchasing corresponding interest rate swaps that have the effect of reducing the interest rate risk. Hedge relationships are terminated and redesignated on a monthly basis at the end of each reporting period, thereby taking account of the constantly changing content of each portfolio.

Fair value hedge ineffectiveness is generally recognised in other financial result.

The time values of option transactions and the interest component – including the currency basis – of forward currency contracts are not designated as part of the hedging relationship in the case of currency hedges accounted for as cash flow hedges. Changes in the fair value of such components are recorded as costs of hedging on a separate line within accumulated other equity. Amounts recorded in accumulated other equity from currency hedges are reclassified to cost of sales when the related hedged item is recognised in profit or loss.

In the case of raw materials hedges that are accounted for as cash flow hedges, the hedging instruments are designated in full as part of the hedging relationship. As an exception to this general rule, the interest component of raw materials derivative instruments redesignated in conjunction with the first-time application IFRS 9 was not designated as part of the

hedging relationship. Changes in the fair value of this component are recorded as costs of hedging on a separate line within accumulated other equity. Amounts recorded in accumulated other equity are included in the carrying amount of inventories on initial recognition.

Ineffectiveness arising on cash flow hedges is recognised directly in cost of sales, whereas the impact of prematurely terminated hedging relationships is recognised in other operating income and expenses.

Deferred income taxes are recognised for all temporary differences between the tax and accounting bases of assets and liabilities, including differences arising on consolidation procedures, as well as on unused tax losses and unused tax credits, when it is probable that they can be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

The recoverability of deferred tax assets is assessed at each balance sheet date on the basis of planned taxable income in future financial years. If with a probability of more than 50 percent future tax benefits will not be realised, either in part or in total, a valuation allowance is recognised on the deferred tax assets. The calculation of deferred tax assets requires assumptions to be made with regard to the level of future taxable income and the timing of recovery of deferred tax assets.

These assumptions take account of forecast operating results, future legislative changes in connection with climate change and the impact on earnings of the reversal of taxable temporary differences. Since future business developments cannot be predicted with certainty and to some extent cannot be influenced by the BMW Group, the measurement of deferred tax assets is subject to uncertainty.

Deferred tax liabilities on taxable temporary differences arising from investments in subsidiaries, branches and associated companies as well as interests in joint arrangements are not recognised if the Group is able to control the timing of the reversal and it is probable that the temporary difference will not reverse in the foreseeable future. This is particularly the case if it is intended that profits will not be distributed, but rather will be used to maintain the substance and expand the volume of business of the entities concerned.

Current income taxes are calculated within the BMW Group on the basis of tax legislation applicable in the relevant countries. To the extent that judgement was necessary to determine the treatment and amount of tax items presented in the financial statements, there is in principle a possibility that local tax authorities may take a different position.

As a general rule, each income tax treatment is considered independently when accounting for **uncertainties in income taxes**. If it is not considered probable that an income tax treatment will be accepted by the local tax authorities, the BMW Group uses the most likely amount of the tax treatment when determining taxable profit and the tax base.

Inventories of raw materials, supplies and goods for resale are stated at the lower of average acquisition cost and net realisable value.

Work in progress and finished goods are stated at the lower of manufacturing cost and net realisable value. Manufacturing cost comprises all costs which are directly attributable to the manufacturing process as well as an appropriate proportion of production-related overheads. This includes production-related depreciation and amortisation and an appropriate proportion of administrative and social costs. Financing costs are not included in the acquisition or manufacturing cost of inventories.

Inventories also include vehicles held for sale in the financial services business, measured at their amortised cost or lower net realisable value.

Cash and cash equivalents comprise mainly cash on hand and cash at bank with an original term of up to three months. With the exception of money market funds, cash and cash equivalents are measured at amortised cost.

Financial liabilities, with the exception of lease liabilities, are measured on first-time recognition at their fair value. For these purposes, transaction costs are taken into account except in the case of financial liabilities allocated to the category "measured at fair value through profit or loss". Subsequent to initial recognition, liabilities are – with the exception of derivative financial instruments – measured at amortised cost using the effective interest method.

Provisions for pensions are measured using the projected unit credit method. Under this method, not only obligations relating to known vested benefits at the reporting date are recognised, but also the effect of future expected increases in pensions and salaries. The calculation is based on independent actuarial valuations which take into account the relevant biometric factors.

In the case of funded plans, the pension obligation is offset against plan assets measured at their fair value. If the plan assets exceed the pension obligation, the surplus is tested for recoverability.

In the event that the BMW Group has a right of reimbursement or a right to reduce future contributions, it reports an asset (within Other financial assets), measured on the basis of the present value of the future economic benefits attached to the plan assets. For funded plans, in cases where the obligation exceeds plan assets, a liability is recognised under pension provisions.

The calculation of the amount of the provision requires assumptions to be made with regard to discount rates, pension trends, employee fluctuation and the life expectancy of employees, among other things. Discount rates are determined by reference to market yields at the end of the reporting period on high quality fixed-interest corporate bonds.

In the financial year 2021, as part of a modernisation of the pension plan model in Germany, the previous pension entitlement trend (Festbetragstrend) was converted – with the exception of one remaining component – into a career trend.

Net interest expense on the net defined benefit liability or net interest income on the net defined benefit assets are presented separately within the financial result.

All other costs relating to allocations to pension provisions are allocated to costs by function in the income statement.

Past service cost arises where a BMW Group company introduces a defined benefit plan or changes the benefits payable under an existing plan. This cost is recognised immediately in the income statement.

Similarly, gains and losses arising on the settlement of a defined benefit plan are recognised immediately in the income statement.

Remeasurement of the net liability can result from changes in the present value of the defined benefit obligation, the fair value of the plan assets or the asset ceiling. Remeasurement can result, amongst others, from changes in financial and demographic parameters, as well as changes following the portfolio development. Remeasurements are recognised immediately through other comprehensive income and ultimately in equity (within revenue reserves).

Other provisions are recognised when the BMW Group has a present legal or factual obligation towards a third party arising from past events, the settlement of which is probable, and when the amount of the obligation can be reliably estimated. Provisions with a remaining period of more than one year are measured at their net present value.

The measurement of provisions for **statutory and non-statutory warranty obligations (statutory, contractual and voluntary)** involves estimations. In addition to manufacturer warranties prescribed by law, the BMW Group offers various further standard (assurance-type) warranties depending on the product and sales market. No provisions are recognised for additionally offered service packages that are treated as separate performance obligations.

Provisions for statutory and non-statutory warranties are recognised at the point in time when control over the goods is transferred to the dealership or retail customer or when it is decided to introduce new warranty measures. With respect to the level of the provision, estimations are made in particular based on past experience of damage claims and processes. Future potential repair costs and price increases per product and market are also taken into account. Provisions for warranties for all companies of the BMW Group are adjusted regularly to take account of new information, with the impact of any changes recognised in the income statement. Further information is provided in [note 33](#). Similar estimates are also made in conjunction with the measurement of expected reimbursement claims.

The recognition and measurements of provisions for **litigation and liability risks** necessitates making assumptions in order to determine the probability of liability, the amount of claim and the duration of the legal dispute. The assumptions made, especially the assumption about the outcome of legal proceedings, are subject to a high degree of uncertainty. The appropriateness of assumptions is regularly reviewed, based

on assessments undertaken both by management and external experts, such as lawyers. If new developments arise in the future that result in a different assessment, provisions are adjusted accordingly.

If the recognition criteria relevant for provisions are not fulfilled and the outflow of resources on fulfilment is not unlikely, the potential obligation is disclosed as a **contingent liability**.

Related party disclosures comprise information on associated companies, joint ventures and non-consolidated subsidiaries as well as individuals which have the ability to exercise a controlling or significant influence over the financial and operating policies of the BMW Group. This includes all persons in key positions of the Company, as well as close members of their families or intermediary entities.

In the case of the BMW Group, this also applies to members of the Board of Management and the Supervisory Board. Details relating to these individuals and entities are provided in [note 40](#) and in the list of investments disclosed in [note 46](#).

Share-based remuneration programmes which are expected to be settled in shares are measured at their fair value at grant date. The related expense is recognised as personnel expense in the income statement over the vesting period and offset against capital reserves.

Share-based remuneration programmes expected to be settled in cash are revalued to their fair value at each balance sheet date between the grant date and the settlement date and on the settlement date itself. The expense is recognised as personnel expense in the income statement over the vesting period and presented in the balance sheet as a provision.

**Notes to the Group
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The share-based remuneration programme for Board of Management members and senior heads of department entitles BMW AG to elect whether to settle its commitments in cash or with shares of BMW AG common stock. Based on the decision to settle in cash, the share-based remuneration programmes for Board of Management members and senior heads of department are accounted for as cash-settled, share-based remuneration programmes. Further information on share-based remuneration programmes is provided in [↗ note 41](#).

NOTES TO THE INCOME STATEMENT

07 Revenues

Revenues by activity comprise the following:

in € million	2021	2020
Sales of products and related goods	77,042	67,548
Sales of products previously leased to customers	13,780	11,345
Income from lease instalments	11,526	11,322
Interest income on loan financing and finance leases	3,701	3,677
Revenues from service contracts, telematics and roadside assistance	2,766	2,763
Other income	2,424	2,335
Revenues	111,239	98,990

Revenues recognised from contracts with customers in accordance with IFRS 15 totalled € 95,795 million (2020: € 83,814 million).

An analysis of revenues by segment is shown in the explanatory comments on segment information provided in [note 45](#).

Revenues from the sale of products and related goods are generated primarily in the Automotive segment and, to a lesser extent, in the Motorcycles segment. Revenues from the sales of products previously leased to customers, income

from lease instalments and interest income on loan financing and finance leases are allocated to the Financial Services segment.

Sundry other income relates mainly to the Automotive segment and the Financial Services segment.

The major part of revenues expected to arise from the Group's order book at the end of the reporting period relates to the sale of vehicles. Revenues resulting from those sales will be recognised in the next financial year.

The services included in vehicle sale contracts that will be recognised as revenues in subsequent years represent only an insignificant portion of expected revenues. Accordingly, use has been made of the practical expedient contained in IFRS 15, permitting an entity not to disclose information on a quantitative basis due to the short-term nature of items and the lack of informational value of such disclosures.

Interest income on loan financing and finance leases includes interest calculated on the basis of the effective interest method totalling € 3,379 million (2020: € 3,424 million). This interest income is not reported separately in the income statement as it is not significant compared to total Group revenues.

08 Cost of sales

Cost of sales comprises:

in € million	2021	2020
Manufacturing costs	51,361	46,878
Cost of sales relating to financial services business	26,409	27,114
thereof: interest expense relating to financial services business	1,643	1,960
Research and development expenses	6,299	5,689
Expenses for service contracts, telematics and roadside assistance	1,591	1,411
Warranty expenditure	2,192	2,971
Other cost of sales	1,401	1,345
Cost of sales	89,253	85,408

Cost of sales is reduced by public-sector subsidies in the form of reduced taxes on assets and reduced consumption-based taxes amounting to € 118 million (2020: € 105 million).

Impairment losses recognised in the income statement 2021 in connection with receivables from sales financing amounted to € 103 million (2020: € 646 million). In view of the fact that the impairment losses are of minor importance

compared to total Group cost of sales, they have not been disclosed separately in the income statement.

Research and development expenses are as follows:

in € million	2021	2020
Research and development expenditure	6,870	6,279
New expenditure for capitalised development costs	- 2,506	- 2,300
Amortisation	1,935	1,710
Research and development expenses	6,299	5,689

09 Selling and administrative expenses

Selling and administrative expenses relate mainly to expenses for marketing and communication, personnel and IT.

in € million	2021	2020
Selling expenses	5,324	5,300
Administrative expenses	3,909	3,495
Total selling and administrative expenses	9,233	8,795

10 Other operating income and expenses

Other operating income and expenses comprise the following items:

in € million	2021	2020
Exchange gains	232	326
Income from the reversal of provisions	1,162	114
Income from the reversal of impairment losses and write-downs	10	164
Gains on the disposal of assets	13	30
Sundry operating income	285	282
Other operating income	1,702	916
Exchange losses	- 204	- 286
Expense for additions to provisions	- 474	- 157
Expense for impairment losses and write-downs	- 7	- 47
Loss on the disposal of assets	- 98	- 117
Sundry operating expenses	- 272	- 266
Other operating expenses	- 1,055	- 873
Other operating income and expenses	647	43

Income from the reversal of and expenses for the recognition of impairment allowances and write-downs relate mainly to impairment allowances on receivables.

Impairment losses recognised on receivables from contracts with customers amounted to € 7 million (2020: € 47 million).

The expense for additions to provisions includes litigation and other legal risks. Income from the reversal of provisions includes income arising on the reassessment of risks from legal disputes.

In 2019, a provision of approximately € 1.4 billion was recognised in connection with EU Commission anti-trust proceedings which resulted in an increase in other operating expenses in the financial year 2019 (see also [note 10](#) to the BMW Group Financial Statements for the financial year 2019). In this antitrust investigation, the EU Commission had alleged that five German car manufacturers colluded with the aim of restricting competition for innovation with regards to certain exhaust treatment systems for petrol- and diesel-driven passenger vehicles. The investigation was solely concerned with possible infringements of competition law. There were no allegations that the BMW Group conducted a deliberate and unlawful manipulation of the emissions control system. On the basis of BMW AG's detailed submissions, the EU Commission dropped most of its charges. The proceedings were settled on 8 July 2021, and a fine amounting to approximately € 373 million was issued.

In the opinion of the EU Commission, the carmakers concerned – within the framework of what was actually legitimate technical cooperation in the development of SCR technology (SCR: selective catalytic reduction) – created an undue degree of transparency with regard to the sizes of their AdBlue tanks, the range that can be achieved with a full tank and the assumed average AdBlue consumption, thereby violating EU competition law. The amount of the provision exceeding the fine was reversed with income statement effect in the year under report. The fine was paid in July 2021, thereby concluding the EU Commission's proceedings.

11 Net interest result

in € million	2021	2020
Other interest and similar income	135	116
thereof from subsidiaries:	12	8
Interest and similar income	135	116
Net interest impact on other long-term provisions	71	-199
Net interest expense on the net defined benefit liability for pension plans	-22	-34
Other interest and similar expenses	-214	-225
thereof subsidiaries:	-	-1
Interest and similar expenses	-165	-458
Net interest result	-30	-342

12 Other financial result

in € million	2021	2020
Income from investments in subsidiaries and participations	612	135
thereof from subsidiaries:	14	12
Expenses from investments in subsidiaries and participations	-28	-87
Result on investments	584	48
Income (+) and expenses (-) from financial instruments	586	-234
Sundry other financial result	586	-234
Other financial result	1,170	-186

Sundry other financial result comprises mainly income and expenses arising on the measurement of stand-alone derivatives and fair value hedge relationships, as well as income and expenses from the measurement and sale of marketable securities and shares in investment funds.

Sundry other financial result benefited in 2021 from the favourable fair value development of interest rate hedges resulting from the rise in yield curves in the USA, whereas in the previous year, the downward trend in interest rates gave rise to fair value measurement losses on interest rate hedges.

13 Income taxes

Taxes on income of the BMW group comprise the following:

in € million	2021	2020
Current tax expense	2,512	2,023
Deferred tax expense (+) / deferred tax income (-)	1,085	-658
thereof relating to temporary differences	1,668	-450
thereof relating to tax loss carryforwards and tax credits	-583	-208
Income taxes	3,597	1,365

The tax expense was reduced by € 28 million (2020: € 4 million) as a result of utilising tax loss carryforwards, for which deferred assets had not previously been recognised and in conjunction with previously unrecognised tax credits and temporary differences.

The tax expense resulting from the change in the valuation allowance on deferred tax assets relating to tax losses available for carryforward and temporary differences amounted to € 3 million (2020: € 10 million).

Deferred taxes are determined on the basis of tax rates which are currently applicable or expected to apply in the relevant national jurisdictions when the amounts are recovered. After taking account of an average municipal trade tax multiplier rate (Hebesatz) of 428.0 (2020: 428.0), the underlying income tax rate for Germany was as follows:

in %	2021	2020
Corporate tax rate	15.0	15.0
Solidarity surcharge	5.5	5.5
Corporate tax rate including solidarity surcharge	15.8	15.8
Municipal trade tax rate	15.0	15.0
German income tax rate	30.8	30.8

Deferred taxes for non-German entities are calculated on the basis of the relevant country-specific tax rates. These ranged in the financial year 2021 between 9.0 % and 40.0 % (2020: between 9.0 % and 40.0 %).

The difference between the expected tax expense based on the underlying tax rate for Germany and actual tax expense is explained in the following **reconciliation**:

in € million	2021	2020
Profit before tax	16,060	5,222
Tax rate applicable in Germany	30.8 %	30.8 %
Expected tax expense	4,946	1,608
Variances due to different tax rates	- 596	- 397
Tax increases (+) / tax reductions (-) due to:		
Tax-exempt income	- 597	- 97
Non-deductible expenses	314	398
Equity accounted	- 370	- 210
Tax expense (+) / benefits (-) for prior years	- 54	61
Effects from tax rate changes	25	17
Other variances	- 71	- 15
Actual tax expense	3,597	1,365
Effective tax rate	22.4 %	26.1 %

The tax reductions due to tax-exempt income related primarily to the partial release of the provision for the EU antitrust proceedings as well as to the tax-exempt impact of the mark-to-market valuation of participations.

Tax benefits for prior years resulted primarily from adjustments to income tax receivables and provisions for prior years, among other things due to transfer pricing issues in connection with un concluded and ongoing transfer pricing proceedings.

The allocation of deferred tax assets and liabilities to **balance sheet line items** at 31 December is shown in the following table:

in € million	Deferred tax assets	Deferred tax liabilities
Intangible assets	4	17
Property, plant and equipment	74	49
Leased products	300	282
Other investments	5	6
Sundry other assets	886	1,013
Tax loss carryforwards	1,061	476
Capital Losses	490	348
Provisions	6,070	6,655
Liabilities	4,303	3,717
Eliminations	3,936	3,721
	17,129	16,284
Valuation allowances on tax loss carryforwards	- 140	- 138
Valuation allowances on capital losses	- 490	- 348
Netting	- 14,297	- 13,339
Deferred taxes	2,202	2,459
Net	744	1,950

Tax loss carryforwards relating to Germany and foreign operations amounted to € 4,138 million (2020: € 1,568 million). This includes one tax-loss carryforward amounting to € 413 million (2020: € 406 million), on which a valuation allowance of € 140 million (2020: € 138 million) was recognised on the related deferred tax asset.

For entities with tax losses available for carryforward, a net surplus of deferred tax assets over deferred tax liabilities is reported amounting to € 2,487 million (2020: € 392 million). The basis for the recognition of deferred taxes is the BMW Group business model or management's assessment that there is material evidence that the entities will generate future taxable profit, against which deductible temporary differences can be offset. The increase in tax loss carryforwards was mainly attributable to the exercise of a tax option by the BMW Group's US companies. Furthermore, it is assumed that tax start-up losses relating to the San Luis Potosí plant in Mexico, opened in 2019, can be utilised by offset against planned future profits.

Loss carryforwards amounting to € 3,834 million (2020: € 1,129 million) can be used indefinitely, while € 304 million (2020: € 439 million) expire after more than 3 years.

Capital losses available for carryforward in the United Kingdom which do not relate to ongoing operations increased to € 1,959 million (2020: € 1,832 million) due to currency factors. As in previous years, deferred tax assets recognised on these tax losses – which increased to € 490 million due to a tax rate change in the UK (2020: € 348 million) – were fully written down since they can only be utilised against future capital gains.

Deferred tax assets and deferred tax liabilities are **netted** for each relevant tax entity if they relate to the same tax authorities.

Deferred taxes recognised directly in equity amounted to € 1,733 million (2020: € 1,710 million).

in € million

	2021	2020
Deferred taxes at 1 January (assets (+) / liabilities (-))	1,950	1,562
Deferred tax expense (-) / income (+) recognised through income statement	- 1,085	658
Change in deferred taxes recognised directly in equity	23	- 305
thereof relating to fair value gains and losses on financial instruments and marketable securities recognised directly in equity	247	- 443
thereof relating to the remeasurements of net liabilities for defined benefit pension plans	- 250	161
thereof from currency translation	26	- 23
Exchange rate impact and other changes	- 144	35
Deferred taxes at 31 December (assets (+) / liabilities (-))	744	1,950

Taxable temporary differences relating to investments in subsidiaries, associated companies and joint ventures amount to € 25,526 million (2020: € 22,174 million). No deferred taxes are recognised on these taxable temporary differences because the BMW Group is able to determine the timing of the reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, in particular in view of the fact that there is no intention to distribute the profits, but rather to use them to maintain their substance and reinvest in the companies concerned. No computation was made of the potential impact of income taxes on the grounds of proportionality. Deferred tax liabilities on expected dividends amount to € 79 million (2020: € 76 million) and relate primarily to dividends from foreign subsidiaries and joint ventures.

The tax returns of BMW Group entities are checked regularly by German and foreign tax authorities. Taking account of numerous factors – including interpretations, commentaries and legal decisions relating to the various tax jurisdictions as well as past experience – adequate provision has been made, to the extent identifiable and probable, for potential future tax obligations.

14 Earnings per share

	€ million	2021	2020
Net profit attributable to the shareholders of BMW AG		12,382.2	3,775.0
Profit attributable to common stock	€ million	11,298.4	3,448.1
Profit attributable to preferred stock	€ million	1,083.8	326.9
Average number of common stock shares in circulation	number	601,995,196	601,995,196
Average number of preferred stock shares in circulation	number	57,686,234	56,867,180
Basic / diluted earnings per share of common stock	€	18.77	5.73
Basic / diluted earnings per share of preferred stock	€	18.79	5.75
Dividend per share of common stock	€	5.80*	1.90
Dividend per share of preferred stock	€	5.82*	1.92

* Proposal by the Board of Management

Earnings per share of preferred stock are computed on the basis of the number of preferred stock shares entitled to receive a dividend in each of the relevant financial years. As in the previous year, diluted earnings per share correspond to basic earnings per share.

15 Personnel expenses

The income statement includes personnel expenses as follows:

in € million	2021	2020
Wages and salaries	10,598	10,081
Pension and welfare expenses	720	1,252
Social insurance expenses	968	911
Personnel expenses	12,286	12,244

Personnel expenses include € 223 million (2020: € 602 million) of costs relating to workforce measures.

The decrease in pension and welfare expenses was mainly attributable to positive changeover effects resulting from the modernisation of the pension plan model in Germany amounting to € 562 million. The total pension expense for defined contribution plans of the BMW Group amounted to € 160 million (2020: € 150 million). Employer contributions paid to state pension insurance schemes totalled € 654 million (2020: € 634 million).

The average number of employees during the year was:

2021	2020
Average number of employees	118,626
thereof at proportionately-consolidated entities	304

16 Leases

As lessee

In terms of accounting for leases as a lessee, the following amounts are included in the income statement:

in € million	2021	2020
Expenses for leases of low-value assets and short-term leases	- 74	- 91
Expenses relating to variable lease payments not included in the measurement of lease liabilities	- 14	- 13
Interest expense arising on the measurement of lease liabilities	- 48	- 55

Most of the expenses for leases of low-value assets and short-term leases relate to low-value assets.

The BMW Group is party to leases at the end of the reporting period which have not yet commenced. These leases could give rise to future cash outflows amounting to € 530 million (2020: € 225 million).

Total cash outflows for leases in 2021 amounted to € 600 million (2020: € 653 million).

Information on right-of-use assets, lease liabilities as well as further explanatory comments are provided in [note 6](#) (Accounting policies, assumptions, judgements and estimations), [note 20](#) (Analysis of changes in Group tangible, intangible and investment assets 2021), [note 22](#) (Property, plant and equipment (including right-of-use assets arising from leasing) and [note 35](#) (Financial liabilities).

As lessor

in € million

Income from variable lease payments for operating leases

	2021	2020
Income from variable lease payments for operating leases	109	148
Income from variable lease payments for finance leases	13	17
Financial income on the net investment in finance leases	964	890
Selling profit on the sale of vehicles previously leased to retail customers under finance leases	1,557	1,167

Income from variable lease payments for finance leases

Financial income on the net investment in finance leases

Selling profit on the sale of vehicles previously leased to retail customers under finance leases

Services provided during the financial year 2021 by the Group auditor PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich branch, on behalf of BMW AG and subsidiaries under its control relate to the audit of the financial statements, other attestation services, tax advisory services and other services.

The audit of financial statements comprises mainly the audit of the Group Financial Statements and the separate financial statements of BMW AG and its subsidiaries, and all work related thereto, including the review of the Interim Group Financial Statements.

Other attestation services include mainly project-related audits, comfort letters and statutorily prescribed, contractually agreed or voluntarily commissioned attestation work.

Tax advisory services include primarily services related to transfer pricing and tax compliance.

Other services mainly include consulting services relating to production processes.

18 Government grants and government assistance

Income from asset-related and performance-related grants, amounting to € 94 million (2020: € 67 million) and € 152 million (2020: € 210 million) respectively, was recognised in the income statement in 2021.

These amounts relate mainly to public sector grants aimed at the promotion of regional structures as well as to subsidies received for plant expansions.

Variable lease payments are based on distance driven. The agreements have, in part, extension and purchase options.

17 Fee expense for the Group auditor

The fee expense pursuant to § 314 (1) no. 9 HGB recognised in the financial year 2021 for the Group auditor and the PwC network of audit firms amounted to € 19 million (2020: € 18 million) and consists of the following:

in € million

Audit of financial statements

Other attestation services

Tax advisory services

Other services

Fee expense

	PwC International		thereof: PwC GmbH	
	2021	2020	2021	2020
Audit of financial statements	16	14	5	4
Other attestation services	2	1	2	0
Tax advisory services	0	0	0	0
Other services	1	3	1	0
Fee expense	19	18	8	4

NOTES TO THE STATEMENT OF COMPREHENSIVE INCOME

19 Disclosures relating to the statement of comprehensive income

Other comprehensive income for the period after tax comprises the following:

in € million

	2021	2020
Remeasurement of the net liability for defined benefit pension plans	1,243	- 354
Deferred taxes	- 224	139
Items not expected to be reclassified to the income statement in the future	1,019	- 215
Marketable securities (at fair value through other comprehensive income)	- 45	7
thereof gains / losses arising in the period under report	- 38	20
thereof reclassifications to the income statement	- 7	- 13
Derivative financial instruments	14	991
thereof gains / losses arising in the period under report	25	1,636
thereof reclassifications to the income statement	- 11	- 645
Costs of hedging	72	201
thereof gains / losses arising in the period under report	- 287	- 437
thereof reclassifications to the income statement	359	638
Other comprehensive income from equity accounted investments	- 50	106
Deferred taxes*	163	- 423
Currency translation foreign operations	1,228	- 1,283
Items that can be reclassified to the income statement in the future	1,382	- 401
Other comprehensive income for the period after tax	2,401	- 616

* Prior year's figure adjusted.

Notes to the Group
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Deferred taxes on components of other comprehensive income are as follows:

in € million	2021			2020		
	Before tax	Deferred taxes	After tax	Before tax	Deferred taxes	After tax
Remeasurement of the net liability for defined benefit pension plans	1,243	- 224	1,019	- 354	139	- 215
Marketable securities (at fair value through other comprehensive income)	- 45	13	- 32	7	- 2	5
Derivative financial instruments*	14	37	51	991	- 306	685
Costs of hedging*	72	- 22	50	201	- 60	141
Other comprehensive income from equity accounted investments	- 50	135	85	106	- 55	51
Currency translation foreign operations	1,228	-	1,228	- 1,283	-	- 1,283
Other comprehensive income	2,462	- 61	2,401	- 332	- 284	- 616

* Prior year's figures adjusted.

Other comprehensive income relating to equity accounted investments is reported in the Group Statement of Changes in Equity within currency translation differences with a positive amount of € 490 million (2020: negative amount of € 113 million), within derivative financial instruments with a negative amount of € 368 million (2020: positive amount of € 118 million) and within costs of hedging with a negative amount of € 37 million (2020: positive amount of € 46 million).

Gains or losses realised on derivative financial instruments which have been reclassified to acquisition costs for inventories are not recognised through other comprehensive income after tax.

NOTES TO THE BALANCE SHEET

20 Analysis of changes in Group tangible, intangible and investment assets 2021

in € million	Acquisition and manufacturing cost						Depreciation, amortisation and impairment losses					Carrying amount				
	1.1.2021	Translation differences	Additions	Reclassifications	Disposals	31.12.2021	1.1.2021	Translation differences	Current year	Reclassifications	Value adjustments ¹	Disposals	31.12.2021	31.12.2021	31.12.2020	
Development costs	16,976	-	2,506	-	195	19,287	5,969	-	1,935	-	-	190	7,714	11,573	11,007	
Goodwill	384	1	-	-	-	385	5	-	-	-	-	-	5	380	379	
Other intangible assets	1,751	45	289	2	112	1,975	795	12	202	-	-	61	948	1,027	956	
Intangible assets	19,111	46	2,795	2	307	21,647	6,769	12	2,137	-	-	251	8,667	12,980	12,342	
Land, titles to land, buildings, including buildings on third party land	15,935	285	789	221	344	16,886	6,691	124	843	-	-	206	7,452	9,434	9,244	
thereof right-of-use assets from leases	3,108	59	416	-	220	3,363	796	20	433	-	-	115	1,134	2,229	2,312	
Plant and machinery	40,299	634	2,292	864	2,350	41,739	30,239	468	3,180	-2	-	2,311	31,574	10,165	10,060	
thereof right-of-use assets from leases	58	-	125	-	38	145	18	-	15	-	-	19	14	131	40	
Other facilities, factory and office equipment	3,138	67	235	73	262	3,251	2,211	45	335	2	-	249	2,344	907	927	
thereof right-of-use assets from leases	121	4	25	-	19	131	51	2	36	-	-	20	69	62	70	
Advance payments made and construction in progress	1,619	23	1,407	-1,160	5	1,884	-	-	-	-	-	-	-	1,884 ²	1,619	
Property, plant and equipment	60,991	1,009	4,723	-2	2,961	63,760	39,141	637	4,358	-	-	2,766	41,370	22,390	21,850	
Leased products	50,120	1,725	18,465	-	16,463	53,847	8,125	301	5,263	-	-	4,542	9,147	44,700	41,995	
Investments accounted for using the equity method	3,825	-	1,736	-	209	5,352	240	-	-	-	-	-	240	5,112	3,585	
Investments in non-consolidated subsidiaries	301	11	47	-	19	340	85	2	-	-	-	-	87	253	216	
Participations	963	28	75	-	46	1,020	444	-17	-	-	-	-434	-39	32	988	
Non-current marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other investments	1,264	39	122	-	65	1,360	529	-15	-	-	-	-434	-39	119	1,241	735

¹ Including € 434 million recognised through the income statement² Including assets under construction of € 1,354 million.

Analysis of changes in Group tangible, intangible and investment assets 2020

in € million	Acquisition and manufacturing cost						Depreciation, amortisation and impairment losses						Carrying amount			
	1.1.2020	Translation differences	Additions	Reclassifi- cations	Disposals	31.12.2020	1.1.2020	Translation differences	Current year	Reclassifi- cations	Value ad- justments ¹	Disposals	31.12.2020	31.12.2019		
Development costs	15,391	-	2,300	-	715	16,976	4,948	-	1,710	-	-	689	5,969	11,007	10,443	
Goodwill	385	-1	-	-	-	384	5	-	-	-	-	-	-	5	379	380
Other intangible assets	2,075	-52	271	2	545	1,751	1,169	-16	183	2	-	543	795	956	906	
Intangible assets	17,851	-53	2,571	2	1,260	19,111	6,122	-16	1,893	2	-	1,232	6,769	12,342	11,729	
Land, titles to land, buildings, including buildings on third party land	15,449	-380	621	538	293	15,935	6,104	-135	846	-	-	124	6,691	9,244	9,345	
thereof right-of-use assets from leases	3,107	-72	280	12	219	3,108	426	-14	452	5	-	73	796	2,312	2,681	
Plant and machinery	40,061	-765	1,841	710	1,548	40,299	29,177	-511	3,071	2	-	1,500	30,239	10,060	10,884	
thereof right-of-use assets from leases	82	-1	8	-	31	58	6	-1	15	-	-	2	18	40	76	
Other facilities, factory and office equipment	3,172	-100	248	44	226	3,138	2,147	-59	333	-4	-	206	2,211	927	1,025	
thereof right-of-use assets from leases	104	-4	41	-	20	121	31	-1	37	-	-	16	51	70	73	
Advance payments made and construction in progress	1,991	-19	941	-1,294	-	1,619	-	-	-	-	-	-	-	-	1,619 ²	1,991
Property, plant and equipment	60,673	-1,264	3,651	-2	2,067	60,991	37,428	-705	4,250	-2	-	1,830	39,141	21,850	23,245	
Leased products	49,942	-1,930	17,820	-	15,712	50,120	7,333	-300	5,833	-	-	4,741	8,125	41,995	42,609	
Investments accounted for using the equity method	3,439	-	1,440	-	1,054	3,825	240	-	-	-	-	-	240	3,585	3,199	
Investments in non-consolidated subsidiaries	292	-11	72	-	52	301	88	-3	-	-	-	-	85	216	204	
Participations	1,000	-24	84	-	97	963	501	10	-	-	-57	10	444	519	499	
Non-current marketable securities	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	
Other investments	1,292	-35	156	-	149	1,264	589	7	-	-	-57	10	529	735	703	

¹ Including € 57 million recognised through the income statement² Including assets under construction of € 1,297 million.

21 Intangible assets

Intangible assets mainly comprise capitalised development costs on vehicle, module and architecture projects as well as subsidies for tool costs, licences, purchased development projects, emission allowances, software and purchased customer lists.

Other intangible assets include a brand-name right amounting to € 43 million (2020: € 40 million) which is allocated to the Automotive segment and is not subject to scheduled amortisation since its useful life is deemed to be indefinite. The asset is subject to a limited right of ownership. Intangible assets also include goodwill of € 33 million (2020: € 33 million) allocated to the Automotive cash-generating unit (CGU) and goodwill of € 347 million (2020: € 346 million) allocated to the Financial Services CGU. The changes in these items compared to the previous year are exclusively currency-related.

As in the previous year, there was no requirement to recognise impairment losses or reversals of impairment losses on intangible assets in 2021.

As in the previous year, no financing costs were recognised as a cost component of intangible assets in 2021.

22 Property, plant and equipment (including right-of-use assets arising from leasing)

No impairment losses were recognised in 2021, as in the previous year.

As in the previous year, no financing costs were recognised as a cost component of property, plant and equipment in 2021.

Right-of-use assets arising from leases of land and buildings relate primarily to logistics and office premises and, to a lesser extent, to selling and production premises. In order to secure these premises and, in the interests of flexibility, the

property rental agreements concerned often contain extension and termination options.

23 Leased products

Minimum lease payments of non-cancellable operating leases amounting to € 23,026 million (2020: € 20,872 million) fall due as follows:

in € million	31.12. 2021	31.12. 2020
within one year	10,123	9,285
between one and two years	7,052	6,327
between two and three years	3,812	3,416
between three and four years	1,702	1,534
between four and five years	302	275
later than five years	35	35
Minimum lease payments	23,026	20,872

Impairment losses amounting to € 338 million (2020: € 312 million) were recognised on leased products in 2021 as a consequence of changes in residual value expectations. Income from the reversal of impairment losses amounted to € 111 million (2020: € 110 million).

24 Investments accounted for using the equity method

Investments accounted for using the equity method comprise the joint venture BMW Brilliance Automotive Ltd. (BMW Brilliance), Shenyang, the joint venture YOUR NOW Holding GmbH, Munich, the joint venture IONITY Holding GmbH & Co. KG (IONITY), Munich, and interests in the associated company THERE Holding B.V. (THERE), Rijswijk, and the associated company Solid Power Inc., Wilmington, Delaware.

BMW Brilliance

BMW Brilliance produces BMW brand models primarily for the Chinese market at its two vehicle production plants as

well as petrol engines and high-voltage batteries at a separate facility.

The BMW Group acquired a further 25 % of the shares in the BMW Brilliance joint venture on 11 February 2022. The transaction is described in detail in [note 3](#).

YOUR NOW

The at-equity loss reported for YOUR NOW for 2021 amounted to € 171 million (2020: loss of € 349 million). On 29 March 2021 YOUR NOW Holding GmbH signed an agreement with the bp Group for the latter to acquire a 33.3 % stake in Digital Charging Solutions GmbH (DCS) (ChargeNow). The transaction was completed on 1 October 2021. In addition, on 8 March 2021, YOUR NOW Holding GmbH signed an agreement to sell PARK NOW Group to EasyPark Group. Following receipt of regulatory approval, the transaction was completed on 27 May 2021. The impact of the two transactions is not material.

IONITY

In collaboration with Mercedes-Benz Group AG, the Ford Motor Company, the Volkswagen Group, Kia Motors Corporation and Hyundai Motor Corporation, the BMW Group operates the joint venture IONITY, whereby each of the parties has an equal shareholding. IONITY's business model envisages the construction and operation of high-performance charging stations for battery-powered vehicles in Europe. On 1 November 2021, IONITY Holding GmbH & Co. KG signed a contract with GRP III HPC Lux S.à.r.l. (Blackrock) for the provision of financing amounting to € 500 million to expand the charging network. The existing shareholders are also investing an additional € 200 million in the business. The transaction is due to be completed in the first half of 2022.

THERE

Together with AUDI AG, Mercedes-Benz Group AG and other companies, the BMW Group holds shares in THERE. HERE International B.V. (HERE) is an associated company of THERE. HERE's digital maps are laying the foundations for the next generation of mobility and location-based services, providing the basis for new assistance systems and, ultimately, fully automated driving.

Solid Power

In May 2021, the BMW Group, together with the Ford Motor Company and Volta Energy Technologies, participated in an investment round relating to Solid Power, an industry-leading producer of solid-state batteries for electric vehicles. In this context, some existing joint development partnerships with Solid Power have also been expanded with a view to securing the supply of solid-state batteries for future generations of electric vehicles. The investment meets the criteria of an associated company and is accounted for using the equity method.

in € million	2021	2020
Disclosures relating to the Income Statement		
Profit / loss after tax	- 26	-
thereof from continuing operations	- 26	-
thereof from discontinued operations	-	-
Other comprehensive income	-	-
Total comprehensive income	- 26	-

Financial information relating to equity accounted investments is summarised in the following tables (from a 100 % perspective):

in € million	BMW Brilliance		THERE		YOUR NOW		IONITY	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
DISCLOSURES RELATING TO THE BALANCE SHEET								
Non-current assets								
Current assets	8,950	7,292	1,175	1,190	666	945	287	244
thereof cash and cash equivalents	15,062	9,859	2	24	528	767	49	55
Equity	8,493	5,137	2	24	444	341	19	17
Non-current financial liabilities, provisions and liabilities	11,176	7,388	1,090	1,214	897	1,226	209	244
Current financial liabilities, provisions and liabilities	2,027	1,546	87	-	84	113	16	13
	10,809	8,217	-	-	213	373	111	42
RECONCILIATION OF AGGREGATED FINANCIAL INFORMATION								
Assets								
Provisions and liabilities	24,012	17,151	1,177	1,214	1,194	1,712	336	299
Net assets	12,836	9,763	87	-	297	486	127	55
Group's interest in net assets	11,176	7,388	1,090	1,214	897	1,226	209	244
Eliminations	5,588	3,694	298	335	424	591	42	49
Carrying amount	-1,283	-1,084	-	-	-	-	-	-
	4,305	2,610	298	335	424	591	42	49

in € million

DISCLOSURES RELATING TO THE INCOME STATEMENT

	BMW Brilliance		THERE		YOUR NOW		IONITY	
	2021	2020	2021	2020	2021	2020	2021	2020
Revenues	28,001	23,913	-	-	248	234	30	8
Scheduled depreciation	729	707	-	-	263	127	26	19
Profit / loss before financial result	4,457	3,174	-1	-1	-309	-693	-39	-43
Interest income	185	80	9	4	-	-	-	-
Interest expense	38	5	-	-	2	3	2	1
Income taxes	1,150	822	-	-	8	6	-6	-8
Profit / loss after tax	3,596	2,560	-108	206	-337	-749	-35	-37
thereof from continuing operations	3,596	2,560	-108	206	-536	-701	-35	-37
thereof from discontinued operations	-	-	-	-	199	-48	-	-
Other comprehensive income	174	169	-17	10	-	-81	-	-
Total comprehensive income	3,770	2,729	-125	216	-337	-830	-35	-37
Group dividend income	-	379	-	-	-	-	-	-

25 Receivables from sales financing

Receivables from sales financing comprise the following:

	31.12.2021	31.12.2020
Credit financing for retail customers and dealerships*	65,258	63,584
Finance lease receivables	22,159	20,693
Receivables from sales financing	87,417	84,277

* Figure includes operating leases

Impairment allowances on receivables from sales financing in accordance with IFRS 9, which only arise within the Financial Services segment, developed as follows:

in € million	Stage 1	Stage 2	Stage 3	
	General	Simplified		Total
Impairment allowances at 1 January 2021	483	474	39	643
Reclassification to Stage 1	4	- 31	-	- 7
Reclassification to Stage 2	- 15	159	-	- 25
Reclassification to Stage 3	- 3	- 37	- 1	170
Derecognition and origination of receivables	34	11	1	- 55
Write-off of receivables	- 1	- 11	-	- 131
Changes in risk parameters	10	- 46	-	- 31
Other changes	- 65	31	- 4	3
Impairment allowances at 31 December 2021	447	550	35	567
				1,599

in € million	Stage 1	Stage 2	Stage 3	
	General	Simplified		Total
Impairment allowances at 1 January 2020	361	209	12	517
Reclassification to Stage 1	1	- 6	-	- 4
Reclassification to Stage 2	- 15	153	-	- 15
Reclassification to Stage 3	- 4	- 30	- 1	195
Derecognition and origination of receivables	12	21	1	- 33
Write-off of receivables	- 1	- 14	- 1	- 90
Changes in risk parameters	60	66	1	49
Other changes	69	75	27	24
Impairment allowances at 31 December 2020	483	474	39	643
				1,639

In connection with the coronavirus pandemic, allowances for expected credit losses were increased in 2020 to take account of the negative impact on retail customer and dealership business, to the extent not covered by the BMW Group's standard loss provisioning models (post-model adjustments) and their level reviewed on a regular basis. Although the level of expected credit losses decreased significantly during 2021, a large proportion of the additional allowance recorded one year earlier was retained due to ongoing uncertainty about the further course of the pandemic.

Impairment allowances include € 102 million (2020: € 95 million) on credit-impaired receivables relating to finance leases.

The estimated fair value of vehicles held as collateral for credit-impaired receivables at the end of the reporting period totalled € 569 million (2020: € 517 million). The carrying amount of assets held as collateral and taken back as a result of payment default amounted to € 21 million (2020: € 33 million).

Finance leases are analysed as follows:

in € million	31.12.2021	31.12.2020
due within one year	7,147	6,970
due between one and two years	6,528	6,293
due between two and three years	5,590	5,190
due between three and four years	4,435	3,695
due between four and five years	669	558
due later than five years	44	48
Gross investment in finance leases	24,413	22,754
due within one year	6,625	6,426
due between one and two years	6,001	5,809
due between two and three years	5,158	4,770
due between three and four years	4,080	3,395
due between four and five years	604	503
due later than five years	42	45
Net investment in finance leases without loss allowances	22,510	20,948
Unrealised interest income	1,903	1,806
Loss allowances	351	255
Net investment in finance leases	22,159	20,693

26 Financial assets

Financial assets comprise:

in € million
Marketable securities and investment funds
Derivative instruments
Loans to third parties
Other
Financial assets
thereof non-current
thereof current

31.12.2021	31.12.2020
4,243	4,226
2,998	3,256
58	71
216	199
7,515	7,752
1,715	2,644
5,800	5,108

27 Income tax assets

Income tax assets totalling € 1,529 million (2020: € 606 million) include claims amounting to € 19 million (2020: € 43 million), which are expected to be settled after more than one year. Claims may be settled earlier than this depending on the timing of the underlying proceedings. The increase in income tax assets was mainly attributable to the exercise of a tax option by the BMW Group's US companies.

28 Other assets

Other assets comprise:

in € million	31.12.2021	31.12.2020
Return right assets for future leased products	2,405	3,041
Receivables from companies in which an investment is held	2,190	2,048
Other taxes	1,950	1,581
Expected reimbursement claims	1,112	1,046
Receivables from subsidiaries	694	546
Collateral assets	397	364
Prepaid expenses	295	454
Sundry other assets	1,200	1,246
Other assets	10,243	10,326
thereof non-current	1,302	1,216
thereof current	8,941	9,110

Collateral assets comprise mainly customary collateral (banking deposits) arising on the sale of asset-backed financing instruments.

29 Inventories

Inventories comprise the following:

in € million	31.12.2021	31.12.2020
Finished goods and goods for resale	9,683	10,542
Work in progress, unbilled contracts	3,175	1,373
Raw materials and supplies	2,277	1,660
Vehicles held for sale in the financial services business	404	818
Advance payments to suppliers	389	503
Inventories	15,928	14,896

Out of the total amount recognised for inventories at 31 December 2021, inventories measured at net realisable value amounted to € 1,457 million (2020: € 899 million). Write-downs to net realisable value in the financial year 2021 amounted to € 41 million (2020: € 59 million), while reversals of write-downs amounted to € 5 million (2020: € 2 million).

The expense recorded in conjunction with inventories during the financial year 2021 amounted € 54,484 million (2020: € 48,128 million).

At 31 December 2021, the carrying amounts of inventories expected to be realised after more than twelve months amount to € 405 million (2020: € 359 million).

At 31 December 2021 work in progress included unfinished vehicles still held in inventories due to production programme changes necessitated by semiconductor component shortages.

30 Trade receivables

Trade receivables comprise the following:

in € million	31.12.2021	31.12.2020
Gross carrying amount	2,293	2,345
Allowances for impairment of stage 2 – simplified approach	- 18	- 24
Allowances for impairment of stage 3	- 14	- 23
Net carrying amount	2,261	2,298

Impairment allowances on trade receivables in accordance with IFRS 9 developed as follows:

in € million	2021	2020
Balance at 1 January	47	72
Allocated	8	16
Reversed	- 20	- 36
Utilised	- 4	- 1
Exchange rate impact and other changes	1	- 4
Balance at 31 December	32	47

In the case of trade receivables, collateral is generally held in the form of vehicle documents and bank guarantees so that the risk of bad debt loss is very limited. Expenses for impairment losses and income from the reversal of impairment losses is not significant for the BMW Group and is therefore not reported separately in the income statement.

31 Equity**Number of shares issued**

	Preferred stock		Common stock	
	2021	2020	2021	2020
Shares issued / in circulation at 1 January	57,689,304	56,867,304	601,995,196	601,995,196
Shares issued in conjunction with Employee Share Programme	1,718,070	822,124	-	-
Less: shares repurchased and re-issued	3,070	124	-	-
Shares issued / in circulation at 31 December	59,404,304	57,689,304	601,995,196	601,995,196

All Company stock is issued to bearer and each share has a par value of € 1.00. Preferred stock, to which no voting rights are attached, bear an additional dividend of € 0.02 per share.

In 2021, a total of 1,718,070 shares of preferred stock was sold to employees at a reduced price of € 60.78 per share in conjunction with an Employee Share Programme. These shares are entitled to receive dividends for the first time with effect from the financial year 2022.

Issued share capital increased by € 1.7 million as a result of the issue to employees of 1,715,000 new shares of non-voting preferred stock. BMW AG is authorised up to 15 May 2024 to issue 5 million shares of non-voting preferred stock amounting to nominal € 5.0 million. At the end of the reporting period, 1.7 million of these amounting to nominal € 1.7 million remained available for issue.

In addition, 3,070 previously issued shares of preferred stock were acquired and re-issued to employees.

Capital reserves

Capital reserves include premiums arising from the issue of shares and totalled € 2,325 million (2020: € 2,199 million). The change amounting to € 126 million related to the share capital increase in conjunction with the issue of shares of preferred stock to employees.

Revenue reserves

Revenue reserves comprise the non-distributed earnings of companies consolidated in the Group Financial Statements. In addition, remeasurements of the net defined benefit obligation for pension plans are also presented in revenue reserves.

It is proposed that the unappropriated profit of BMW AG for the financial year 2021 amounting to € 3,827 million be utilised as follows:

- Distribution of a dividend of € 5.82 per share of preferred stock (€ 336 million)
- Distribution of a dividend of € 5.80 per share of common stock (€ 3,491 million)

The proposed distribution was not recognised as a liability in the Group Financial Statements.

Accumulated other equity

Accumulated other equity comprises amounts recognised directly in equity resulting from the translation of the financial statements of foreign subsidiaries, changes in the fair value of derivative financial instruments and marketable securities, costs of hedging recognised directly in equity as well the related deferred taxes.

Capital management disclosures

The BMW Group's objectives with regard to capital management are to safeguard over the long-term the Group's ability to continue as a going concern and to provide an adequate return to shareholders.

The capital structure is managed in order to meet needs arising from changes in economic conditions and the risks of the underlying assets.

The BMW Group is not subject to any unified external minimum equity capital requirements. Within the Financial Services segment, however, there are a number of individual entities which are subject to equity capital requirements of relevant regulatory banking authorities.

In order to manage its capital structure, the BMW Group uses various instruments, including the amount of dividends paid to shareholders and share buybacks. Moreover, the BMW Group actively manages debt capital, carrying out funding activities with a target debt structure in mind. A key aspect in the selection of financial instruments is the objective to achieve matching maturities for the Group's financing requirements. In order to reduce non-systematic risk, the BMW Group uses a variety of financial instruments available on the world's capital markets to achieve diversification.

The capital structure at the end of the reporting period was as follows:

in € million	31.12.2021	31.12.2020
Equity attributable to shareholders of BMW AG	74,366	60,891
Proportion of total capital	41.8 %	36.4 %
Non-current financial liabilities	62,342	67,390
Current financial liabilities	41,121	38,986
Total financial liabilities	103,463	106,376
Proportion of total capital	58.2 %	63.6 %
Total capital	177,829	167,267

Equity attributable to shareholders of BMW AG increased during the financial year by 22.1%, primarily reflecting the increase in revenue reserves.

32 Pension provisions

In the case of defined benefit plans, the BMW Group is required to pay the benefits it has granted to present and past employees. Defined benefit plans may be covered by provisions or pension assets. In Germany, pension obligations of the BMW Group are mostly covered by assets transferred to BMW Trust e.V., Munich, in conjunction with a Contractual Trust Arrangement (CTA) (funded plan). Funded plans also exist in the UK, the USA, Switzerland, Belgium and Japan. In the meantime, most of the defined benefit plans have been closed to new entrants.

The assumptions stated below, which depend on the economic situation in the relevant country, are used to measure the defined benefit obligation of each pension plan. The following weighted average values have been used for Germany, the UK and other countries:

in %	Germany	United Kingdom	Other
31.12.2021	31.12.2020	31.12.2021	31.12.2020
Discount rate	1.04	0.55	1.83
Pension level trend	2.10	1.33	2.36
Weighted duration of all pension obligations in years	17.5	21.6	17.8
		19.8	15.4
			15.9

The following mortality tables are applied in countries, in which the BMW Group has significant defined benefit plans:

Germany	Mortality Table 2018 G issued by Prof. K. Heubeck (with invalidity rates reduced by 70 %)
United Kingdom	S3PA Tables and CMI_2020 model with improvement factor of 1.25 %

In addition, the career trend component, which is plan-dependent and lies within a range of 0.25 % to 0.50 %, is now part of the measurement of pension obligations in Germany (2020: pension entitlement trend of 2.0 %).

Based on the measurement principles contained in IAS 19, the following balance sheet carrying amounts apply to the Group's pension plans:

in € million	Germany		United Kingdom		Other		Total
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021
Present value of defined benefit obligations	15,045	15,535	8,844	9,944	1,100	1,108	24,989
Fair value of plan assets	14,105	12,451	9,968	9,589	938	870	25,011
Effect of limiting net defined benefit asset to asset ceiling	-	-	1,184	-	3	3	1,187
Carrying amounts	940	3,084	60	355	165	241	1,165
thereof pension provisions	947	3,084	106	355	194	254	1,247
thereof assets	-7	-	-46	-	-29	-13	-82
							-13

The most significant of the BMW Group's pension plans are described below.

Germany

Both employer- and employee-funded benefit plans exist in Germany. Benefits paid in conjunction with these plans comprise old-age retirement pensions as well as invalidity and surviving dependants' benefits. The level of ongoing pension payments is adjusted in accordance with §16 of the Company Pensions Act (Betriebsrentengesetz).

The defined benefit plans have been closed to new entrants since 2014. Defined contribution plans with a minimum rate of return, comprising employer- and employee-funded components, continue to exist. The fact that the plan involves a minimum rate of return means that the defined contribution entitlements are classified in accordance with IAS 19 as defined benefit plans. In the financial year 2021, employees in the defined benefit plan were given the option to switch to the defined contribution plan.

In the case of defined benefit plans involving the payment of a pension, the amount of benefits to be paid is determined by multiplying a fixed amount by the number of years of service.

The assets of the German pension plans are invested by BMW Trust e.V., Munich, in accordance with a CTA. The representative bodies of this entity are the Board of Directors and the Members' General Meeting. BMW Trust e.V., Munich, currently has seven members and three members of the Board of Directors elected by the Members' General Meeting. The Board of Directors is responsible for investments, drawing up and deciding on investment guidelines as well as monitoring compliance with those guidelines. The members of the association can be employees, employee representatives, senior executives and members of the Board of Management of BMW AG. An ordinary Members' General Meeting takes place once every calendar year, and deals with a range of matters, including receiving and approving the association's annual report, ratifying the activities of the

Board of Directors and adopting changes to the association's statutes.

United Kingdom

Defined benefit plans exist in the United Kingdom which are closed for all plan participants. Vested benefits remain in place. New benefits are covered by contributions made to a defined contribution plan.

The defined benefit pension plans are administered by BMW Pension Trustees Limited, Farnborough, and BMW (UK) Trustees Limited, Farnborough, both trustee companies which act independently of the BMW Group. BMW (UK) Trustees Limited, Farnborough, is represented by ten trustees and BMW Pension Trustees Limited, Farnborough, by five trustees. A minimum of one third of the trustees must be elected by plan participants. The trustees represent the interests of plan participants and decide on investment strategies. Funding contributions to the funds are determined in agreement with the BMW Group.

The change in the **net defined benefit liability for pension plans** can be derived as follows:

in € million	Defined benefit obligation	Plan assets	Total	Effect of limitation of the net defined benefit asset to the asset ceiling	Net defined benefit liability
1 January 2021	26,587	- 22,910	3,677	3	3,680
EXPENSE / INCOME					
Current service cost	411	-	411	-	411
Interest expense (+) / income (-)	257	- 235	22	-	22
Past service cost	- 527	-	- 527	-	- 527
Gains (-) or losses (+) arising from settlements	-	-	-	-	-
REMEASUREMENTS					
Gains (-) or losses (+) on plan assets, excluding amounts included in interest income	-	- 652	- 652	-	- 652
Gains (-) or losses (+) arising from changes in financial assumptions	- 1,341	-	- 1,341	-	- 1,341
Gains (-) or losses (+) arising from changes in demographic assumptions	- 616	-	- 616	-	- 616
Gains (-) or losses (+) arising from experience adjustments	97	-	97	-	97
Changes in the limitation of the net defined benefit asset to the asset ceiling	-	-	-	1,157	1,157
Transfers to fund	-	- 1,082	- 1,082	-	- 1,082
Employee contributions	90	- 90	-	-	-
Pensions and other benefits paid	- 680	675	- 5	-	- 5
Translation differences and other changes	711	- 717	- 6	27	21
31 December 2021	24,989	- 25,011	- 22	1,187	1,165
thereof pension provisions					1,247
thereof assets					- 82

in € million	Defined benefit obligation	Plan assets	Total	Effect of limitation of the net defined benefit asset to the asset ceiling	Net defined benefit liability
1 January 2020	24,652	- 21,340	3,312	2	3,314
EXPENSE / INCOME					
Current service cost	488	-	488	-	488
Interest expense (+) / income (-)	337	- 303	34	-	34
Past service cost	- 54	-	- 54	-	- 54
Gains (-) or losses (+) arising from settlements	-	-	-	-	-
REMEASUREMENTS					
Gains (-) or losses (+) on plan assets, excluding amounts included in interest income	-	- 1,880	- 1,880	-	- 1,880
Gains (-) or losses (+) arising from changes in financial assumptions	2,726	-	2,726	-	2,726
Gains (-) or losses (+) arising from changes in demographic assumptions	- 239	-	- 239	-	- 239
Gains (-) or losses (+) arising from experience adjustments	- 144	-	- 144	-	- 144
Changes in the limitation of the net defined benefit asset to the asset ceiling	-	-	-	1	1
Transfers to fund	-	- 524	- 524	-	- 524
Employee contributions	84	- 84	-	-	-
Pensions and other benefits paid	- 645	639	- 6	-	- 6
Translation differences and other changes	- 618	582	- 36	-	- 36
31 December 2020	26,587	- 22,910	3,677	3	3,680
thereof pension provisions					3,693
thereof assets					- 13

In conjunction with a measure aimed at modernising the pension model in Germany, employees were given the choice of remaining in the previous defined benefit plan or switching to the defined contribution plan. The fixed amounts to which employees were previously entitled in the defined benefit plan remain unchanged going forward and therefore this is one factor which results in a plan amendment in accordance with IAS 19. The previous pension entitlement trend (Festbetragstrend) was converted – with the exception of one remaining component – into a career trend. Furthermore, an employee switching to the defined contribution plan received an entitlement deemed to be equivalent in legal terms to their previous rights.

This gave rise to an overall positive impact of € 562 million on past service cost, which was recognised in the income statement, primarily in the form of reductions to cost of sales as well as to selling and administrative expenses.

Actuarial gains arising in the financial year 2021 resulted in a surplus of plan assets over liabilities for one of the pension plans in the United Kingdom. However, because there is no right of reimbursement or right to reduce future contributions to the fund, the amount of plan assets recognised has been limited to the amount of the obligations.

In the previous financial year, employment contract termination agreements were agreed with employees, resulting in the persons concerned leaving the BMW Group with vested pension benefits. Past service cost resulted mainly from differing assumptions used to calculate statutory pension entitlements on the one hand and for the ongoing accounting for active employees on the other.

Notes to the Group
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Depending on the cash flow profile and risk structure of the pension obligations involved, plan assets relating to defined benefit plans are invested in a diversified portfolio.

Plan assets in Germany, the UK and other countries comprised the following:

In the financial year 2021, disbursements out of the plan assets are expected to exceed the employer's contributions to plan assets by € 225 million. Plan assets of the BMW Group include own transferable financial instruments amounting to € 2 million (2020: € 1 million).

	Germany		United Kingdom		Other		Total	
in € million	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Equity instruments	2,875	2,166	342	348	85	74	3,302	2,588
Debt instruments	7,742	7,326	7,081	6,940	660	632	15,483	14,898
thereof investment grade	5,302	5,041	6,377	6,316	653	625	12,332	11,982
thereof mixed funds (funds without a rating)	-	-	-	-	-	-	-	-
thereof non-investment grade	2,440	2,285	704	624	7	7	3,151	2,916
Real estate funds	-	-	-	-	20	19	20	19
Money market funds	-	-	157	85	37	2	194	87
Absolute return funds	-	-	-	-	-	-	-	-
Other	223	128	-	-	4	6	227	134
Total with quoted market price	10,840	9,620	7,580	7,373	806	733	19,226	17,726
Debt instruments	800	779	646	673	5	1	1,451	1,453
thereof investment grade	328	324	-	-	-	-	328	324
thereof mixed funds (funds without a rating)	472	455	646	673	-	-	1,118	1,128
thereof non-investment grade	-	-	-	-	5	1	5	1
Real estate	494	428	786	656	-	-	1,280	1,084
Cash and cash equivalents	55	159	-	-	1	-	56	159
Absolute return funds	709	645	742	643	10	23	1,461	1,311
Other	1,207	820	214	244	116	113	1,537	1,177
Total without quoted market price	3,265	2,831	2,388	2,216	132	137	5,785	5,184
Total plan assets	14,105	12,451	9,968	9,589	938	870	25,011	22,910

The BMW Group is exposed to **risks** arising both from defined benefit plans and defined contribution plans with a minimum return guarantee. The discount rates used to calculate pension obligations are subject to market fluctuations and therefore influence the level of the obligations. Furthermore, changes in other actuarial parameters, such as expected rates of inflation, also have an impact on pension obligations. In order to reduce currency exposures, a substantial portion of plan assets is either invested in the same currency as the underlying plan or hedged by means of currency derivatives. As part of the internal reporting procedures and for internal management purposes, financial risks relating to the pension plans are reported using a value-at-risk approach by reference to the pension deficit. The investment strategy is also subject to regular review together with external consultants, with the aim of ensuring that investments are structured to match the timing of pension payments and the expected development of pension obligations. In this way, fluctuations in pension funding shortfalls are reduced.

The defined benefit obligation relates to current employees, pensioners and former employees with vested benefits as follows:

The sensitivity analysis provided below shows the extent to which changes in individual factors – independently of each other – could influence the defined benefit obligation at the end of the reporting period.

It is only possible to aggregate sensitivities to a limited extent. Since the change in obligation follows a non-linear pattern, estimates made on the basis of the specified sensitivities are only possible with this restriction. The calculation of sensitivities using ranges other than those specified could result in a disproportional change in the defined benefit obligation.

In the UK, the sensitivity analysis for the pension level trend also takes account of restrictions due to caps and floors.

Change in defined benefit obligation			
		31.12.2021	31.12.2020
		in € million	in %
Discount rate	increase of 0.75 %	- 2,650	- 10.6
	decrease of 0.75 %	3,311	13.2
Pension level trend	increase of 0.25 %	610	2.4
	decrease of 0.25 %	- 586	- 2.3
Average life expectancy	increase of 1 year	896	3.6
	decrease of 1 year	- 910	- 3.6
Pension entitlement trend	increase of 0.25 %	3	-
	decrease of 0.25 %	- 3	-
Career trend	increase of 0.10 %	63	-
	decrease of 0.10 %	- 62	-

33 Other provisions

Other provisions changed during the year as follows:

in € million	1.1. 2021*	Translation differences	Additions	Reversal of discounting	Utilised	Reversed	31.12. 2021	thereof due within one year
Statutory and voluntary warranty obligations, product guarantees	6,131	241	2,714	- 54	- 2,220	- 212	6,600	1,798
Obligations for personnel and social expenses	2,582	14	2,083	- 23	- 1,299	- 40	3,317	2,196
Other obligations	3,666	41	1,219	- 9	- 994	- 1,334	2,589	1,421
Other obligations for ongoing operational expenses	1,603	56	1,111	-	- 1,108	- 214	1,448	1,333
Other provisions	13,982	352	7,127	- 86	- 5,621	- 1,800	13,954	6,748

* Prior year's figures adjusted.

in € million	1.1. 2020	Translation differences	Additions	Reversal of discounting	Utilised	Reversed	31.12. 2020	thereof due within one year
Statutory and voluntary warranty obligations, product guarantees	5,550	- 277	3,178	158	- 2,354	- 124	6,131	1,731
Obligations for personnel and social expenses	2,496	- 19	1,405	19	- 1,288	- 31	2,582	1,483
Other obligations	3,271	- 43	1,361	9	- 508	- 337	3,753	2,794
Other obligations for ongoing operational expenses	1,892	- 94	1,288	-	- 1,399	- 171	1,516	1,486
Other provisions	13,209	- 433	7,232	186	- 5,549	- 663	13,982	7,494

Depending on when claims occur, it is possible that the BMW Group may be called upon to fulfil the warranty or guarantee obligations over the whole period of the warranty or guarantee. Warranty provisions include amounts recognised in connection with the exhaust gas recirculation cooler. Expected reimbursement claims at 31 December 2021 amounted to € 1,112 million (2020: € 1,046 million) and are disclosed within other assets (see [note 28](#)).

Provisions for obligations for personnel and social expenses comprise mainly obligations relating to performance-related remuneration components, workforce measures as well as

pre-retirement part-time working arrangements and long-service awards.

The provisions for other obligations cover numerous specific risks and uncertain obligations, in particular for litigation and liability risks. Further information on the reversal of the provision relating to EU Commission antitrust proceedings is provided in [note 10](#).

Other obligations for ongoing operational expenses include in particular expected payments for bonuses and other price deductions.

34 Income tax liabilities

Current income tax liabilities totalling € 921 million (2020: € 747 million) include € 44 million (2020: € 40 million) which are expected to be settled after more than twelve months. Liabilities may be settled earlier than this depending on the timing of the underlying proceedings.

35 Financial liabilities

Financial liabilities of the BMW Group comprise the following:

in € million	31.12.2021				31.12.2020			
	Maturity within one year	Maturity between one and five years	Maturity later than five years	Total	Maturity within one year	Maturity between one and five years	Maturity later than five years	Total
Bonds	12,406	28,675	10,417	51,498	12,642	32,001	12,022	56,665
Asset-backed financing transactions	6,891	12,471	-	19,362	6,863	11,956	-	18,819
Liabilities from customer deposits (banking)	13,175	3,507	20	16,702	12,735	3,709	22	16,466
Liabilities to banks	4,918	3,186	975	9,079	4,578	3,159	1,300	9,037
Lease liabilities	475	1,131	814	2,420	492	1,181	838	2,511
Derivative instruments	1,146	581	148	1,875	593	517	38	1,148
Commercial paper	1,374	-	-	1,374	550	-	-	550
Other	736	75	342	1,153	533	248	399	1,180
Financial liabilities	41,121	49,626	12,716	103,463	38,986	52,771	14,619	106,376

Planned future cash outflows from variable lease payments, which are not taken into account in the measurement of lease liabilities, are expected to amount to € 48 million (2020: € 57 million).

Similarly, potential future cash outflows amounting to € 1,262 million (2020: € 1,252 million) (undiscounted) have not been taken into account in the measurement of lease liabilities as it is not reasonably certain that the leases will be renewed (or not terminated). These cash outflows relate to periods of up to 62 years (2020: up to 74 years). The decrease in the period under report was due to a contractual adjustment.

Liabilities related to financing activities can be reconciled as follows:

in € million	1. 1. 2021	Cash inflows / outflows	Changes due to	Changes due to exchange rate factors	Changes in fair values	Other changes	31. 12. 2021
			the acquisition or disposal of companies				
Bonds	56,665	- 6,021	-	1,647	- 787	- 6	51,498
Asset-backed financing transactions	18,819	- 331	-	874	-	-	19,362
Liabilities from customer deposits (banking)	16,466	- 229	-	465	-	-	16,702
Liabilities to banks	9,037	- 357	-	458	- 59	-	9,079
Lease liabilities	2,511	- 464	-	42	-	331	2,420
Commercial paper	550	781	-	43	-	-	1,374
Financial liabilities towards companies in which an investment is held	740	1,295	-	153	-	-	2,188
Other (excluding interest payable)	752	- 18	-	- 10	-	-	724
Liabilities relating to financing activities	105,540	- 5,344	-	3,672	- 846	325	103,347

in € million	1. 1. 2020	Cash inflows / outflows	Changes due to	Changes due to exchange rate factors	Changes in fair values	Other changes	31. 12. 2020
			the acquisition or disposal of companies				
Bonds	62,165	- 4,306	-	- 1,972	766	12	56,665
Asset-backed financing transactions	19,549	- 82	-	- 648	-	-	18,819
Liabilities from customer deposits (banking)	14,657	2,329	-	- 520	-	-	16,466
Liabilities to banks	11,436	- 2,172	-	- 248	21	-	9,037
Lease liabilities	2,895	- 494	-	- 63	-	173	2,511
Commercial paper	2,615	- 2,025	-	- 40	-	-	550
Financial liabilities towards companies in which an investment is held	296	492	-	- 48	-	-	740
Other (excluding interest payable)	864	- 78	-	- 34	-	-	752
Liabilities relating to financing activities	114,477	- 6,336	-	- 3,573	787	185	105,540

Bonds comprise:

The following details apply to commercial paper:

Issuer	Interest	Issue volume in relevant currency (ISO Code)	Weighted average maturity period (in years)	Weighted average nominal interest rate (in %)	Issuer	Issue volume in relevant currency (ISO Code)	Weighted average maturity period (in days)	Weighted average nominal interest rate (in %)	
BMW Finance N. V.	variable	EUR 2,000 million	2.2	0.0	BMW US Capital, LLC	USD 1,220 million	16	0.1	
	variable	NOK 1,730 million	3.0	2.3		BMW Finance N. V.	EUR 300 million	26	-0.6
	variable	SEK 1,500 million	4.0	0.5					
	variable	USD 500 million	3.0	0.9					
	fixed	EUR 22,900 million	6.9	0.8					
	fixed	CNY 17,000 million	2.6	3.4					
	fixed	JPY 13,400 million	5.6	0.6					
	fixed	HKD 1,759 million	6.1	2.7					
	fixed	USD 1,750 million	5.6	2.5					
	fixed	NOK 750 million	4.0	2.3					
BMW US Capital, LLC	fixed	GBP 600 million	6.0	0.9					
	fixed	AUD 273 million	10.0	3.2					
	variable	USD 2,138 million	3.4	0.4					
BMW International Investment B. V.	fixed	USD 15,400 million	6.7	3.0					
	fixed	EUR 1,500 million	8.7	0.8					
	variable	GBP 200 million	2.0	0.0					
	fixed	GBP 1,550 million	4.1	1.4					
Other	fixed	NOK 1,000 million	10.0	3.3					
	fixed	CHF 600 million	6.8	0.5					
	fixed	JPY 10,000 million	3.0	0.2					
	fixed	CAD 800 million	3.3	1.4					

36 Other liabilities

Other liabilities comprise the following items:

in € million

	31.12.2021	31.12.2020
Contract liabilities	5,955	5,485
Deferred income	3,820	3,546
Bonuses and sales aides	3,123	2,911
Refund liabilities for future leased products	3,108	3,926
Payables to other companies in which an investment is held	2,367	814
Other taxes	1,143	1,484
Deposits received	895	1,019
Payables to subsidiaries	180	180
Other advance payments received for orders	160	139
Social security	123	133
Sundry	1,546	1,550
Other liabilities	22,420	21,187

Contract liabilities relate to obligations for service and repair work as well as telematics services and roadside assistance agreed to be part of the sale of a vehicle (in some cases multi-component arrangements). An amount of € 3,035 million (2020: € 2,604 million) was released from contract liabilities in the financial year and recognised as revenues from contracts with customers.

Deferred income includes down payments received on leases with customers as well as deferred grants.

Grants comprise mainly public sector funds to promote regional structures and which have been invested in the production plants in Brazil, China, Germany, Mexico, Austria and South Africa amongst others. The grants are partly subject to holding periods for the assets concerned of up to five years and/or minimum employment figures or minimum production figures. Grant income is recognised in the income statement over the useful lives of the assets to which it relates.

37 Trade payables

As in the previous year, trade payables are due within one year.

OTHER DISCLOSURES

38 Contingent liabilities and other financial commitments

Contingent liabilities

The following contingent liabilities existed at the balance sheet date:

in € million	31.12.2021	31.12.2020
Investment subsidies	56	77
Litigation	131	105
Guarantees	77	43
Other	1,202	1,067
Contingent liabilities	1,466	1,292

Other contingent liabilities mainly comprise risks relating to taxes and customs duties.

The BMW Group determines its best estimate of contingent liabilities based on the information available at the date of preparing the Group Financial Statements. This assessment may change over time and is adjusted regularly on the basis of new information and circumstances. A part of the risks is covered by insurance.

The EU Commission's antitrust proceedings (see [note 10](#) for additional information) was settled on 8 July 2021. In relation to these allegations, numerous class action lawsuits have

been brought in the USA and Canada as well as several private lawsuits in South Korea. In the USA, the customer class actions were withdrawn and the dealer class action was dismissed.

The class action lawsuits in Canada and the private lawsuits in South Korea remain at an early stage. Further civil lawsuits based on the allegations are possible going forward.

In addition, the Chinese State Administration for Market Regulation opened antitrust proceedings against BMW AG in March 2019, followed by the Korea Fair Trade Commission in May 2020 and the Turkish Competition Authority in July 2020.

With respect to the Korean investigation, BMW AG recognised a provision during the financial year. The Turkish antitrust authority issued its decision in January 2022, abstaining from issuing a fine. Possible risks for the BMW Group in connection with the antitrust proceedings in China cannot be currently foreseen, either in terms of their outcome nor the amounts involved. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

Regulatory authorities have ordered the BMW Group to recall various vehicle models in conjunction with airbags supplied by the Takata group of companies. Provision for the costs involved has been recognised within warranty provisions. In addition to the risks already covered by warranty provisions, further BMW Group vehicles may possibly be affected by

future recall actions going forward. Further disclosures pursuant to IAS 37.86 cannot be provided at the present time.

On 22 January 2020, the U.S. Securities and Exchange Commission (SEC) opened an investigation into possible violations of U.S. securities laws by the BMW Group relating to disclosures regarding the BMW Group's unit sales of new vehicles. This matter was settled with the SEC, without admitting or denying the allegations, and the BMW Group consented to the entry of an Order finding violations of the U.S. Securities Act and agreed to pay a penalty of US \$ 18 million. Certain BMW Group entities and their officers are defendants in private securities litigation following the SEC Order. Possible risks for the BMW Group cannot be quantified at present. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

Other financial commitments

In addition to liabilities, provisions and contingent liabilities, the following commitments exist for the BMW Group at the end of the reporting period:

in € million	31.12.2021	31.12.2020
Purchase commitments for property, plant and equipment	3,350	3,264
Purchase commitments for intangible assets	2,190	2,787

39 Financial instruments

The carrying amounts of financial instruments are assigned to IFRS 9 categories in the following table:

in € million	31.12.2021				31.12.2020			
	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Not allocated to an IFRS 9 category	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Not allocated to an IFRS 9 category
ASSETS								
Other investments	-	-	947	294	-	-	477	258
Receivables from sales financing	64,795	-	-	22,622	63,104	-	-	21,173
Financial assets								
Derivative instruments								
Cash flow hedges	-	-	-	1,596	-	-	-	851
Fair value hedges	-	-	-	1,012	-	-	-	1,992
Other derivative instruments	-	-	390	-	-	-	413	-
Marketable securities and investment funds	20	3,238	985	-	115	3,245	866	-
Loans to third parties	35	-	23	-	49	-	22	-
Other	216	-	-	-	199	-	-	-
Cash and cash equivalents	15,983	-	26	-	12,622	-	915	-
Trade receivables	2,261	-	-	-	2,298	-	-	-
Other assets								
Receivables from subsidiaries	694	-	-	-	546	-	-	-
Receivables from companies in which an investment is held	2,190	-	-	-	2,048	-	-	-
Collateral assets	295	-	-	-	454	-	-	-
Remaining other assets	1,547	-	-	5,517	1,504	-	-	5,774
Total	88,036	3,238	2,371	31,041	82,939	3,245	2,693	30,048

in € million

LIABILITIES

Financial liabilities

Bonds

	31.12.2021				31.12.2020			
	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Not allocated to an IFRS 9 category	At amortised cost	At fair value through other comprehensive income	At fair value through profit or loss	Not allocated to an IFRS 9 category
Financial liabilities								
Bonds	51,498	-	-	-	56,665	-	-	-
Liabilities to banks	9,079	-	-	-	9,037	-	-	-
Liabilities from customer deposits (banking)	16,702	-	-	-	16,466	-	-	-
Commercial paper	1,374	-	-	-	550	-	-	-
Asset-backed financing transactions	19,362	-	-	-	18,819	-	-	-
Derivative instruments								
Cash flow hedges	-	-	-	1,006	-	-	-	112
Fair value hedges	-	-	-	250	-	-	-	248
Other derivative instruments	-	-	619	-	-	-	788	-
Lease liabilities	-	-	-	2,420	-	-	-	2,511
Other	1,153	-	-	-	1,180	-	-	-
Trade payables	10,932	-	-	-	8,644	-	-	-
Other liabilities								
Payables to subsidiaries	180	-	-	-	180	-	-	-
Payables to other companies in which an investment is held	2,367	-	-	-	814	-	-	-
Remaining other liabilities*	4,856	-	-	15,017	4,621	-	-	15,572
Total	117,503	-	619	18,693	116,976	-	788	18,443

* Prior year's figures adjusted.

Disclosures relating to financial instruments measured at amortised cost

The following table shows the fair values and carrying amounts of financial assets and liabilities that are measured at amortised cost and whose carrying amounts differ from their fair value.

The fair values are generally determined using the discounted cash flow method, taking into account the relevant risk of default. For the purposes of fair value measurement using the discounted cash flow method, expected future cash flows are discounted on the basis of up-to-date interest curves observable on the market.

The fair values of receivables from sales financing are measured using the discounted cash flow method, taking into account customer-specific credit risk. In view of the fact that these allowances are calculated in part on the basis of internal information, receivables from sales financing are allocated to Level 3 in the level hierarchy in accordance with

IFRS 13. The fair values of the financial assets shown in the table exist with financial institutions and are also measured using the discounted cash flow method, taking into account the risk of default. Given that these financial institutions all have excellent credit ratings, the risk of default is low and can be observed on the market. The fair values of these items are therefore allocated to Level 2.

In the case of financial liabilities, own credit risk is taken into account based on credit default swaps available on the market, so that the fair values of these items are also allocated to Level 2.

For all other financial instruments not listed here that are measured at amortised cost, the carrying amount corresponds to the fair value. For this reason, they are not presented separately.

in € million

Receivables from sales financing – credit financing	
Receivables from sales financing – finance and operating leases	
Financial assets – Marketable securities and investment funds	
Financial liabilities	
Bonds	
Asset-backed financing transactions	
Liabilities from customer deposits (banking)	
Liabilities to banks	

	31.12.2021			31.12.2020	
	Fair value	Carrying amount		Fair value	Carrying amount
Receivables from sales financing – credit financing	67,158	64,795		65,326	63,104
Receivables from sales financing – finance and operating leases	24,675	22,622		23,116	21,173
Financial assets – Marketable securities and investment funds	20	20		116	115
Financial liabilities					
Bonds	53,022	51,498		58,136	56,665
Asset-backed financing transactions	19,602	19,362		18,818	18,819
Liabilities from customer deposits (banking)	16,732	16,702		16,599	16,466
Liabilities to banks	9,177	9,079		9,209	9,037

Disclosures relating to financial instruments measured at fair value

The carrying amounts of financial instruments measured at fair value are allocated to the measurement levels pursuant to IFRS 13 as described below:

in € million	31.12.2021			31.12.2020		
	Level hierarchy in accordance with IFRS 13			Level hierarchy in accordance with IFRS 13		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Marketable securities, investment funds and collateral assets	3,675	548	-	3,608	503	-
Other investments	223	-	724	80	-	397
Cash equivalents	26	-	-	915	-	-
Loans to third parties	-	-	23	-	-	22
Derivative instruments (assets)						
Interest rate risks	-	1,373	-	-	2,344	-
Currency risks	-	466	-	-	335	-
Raw material market price risks	-	1,092	67	-	573	1
Other risks	-	-	-	-	-	3
Derivative instruments (liabilities)						
Interest rate risks	-	729	-	-	919	-
Currency risks	-	1,045	-	-	171	-
Raw material market price risks	-	101	-	-	52	6

	31.12.2021			31.12.2020		
	Level hierarchy in accordance with IFRS 13			Level hierarchy in accordance with IFRS 13		
	Level 1	Level 2	Level 3	Level 1	Level 2	Level 3
Marketable securities, investment funds and collateral assets	3,675	548	-	3,608	503	-
Other investments	223	-	724	80	-	397
Cash equivalents	26	-	-	915	-	-
Loans to third parties	-	-	23	-	-	22
Derivative instruments (assets)						
Interest rate risks	-	1,373	-	-	2,344	-
Currency risks	-	466	-	-	335	-
Raw material market price risks	-	1,092	67	-	573	1
Other risks	-	-	-	-	-	3
Derivative instruments (liabilities)						
Interest rate risks	-	729	-	-	919	-
Currency risks	-	1,045	-	-	171	-
Raw material market price risks	-	101	-	-	52	6

As a general rule, any transfers between fair-value hierarchy levels are made at the end of the relevant reporting period.

At 31 December 2021, equity instruments amounting to € 49 million were reclassified from Level 3 to Level 1, due to the fact that quoted market prices became available for the instruments concerned for the first time.

In the previous year, an amount of € 275 million relating to marketable securities, investment funds and collateral was reclassified from Level 1 to Level 2, in view of the fact that the fair values of the marketable securities concerned were derived on the basis of comparable instruments in the form of a theoretical price. Furthermore, money market funds amounting to € 915 million were reclassified from Level 2 to Level 1 due to the fact that corresponding market or stock exchange prices became available.

Financial instruments measured at fair value using input factors not based on observable market prices are allocated to Level 3. The fair values of these financial instruments are shown in the following table:

in € million	31.12.2021	31.12.2020
	Fair value	Fair value
Unquoted equity instruments	724	397
Convertible bonds	23	22
Options on unquoted equity instruments	-	3
Derivative instruments	67	-5

Financial instruments allocated to Level 3 relate mainly to investments in a private-equity fund. The valuation of unlisted equity instruments is determined primarily using the market-based approach. In particular, the financing rounds that take place within the private equity sector – usually on a regular basis at intervals of approximately 12 to 24 months – represent a significant input factor for these purposes. In addition, the investment advisor provides the external fund manager with relevant, investment-specific information on an ongoing basis (at least quarterly). The latter subsequently assesses the underlying individual companies in accordance with the guidelines for International Private Equity and Venture Capital Valuations (IPEV).

As part of the process of analysing valuations, the external fund manager reviews the investment-specific milestones, including an analysis of financial, technical and liquidity-specific performance indicators. Based on this analysis, it is considered whether the price of the most recent financing round is acceptable as a reasonable market valuation, in particular for early-stage or growth-phase investments. Key performance indicators used for the purpose of milestone analysis are highly dependent on the business model underlying the investment. Typical technical key performance indicators relate to licenses and patents held, the stage of technology development such as evidence of feasibility and prototypes, market entries, customer and user growth and appointments to key management positions. Key financial performance indicators used are revenues, EBITDA and the corresponding growth rate and/or development of specific contribution margins. Key liquidity-specific performance indicators are cash on hand, cash burn rates and prospects for future financing rounds.

Since the pricing from the financing rounds is considered to be the decisive input factor for the valuation, increases or decreases in valuation give rise to a similar change in the equity instrument that is recognised in the income statement.

In addition, equity instruments that are held outside the private equity fund are measured using the income approach. This involves discounting cash flows on the basis of current business cases using the weighted average cost of capital to determine the fair value of the financial instrument. Changes in fair values determined in connection with adjustments to significant input factors are not material for the BMW Group.

The convertible bonds that have been classified to Level 3 are primarily used as instruments in advance of future financing rounds relating to private equity investments. Valuations are therefore performed in accordance with the IPEV guidelines.

Mandatory conversions are usually structured in such a way that the number of shares to be received depends on the future share price. Due to the generally short maturities, the instruments are subject to only insignificant fluctuations in value. Irrespective of this fact, impairment tests are performed at regular intervals.

The exercise price for share options in such companies is generally low, verging towards zero. Consequently, financing rounds have a direct impact on the fair value of the options. In this respect, the valuation of options and assessment of their impact on sensitivity is similar to the approach taken to unquoted equity instruments, as described above.

For selected derivatives, a complete set of data relevant for valuation purposes is not available due to their limited market maturity. In order to model forward curves, data are collated and updated on the basis of regular bank and trader inquiries. The valuation methodology applied is in line with the general valuation principles for derivatives used within the treasury management system of the BMW Group. Changes in fair values resulting from shifts in forward curves within a range of +/- 10 % are not material for the BMW Group.

The balance sheet carrying amount of Level 3 financial instruments developed as follows:

in € million	Unquoted equity instruments	Convertible bonds	Options on unquoted equity instruments	Derivative instruments	Financial instruments Level 3
1 January 2021	397	22	3	-5	417
Additions	76	24	-	-	100
Disposals	-220	-30	-	-4	-254
Gains (+)/losses (-) recognised in accumulated other equity	-	-	-	75	75
Gains (+)/losses (-) recognised in the income statement	488	5	-3	1	491
Currency translation differences	32	2	-	-	34
Level transfer	-49	-	-	-	-49
31 December 2021	724	23	-	67	814

Gains and losses recognised in the income statement are reported within the line item "Other financial result". Gains and losses recognised in the income statement in the financial year 2021 included an unrealised net positive amount of € 352 million (2020: € 84 million).

in € million	Unquoted equity instruments	Convertible bonds	Options on unquoted equity instruments	Derivative instruments	Financial instruments Level 3
1 January 2020	355	14	5	-	374
Additions	73	17	-	-	90
Disposals	-87	-7	-2	2	-94
Gains (+)/losses (-) recognised in accumulated other equity	-	-	-	-7	-7
Gains (+)/losses (-) recognised in the income statement	85	-	-	-	85
Currency translation differences	-29	-2	-	-	-31
31 December 2020	397	22	3	-5	417

Offsetting of financial instruments

Derivative financial instruments of the BMW Group are subject to legally enforceable master netting agreements or similar contracts. However, receivables and payables relating to derivative financial instruments are not netted due to non-fulfilment of the stipulated criteria. Offsetting would have the following impact on the carrying amounts of derivatives:

in € million

Balance sheet amounts as reported	31.12.2021		31.12.2020	
Gross amount of derivatives which can be offset in case of insolvency	Reported on assets side	Reported on equity and liabilities side	Reported on assets side	Reported on equity and liabilities side
	2,998	1,875	3,256	1,148
	- 1,118	- 1,118	- 790	- 790
Net amount after offsetting	1,880	757	2,466	358

Non-derivative financial assets and liabilities are only offset if a legally enforceable right currently exists and it is actually intended to offset the relevant amounts. No financial assets and liabilities have been netted in the BMW Group due to the fact that the necessary requirements for netting have not been met.

Gains and losses on financial instruments

The following table shows the net gains and losses arising on financial instruments in accordance with IFRS 9:

in € million

Financial instruments measured at fair value through other comprehensive income	2021	2020
Financial instruments measured at fair value through profit or loss	- 45	7
Financial assets measured at amortised cost	- 35	310
Financial liabilities measured at amortised cost	803	- 1,050
	818	- 350

Net gains and losses arising on financial instruments measured at fair value through other comprehensive income mainly relate to changes in the fair value of marketable securities. Further details are provided in the disclosures relating to the statement of comprehensive income ([↗ note 19](#)). Total interest income arising on financial assets measured at fair value through other comprehensive income amounted to € 31 million (2020: € 37 million) and total interest expense to € 18 million (2020: € 30 million).

Net gains and losses arising on financial instruments measured at fair value through profit and loss mainly include results from the fair value measurement of stand-alone derivatives, marketable securities and shares in investment funds, as well as other financial assets.

Net gains and losses arising on financial assets measured at amortised cost comprise mainly exchange rate gains / losses and impairment losses / reversals.

Net gains and losses arising on financial liabilities measured at amortised cost comprise mainly exchange rate gains / losses as well as fair value gains / losses on hedged items in designated hedging relationships that are recognised in the income statement.

Total interest income arising on financial assets measured at amortised cost relates mainly to the interest income earned on credit financing and reported within revenues. Total interest expenses arising on financial instruments measured at amortised cost amounted to € 1.6 billion (2020: € 1.8 billion).

Credit risk

The BMW Group is exposed to counterparty credit risks if contractual partners, for example a retail customer or a dealership, are unable or only partially able to meet their contractual obligations. Information on the management of credit risk for receivables from financial services is provided in the Combined Management Report (see section Outlook, Risk and Opportunity Management).

Notwithstanding the existence of collateral accepted, the carrying amount of financial assets (with the exception of derivative financial instruments) generally represents the maximum credit risk. In addition, the credit risk is increased by additional unutilised loan commitments in the dealership financing line of business. Total dealership financing credit risk at the end of the reporting period therefore amounted to € 31,508 million (2020: € 30,682 million).

In the case of all relationships underlying non-derivative financial instruments, in order to minimise the credit risk and depending on the nature and amount of exposure, collateral is required, credit information and references obtained or historical data based on the existing business relationship, in particular payment behaviour, reviewed.

In the case of trade receivables, customers are regularly assessed with regard to their credit risk. Depending on contractual status, necessary measures, such as dunning procedures, are initiated in good time.

The credit risk relating to cash deposits and derivative financial instruments is minimised by the fact that the Group only enters into such contracts with parties of first-class credit standing.

Within the financial services business, items financed for retail customers and dealerships (such as vehicles, facilities and property) serve as first-ranking collateral with a recoverable value. Security is also put up by customers in the form of collateral asset pledges, asset assignment and first-ranking mortgages, supplemented where appropriate by warranties and guarantees. Items previously held as collateral that are subsequently acquired relate mainly to vehicles. As a rule, these assets can be converted into cash at short notice through the dealership organisation. Creditworthiness testing is an important aspect of the BMW Group's credit risk management. Every borrower's creditworthiness is tested for all credit financing and lease contracts entered into by the BMW Group. In the case of retail customer financing, creditworthiness is assessed using validated scoring systems integrated in the purchasing process. In the area of dealership financing, creditworthiness is assessed by means of ongoing credit monitoring and an internal rating system that takes account not only of the material credit standing of the borrower, but also of qualitative factors, such as past reliability in business relations.

The credit risk on trade receivables is assessed mainly on the basis of information relating to overdue amounts. The gross carrying amounts of these receivables are allocated in accordance with IFRS 9 to overdue ranges used for management purposes as follows:

in € million	31.12.2021	31.12.2020
Not overdue	2,113	2,002
1 – 30 days overdue	120	229
31 – 60 days overdue	12	31
61 – 90 days overdue	14	23
More than 90 days overdue	34	60
Total	2,293	2,345

Receivables from sales financing are allocated to internally defined rating categories based on credit risk.

The classification into creditworthiness levels is based on default probabilities. The related gross carrying amounts in accordance with IFRS 9 are allocated as follows:

in € million	31.12.2021						31.12.2020													
	Stage 1			Stage 2			Stage 3			Stage 1			Stage 2			Stage 3				
	General	Simplified	Total	General	Simplified	Total	General	Simplified	Total	General	Simplified	Total	General	Simplified	Total	Expected credit loss				
Gross carrying amount of financial assets with good credit ratings	79,639	1,071	374	-	81,084	377	76,356	1,633	367	-	78,356	406	3,310	2,671	44	6,025	517	5,469	431	
Gross carrying amount of financial assets with medium credit ratings	71	769	13	1,054	1,907	705	118	937	17	1,019	2,091	802	83,020	4,511	431	1,054	89,016	1,599	85,916	1,639
Total	83,020	4,511	431	1,054	89,016	1,599	80,252	4,223	422	1,019	85,916	1,639								

Further disclosures relating to credit risk – in particular with regard to the amounts of impairment losses recognised – are provided in the explanatory notes to the relevant categories of receivables in [notes 25](#) and [30](#).

Liquidity risk

The following table shows the maturity structure of expected contractual cash flows (undiscounted) for financial liabilities:

in € million	31.12.2021				31.12.2020			
	Maturity within one year	Maturity between one and five years	Maturity later than five years	Total	Maturity within one year	Maturity between one and five years	Maturity later than five years	Total
NON-DERIVATIVE FINANCIAL LIABILITIES								
Bonds	13,266	30,071	10,821	54,158	13,456	33,224	11,930	58,610
Asset-backed financing transactions	6,964	12,622	–	19,586	7,067	12,369	–	19,436
Liabilities to banks	5,130	3,350	1,027	9,507	5,295	3,317	1,388	10,000
Liabilities from customer deposits (banking)	13,211	3,574	20	16,805	12,808	3,781	22	16,611
Trade payables	10,932	–	–	10,932	8,644	–	–	8,644
Lease liabilities	483	1,167	990	2,640	512	1,227	1,028	2,767
Commercial paper	1,374	–	–	1,374	550	–	–	550
Other financial liabilities	321	116	301	738	120	288	357	765
DERIVATIVE FINANCIAL LIABILITIES								
With gross settlement	1,434	937	9	2,380	432	248	14	694
Cash outflows	29,300	15,117	166	44,583	14,910	5,544	631	21,085
Cash inflows	- 27,866	- 14,180	- 157	- 42,203	- 14,478	- 5,296	- 617	- 20,391
With net settlement	219	216	88	523	380	144	28	552
Cash outflows	219	216	88	523	380	144	28	552
Total financial liabilities	53,334	52,053	13,256	118,643	49,264	54,598	14,767	118,629

The cash flows from non-derivative liabilities comprise principal repayments and the related interest. The amounts disclosed for derivative instruments comprise only cash flows relating to derivatives that have a negative fair value at the balance sheet date. In the case of derivatives with a negative

fair value, an overall positive cash flow can arise due to the various yield curves used. At 31 December 2021 credit commitments available at short notice to dealerships which had not been called upon at the end of the reporting period amounted to € 18,334 million (2020: € 14,367 million).

Solvency is assured at all times by managing and monitoring the liquidity situation on the basis of a rolling cash flow forecast.

The resulting funding requirements are covered by a variety of instruments placed on the world's financial markets, with the aim to minimise risk by matching maturities with financing requirements and in alignment with a dynamic target debt structure.

As a further reduction of risk, a syndicated credit line totalling € 8 billion (2020: € 8 billion) from a consortium of international banks is available to the BMW Group. Intra-group cash flow fluctuations are balanced out by the use of daily cash pooling arrangements.

Further information is provided in the Combined Management Report.

Market risks

The principal market risks to which the BMW Group is exposed are currency risk, interest rate risk and raw materials market price risk.

Protection against such risks is provided in the first instance through natural hedging which arises when the values of non-derivative financial instruments have matching maturities and amounts (netting). Derivative financial instruments are used to reduce the risk remaining after netting.

Currency, interest rate and raw materials market price risks of the BMW Group are managed at a corporate level.

Further information is provided in the "Outlook, Risk and Opportunity Management" section of the Combined Management Report.

Currency risk

As an enterprise with worldwide operations, the BMW Group conducts business in a variety of currencies, from which currency risks arise. In order to hedge currency risks, the BMW Group holds, as at 31 December 2021, derivative finan-

cial instruments mostly in the form of forward currency contracts and currency swaps.

As part of the implementation of the risk management strategy, the extent to which risk exposures should be hedged is decided at regular intervals.

The economic relationship between the hedged item and the hedging instrument is based essentially on the fact that they are denominated in the same currency and have the same maturities. Items are hedged on the basis of a constant ratio of one to one between hedging instrument and risk exposure.

Causes of hedge ineffectiveness are seen potentially only for counterparty credit risk. However, in view of the processes that have been established for credit risk management, ineffectiveness is not expected to arise.

The BMW Group measures currency risk using a cash-flow-at-risk model. The analysis of currency risk is based on forecast foreign currency transactions which could result in exposures to surpluses of foreign currency cash inflows and cash outflows. At the end of the reporting period, the overall currency exposure – in each case for the following year and determined by aggregating the individual currency exposures based on their absolute amount – was as follows:

in € million	31.12.2021	31.12.2020
Currency exposure	38,134	33,975

Currency exposures include short positions amounting to € 2,715 million (2020: € 5,222 million). In addition, a currency risk exposure existed at the reporting date on the purchase price payable arising in connection with the increase in the BMW Group's stake in the BMW Brilliance joint venture for a euro-equivalent amount of € 3,857 million. The transaction was completed in February 2022. Further information is provided in [note 3](#) Increased shareholding in BMW Brilliance Automotive Ltd.

This exposure is compared to all hedges that are in place. The net cash flow surplus represents an uncovered risk position. The cash-flow-at-risk approach involves showing the impact of potential exchange rate fluctuations on operating cash flows on the basis of probability distributions. Volatilities and correlations serve as the main input factors to determine the relevant probability distributions.

The potential negative impact on earnings is calculated at the reporting date for each currency for the following financial year on the basis of current market prices and exposures with a confidence level of 95 %. The risk mitigating effect of correlations between the various currencies is taken into account when the risks are aggregated.

The following table shows the potential negative impact for the BMW Group for the following year resulting from unfavourable changes in exchange rates, measured on the basis of the cash-flow-at-risk approach.

in € million	31.12.2021	31.12.2020
Cash flow at risk	564	531

Interest rate risk

Interest rate risks arise when funds are borrowed and invested with differing fixed-rate periods or differing terms. At the BMW Group, all items subject to, or bearing, interest are exposed to interest rate risk and can therefore affect both the assets and liabilities side of the balance sheet.

The fair value of the Group's interest rate portfolios was as follows at the end of the reporting period:

in € million	31.12.2021	31.12.2020
Fair values of interest rate portfolios	63,835	58,545

Interest rate risk is managed through the use of interest rate derivatives. As part of the implementation of the risk management strategy, interest rate risks are monitored and managed at regular intervals. The interest rate contracts used for hedging purposes comprise mainly swaps, which, if hedge accounting is applied, are accounted for as fair value hedges. The economic relationship between the hedged item and the hedging instrument is based on the fact that the main parameters of the hedged item and the related hedging instrument, for example start date, term and currency, are the same. Items are hedged on the basis of a constant ratio of one to one between hedging instrument and risk exposure.

In view of the fact that own credit risk is excluded from the hedging relationship, ineffectiveness is expected to be low.

For selected fixed-interest assets, part of the interest rate risk is hedged on a portfolio basis.

In this case, swaps are used as the hedging instrument. Hedge relationships are terminated and redesignated on a monthly basis at the end of each reporting period, thereby taking account of the constantly changing content of each portfolio.

In light of the reform and replacement of certain benchmark interest rates, some of the BMW Group's hedging relationships have been redesignated to take account of alternative benchmark interest rates.

The transition to the newly created or revised benchmark interest rates is being managed, monitored and assessed with regard to risk management implications as part of a multidisciplinary project. The tasks of the conversion project includes the continual monitoring of regulatory developments, the initiation of necessary changes to systems, processes, risk and measurement models as well as the clarification of the associated accounting and financial reporting implications. The uncertainty triggered by the benchmark interest rate reform, in the meantime relating primarily to the USD and CAD, is expected to be eliminated during the financial year 2022.

The BMW Group's fair value hedges affected by the reform are mainly based on the benchmark interest rates relating to the British pound (GBP), the US dollar (USD) and the Japan yen (JPY). Fair value hedges for which GBP LIBOR and JPY LIBOR were previously designated as the hedged risk were converted during the financial year 2021, with GBP LIBOR replaced by the SONIA benchmark interest rate and JPY LIBOR replaced by the TONA benchmark interest rate. The BMW Group continues to see the economic link and has therefore continued to account the pertinent items as fair value hedges. The notional amount of financial derivatives

that have been transferred with effect from 31 December 2021 to an alternative benchmark interest rate in accordance with the IBOR Fallbacks Protocol totals € 6,890 million (mainly GBP LIBOR € 4,229 million and JPY LIBOR € 2,279 million).

In the case of USD LIBOR and CAD CDOR, uncertainty remains as to the exact timing and nature of the changes. The notional amount of financial derivatives not yet converted to an alternative interest rate at 31 December 2021 is € 12,522 million (USD LIBOR € 12,522 million). The nominal amount of non-derivative financial liabilities not yet converted to an alternative interest rate is € 700 million (thereof USD LIBOR € 387 million and CAD CDOR € 313 million).

The BMW Group applies a value-at-risk approach throughout the Group for internal reporting purposes and to manage interest rate risk. This approach is based on a historical simulation in which the potential future fair value losses of the interest rate portfolios are compared across the Group with expected amounts on the basis of a holding period of 250 days and a confidence level of 99.98 %. The risk mitigating effect of correlations between the various portfolios is taken into account when the risks are aggregated.

In the following table the potential volumes of fair value fluctuations – measured on the basis of the value-at-risk approach – are compared with the expected value for the interest-rate-sensitive exposures of the BMW Group:

in € million	31.12.2021	31.12.2020
Value at risk	1,237	1,160

Raw materials price risk

The BMW Group is exposed to market price risks on raw materials. In order to hedge these risks, the Group mainly uses forward commodity contracts. As part of the implementation of the risk management strategy, the extent to which risk exposures should be hedged is decided at regular intervals and the corresponding hedging ratio defined. Items are hedged on the basis of a constant ratio of one to one between hedging instrument and risk exposure.

Causes of hedge ineffectiveness are seen potentially only for counterparty credit risk. However, in view of the processes that have been established for credit risk management, ineffectiveness is not expected to arise.

The economic relationship between the hedged item and the hedging instrument is based essentially on the fact that they have the same basis and term. The BMW Group designates only the commodity price index-linked raw material surcharge, which is specified in the purchase contracts of vehicle components, as a hedged item. The proportion of the hedged risk component as a percentage of the total fair value depends on the specific types of vehicle component involved. Other price components contained in the contract are not designated as being part of the hedge relationship as no effective hedging instruments exist for these components.

The starting point for analysing raw materials price risk is to identify planned purchases of raw materials or components containing raw materials, the so-called "exposure". At each reporting date, the exposure for the following financial year amounted to:

in € million	31.12.2021	31.12.2020
Raw material price exposures	6,872	4,204

This exposure is compared to all hedges that are in place. The net cash flow surplus represents an uncovered risk position.

The cash-flow-at-risk approach involves showing the impact of potential raw materials market price fluctuations on operating cash flows on the basis of probability distributions. Volatilities and correlations serve as input factors to assess the relevant probability distributions.

The potential negative impact on earnings is calculated at the reporting date for each raw materials category for the following financial year on the basis of current market prices and exposure with a confidence level of 95 %. The risk mitigating effect of correlations between the various categories of raw materials is taken into account when the risks are aggregated.

The following table shows the potential negative impact for the BMW Group resulting from fluctuations in prices across all categories of raw materials, measured on the basis of the cash-flow-at-risk approach. The risk at each reporting date for the following financial year was as follows:

in € million	31.12.2021	31.12.2020
Cash flow at risk	597	310

Disclosures on hedging measures

The following disclosures on hedging measures include derivatives of fully consolidated companies that are designated as a hedging instrument. The amounts shown in the table are stated before deferred taxes and take account of additional effects arising from the application of the modified closing rate method.

The nominal amounts of hedging instruments were as follows:

	31.12.2021		
	Maturity within one year	Maturity between one and five years	Maturity later than five years
Currency risks	21,670	11,996	-
Interest rate risks	9,474	25,145	11,251
Raw material price risks	2,669	2,442	-
Nominal amounts of hedging instruments	33,813	39,583	11,251

	31.12.2020		
	Maturity within one year	Maturity between one and five years	Maturity later than five years
Currency risks	11,939	4,530	-
Interest rate risks	8,082	28,213	12,373
Raw material price risks	1,449	1,792	-
Nominal amounts of hedging instruments	21,470	34,535	12,373

The following table shows the most significant average hedging rates of hedging transactions used by the BMW Group:

Currency risks	31.12.2021	31.12.2020
EUR/CNY	7.99	8.05
EUR/USD	1.23	-
EUR/GBP	0.87	0.87
EUR/KRW	1,341.73	1,334.86
EUR/JPY	-	124.20

in this context relate to variable yield curves relating to the euro, US dollar and British pound currency areas.

A cash-flow-at-risk approach to risk management involves making use of portfolio effects. No JPY-denominated hedging transactions were in hedging relationships at the end of the year under report (2020: no USD-denominated hedging transactions).

Raw material price risks	31.12.2021	31.12.2020
Aluminium (EUR/t)	1,730	1,573
Copper (EUR/t)	5,389	4,568
Nickel (EUR/t)	14,475	11,188
Palladium (EUR/oz)	1,822	1,350
Platinum (EUR/oz)	676	701

Information on average interest hedge rates is not provided, since interest rate derivatives designated as hedging instruments are used exclusively to hedge items in fair value hedges. The hedge rates therefore correspond in each case to current market interest rate level. Most of the hedges used

The following table provides information on the nominal amounts, carrying amounts and fair value changes of contracts designated as hedging instruments:

in € million
Cash Flow Hedges
Currency risks
Raw material price risks
Fair Value Hedges
Interest rate risks

	31.12.2021				31.12.2020			
	Carrying amounts				Carrying amounts			
	Nominal amounts			Change in fair value of designated components	Nominal amounts			Change in fair value of designated components
	Assets	Liabilities			Assets	Liabilities		
Cash Flow Hedges								
Currency risks	33,666	437	905	- 795	16,469	277	54	1,169
Raw material price risks	5,111	1,159	101	820	3,241	574	58	466
Fair Value Hedges								
Interest rate risks	57,920	1,012	250	- 1,138	59,774	1,992	248	723

The following table shows key information on hedged items for each risk category as well as the balances of designated components within accumulated other equity:

in € million
Cash Flow Hedges
Currency risks
Raw material price risks
Fair Value Hedges
Interest rate risks

	31.12.2021					31.12.2020				
	Carrying amounts			Balances in accumulated other equity		Carrying amounts			Balances in accumulated other equity	
	Assets	Liabilities	Change in value of hedged items	Continuing hedge relationships	Terminated hedge relationships	Assets	Liabilities	Change in value of hedged items	Continuing hedge relationships	Terminated hedge relationships
Cash Flow Hedges										
Currency risks	-	-	795	- 274	-	-	-	- 1,169	532	-
Raw material price risks	-	-	- 820	1,057	-	-	-	- 467	510	-
Fair Value Hedges										
Interest rate risks	10,611	56,985	1,141	-	-	8,483	58,714	- 720	-	-

The accumulated amount of hedge-related fair value adjustments is a negative amount of € 9 million (2020: positive amount of € 10 million) for assets and a positive amount of € 577 million (2020: positive amount of € 1,680 million) for liabilities.

Hedge relationships give rise to following effects:

in € million	2021			2020		
	Change of designated components in other comprehensive income	Change in costs of hedging in other comprehensive income	Hedge ineffectiveness recognised in income statement	Change of designated components in other comprehensive income	Change in costs of hedging in other comprehensive income	Hedge ineffectiveness recognised in income statement
Cash Flow Hedges						
Currency risks	- 806	55	-	554	198	-
Raw material price risks	547	-	-	509	-5	-
Fair Value Hedges						
Interest rate risks	-	17	3	-	2	3

Designated components and costs of hedging within accumulated other equity changed as follows:

in € million	2021						2020					
	Currency risks		Interest rate risk		Raw material price risk		Currency risks		Interest rate risk		Raw material price risk	
Designated component	Costs of hedging	Designated component	Costs of hedging	Designated component	Costs of hedging	Designated component	Costs of hedging	Designated component	Costs of hedging	Designated component	Costs of hedging	Designated component
Opening balance at 1 January	532	- 299	- 2	510	-	- 22	- 497	- 4	1	1	5	
Change in fair value during the reporting period	- 795	- 307	20	820	-	1,170	- 443	5	466	466	1	
Reclassification to profit or loss												
for continuing hedge relationships	- 4	355	- 3	-	-	- 512	557	- 3	-	-	-	
for terminated hedge relationships	- 7	7	-	-	-	- 104	84	-	- 29	- 29	-	
Reclassification to acquisition costs for inventories	-	-	-	- 273	-	-	-	-	72	72	- 6	
Closing balance at 31 December	- 274	- 244	15	1,057	-	532	- 299	- 2	510	510	-	

The nominal amount of hedging instruments that continue to be directly affected by the reform of the benchmark interest rates and USD LIBOR totals € 7,257 million.

40 Related party relationships

The following individuals and entities are related parties in accordance with IAS 24:

- Stefan Quandt and Susanne Klatten, as well as companies controlled by them
- The Board of Management and the Supervisory Board of the BMW Group
- Associated companies, joint ventures, non-consolidated subsidiaries, BMW Trust e.V. and BMW Foundation Herbert Quandt

Transactions of Group entities with related parties were carried out, without exception, in the normal course of business of each of the parties concerned and conducted at market conditions, i.e. conditions that are also granted to other third-party manufacturers.

During the year under report, members of the Board of Management and the Supervisory Board concluded vehicle purchase contracts and related service contracts as well as vehicle rental, vehicle leasing and vehicle financing contracts with BMW Group entities at market conditions.

Stefan Quandt, Germany, is a shareholder and Deputy Chairman of the Supervisory Board of BMW AG. He is also the sole shareholder and Chairman of the Supervisory Boards of DELTON Health AG, Bad Homburg v.d.H., and DELTON Technology SE, Bad Homburg v.d.H., as well as the sole shareholder of DELTON Logistics S.à.r.l., Grevenmacher, which via its subsidiaries, performed logistic-related services for the BMW Group during the financial year 2021. In addition, the DELTON companies held by Stefan Quandt acquired vehicles from the BMW Group by way of leasing.

Stefan Quandt, Germany, is also the indirect majority shareholder of SOLARWATT GmbH, Dresden. Cooperation arrangements are in place between BMW Group and SOLARWATT GmbH, Dresden, within the field of electric mobility. The focus of this collaboration is on the provision of complete photovoltaic solutions for rooftop systems and carports to BMW i customers. In addition, SOLARWATT GmbH purchases battery cells and related components for home battery storage applications as part of a supply project. In addition to the deliveries of goods described above, SOLARWATT GmbH, Dresden, also purchased vehicles from the BMW Group by way of leasing during the financial year 2021.

Susanne Klatten, Germany, is a shareholder and member of the Supervisory Board of BMW AG and also a shareholder and Deputy Chairwoman of the Supervisory Board of ALTANA AG, Wesel. In 2021, ALTANA AG, Wesel, acquired vehicles from the BMW Group, mainly by way of leasing.

Susanne Klatten, Germany, is also the sole shareholder and Chairwoman of the Supervisory Board of UnternehmerTUM GmbH, Garching. In 2021, the BMW Group bought in services from UnternehmerTUM GmbH, Garching, mainly in the form of consultancy and workshop services.

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Seen from the perspective of BMW Group entities, the volume of transactions with the above-mentioned entities was as follows:

in € thousand	Supplies and services performed		Supplies and services received		Receivables at 31 December		Payables at 31 December	
	2021	2020	2021	2020	2021	2020	2021	2020
DELTON Health AG (formerly DELTON AG)	1,821	1,950	-	-	-	1	-	-
DELTON Logistics S.à r.l.	1,090	1,235	19,450	19,068	65	5	3,362	1,574
SOLARWATT GmbH	8,827	2,363	49	-	1,369	287	-	-
ALTANA AG	2,572	2,425	251	273	315	243	49	80
UnternehmerTUM GmbH	-	37	809	1,310	-	-	337	510

A significant proportion of the BMW Group's transactions with related parties relates to the joint venture BMW Brilliance Automotive Ltd.

in € million	Supplies and services performed		Supplies and services received		Receivables at 31 December		Payables at 31 December	
	2021	2020	2021	2020	2021	2020	2021	2020
BMW Brilliance Automotive Ltd.	11,500	9,701	1,030	155	2,158	2,045	2,345	804

For the most part, this involves the sale of vehicle components to BMW Brilliance Automotive Ltd. for further processing. BMW Brilliance Automotive Ltd. also provides services and vehicles to BMW Group entities.

In total, the following amounts of goods and services were supplied to or received from other joint ventures and associated companies:

in € million	Supplies and services performed		Supplies and services received		Receivables at 31 December		Payables at 31 December	
	2021	2020	2021	2020	2021	2020	2021	2020
Other joint ventures and associated companies	27	32	70	64	5	8	15	9

Business relationships with non-consolidated companies are small in scale.

BMW Trust e.V., Munich, administers assets on a trustee basis to secure obligations relating to pensions in Germany and is therefore a related party of the BMW Group in accordance with IAS 24. This entity has no assets of its own. It had no income or expenses during the period under report. BMW AG bears expenses on an immaterial scale and performs services for BMW Trust e.V., Munich.

The BMW Foundation Herbert Quandt, Munich, is an independent corporate foundation and due to the BMW Group's significant influence, qualifies as a related party according to IAS 24. The BMW Group made donations to the BMW Foundation Herbert Quandt during the financial year 2021 totaling € 5.9 million (2020: € 6.4 million). No other significant transactions arose.

For disclosures relating to key management personnel, please see [note 43](#) and the Remuneration Report.

41 Share-based remuneration

The BMW Group provides three share-based programmes: one for eligible employees, one for senior heads of department and one for members of the Board of Management.

Employee Share Programme

In connection with the Employee Share Programme Share Programme, non-voting shares of preferred stock in BMW AG were granted in 2021 to qualifying employees at favourable conditions (see [note 31](#) Equity for the number and price of issued shares). Participants in the programme were entitled in 2021 to acquire packages of 10, 20, 30, 40 or 90 shares of preferred stock (2020: 8, 18 or 28) with a discount in each case of € 13.50 (2020: € 11.50) per share compared to the market price (average closing price in Xetra trading in the period from 28 October to 3 November 2021: € 74.28). The programme was open to employees who have been in an employment relationship with BMW AG or a wholly-owned BMW AG subsidiary in Germany, provided that the management of the subsidiary concerned has decided to participate in the programme. At the date of the announcement of the programme, there was a requirement for the employment relationship to have existed without interruption for at least one year and for it to continue until the transfer of the shares of preferred stock. Shares of preferred stock acquired in conjunction with the Employee Share Programme are subject to a vesting period of four years, starting from 1 January of the year in which the shares were acquired.

In the financial year under report, 1,718,070 (2020: 822,124) shares of preferred stock were acquired by employees. This figure includes 1,715,000 (2020: 822,000) shares out of Authorised Capital 2019, with the remainder bought back via the stock exchange. Every year the Board of Management of BMW AG decides whether the scheme is to be continued.

In the financial year 2021, the BMW Group recorded a personnel expense of € 23 million (2020: € 9 million) for the Employee Share Programme, corresponding to the difference between the market price and the reduced price of the shares of preferred stock purchased by employees.

Programme for senior heads of department and members of the Board of Management

The share-based remuneration programme in place in 2021 for qualifying departmental heads is aimed at rewarding a long-term, entrepreneurial approach to running the business on a sustainable basis. Under the terms of the programme, participants give a commitment to invest an amount equivalent to 26 % of their performance-based bonus in BMW common stock and to hold the shares so acquired for a minimum of four years. In return for the investment requirement, BMW AG pays 100 % of the investment amount as a net subsidy. Once the four-year holding period requirement has been fulfilled, the participants receive – for each three common stock shares held and at the Company's option – one additional share of common stock or the cash equivalent, to be decided at BMW AG's discretion.

With effect from the financial year 2021, the members of the Board of Management receive an earmarked cash amount (personal investment cash amount), net of taxes and deductions to be invested in BMW AG common stock. The personal investment cash amount is paid after the end of the Annual General Meeting, at which the separate financial statements of BMW AG for the relevant financial year are presented. The shares of common stock are purchased immediately after the personal investment cash amount has been paid out, and, with effect from the date of purchase, are subject to a holding period of four years. The target amount for the personal investment cash amount comprises a RoCE component (50 %) and a strategic focus targets component (50 %). The RoCE component is determined on the basis of a RoCE factor that depends on the RoCE achieved in the Automotive segment in the grant year. The strategic focus targets com-

ponent is determined on the basis of at least two strategic focus targets that are required to be defined before the start of the financial year. Minimum, target and maximum values are defined and factors stipulated for the Automotive segment's RoCE as well as for each strategic focus target. After the end of the financial year, the relevant factors are determined on the basis of target achievement.

Up to and including 2020, the members of the Board of Management received an earmarked cash amount (investment component) amounting to 45 % of the gross amount of the bonus, which, net of taxes and deductions, was required to be invested in BMW common stock, also subject to a four-year holding period, after which the member of the Board of Management received, at BMW AG's discretion, one additional share of common stock for every three shares held or, alternatively, the equivalent value in cash (matching component).

In the event of death or invalidity, special rules apply for early payment of share-based remuneration components based on the target amounts. Insofar the service contract is prematurely terminated and the Company has an extraordinary right of termination, or if the Board member resigns without the Company's agreement, entitlements to amounts as yet unpaid relating to share-based remuneration are forfeited.

The members of the Board of Management in office at the end of the reporting period hold 58,560 shares of BMW common stock based on holding requirements arising from share-based remuneration for the financial years 2017 to 2020 (2020: 44,037).

The share-based remuneration component is measured at its fair value at each balance sheet date between grant and settlement date, and on the settlement date. The amounts are recognised as personnel expense on a straight-line basis over the vesting period and reported in the balance sheet as a provision.

The remuneration system for Board of Management members no longer provides for a matching component for financial years from 2021 onwards.

The cash-settlement obligation for the share-based remuneration component is measured at its fair value at the balance sheet date (based on the closing price of BMW AG common stock in Xetra trading at 31 December 2021).

The total carrying amount of the provision for the share-based remuneration component of current and former Board of Management members and senior heads of department at 31 December 2021 was € 8,347,245 (2020: € 6,383,766).

The total expense recognised in 2021 for the share-based remuneration component of current and former Board of Management members and senior heads of department was € 2,743,398 (2020: € 1,820,265).

The fair value of the programmes for senior heads of department at the date of grant of the share-based remuneration components was € 1,317,984 (2020: € 987,759), based on a total of 18,341 shares (2020: 13,444 shares) of BMW AG common stock or a corresponding cash-based settlement measured at the relevant market share price prevailing on the grant date.

The previous year's value includes the fair value of the programmes at grant date as well as the shares granted to members of the Board of Management.

42 Declaration with respect to the Corporate Governance Code

The Board of Management and the Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft have issued the prescribed Declaration of Compliance pursuant to §161 of the German Stock Corporation Act. It is included in the Corporate Governance Statement, which is on BMW Group website at www.bmwgroup.com/entsprechenserclaerung.

43 Remuneration of members of the Board of Management and Supervisory Board

The total remuneration of the current members of the Board of Management and the Supervisory Board of BMW AG expensed for the financial year 2021 in accordance with IFRS comprised the following:

in € million	2021	2020
Compensation to members of the Board of Management		
Short-term benefits	35.3	16.9
Other long-term benefits	8.5	3.9
Benefits in conjunction with the termination of board activity	1.1	0.6
Share-based remuneration component	0.5	0.6
Compensation to members of the Supervisory Board		
Current compensation	5.5	5.6
Total expense	50.9	27.6

For the financial years 2018 up to and including the financial year 2020, variable cash remuneration was supplemented by a multi-year and future-oriented Performance Cash Plan (PCP). The PCP assessment period comprises three years, the grant year and the two subsequent years. The PCP is paid out after the end of the three-year assessment period.

No further shares were granted to active current members of the Board of Management during the financial year under report (2020: 7,001 shares). In the previous year, the fair value of the shares granted amounted to € 0.5 million.

The expense recognised for the current members of the Board of Management for the share-based remuneration arrangements in place up to and including 2020 amounted to € 0.5 million (2020: € 0.6 million). At 31 December 2021, the provision for the share-based remuneration component amounted to € 1.6 million (2020: € 1.6 million).

The total remuneration of former members of the Board of Management and their dependants amounted to € 14.2 million (2020: € 13.1 million).

Pension obligations to current members of the Board of Management are covered by provisions amounting to € 18.9 million (2020: € 14.7 million), determined in accordance with IAS 19.

Pension obligations to former members of the Board of Management and their surviving dependants, also determined in accordance with IAS 19, amounted to € 114.3 million (2020: € 118.8 million).

The remuneration arrangements applicable for members of the Supervisory Board do not include any stock options, value appreciation rights comparable to stock options or any other share-based remuneration components.

In accordance with the Articles of Incorporation, each member of the Supervisory Board of BMW AG who does not perform any additional remuneration-relevant functions receives a fixed remuneration of € 200,000 p. a. plus an attendance fee of € 2,000 per plenary meeting in addition to the reimbursement of reasonable expenses.

Supervisory Board members who perform remuneration-relevant functions, such as the Chairman or Deputy Chairman of the Supervisory Board, as well as chairs and members of committees (provided the committee has met on at least three days of the financial year) receive higher remuneration due to the additional requirements.

REMUNERATION SUPERVISORY BOARD*

	Factor	Amount in € p. a.
Member of the Supervisory Board	1.00	200,000
Chairman of the Supervisory Board	3.00	600,000
Deputy Chairman of the Supervisory Board	2.00	400,000
Chairman of the Audit Committee	2.25	450,000
Chairman of another committee	2.00	400,000
Member of the Audit Committee	2.00	400,000
Member of another committee	1.50	300,000

* If a Supervisory Board member performs several additional remuneration-relevant functions, their remuneration is measured only on the basis of the function that is remunerated with the highest amount.

No loans or advances were granted to members of the Board of Management and the Supervisory Board by BMW AG or its subsidiaries in the financial year 2021, nor were any contingent liabilities entered into in their favour. During the year under report, members of the Board of Management and the Supervisory Board concluded vehicle leasing contracts and related service contracts (service and repair) with BMW Group entities at market conditions.

The remuneration of members of the Board of Management and the Supervisory Board is structured as follows:

REMUNERATION BOARD OF MANAGEMENT AND SUPERVISORY BOARD

COMPONENT	Parameters / measurement base, applicable amounts
FIXED REMUNERATION COMPONENTS (SHORT-TERM BENEFITS)	
Base remuneration	<p>Member of the Board of Management:</p> <ul style="list-style-type: none"> — € 0.90 million p. a. (first period of office) — € 1.05 million p. a. (from second period of office or fourth year of mandate) <p>Chairman of the Board of Management:</p> <ul style="list-style-type: none"> — € 1.95 million p. a. — Monthly payment on time-apportioned basis
Fringe benefits	Contractual agreement, main points: non-cash benefits from the use of company cars and the BMW chauffeur service, insurance premiums, contributions towards security systems, employee discounts
Compensation payments	The Supervisory Board may award payments to compensate for loss of salary from a previous employment relationship and to cover relocation costs in the case of new entrants.
Retirement benefits (other long-term benefits)	<p>Defined contribution system with a guaranteed minimum return</p> <p>Benefits based on amounts credited to individual savings accounts for contributions paid and interest earned, various forms of disbursement</p> <p>Pension contribution p. a.:</p> <ul style="list-style-type: none"> Member of the Board of Management: € 400,000 Chairman of the Board of Management: € 700,000

Remuneration linked to corporate strategy

- Base remuneration has the effect of discouraging unduly high levels of risk being taken to achieve short-term targets, thus contributing to the long-term development of the Company
- Fixed remuneration components are a prerequisite for competitive levels of remuneration to attract and retain Board of Management members with the right qualifications

VARIABLE REMUNERATION COMPONENTS (SHORT-TERM BENEFITS)

Bonus	
Bonus (sum of earnings component and performance component)	<ul style="list-style-type: none"> — Target amount p. a. (at 100 % target achievement): <ul style="list-style-type: none"> — € 0.95 million (first period of office) — € 1.15 million (from second period of office or fourth year of mandate) — € 2.10 million (Chairman of the Board of Management) — Capped at 180 % of target amount — Payment after the Annual General Meeting at which the Company Financial Statements are presented for the relevant financial year

COMPONENT	Parameters / measurement base, applicable amounts
VARIABLE REMUNERATION COMPONENTS (SHORT-TERM BENEFITS)	
Bonus	
Earnings component (at 100 % target achievement corresponds to 50 % of target amount)	<ul style="list-style-type: none"> — Assessment period one year — Base amount p. a. (50 % of target bonus amount): <ul style="list-style-type: none"> — € 0.475 million (first period of office) — € 0.575 million (from second period of office or fourth year of mandate) — € 1.050 million (Chairman of the Board of Management) — Formula: 50 % of target amount x performance factor — Earnings factor is derived from a predefined allocation based on the parameters <ul style="list-style-type: none"> — Profit attributable to shareholders of BMW AG and Group post-tax return on sales in grant year — The earnings factor is 1.0 in case of a profit attributable to shareholders of BMW AG amounting to € 5.3 billion and a Group post-tax return on sales of 5.6 % — The earnings factor is 1.5 in case of a profit attributable to shareholders of BMW AG amounting to € 6.9 billion and a Group post-tax return on sales of 7.3 % — The earnings factor is 0 in case of a profit attributable to shareholders of BMW AG below € 3.0 billion or a Group post-tax return on sales of below 3.0 % — Earnings factor may not exceed 1.8 — Maximum amount of earnings component p. a.: <ul style="list-style-type: none"> — € 0.855 million (first period of office) — € 1.035 million (from second period of office or fourth year of mandate) — € 1.890 million (Chairman of the Board of Management)
Performance component (at 100 % target achievement corresponds to 50 % of target amount)	<ul style="list-style-type: none"> — Assessment period one year — Base amount p. a. (50 % of target bonus amount): <ul style="list-style-type: none"> — € 0.475 million (first period of office) — € 0.575 million (from second period of office or fourth year of mandate) — € 1.050 million (Chairman of the Board of Management) — Formula: 50 % of target amount x performance factor — Primarily qualitative, non-financial criteria, expressed in terms of a performance factor aimed at measuring the Board member's contribution to sustainable and long-term performance and corporate orientation — Relevant period is the vesting year — Additional trend analysis over at least three financial years — Composition of performance factor: <ul style="list-style-type: none"> — 50 % cross-divisional targets with ESG criteria — 40 % other cross-divisional targets — 10 % individual targets — Criteria for the cross-divisional targets with ESG criteria include in particular: innovation performance (environmental, e. g. reduction of carbon emissions), development of the BMW Group's reputation based on ESG aspects (e. g. corporate culture, promotion of integrity and compliance), adaptability, attractiveness as an employer, leadership performance — Criteria for the other cross-divisional targets include in particular: market position compared to competitors, innovation performance (economic), development of the BMW Group's reputation based on non-ESG-related aspects (e. g. perception on capital markets, brand strength), customer orientation — Measurement parameters and target values are determined before the start of the financial year — Performance factor may not exceed 1.8 — Maximum amount of performance component p. a.: <ul style="list-style-type: none"> — € 0.855 million (first period of office) — € 1.035 million (from second period of office or fourth year of mandate) — € 1.890 million (Chairman of the Board of Management)

Remuneration linked to corporate strategy

- Earnings component of bonus rewards attainment of financial targets and is beneficial for earnings-related aspects of business strategy
- Performance component of bonus motivates the pursuit of non-financial strategic targets and is therefore beneficial for the long-term development of the BMW Group

COMPONENT	Parameters / measurement base, applicable amounts
SHARE-BASED REMUNERATION (SHORT-TERM BENEFITS)	
Personal investment cash amount	<ul style="list-style-type: none"> — Requirement for Board of Management members to invest an earmarked cash amount (personal investment cash amount), net of tax and deductions, in shares of BMW common stock — Requirement for Board of Management members to hold the acquired shares of BMW common stock for at least four years (share ownership) — Assessment period of five years in total (one year for determining the personal investment cash amount, four years holding requirement)
Basis of computation	<ul style="list-style-type: none"> — Target amount p. a. (at 100 % target achievement): <ul style="list-style-type: none"> — € 1.10 million (first period of office) — € 1.28 million (from second period of office or fourth year of mandate) — € 2.35 million (Chairman of the Board of Management) — 50 % of target amount depends on RoCE achieved in the Automotive segment (RoCE component) — 50 % of the target amount depends on the achievement of predefined strategic focus targets (strategic focus target component) — Capped at 180 % of target amount — Payment after the Annual General Meeting at which the Company Financial Statements are presented for the relevant financial year
RoCE component (at 100 % target achievement corresponds to 50 % of target amount)	<ul style="list-style-type: none"> — Target amount RoCE component p. a. (50 % of target amount of the personal investment cash amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office) — € 0.264 million (from second period of office or fourth year of mandate) — € 1.175 million (Chairman of the Board of Management) — Formula: 50 % of target amount x RoCE factor — RoCE factor is derived from the RoCE achieved in the Automotive segment for the grant year — Minimum, target and maximum values for RoCE are defined before the start of the financial year — RoCE factor may not exceed 1.8 — Maximum amount of RoCE component p. a.: <ul style="list-style-type: none"> — € 0.990 million (first period of office) — € 1.152 million (from second period of office or fourth year of mandate) — € 2.115 million (Chairman of the Board of Management)
Strategic focus target component (at 100 % target achievement corresponds to 50 % of target amount)	<ul style="list-style-type: none"> — Target amount strategic focus target component p. a. (50 % of target amount of personal investment cash amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office) — € 0.64 million (from second period of office or fourth year of mandate) — € 1.175 million (Chairman of the Board of Management) — At least two strategic focus targets derived from the strategic plan — Weighting of the strategic focus targets is decided before the start of the financial year — Formula in event of two strategic focus targets with equal weighting p. a.: <ul style="list-style-type: none"> 25 % of target amount for personal investment cash amount x factor for strategic focus target 1 + 25 % of target amount for personal investment cash amount x factor for strategic focus target 2 — Minimum, target and maximum values are defined before the start of the financial year — Factor for each strategic focus target may not exceed 1.8 — Maximum amount of strategic focus target component p. a.: <ul style="list-style-type: none"> — € 0.990 million (first period of office) — € 1.152 million (from second period of office or fourth year of mandate) — € 2.115 million (Chairman of the Board of Management)
Remuneration linked to corporate strategy	<ul style="list-style-type: none"> — personal investment cash amount is 50 % dependent on key performance indicator RoCE and is therefore directly linked to a key measure of corporate strategy and reflects BMW AG's aspiration to generate a significant premium on the cost of capital — The remaining 50 % of the personal investment cash amount is beneficial for the attainment of strategic focus targets and therefore contributes to the BMW Group's operational success in strategically important areas — Commitment to purchase shares of BMW AG common stock and four-years holding requirement is beneficial for the long-term development of the BMW Group

COMPONENT	Parameters / measurement base, applicable amounts
MALUS AND CLAWBACK RULES	
Malus	<ul style="list-style-type: none"> — Agreement to withhold variable remuneration in the event of specified serious compliance violations or (withholding amounts provisionally) in the event of reasonable suspicions of such — Amounts may also be withheld in principle after a member has left the Board
Clawback	<ul style="list-style-type: none"> — Agreement entitling the BMW Group to reclaim variable remuneration already paid out in the event of specified incidences of non-compliance, incorrect calculation bases or incorrect financial statements — Amounts may also be clawed back in principle after a member has left the Board

44 Events after the end of the reporting period

On 11 February 2022, the BMW Group acquired a further 25 % of the shares in the previous joint venture BMW Brilliance Automotive Ltd. Further information is provided in [↗ note 3](#) Increased shareholding in BMW Brilliance Automotive Ltd.

The war in Ukraine had no impact on the Consolidated Financial Statements for the year ended 31 December 2021. Any potential effects on the BMW Group's business performance are being monitored on an ongoing basis. Due to the current situation, local production in Russia as well as the export of automobiles and motorcycles to the Russian market have been discontinued for the foreseeable future. The war in Ukraine is having a substantial negative effect on the country's automotive suppliers. The resulting supply restrictions have led to production schedule adjustments and interruptions at a number of BMW Group plants, which in turn is likely to have a negative impact on automobile sales figures. For this reason, the corresponding key performance indicators reported by the Automotive segment are now forecast to be down on the previous year. The war in Ukraine is not currently expected to have a significant impact on the business performance of the Motorcycles and Financial Services segments.

Current estimates and assumptions for the financial year 2022, to the extent already known, have been taken into account and described in the outlook. However, the outlook does not factor in a significant tightening of sanctions against Russia and/or an escalation of the conflict outside Ukraine. Similarly, additional major price hikes for energy and raw materials, including rises triggered by the war in Ukraine and/or the related sanctions, have not been taken into account.

Apart from this, no other events have occurred since the end of the financial year which could have a major impact on the results of operations, financial position and net assets of BMW AG and the BMW Group.

SEGMENT INFORMATION

45 Explanatory notes to segment information

Information on reportable segments

For the purposes of presenting segment information, the activities of the BMW Group are divided into operating segments in accordance with IFRS 8. The segmentation follows the internal management and reporting system and takes account of the organisational structure of the BMW Group based on the various products and services of the reportable segments.

The activities of the BMW Group are broken down into the operating segments Automotive, Motorcycles, Financial Services and Other Entities.

Within the Automotive segment, the BMW Group develops, manufactures, assembles and sells automobiles powered with all-electric drive systems, plug-in hybrid systems and highly efficient combustion engines, as well as spare parts, accessories and mobility services under the BMW, MINI and Rolls-Royce brands. BMW and MINI brand products are sold in Germany through branches of BMW AG and by independent, authorised dealers. Sales outside Germany are handled mainly by subsidiary companies and by independent import companies in some markets. Rolls-Royce brand vehicles are sold in selected markets via subsidiary companies and elsewhere by independent, authorised dealers.

Activities relating to the development, manufacture, assembly and sale of motorcycles as well as spare parts and accessories are reported in the Motorcycles segment.

Automobile leasing, retail and dealership financing, multi-brand fleet business, customer deposit business and insurance activities are the main activities allocated to the Financial Services segment.

Holding and Group financing companies are reported in the Other Entities segment. This segment also includes the operating companies BMW (UK) Investments Ltd. and Bavaria Lloyd Reisebüro GmbH, which are not allocated to one of the other segments.

Internal management and reporting

Segment information is prepared as a general rule in conformity with the accounting policies adopted for preparing and presenting the Group Financial Statements. Exceptions to this general principle include the treatment of inter-segment warranties, the earnings impact of which is allocated to the Automotive and Financial Services segments on the basis used internally to manage the business. In addition, intragroup repurchase agreements between the Automotive and Financial Services segments pursuant to IFRS 15, impairment allowances on intragroup receivables and changes in the value of consolidated other investments pursuant to IFRS 9 are also excluded. Intragroup leasing arrangements are not reflected in the internal management and reporting system on an IFRS 16 basis and therefore, in

accordance with IFRS 8, do not give rise to any changes in the presentation of segment information. Inter-segment receivables and payables, provisions, income, expenses and profits are eliminated upon consolidation. Inter-segment revenues are based on market prices. Centralised cost components are included in the respective segments, without resulting in cash settlement.

The role of "chief operating decision maker" with respect to resource allocation and performance assessment of the reportable segment is embodied in the full Board of Management. For this purpose, different measures of segment performance as well as segment assets are taken into account in the operating segments.

The Automotive and Motorcycles segments are managed on the basis of return on capital employed (RoCE). The relevant measure of segment results used is therefore profit before financial result. Capital employed is the corresponding measure of segment assets used to determine how to allocate resources and comprises all current and non-current operational assets after deduction of liabilities used operationally which are generally not subject to interest (e.g. trade payables).

With effect from the reporting year 2022, a simplified definition of capital employed will be applied to make the RoCE calculation more comprehensible and transparent for users. Further information is provided in the section "Managing operational performance at segment level" within the Combined Management Report.

The success of the Financial Services segment is measured on the basis of return on equity (RoE). Profit before tax therefore represents the relevant measure of segment earnings. The measure of segment assets in the Financial Services segment corresponds to net assets, defined as total assets less total liabilities.

The success of the Other Entities segment is assessed on the basis of profit or loss before tax. The corresponding measure of segment assets used to manage the Other Entities segment is total assets less asset-side income tax items and intragroup investments.

Segment information by operating segment is as follows:

in € million	Automotive		Motorcycles		Financial Services		Other Entities		Reconciliation to Group figures		Group	
	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020	2021	2020
External revenues	77,173	68,106	2,761	2,293	31,304	28,590	1	1	-	-	111,239	98,990
Inter-segment revenues	18,303	12,747	- 13	- 9	1,563	1,454	4	2	- 19,857	- 14,194	-	-
Total revenues	95,476	80,853	2,748	2,284	32,867	30,044	5	3	- 19,857	- 14,194	111,239	98,990
Segment result	9,870	2,162	227	103	3,753	1,725	531	- 235	1,679	1,467	16,060	5,222
Result from equity accounted investments	1,520	920	-	-	-	-	-	-	-	-	1,520	920
Capital expenditure on non-current assets	7,329	6,041	169	146	24,936	24,146	-	-	- 6,451	- 6,291	25,983	24,042
Depreciation and amortisation on non-current assets	6,341	5,978	119	119	10,567	12,054	-	-	- 5,269	- 6,175	11,758	11,976

in € million	Automotive		Motorcycles		Financial Services		Other Entities		Reconciliation to Group figures		Group	
	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020	31.12.2021	31.12.2020
Segment assets	17,466	15,779	619	681	17,324	15,555	97,917	98,226	96,201	86,417	229,527	216,658
Investments accounted for using the equity method	5,112	3,585	-	-	-	-	-	-	-	-	5,112	3,585

Write-downs on inventories to their net realisable value amounting to € 41 million (2020: € 59 million) were recognised by the Automotive segment in the financial year 2021. The reversal of impairment losses had a positive impact of € 5 million (2020: € 2 million) on the segment result of the Automotive segment.

The result of the Financial Services segment was negatively impacted by impairment losses totalling € 390 million (2020: € 362 million) recognised on leased products. Income from the reversal of impairment losses on leased products amounted to € 134 million (2020: € 126 million).

The Other Entities' segment result includes interest and similar income amounting to € 875 million (2020: € 1,169 million) and interest and similar expenses amounting to € 974 million (2020: € 1,232 million).

The information disclosed for capital expenditure and depreciation and amortisation relates to non-current property, plant and equipment, intangible assets and leased products.

The total of the segment figures can be reconciled to the corresponding Group figures as follows:

in € million	2021	2020
Reconciliation of segment result		
Total for reportable segments	14,381	3,755
Financial result of Automotive segment	1,935	560
Financial result of Motorcycles segment	1	- 3
Elimination of inter-segment items	- 257	910
Group profit before tax	16,060	5,222
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	32,434	30,333
Elimination of inter-segment items	- 6,451	- 6,291
Total Group capital expenditure on non-current assets	25,983	24,042
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	17,027	18,151
Elimination of inter-segment items	- 5,269	- 6,175
Total Group depreciation and amortisation on non-current assets	11,758	11,976

in € million	31.12. 2021	31.12. 2020
Reconciliation of segment assets		
Total for reportable segments	133,326	130,241
Non-operating assets – Automotive	66,942	59,677
Liabilities of Automotive segment not subject to interest	36,910	35,769
Non-operating assets – Motorcycles	40	39
Liabilities of Motorcycles segment not subject to interest	735	782
Total liabilities – Financial Services segment	136,113	132,062
Non-operating assets – Other Entities segment	7,676	7,007
Elimination of inter-segment items	- 152,215	- 148,919
Total Group assets	229,527	216,658

Information by region in € million	2021	2020	2021	2020*
Germany	14,206	13,638	41,202	40,254
China	25,333	21,315	308	213
USA	21,522	17,837	20,878	19,487
Rest of Europe	32,920	30,258	19,134	17,630
Rest of Asia	10,875	10,433	2,315	1,821
Rest of the Americas	3,821	3,379	3,222	3,192
Other regions	2,562	2,130	328	354
Eliminations	-	-	-7,317	- 6,764
Group	111,239	98,990	80,070	76,187

* Prior year's figures adjusted

LIST OF INVESTMENTS AT 31 DECEMBER 2021

46 List of investments at 31 December 2021

The List of Investments of BMW AG pursuant to § 285 and § 313 HGB is presented below. Disclosures for equity and earnings and for investments are not made if they are of "minor significance" for the results of operations, financial position and net assets of BMW AG pursuant to § 286 (3) sentence 1 no. 1 HGB and § 313 (3) sentence 4 HGB. It is also shown in the list which subsidiaries apply the exemptions available in § 264 (3) and § 264 b HGB with regard to the publication of annual financial statements and the drawing up of a management report and/or notes to the financial statements (footnotes 5 and 6). The Group Financial Statements of BMW AG serve as exempting consolidated financial statements for these companies.

AFFILIATED COMPANIES (SUBSIDIARIES) OF BMW AG AT 31 DECEMBER 2021

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
DOMESTIC^{1,10}			
BMW Beteiligungs GmbH & Co. KG, Munich ⁶	8,390	1,494	100
BMW INTEC Beteiligungs GmbH, Munich ^{3,6}	4,515	-	100
BMW Bank GmbH, Munich ³	2,075	251	100
BMW Finanz Verwaltungs GmbH, Munich	213	3	100
BMW Anlagen Verwaltungs GmbH, Munich ^{3,6}	179	-	100
BMW Vertriebszentren Verwaltungs GmbH, Munich	173	4	100
Parkhaus Oberwiesenfeld GmbH, Munich	106	27	100
Alphabet Fuhrparkmanagement GmbH, Munich ⁴	-	-	100
Alphabet International GmbH, Munich ^{4,5,6}	-	-	100
Bavaria Wirtschaftsagentur GmbH, Munich ^{3,5,6}	-	-	100
BMW Fahrzeugtechnik GmbH, Eisenach ^{3,5,6}	-	-	100
BMW Hams Hall Motoren GmbH, Munich ^{4,5,6}	-	-	100
BMW High Power Charging Beteiligungs GmbH, Munich ^{4,6}	-	-	100
BMW M GmbH Gesellschaft für individuelle Automobile, Munich ^{3,5,6}	-	-	100
BMW Vermögensverwaltungs GmbH, Munich	-	-	100
Bürohaus Petuelring GmbH, Munich	-	-	100
LARGUS Grundstücks-Verwaltungsgesellschaft mbH, Munich	-	-	100
Rolls-Royce Motor Cars GmbH, Munich ^{4,5,6}	-	-	100
BAVARIA-LLOYD Reisebüro GmbH, Munich	-	-	51

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<u>Companies</u>	<u>Equity in € million</u>	<u>Profit / loss in € million</u>	<u>Capital investment in %</u>
FOREIGN²			
Europe			
BMW Holding B. V., The Hague	17,535	2,049	100
BMW International Holding B. V., The Hague	4,055	2,185	100
BMW Österreich Holding GmbH, Steyr	3,286	1,167	100
BMW Financial Services (GB) Ltd., Farnborough	1,116	488	100
BMW Motoren GmbH, Steyr	937	192	100
BMW (Schweiz) AG, Dielsdorf	879	8	100
BMW Hellas Trade of Cars A. E., Kifissia	806	5	100
BMW i Ventures SCS SICAV-RAIF, Senningerberg	515	387	100
Alphabet España Fleet Management S. A.U., Madrid	417	19	100
BMW (UK) Holdings Ltd., Farnborough	316	779	100
BMW Russland Trading OOO, Moscow	315	313	100
BMW Finance N. V., The Hague	251	97	100
BMW Finance S. N.C., Guyancourt	251	46	100
BMW Austria Bank GmbH, Salzburg	203	8	100
BMW (UK) Ltd., Farnborough	198	82	100
ALPHABET (GB) Ltd., Farnborough	181	189	100
Rolls-Royce Motor Cars Ltd., Farnborough	132	92	100
BMW Finanzdienstleistungen (Schweiz) AG, Dielsdorf	118	19	100
Alphabet Austria Fuhrparkmanagement GmbH, Salzburg	-	-	100
Alphabet Belgium Long Term Rental NV, Aartselaar	-	-	100
Alphabet France Fleet Management S. A.S., Saint-Quentin-en-Yvelines	-	-	100
Alphabet Fuhrparkmanagement (Schweiz) AG, Dielsdorf	-	-	100
Alphabet Italia S. p.A., Trento	-	-	100

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<u>Companies</u>	Equity in € million	Profit / loss in € million	Capital investment in %
Alphabet Luxembourg S. A., Leudelange	-	-	100
Alphabet Nederland B. V., Breda	-	-	100
Alphabet Polska Fleet Management Sp. z o. o., Warsaw	-	-	100
Bavaria Reinsurance Malta Ltd., Floriana	-	-	100
BiV Carry I SCS, Senningerberg	-	-	100
BiV Carry II SCS, Senningerberg ⁹	-	-	100
BLMC Ltd., Farnborough	-	-	100
BMW (UK) Capital plc, Farnborough	-	-	100
BMW (UK) Investments Ltd., Farnborough	-	-	100
BMW (UK) Manufacturing Ltd., Farnborough	-	-	100
BMW Austria GmbH, Salzburg	-	-	100
BMW Austria Leasing GmbH, Salzburg	-	-	100
BMW Automotive (Ireland) Ltd., Dublin	-	-	100
BMW Bank 000, Moscow	-	-	100
BMW Belgium Luxembourg S. A. / N. V., Bornem	-	-	100
BMW Bulgaria EOOD, Sofia	-	-	100
BMW Central Medical Trustees Ltd., Farnborough	-	-	100
BMW Czech Republic s. r.o., Prague	-	-	100
BMW Denmark A/S, Copenhagen	-	-	100
BMW Distribution S. A.S., Vélizy-Villacoublay	-	-	100
BMW España Finance S. L., Madrid	-	-	100
BMW Financial Services (Ireland) DAC, Dublin	-	-	100
BMW Financial Services B. V., The Hague	-	-	100
BMW Financial Services Belgium S. A. / N. V., Bornem	-	-	100
BMW Financial Services Denmark A/S, Copenhagen	-	-	100
BMW Financial Services Polska Sp. z o. o., Warsaw	-	-	100

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<u>Companies</u>	Equity in € million	Profit / loss in € million	Capital investment in %
BMW Financial Services Scandinavia AB, Sollentuna	-	-	100
BMW France S. A., Montigny-le-Bretonneux	-	-	100
BMW Hungary Kft., Vecsés ⁹	-	-	100
BMW Iberica S. A., Madrid	-	-	100
BMW International Investment B. V., The Hague	-	-	100
BMW Italia Retail S. r.l., Rome	-	-	100
BMW Italia S. p.A., San Donato Milanese	-	-	100
BMW Madrid S. L., Madrid	-	-	100
BMW Malta Ltd., Floriana	-	-	100
BMW Nederland B. V., The Hague	-	-	100
BMW Norge AS, Fornebu	-	-	100
BMW Northern Europe AB, Stockholm	-	-	100
BMW Portugal Lda., Porto Salvo	-	-	100
BMW Renting (Portugal) Lda., Porto Salvo	-	-	100
BMW Romania S. R.L., Bucharest	-	-	100
BMW Services Ltd., Farnborough	-	-	100
BMW Slovenia distribucija motornih vozil d. o.o., Ljubljana	-	-	100
BMW Slovenská republika s. r.o., Bratislava	-	-	100
BMW Vertriebs GmbH, Salzburg	-	-	100
Oy BMW Suomi AB, Helsinki	-	-	100
Park Lane Ltd., Farnborough	-	-	100
Riley Motors Ltd., Farnborough	-	-	100
Swindon Pressings Ltd., Farnborough	-	-	100
The British Motor Corporation Ltd., Birmingham	-	-	100
Triumph Motor Company Ltd., Farnborough	-	-	100
Bavarian Sky Europe S. A. Compartment A, Luxembourg ¹¹	-	-	0

Notes to the Group
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Companies	Equity in € million	Profit / loss in € million	Capital investment in %
Bavarian Sky FTC, Compartiment French Auto Leases 4, Paris ¹¹	-	-	0
Bavarian Sky S. A., Compartiment A, Luxembourg ¹¹	-	-	0
Bavarian Sky S. A., Compartiment B , Luxembourg ¹¹	-	-	0
Bavarian Sky S. A., Compartiment German Auto Leases 5, Luxembourg ¹¹	-	-	0
Bavarian Sky S. A., Compartiment German Auto Leases 6, Luxembourg ¹¹	-	-	0
Bavarian Sky S. A., Compartiment German Auto Loans 10, Luxembourg ¹¹	-	-	0
Bavarian Sky S. A., Compartiment German Auto Loans 9, Luxembourg ¹¹	-	-	0
Bavarian Sky UK 3 plc, London ¹¹	-	-	0
Bavarian Sky UK 4 plc, London ¹¹	-	-	0
Bavarian Sky UK A Ltd., London ¹¹	-	-	0
Bavarian Sky UK B Ltd., London ¹¹	-	-	0
Bavarian Sky UK C Ltd., London ¹¹	-	-	0
Bavarian Sky UK D Ltd., London ¹¹	-	-	0
The Americas¹⁰			
BMW Manufacturing Co. LLC, Wilmington, Delaware	2,042	389	100
BMW Bank of North America Inc., Salt Lake City, Utah	1,473	202	100
BMW of North America LLC, Wilmington, Delaware	948	549	100
Financial Services Vehicle Trust, Wilmington, Delaware	698	405	100
BMW Canada Inc., Richmond Hill, Ontario	663	324	100
BMW (US) Holding Corp., Wilmington, Delaware	-	-	100
BMW Acquisitions Ltda., São Paulo	-	-	100
BMW Auto Leasing LLC, Wilmington, Delaware	-	-	100
BMW Consolidation Services Co. LLC, Wilmington, Delaware	-	-	100
BMW de Argentina S. A., Buenos Aires	-	-	100
BMW de Mexico S. A. de C. V., Mexico City	-	-	100

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<u>Companies</u>	Equity in € million	Profit / loss in € million	Capital investment in %
BMW do Brasil Ltda., Araquari	-	-	100
BMW Extended Service Corporation, Wilmington, Delaware	-	-	100
BMW Facility Partners LLC, Wilmington, Delaware	-	-	100
BMW Financeira S. A. Credito, Financiamento e Investimento, São Paulo	-	-	100
BMW Financial Services de Mexico S. A. de C. V. SOFOM, Mexico City	-	-	100
BMW Financial Services NA LLC, Wilmington, Delaware	-	-	100
BMW FS Funding Corporation, Wilmington, Delaware	-	-	100
BMW FS Receivables Corporation, Wilmington, Delaware	-	-	100
BMW FS Securities LLC, Wilmington, Delaware	-	-	100
BMW Insurance Agency Inc., Wilmington, Delaware	-	-	100
BMW Leasing do Brasil S. A., São Paulo	-	-	100
BMW Manufacturing Indústria de Motos da Amazônia Ltda., Manaus	-	-	100
BMW Manufacturing LP, Woodcliff Lake, New Jersey	-	-	100
BMW of Manhattan Inc., Wilmington, Delaware	-	-	100
BMW Receivables 1 Inc., Richmond Hill, Ontario	-	-	100
BMW Receivables 2 Inc., Richmond Hill, Ontario	-	-	100
BMW Receivables Ltd. Partnership, Richmond Hill, Ontario	-	-	100
BMW SLP, S. A. de C. V., Villa de Reyes	-	-	100
BMW US Capital LLC, Wilmington, Delaware	-	-	100
Rolls-Royce Motor Cars NA LLC, Wilmington, Delaware	-	-	100
SB Acquisitions LLC, Wilmington, Delaware	-	-	100
BMW 2020- A Lease Conduit, Wilmington, Delaware ¹¹	-	-	0
BMW 2021- A Lease Conduit, Wilmington, Delaware ¹¹	-	-	0
BMW Canada 2018-A, Richmond Hill, Ontario ¹¹	-	-	0
BMW Canada Auto Trust 2019-1, Richmond Hill, Ontario ¹¹	-	-	0
BMW Canada Auto Trust 2020-1, Richmond Hill, Ontario ¹¹	-	-	0

Notes to the Group
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Companies	Equity in € million	Profit / loss in € million	Capital investment in %
BMW Canada Auto Trust 2021-1, Richmond Hill, Ontario ¹¹	-	-	0
BMW Vehicle Lease Trust 2021- 2, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Lease Trust 2021-1, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Owner Trust 2019-A, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Owner Trust 2020-A, Wilmington, Delaware ¹¹	-	-	0
Africa			
BMW Financial Services (South Africa) (Pty) Ltd., Midrand	104	13	100
BMW (South Africa) (Pty) Ltd., Pretoria	-	-	100
SuperDrive Investments (RF) Ltd., Cape Town ¹¹	-	-	0
Asia			
BMW Automotive Finance (China) Co. Ltd., Beijing	2,561	306	58
BMW China Investment Ltd., Beijing ⁹	559	559	100
BMW Japan Finance Corp., Tokyo	527	66	100
BMW Financial Services Korea Co. Ltd., Seoul	279	71	100
BMW Korea Co. Ltd., Seoul	269	119	100
Herald International Financial Leasing Co. Ltd., Tianjin	210	51	58
BMW Japan Corp., Tokyo	128	100	100
BMW Manufacturing (Thailand) Co. Ltd., Rayong	116	94	100
BMW (Thailand) Co. Ltd., Bangkok	-	-	100
BMW Asia Pacific Capital Pte Ltd., Singapore	-	-	100
BMW Asia Pte. Ltd., Singapore	-	-	100
BMW Asia Technology Centre Sdn Bhd, Kuala Lumpur	-	-	100
BMW China Automotive Trading Ltd., Beijing	-	-	100
BMW China Services Ltd., Beijing	-	-	100
BMW Credit (Malaysia) Sdn Bhd, Kuala Lumpur	-	-	100

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Companies	Equity in € million	Profit / loss in € million	Capital investment in %
BMW Holding Malaysia Sdn Bhd, Kuala Lumpur	-	-	100
BMW India Financial Services Private Ltd., Gurgaon	-	-	100
BMW India Private Ltd., Gurgaon	-	-	100
BMW Lease (Malaysia) Sdn Bhd, Kuala Lumpur	-	-	100
BMW Leasing (Thailand) Co. Ltd., Bangkok	-	-	100
BMW Tokyo Corp., Tokyo	-	-	100
PT BMW Indonesia, Jakarta	-	-	100
BMW Malaysia Sdn Bhd, Kuala Lumpur	-	-	51
2017-3 ABL, Tokyo ¹¹	-	-	0
2018-1 ABL, Tokyo ¹¹	-	-	0
2018-2 ABL, Tokyo ¹¹	-	-	0
2018-3 ABL, Tokyo ¹¹	-	-	0
2019-1 ABL, Tokyo ¹¹	-	-	0
2019-2 ABL, Tokyo ¹¹	-	-	0
2019-3 ABL, Tokyo ¹¹	-	-	0
2020-1 ABL, Tokyo ¹¹	-	-	0
2021-1 ABL, Tokyo ¹¹	-	-	0
2021-2 ABL, Tokyo ¹¹	-	-	0
Bavarian Sky China 2019-2, Beijing ¹¹	-	-	0
Bavarian Sky China 2019-3, Beijing ¹¹	-	-	0
Bavarian Sky China 2020-1, Beijing ¹¹	-	-	0
Bavarian Sky China 2020-2, Beijing ¹¹	-	-	0
Bavarian Sky China 2021-1, Beijing ¹¹	-	-	0
Bavarian Sky China 2021-2, Beijing ¹¹	-	-	0
Bavarian Sky China 2021-3, Beijing ¹¹	-	-	0
Bavarian Sky China Leasing 2020-1, Tianjin ¹¹	-	-	0

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Companies	Equity in € million	Profit / loss in € million	Capital investment in %
Bavarian Sky China Leasing 2021-1, Tianjin ¹¹	-	-	0
Bavarian Sky Korea 2021-1, Seoul ¹¹	-	-	0
Oceania			
BMW Australia Finance Ltd., Mulgrave	-	-	100
BMW Australia Ltd., Melbourne	-	-	100
BMW Financial Services New Zealand Ltd., Auckland	-	-	100
BMW Melbourne Pty. Ltd., Melbourne	-	-	100
BMW New Zealand Ltd., Auckland	-	-	100
BMW Sydney Pty. Ltd., Sydney	-	-	100
Bavarian Sky Australia Trust A, Mulgrave ¹¹	-	-	0
BMW Australia Trust 2011-2, Mulgrave ¹¹	-	-	0

BMW AG'S NON-CONSOLIDATED COMPANIES AT 31 DECEMBER 2021

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
DOMESTIC⁷			
Alphabet Fleetservices GmbH, Munich ⁴	-	-	100
Automag GmbH, Munich	-	-	100
BMW Car IT GmbH, Munich ⁴	-	-	100
BMW i Ventures GmbH, Munich	-	-	100
IDEALworks GmbH, Munich	-	-	100
FOREIGN⁷			
Europe			
Alphabet Insurance Services Polska Sp. z o. o., Warsaw	-	-	100
BMW (GB) Ltd., Farnborough	-	-	100
BMW (UK) Pensions Services Ltd., Hams Hall	-	-	100
BMW Car Club Ltd., Farnborough	-	-	100
BMW China Capital B. V., The Hague	-	-	100
BMW Drivers Club Ltd., Farnborough	-	-	100
BMW Financial Services Czech Republic s. r.o., Prague	-	-	100
BMW Financial Services Slovakia s. r.o., Bratislava	-	-	100
BMW Group Benefit Trust Ltd., Farnborough	-	-	100
BMW Manufacturing Hungary Kft., Debrecen	-	-	100
BMW Manufacturing Russland OOO, Kaliningrad	-	-	100
BMW Mobility Development Center s. r.o., Prague	-	-	100
BMW Motorsport Ltd., Farnborough	-	-	100
BMW Poland sp. z o. o., Warsaw	-	-	100
BMW Russland Automotive OOO, Kaliningrad	-	-	100
John Cooper Garages Ltd., Farnborough	-	-	100
John Cooper Works Ltd., Farnborough	-	-	100
OOO BMW Leasing, Moscow	-	-	100

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<u>Companies</u>	<u>Equity in € million</u>	<u>Profit / loss in € million</u>	<u>Capital investment in %</u>
The Americas			
217-07 Northern Boulevard Corporation, Wilmington, Delaware	-	-	100
BMW Experience Centre Inc., Richmond Hill, Ontario	-	-	100
BMW i Ventures Inc., Wilmington, Delaware	-	-	100
BMW i Ventures LLC, Wilmington, Delaware	-	-	100
BMW Mobility Services LLC, Wilmington, Delaware	-	-	100
BMW Operations Corp., Wilmington, Delaware	-	-	100
BMW Shared Services LLC, Wilmington, Delaware	-	-	100
BMW Technology Corp., Wilmington, Delaware	-	-	100
Designworks / USA Inc., Newbury Park, California	-	-	100
MINI Business Innovation LLC, Wilmington, Delaware	-	-	100
Toluca Planta de Automoviles S. A. de C. V., Mexico City	-	-	100
Urban X Accelerator SPV LLC, Wilmington, Delaware	-	-	100
Africa			
BMW Automobile Distributors (Pty) Ltd., Midrand	-	-	100
BPF Midrand Property Holdings (Pty) Ltd., Midrand	-	-	100
Multisource Properties (Pty) Ltd., Midrand	-	-	100
Asia			
BMW Finance (United Arab Emirates) Ltd., Dubai	-	-	100
BMW Financial Services Singapore Pte Ltd., Singapore	-	-	100
BMW Hong Kong Services Ltd., Hong Kong	-	-	100
BMW India Foundation, Gurgaon	-	-	100
BMW India Leasing Private Ltd., Gurgaon	-	-	100
BMW Insurance Services Korea Co. Ltd., Seoul	-	-	100
BMW Middle East Retail Competency Centre DWC-LLC, Dubai	-	-	100
BMW Mobility Services Ltd., Sichuan Tianfu New Area (Chengdu Section)	-	-	100
BMW Parts Manufacturing (Thailand) Co., Ltd., Rayong Province	-	-	100
BMW Technology Office Israel Ltd., Tel Aviv	-	-	100

Notes to the Group
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Companies	Equity in € million	Profit / loss in € million	Capital investment in %
Herald Hezhong (Beijing) Automotive Trading Co. Ltd., Beijing	-	-	100
THEPSATRI Co. Ltd., Bangkok	-	-	100
BMW Philippines Corp., Manila	-	-	70
BMW Financial Services Hong Kong Ltd., Hong Kong	-	-	51

BMW AG'S ASSOCIATED COMPANIES, JOINT VENTURES AND JOINT OPERATIONS AT 31 DECEMBER 2021

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
Joint ventures – equity accounted			
DOMESTIC			
YOUR NOW Holding GmbH, Munich ⁸	897	- 337	50
IONITY Holding GmbH & Co. KG, Munich ⁸	209	- 35	20
FOREIGN			
BMW Brilliance Automotive Ltd., Shenyang ⁸	11,176	3,596	50
Associated companies – equity accounted			
FOREIGN			
THERE Holding B. V., Amsterdam ⁸	1,090	- 108	30
Solid Power, Inc., Wilmington, Delaware	-	-	7
Joint operations – proportionately consolidated entities			
FOREIGN			
Spotlight Automotive Ltd., Zhangjiagang ⁸	-	-	50
Not equity accounted or proportionately consolidated entities			
DOMESTIC			
Encry GmbH, Unterschleißheim	-	-	50
The Retail Performance Company GmbH, Munich	-	-	50
PDB – Partnership for Dummy Technology and Biomechanics GbR, Gaimersheim	-	-	20
FOREIGN			
Bavarian & Co Co. Ltd., Incheon	-	-	20
BMW Albatha Finance PSC, Dubai	-	-	40

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Companies	Equity in € million	Profit / loss in € million	Capital investment in %
BMW Albathe Leasing LLC, Dubai	-	-	40
BMW ArcherMind Information Technology Co. Ltd., Nanjing	-	-	50
BMW AVTOTOR Holding B. V., Amsterdam	-	-	50
Critical TechWorks S. A., Porto	-	-	50

BMW AG'S PARTICIPATIONS AT 31 DECEMBER 2021

Companies	Equity in € million	Profit / loss in € million	Capital investment in %
DOMESTIC			
Deutsches Forschungszentrum für Künstliche Intelligenz GmbH, Kaiserslautern	-	-	5
GSB Sonderabfall-Entsorgung Bayern GmbH, Baar-Ebenhausen	-	-	3
Hubject GmbH, Berlin	-	-	16
IVM Industrie-Verband Motorrad GmbH & Co. Dienstleistungs KG, Essen	-	-	22
Joblinge gemeinnützige AG Berlin, Berlin	-	-	10
Joblinge gemeinnützige AG Leipzig, Leipzig	-	-	17
Joblinge gemeinnützige AG Munich, Munich	-	-	6
Mobimeo GmbH, Berlin	-	-	10
Racer Benchmark Group GmbH, Landsberg am Lech	-	-	9
SGL Carbon SE, Wiesbaden	-	-	18
FOREIGN			
Northvolt AB, Stockholm	-	-	3

¹ The amounts shown for the German affiliated companies correspond to the annual financial statements drawn up in accordance with German accounting rules (HGB).

² The amounts shown for the foreign affiliated companies correspond to the annual IFRS statements drawn up in accordance with uniform IFRS rules. Equity and earnings not denominated in euro are translated in euro using the closing exchange rate at the balance sheet date.

³ Profit and Loss Transfer Agreement with BMW AG.

⁴ Profit and Loss Transfer Agreement with a subsidiary of BMW AG.

⁵ Exemption from drawing up a management report applied in accordance with § 264 (3) and § 264b HBG.

⁶ Exemption from publication of financial statements applied in accordance with § 264 (3) and § 264b HBG.

⁷ These entities are neither consolidated nor accounted for using the equity method due to their overall immateriality for the Group Financial Statements.

⁸ The amounts shown for entities accounted for using the equity method and for proportionately consolidated entities correspond to the annual financial statements drawn up in accordance with uniform IFRS rules. Equity not denominated in euro is translated into euro using the closing exchange rate at the balance sheet date, earnings are translated using the average rate.

⁹ First-time consolidation.

¹⁰ Deconsolidation in the financial year 2021: BMW Verwaltungs GmbH (merger), BMW Leasing de Mexico S. A. de C. V. (merger).

¹¹ Control on basis of economic dependence.

Munich, 8 March 2022

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

Oliver Zipse

Ilka Horstmeier

Dr.-Ing. Milan Nedeljković

Pieter Nota

Dr. Nicolas Peter

Dr.-Ing. Joachim Post

Frank Weber

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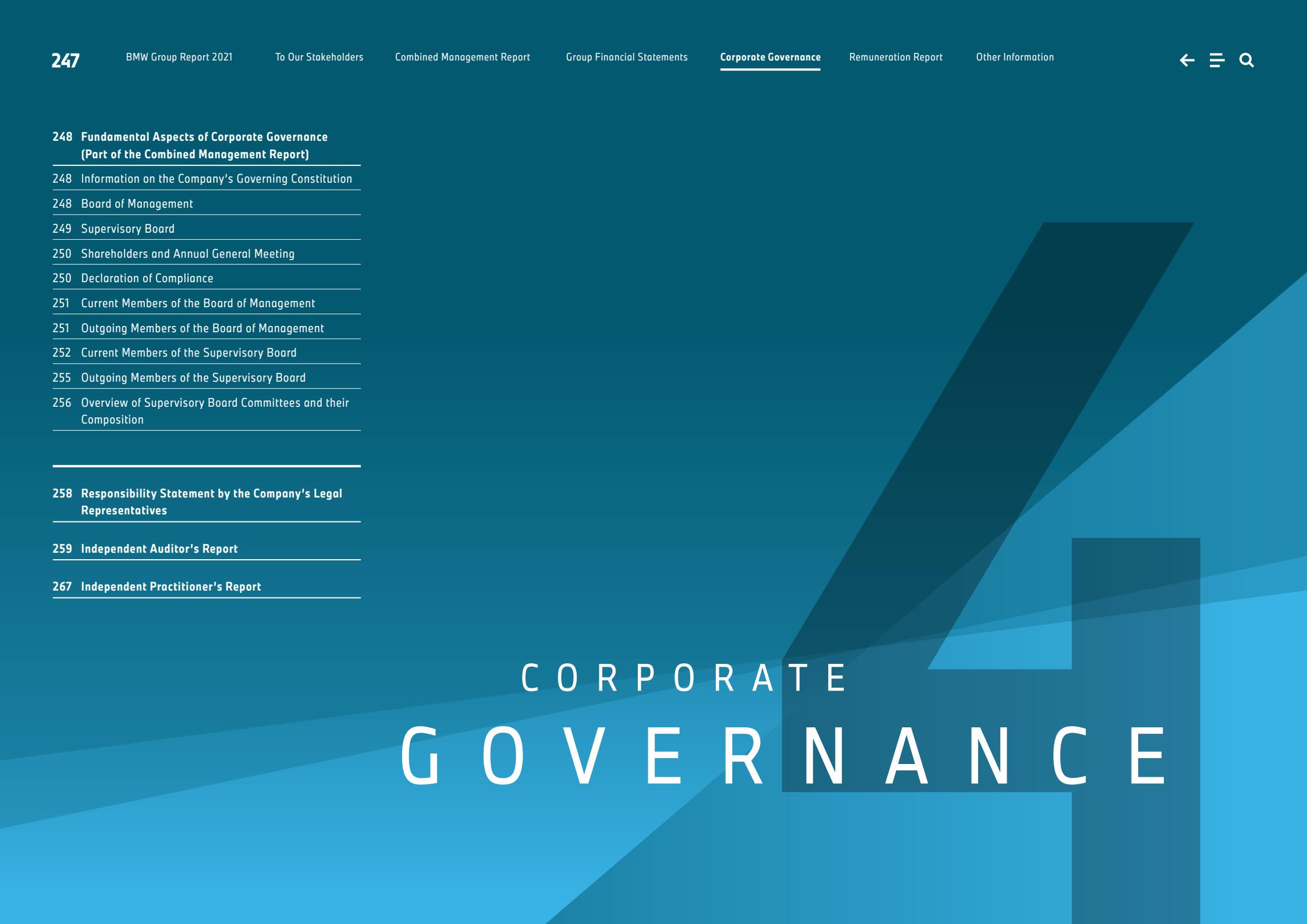
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C O R P O R A T E G O V E R N A N C E

FUNDAMENTAL ASPECTS OF CORPORATE GOVERNANCE (PART OF THE COMBINED MANAGEMENT REPORT)

Good corporate governance – acting in accordance with the principles of responsible management aimed at creation of value on a sustainable basis – is an essential requirement for the BMW Group, embracing all areas of the business. Transparent reporting and corporate communication, corporate governance that is aligned with the interests of all stakeholders, cooperation based on trust between the Board of Management, Supervisory Board and employees, and compliance with applicable law are essential cornerstones of the corporate culture within the BMW Group.

The Board of Management and the Supervisory Board report below on the main features of corporate governance. A detailed report on corporate governance can be found in the Statement on Corporate Governance, available at [www.bmwgroup.com/statement on corporate governance](http://www.bmwgroup.com/statement-on-corporate-governance) (Corporate Governance).

INFORMATION ON THE COMPANY'S GOVERNING CONSTITUTION

The designation BMW Group comprises Bayerische Motoren Werke Aktiengesellschaft (BMW AG) and its Group entities. BMWAG is a stock corporation (Aktiengesellschaft) within the meaning of the German Stock Corporation Act (Aktiengesetz) and has its registered office in Munich, Germany. It has three representative bodies, namely the Annual General Meeting, the Supervisory Board and the Board of Management. The duties and authorities of those bodies derive from the Stock Corporation Act and the Articles of Incorporation of BMWAG. Shareholders, as the owners of the business, exercise their rights at the Annual General Meeting. The Board of Management is fully responsible for managing the enterprise and is monitored and advised by the Supervisory Board. The Supervisory Board appoints the members of the Board of Management and can, at any time, revoke an appointment for good cause. The Board of Management informs the Supervisory Board and reports to it regularly, promptly and comprehensively, in line with the principles of conscientious and faithful accountability and in accordance with the law and the reporting duties determined by the Supervisory Board. The Board of Management requires the approval of the Supervisory Board for certain

major proceedings. The Supervisory Board is not, however, authorised to undertake management measures itself.

The close interaction between the Board of Management and the Supervisory Board in the interests of the enterprise as described above is also known as a "two-tier board structure".

BOARD OF MANAGEMENT

The Board of Management manages the enterprise under its own responsibility, acting in the best interests of the enterprise with the aim of achieving sustainable creation of value. The interests of shareholders, employees and other stakeholders are also taken into account in the pursuit of this aim.

↗ GRI 102-43

In accordance with §7 of the Articles of Association, the Board of Management of BMWAG comprises two or more persons; other than that, the number of members of the Board of Management is determined by the Supervisory Board. At 31 December 2021, the Board of Management comprised seven members. The Board of Management decides on the principal guidelines for managing the enterprise, determines and agrees upon the strategic orientation with the Supervisory Board, and ensures its implementation. The Board of Management is responsible for ensuring that

all provisions of law and internal regulations are complied with. You can find more details about compliance at BMW Group in the section [Compliance and human rights](#) at BMW Group. The Board of Management is responsible for ensuring that appropriate risk management, risk controlling and compliance management systems are in place throughout the Company.

Members of the Board of Management are required to act in the enterprise's best interests and may not pursue personal interests in their decisions or take advantage of business opportunities intended for the benefit of the Company. Individual members of the Board of Management of BMW AG are required to disclose any conflicts of interest to the Supervisory Board without delay, and to inform the other members of the Board of Management accordingly.

Deliberations are held and decisions taken by the Board of Management as a collegiate body at full. Board meetings as well as at "Product and Customer Board Meetings". The Board of Management also deliberates and makes decisions at meetings of its three committees – "Customer", "Operations" and "Senior Executives". The overall framework for developing business strategies, the use of resources, the implementation of strategies and matters of particular importance to BMW AG are decided upon at Board of Management meetings.

The Board of Management has issued terms of procedure for itself. The allocation of areas of responsibility and business segments among the members of the Board of Management is set out in the Board's Schedule of Responsibilities.

More information about the composition of the Board of Management, and how it operates and its individual committees is provided in the Statement on Corporate Governance at [www.bmwgroup.com/statement on corporate governance](#) (Corporate Governance).

SUPERVISORY BOARD

BMW AG's Supervisory Board is composed of ten shareholder representatives (elected by the Annual General Meeting) and ten employee representatives (elected in accordance with the Co-Determination Act). The ten Supervisory Board members representing employees comprise seven Company employees, including one executive staff representative, and three members elected following nomination by unions. The Supervisory Board is charged with the task of advising and supervising the Board of Management in its management of BMW AG. It is involved in decisions of fundamental importance for BMW AG. The Supervisory Board appoints the members of the Board of Management and decides upon the level of remuneration they receive. The Supervisory Board can revoke appointments for important reasons.

Members of the Supervisory Board of BMW AG are obliged to act in the best interest of the enterprise as a whole. They may not pursue personal interests in their decisions or take advantage of business opportunities intended for the benefit of the Company.

The members of the Supervisory Board are required to report any conflicts of interest immediately to the Chairman of the Supervisory Board. The Supervisory Board reports on the handling of such conflicts of interest to the Annual General Meeting. Conflicts of interest requiring to be disclosed include, in particular, conflicts of interest that may result from a directorship function or advisory role with clients, suppliers, lenders or other business partners. If a Supervisory Board member has significant and non-temporary conflicts of interest, this will lead to the termination of the mandate.

The Supervisory Board regularly assesses the effectiveness of its activities and the activities carried out by its committees by means of a questionnaire as well as discussions with

the Chairman. The findings and conclusions resulting from this self-assessment process are subsequently discussed in plenary.

The Supervisory Board has stated specific targets for its composition, agreed to a diversity concept and determined a competency profile. Members of the Supervisory Board are responsible for undertaking any training required for the performance of their duties, appropriately assisted by the Company.

Taking into account the specific circumstances of the BMW Group and the number of Board members, the Supervisory Board has set up a Presiding Board and four committees, namely the Personnel Committee, the Audit Committee, the Nomination Committee and the Mediation Committee. These serve to raise the effectiveness of the Supervisory Board's work and facilitate the handling of complex issues.

The composition of the Presiding Board and the committees is based on legal requirements, the Articles of Incorporation, the rules of procedure and corporate governance principles, particularly taking into account the professional expertise of their members.

BMW AG ensures that the Supervisory Board and its committees are appropriately equipped to carry out their duties. This includes providing a central Supervisory Board office to support the chairpersons in their coordination work.

More information about the composition of the Supervisory Board, and how it operates and its individual committees, is provided in the Statement on Corporate Governance at [www.bmwgroup.com/statement on corporate governance](#).

[↗ GRI-Index: 102-23](#)

SHAREHOLDERS AND ANNUAL GENERAL MEETING

The shareholders of BMW AG exercise their rights at the Annual General Meeting. The Annual General Meeting decides in particular on the utilisation of unappropriated profit, the ratification of the activities of the members of the Board of Management and of the Supervisory Board, the appointment of the external auditor, changes to the Articles of Incorporation and certain capital-related measures, as well as electing the shareholders' representatives to the Supervisory Board.

Moreover, the remuneration systems for members of the Board of Management and the Supervisory Board are presented to the Annual General Meeting for approval whenever they undergo significant changes, but at least every four years. They were last presented at the 2021 Annual General Meeting. From the 2022 Annual General Meeting onwards, the Annual General Meeting will also vote on whether to approve the Remuneration Report.

Shareholders may exercise their voting rights at the Annual General Meeting either in person, by proxy, or via a representative designated by BMW AG. Voting rights may also be exercised via postal vote.

Due to the Covid-19 pandemic, the 2021 Annual General Meeting was held as a virtual meeting, i.e. without shareholders and proxies being physically present with the exception of the Company representatives bound by instructions issued by shareholders. The Company enabled shareholders in this situation to exercise their voting rights by issuing in-

structions to Company representatives or by postal vote (both in writing and online).

The Board of Management and the Supervisory Board of BMW AG issue an annual Declaration of Compliance pursuant to §161 of the German Stock Corporation Act (AktG) with regard to recommendations of the Government Commission on the German Corporate Governance Code as officially published and valid at the date of the declaration. The current and previous Declarations of Compliance of BMW AG are available online at www.bmwgroup.com/complianceddeclaration. In the Declaration of Compliance issued in December 2021, the Board of Management and the Supervisory Board declared that BMW Group would continue to comply with all recommendations of the German Corporate Governance Code (version dated 16 December 2019) going forward.

DECLARATION OF COMPLIANCE

Further information on corporate management and governance, including the Declaration of Compliance pursuant to §161 of the German Stock Corporation Act, can be found in the Statement on Corporate Governance (§ 289f and § 315d HGB) at www.bmwgroup.com/statement-on-corporate-governance.

CURRENT MEMBERS OF THE BOARD OF MANAGEMENT

OLIVER ZIPSE (b. 1964)

Chairman

ILKA HORSTMEIER (b. 1969)

Human Resources, Labour Relations Director

DR.-ING. MILAN NEDELJKOVIĆ (b. 1969)

Production

Mandates

- BMW (South Africa) (Pty) Ltd. *;**, Chairman
- BMW Motoren GmbH *;**, Chairman

PIETER NOTA (b. 1964)

Customer, Brands, Sales

Mandates

- Rolls-Royce Motor Cars Limited *;**, Chairman

* Not listed on the stock exchange.

** Group mandate.

— Memberships of other statutory supervisory boards.

— Memberships of comparable boards of business enterprises in Germany and abroad.

OUTGOING MEMBERS OF THE BOARD OF MANAGEMENT

DR.-ING. ANDREAS WENDT (b. 1958)

Purchasing and Supplier Network
(until 31 December 2021)

DR. NICOLAS PETER (b. 1962)

Finance

Mandates

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

DR.-ING. JOACHIM POST (b. 1971)

Purchasing and Supplier Network (since 1 January 2022)

FRANK WEBER (b. 1966)

Development

General Counsel:

DR. ANDREAS LIEPE

CURRENT MEMBERS OF THE SUPERVISORY BOARD

DR.-ING. DR.-ING. E.H. NORBERT REITHOFER (b. 1956)

Member since 2015, elected until the AGM 2025
 Chairman of the Supervisory Board
 Former Chairman of the Board of Management of BMW AG

Mandates

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

MANFRED SCHOCH¹ (b. 1955)

Member since 1988, elected until the AGM 2024
 Deputy Chairman of the Supervisory Board
 Chairman of the European and General Works Council
 Industrial Engineer

¹ Employees of the enterprise.

² Union representative.

³ Executive employee of the enterprise.

* Not listed on the stock exchange.

** Group mandate.

— Memberships of other statutory supervisory boards.

— Memberships of comparable boards of business enterprises in Germany and abroad.

STEFAN QUANDT (b. 1966)

Member since 1997, elected until the AGM 2024
 Deputy Chairman of the Supervisory Board
 Entrepreneur

Mandates

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

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

STEFAN SCHMID¹ (b. 1965)

Member since 2007, elected until the AGM 2024
 Deputy Chairman of the Supervisory Board
 Chairman of the Works Council, Dingolfing

DR. RER. POL. KURT BOCK (b. 1958)

Member since 2018, elected until the AGM 2023
 Deputy Chairman of the Supervisory Board
 (since 12 May 2021)
 Chairman of the Supervisory Board of BASF SE

Mandates

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

CHRISTIANE BENNER² (b. 1968)

Member since 2014, elected until the AGM 2024
 Deputy Chair of IG Metall

Mandates

- Continental AG, Deputy Chairwoman

DR. MARC BITZER (b. 1965)

Member since 12 May 2021, elected until the AGM 2025
 Chairman and Chief Executive Officer of Whirlpool Corporation

Mandates

- Whirlpool Corp. **, Chairman
- Simex Trading AG *

BERNHARD EBNER¹ (b. 1978)

Member since 8 October 2021, appointed until the AGM 2024
 Chairman of the Works Council, Landshut

RACHEL EMPY (b. 1976)

Member since 12 May 2021, elected until the AGM 2025
 Member of the Board of Management of Fresenius Management SE (finance division)

Mandates

- Fresenius Kabi AG*, **, Deputy Chairwoman
- Fresenius Medical Care Management AG*, **

DR.-ING. HEINRICH HIESINGER (b. 1960)

Member since 2017, elected until the AGM 2022
 Chairman of the Supervisory Board of ZF Friedrichshafen AG

Mandates

- Deutsche Post AG
- Fresenius Management SE *
- ZF Friedrichshafen AG *
 (Chairman since 1 January 2022)

JOHANN HORN² (b. 1958)

Member since 14 May 2021, appointed until the AGM 2024
 Head of Bavaria Region, IG Metall

Mandates

- EDAG Engineering GmbH * (until 28 May 2021)
- Siemens Healthcare GmbH *

SUSANNE KLATTEN (b. 1962)

Member since 1997, elected until the AGM 2024
 Entrepreneur

Mandates

- ALTANA AG *, **, Deputy Chairwoman
- SGL Carbon SE, Chairwoman
- SprinD GmbH *
- UnternehmerTUM GmbH *, Chairwoman

JENS KÖHLER¹ (b. 1964)

Member since 3 August 2021, appointed until the AGM 2024
 Chairman of the Works Council, Leipzig

DR. DOMINIQUE MOHABEER¹ (b. 1963)

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

ANKE SCHÄFERKORDT (b. 1962)

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

Mandates

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

PROF. DR. DR. H. C. CHRISTOPH M. SCHMIDT (b. 1962)

Member since 12 May 2021, elected until the AGM 2025
 President of the RWI – Leibniz Institute for Economic Research, University Professor

Mandates

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

DR. VISHAL SIKKA (b. 1967)

Member since 2019, elected until the AGM 2024
 CEO & Founder, Vianai Systems, Inc.

Mandates

- Oracle Corporation

¹ Employees of the enterprise.

² Union representative.

³ Executive employee of the enterprise.

* Not listed on the stock exchange.

** Group mandate.

— Memberships of other statutory supervisory boards.

— Memberships of comparable boards of business enterprises in Germany and abroad.

SIBYLLE WANKEL² (b. 1964)

Member since 4 January 2022, appointed until the AGM 2024

1. Authorised Representative and Head of IG Metall's Munich Office

Mandates

- KraussMaffei Group GmbH*, Deputy Chairwoman (since 31 May 2021)

DR. THOMAS WITTIG³ (b. 1960)

Member since 2019, elected until the AGM 2024

Senior Vice President Financial Services

Mandates

- BMW Bank GmbH*, **, Chairman
- BMW Automotive Finance (China) Co. Ltd.*, **,
Chairman

WERNER ZIERER¹ (b. 1959)

Member since 2001, elected until the AGM 2024

Member of the Works Council, Regensburg (Chairman until 31 October 2021)

¹ Employees of the enterprise.

² Union representative.

³ Executive employee of the enterprise.

* Not listed on the stock exchange.

** Group mandate.

— Memberships of other statutory supervisory boards.

— Memberships of comparable boards of business enterprises in Germany and abroad.

OUTGOING MEMBERS OF THE SUPERVISORY BOARD

DR. JUR. KARL-LUDWIG KLEY (b. 1951)

Member from 2008 to 12 May 2021
Deputy Chairman of the Supervisory Board (until 12 May 2021)
Chairman of the Supervisory Boards of E.ON SE and Deutsche Lufthansa Aktiengesellschaft

Mandates

- E.ON SE, Chairman
- Deutsche Lufthansa Aktiengesellschaft, Chairman

VERENA ZU DOHNA² (b. 1975)

Member from 2019 to 31 December 2021
Head of Industrial Relations Regulations and Co-determination Policy at the Executive Board of IG Metall / (In-house) Counsel

Mandates

- ABB AG

PROF. DR. DR. H. C. REINHARD HÜTTL (b. 1957)

Member from 2008 to 12 May 2021
Scientific Director and Managing Partner of EUREF Energy Innovation GmbH

HORST LISCHKA² (b. 1963)

Member from 2009 to 12 May 2021
Former Secretary to the Executive Board of IG Metall

Mandates

- KraussMaffei Group GmbH*, Deputy Chairman (until 10 May 2021)
- MAN Truck & Bus SE*

WILLIBALD LÖW¹ (b. 1956)

Member from 1999 to 16 July 2021
Member of the Works Council, Landshut (Chairman until 13 July 2021)

SIMONE MENNE (b. 1960)

Member from 2015 to 12 May 2021
Member of supervisory boards

Mandates

- Deutsche Post AG
- Henkel AG & Co. KGaA
- Johnson Controls International plc
- Russell Reynolds Associates Inc.*

BRIGITTE RÖDIG¹ (b. 1963)

Member from 2013 to 1 October 2021
Member of the Works Council, Dingolfing

¹ Employees of the enterprise.

² Union representative.

³ Executive employee of the enterprise.

* Not listed on the stock exchange.

** Group mandate.

— Memberships of other statutory supervisory boards.

— Memberships of comparable boards of business enterprises in Germany and abroad.

OVERVIEW OF SUPERVISORY BOARD COMMITTEES AND THEIR COMPOSITION

Principal duties, basis for activities

PRESIDING BOARD

— Preparing Supervisory Board meetings where the subject matter to be discussed does not fall within the remit of a committee

— Activities based on rules of procedure

PERSONNEL COMMITTEE

— Preparing decisions relating to the appointment (and revocation of appointment) of members of the Board of Management, remuneration, and the regular review of the Board of Management's remuneration system

— Concluding, amending and revoking employment contracts (in conjunction with the resolutions taken by the Supervisory Board regarding the remuneration of the Board of Management) and other contracts with members of the Board of Management

— Taking decisions relating to the approval of ancillary activities of Board of Management members, including the assumption of non-BMW Group supervisory board mandates, as well as the approval of transactions requiring Supervisory Board approval by law (e. g. loans to Board of Management or Supervisory Board members)

— Activities based on rules of procedure

AUDIT COMMITTEE

— Auditing the accounts and supervising the financial reporting process

— Preparing the Supervisory Board's resolution on Company and Group Financial Statements and discussing interim reports and notifications with the Board of Management prior to publication

— Supervising the external audit, in particular selecting the auditor and ensuring the independence and quality of the external audit and any additional work performed by the external auditor

— Preparing the proposal for the election of the external auditor at the Annual General Meeting,

— Engaging and signing the fee agreement with the external auditor as well as determining areas of audit emphasis

— Preparing the Supervisory Board's audit of the non-financial reporting, preparing the selection of the auditor for non-financial reporting, and engaging the auditor

— Supervising the effectiveness of the internal control system, the risk management system and the internal audit system as well as the performance of Supervisory Board duties in connection with audits pursuant to § 32 of the German Securities Trading Act (WpHG)

— Supervising compliance as well as analysing and supervising any needs for action related to possible violations of duties by members of the Board of Management in preparation of a resolution at the Supervisory Board

— Making decisions on approval for utilisation of the Authorised Capital 2019 and determinations concerning the form of share certificates and dividend coupons

— Amendments to Articles of Incorporation only affecting wording

— Established in accordance with recommendation in the German Corporate Governance Code, activities based on rules of procedure

Members

Norbert Reithofer¹, Manfred Schoch, Stefan Quandt, Stefan Schmid, Karl-Ludwig Kley (until 12 May 2021), Kurt Bock (since 12 May 2021)

Norbert Reithofer¹, Manfred Schoch, Stefan Quandt, Stefan Schmid, Karl-Ludwig Kley (until 12 May 2021), Kurt Bock (since 12 May 2021)

Kurt Bock^{1,2}, Norbert Reithofer³, Manfred Schoch, Stefan Quandt, Stefan Schmid

¹ Chair.

² Special knowledge and experience according to recommendation D.4 of the DCGK and expertise in accounting and auditing within the meaning of § 100 (5) AktG.

³ Expertise in auditing within the meaning of § 100 (5) AktG.

Principal duties, basis for activities

NOMINATION COMMITTEE

- Identifying suitable candidates as shareholder representatives on the Supervisory Board to be put forward for inclusion in the Supervisory Board's proposals for election at the Annual General Meeting
- Established in accordance with recommendation in the German Corporate Governance Code, activities based on terms of procedure

MEDIATION COMMITTEE

- Submitting a proposal to the Supervisory Board if a resolution to appoint a member of the Board of Management has not been carried by the necessary two-thirds majority of Supervisory Board members' votes
- Established as required by law

* Chair.

Members

Norbert Reithofer*, Kurt Bock (since 12 May 2021), Susanne Klatten, Karl-Ludwig Kley (until 12 May 2021), Stefan Quandt

(In line with the recommendation of the German Corporate Governance Code, the Nomination Committee comprises only shareholder representatives.)

Norbert Reithofer, Monfred Schoch, Stefan Quandt, Stefan Schmid

(In accordance with statutory requirements, the Mediation Committee comprises the Chairman and Deputy Chairman of the Supervisory Board and one member each selected by shareholder representatives and employee representatives.)

Responsibility Statement by the
Company's Legal Representatives

RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

Statement pursuant to § 117 No.1 of the 1, AktG Trading Act (WpHG) in conjunction with § 297 (2) sentence 4 and § 315 (1) sentence 5 of the German Commercial Code (HGB)

"To the best of our knowledge, and in accordance with the applicable reporting principles, the Group Financial Statements give a true and fair view of the assets, liabilities, financial position and results of operations of the Group, and the Group Management Report includes a fair review of the development and performance of the business and position of the Group, together with a description of the principal opportunities and risks associated with the expected development of the Group."

Munich, 8 March 2022

Bayerische Motoren Werke

Aktiengesellschaft

The Board of Management

Oliver Zipse

Ilka Horstmeier

Dr.-Ing. Milan Nedeljković

Pieter Nota

Dr. Nicolas Peter

Dr.-Ing. Joachim Post

Frank Weber

INDEPENDENT AUDITOR'S REPORT

**To Bayerische Motoren Werke
Aktiengesellschaft, Munich**

**Report on the Audit of the
Consolidated Financial Statements and
of the Group Management Report**

Audit Opinions

We have audited the consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft, Munich, and its subsidiaries (the Group), which comprise the Balance Sheet for Group at 31 December 2021, and the Income Statement for Group, Statement of Comprehensive Income for Group, Cash Flow Statement for Group and Statement of changes in Equity for Group for the financial year from 1 January to 31 December 2021, and Notes to the Group Financial Statements, including a summary of significant accounting policies. In addition, we have audited the combined management report of Bayerische Motoren Werke Aktiengesellschaft, which is combined with the Company's management report, for the financial year from 1 January to 31 December 2021. In accordance with the German legal requirements, we have not audited the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

In our opinion, on the basis of the knowledge obtained in the audit,

— the accompanying consolidated financial statements comply, in all material respects, with the IFRSs as adopted by the EU, and the additional requirements of German commercial law pursuant to § [Article] 315e Abs. [paragraph] 1 HGB [Handelsgesetzbuch: German Commercial Code] and, in compliance with these requirements, give a true and fair view of the assets, liabilities, and financial position of the Group as at December 31, 2021, and of its

financial performance for the financial year from January 1 to December 31, 2021, and

— the accompanying group management report as a whole provides an appropriate view of the Group's position. In all material respects, this group management report is consistent with the consolidated financial statements, complies with German legal requirements and appropriately presents the opportunities and risks of future development. Our audit opinion on the group management report does not cover the content of those parts of the group management report listed in the "Other Information" section of our auditor's report.

Pursuant to § 322 Abs. 3 Satz [sentence] 1 HGB, we declare that our audit has not led to any reservations relating to the legal compliance of the consolidated financial statements and of the group management report.

Basis for the Audit Opinions

We conducted our audit of the consolidated financial statements and of the group management report in accordance with § 317 HGB and the EU Audit Regulation (No. 537/2014, referred to subsequently as "EU Audit Regulation") in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Our responsibilities under those requirements and principles are further described in the "Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

and of the Group Management Report" section of our auditor's report. We are independent of the group entities in accordance with the requirements of European law and German commercial and professional law, and we have fulfilled our other German professional responsibilities in accordance with these requirements. In addition, in accordance with Article 10 (2) point (f) of the EU Audit Regulation, we declare that we have not provided non-audit services prohibited under Article 5 (1) of the EU Audit Regulation. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions on the consolidated financial statements and on the group management report.

Key Audit Matters in the Audit of the Consolidated Financial Statements

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements for the financial year from January 1 to December 31, 2021. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our audit opinion thereon; we do not provide a separate audit opinion on these matters.

In our view, the matters of most significance in our audit were as follows:

1 Measurement of leased products

2 Valuation of receivables from sales financing

3 Valuation of provisions for statutory and non-statutory warranty obligations and product guarantees

4 Presentation of the acquisition of BMW Brilliance Automotive Ltd., Shenyang, China, after the balance sheet date in the notes

Our presentation of these key audit matters has been structured in each case as follows:

- Matter and issue
- Audit approach and findings
- Reference to further information

Hereinafter we present the key audit matters:

1 Measurement of leased products

The BMW Group leases vehicles to end customers under operating leases (leased products). At the balance sheet date, the figure reported under the "leased products" line item for operating leases was EUR 44,700 million (approximately 19.5 % of total assets). Leased products are measured at cost, which is depreciated on a straight-line basis over the lease term to the expected residual value (recoverable amount). A key estimated value for subsequent measurement of leased products is the expected residual value at the end of the lease term. The BMW Group uses internally available data on historical empirical values, current market data and market estimates as well as forecasts by external market research institutes. The estimation of future residual values is subject to judgment due to the large number of assumptions to be made by the executive directors and the amount of data included in the determination.

Against this background and due to the resulting significant uncertainties with regard to estimates in the context of measuring the residual values of the leased products, this matter was of particular significance in the context of our audit.

As part of our audit we obtained an understanding of the development of operating leases, the underlying residual value risks as well as the business processes for the identification, management, monitoring and measurement of residual value risks, among other things by inquiries and inspection of documents related to the internal calculation methods. Furthermore, we evaluated the appropriateness and effectiveness of the internal control system, particularly regarding the determination of expected residual values. This included the evaluation of the propriety of the relevant IT systems as well as the implemented interfaces therein by our IT-specialists. In addition, we evaluated the appropriateness of the forecasting methods, the model assumptions as well as the parameters used for the measurement of the residual values based on the validations carried out by the BMW Group. For this purpose, we inquired with the BMW Group's experts responsible for the management and monitoring of residual value risks and inspected the internal analysis on residual value developments and residual value forecasts as well as the validation results. We examined the mathematically correctness of the forecast values using the key calculation steps.

Based on our audit procedures, we were able to satisfy ourselves that the methods and processes for determining the expected residual values of leased products underlying the valuation are appropriate and the assumptions and parameters included in the forecast model for the residual value are appropriate as a whole.

The Company's disclosures on the applied "Accounting policies, assumptions, judgments and estimations" are contained in the notes to the consolidated financial statements under note 6 and on leased products are contained under note 23.

2 Valuation of receivables from sales financing

¹ The BMW Group offers end customers, dealerships and importers various financing models for vehicles. In this context, current and non-current receivables from sales financing totaling EUR 87,417 million are reported in the consolidated statement of financial position as at the balance sheet date (approximately 38.1% of total assets). Impairment losses amounting to EUR 1,599 million were recognized on these receivables as at the balance sheet date. In order to determine the amount of the necessary valuation allowances to be recognized with respect to receivables from sales financing, the BMW Group, among others, evaluates the creditworthiness of the dealers, importers and end customers, as well as any loss ratios, and risk provisioning parameters are derived based on historical default probabilities and loss ratios.

The determination of the valuation allowances by the executive directors is subject to a significant degree of judgment due to several value-influencing factors such as the estimation of creditworthiness, the determination of probabilities of default and loss ratios and was therefore of particular significance in the context of our audit.

² As part of our audit we obtained a comprehensive understanding of the development of receivables from sales financing, the associated default-related risks as well as the business processes for the identification, management, monitoring and measurement of default risks, among other things by inquiries and inspection of documents on the internal calculation methods. Furthermore, we evaluated the appropriateness and effectiveness of the internal control system regarding the determination of the impairment loss to recognize. In this context, we also evaluated the relevant IT systems and internal processes. The evaluation included an as-

essment by our IT-specialists of the appropriateness of the systems concerned and associated interfaces to ensure the completeness of data as well as the audit of automated controls for data processing. As part of our audit we assessed in particular the appropriateness of the risk classification procedures as well as the risk provisioning parameters used. For this purpose, we analyzed in particular the validations of parameters that are regularly conducted by the Company. To assess the default risk, we also used targeted sampling of individual cases to examine whether the attributes for assignment to the respective risk categories were suitably available and the impairment losses had been calculated using the parameters defined for these risk categories.

In our view, the assumptions and parameters used in the measurement of receivables from sales financing were appropriate overall.

³ The Company's disclosures on the applied "Accounting policies, assumptions, judgments and estimations" are contained in the notes to the consolidated financial statements under note 6 and on "receivables from sales financing" are contained under note 25.

3 Valuation of provisions for statutory and non-statutory warranty obligations and product guarantees

Provisions for statutory and non-statutory warranty obligations as well as product guarantees are included in the consolidated financial statements of BMW Group as a material amount in other provisions. The obligations amounted to EUR 6,600 million (approximately 2.9 % of total assets) as at December 31, 2021. BMW Group is responsible for the legally required warranty and product guarantees in the respective sales market. In order to estimate the liabilities arising from statutory and non-statutory warranty obligations and product guar-

antees for vehicles sold, information on the type and volume of damages arising and on remedial measures is recorded and analyzed at vehicle model level. The expected amount of obligations is extrapolated from costs of the past and recognized as a provision in the corresponding amount, if the criteria of IAS 37 have been met. For specific or anticipated individual circumstances, for example recalls, additional provisions are recognized provided they have not already been taken into account.

The determination of provisions is associated with unavoidable estimation uncertainties and is subject to a high risk of change, depending on factors such as notification of detected defects as well as claims made by vehicle owners. Against this background, this matter was of particular significance during our audit.

² In order to assess the appropriateness of the valuation method used for the determination of the provisions for statutory and non-statutory warranty obligations as well as product guarantees including the assumptions and parameters, we primarily obtained an understanding of the process for determining the assumptions and parameters through discussions with the responsible employees of the BMW Group. We also evaluated the appropriateness as well as effectiveness of controls for determining the assumptions and parameters. With the involvement of our IT specialists, we checked the IT systems used regarding their compliance. We compared the expenses for claims and technical actions with actual costs incurred in order to draw conclusions on the forecast accuracy. Based on a targeted sample of vehicle models, the mathematically correctness of the valuation model used across the Group was examined. We examined and evaluated the assumptions used by the BMW Group concerning the extent to which the past values were representative of the expected susceptibility of damage, the expected value of damage per vehicle

(comprising parts and labor input) as well as the expected assertion of claims from statutory and non-statutory warranties.

In our view, the method for the valuation of provisions for statutory and non-statutory warranty obligations as well as product guarantees is overall appropriate. Taking into consideration the information available, we believe that, overall, the measurement parameters and assumptions used by the executive directors are appropriate.

³ The Company's disclosures on the applied "Accounting policies, assumptions, judgments and estimations" are contained in the notes to the consolidated financial statements under note 6 and on "Other provisions" are contained under note 33.

4 Presentation of the acquisition of BMW Brilliance Automotive Ltd., Shenyang, China, after the balance sheet date in the notes

¹ The BMW Group held so far 50 % of shares in BMW Brilliance Automotive Ltd., Shenyang, China. On October 11, 2018, a purchase agreement was concluded for the acquisition of a further 25 % of the shares in BMW Brilliance Automotive Ltd. Shenyang, China. The acquisition was subject to the removal of the joint venture obligation for automotive production in China, which occurred in January 2022. The closing of the transaction was on February 11, 2022. The acquisition date therefore falls within the preparation phase of the consolidated financial statements for financial year 2021. The previously held shares will be measured at fair value as at the acquisition date, which will result in an appreciation effect amounting to EUR 7.0 billion to EUR 8.0 billion in the financial year 2022. Due to the gain of control after the balance sheet date but prior to the approval of the pub-

lication of the consolidated financial statements for financial year 2021, disclosures in the notes to the financial statements are already required for the business combination (as is the case for acquisitions during the reporting period) in accordance with IFRS 3 and IAS 10.

Due to the estimates made by the executive directors in determining the appreciation effect on the previously held shares and the associated uncertainties as well as the significance of this matter for an assessment of the future net assets and liabilities, financial position and financial performance of the Group, this matter was of particular significance during our audit.

² As part of our audit of the presentation of the acquisition of BMW Brilliance Automotive Ltd. Shenyang, China, we first inspected the contractual agreements and, based on this, evaluated the acquisition date, with the involvement of our specialists in international accounting. Furthermore, we examined the determination of the appreciation effect. In view of the special features of determining the fair values in the context of the preliminary purchase price allocation, our valuation specialists assisted us in the process. Together, we examined the appreciation effect and, by using checklists, evaluated the completeness and accuracy of the disclosures in the notes to the consolidated financial statements required under IFRS 3 and IAS 10.

Overall, we were able to satisfy ourselves that, taking into consideration the information available, the acquisition is properly presented in the notes to the consolidated financial statements and that the estimates and assumptions made by the executive directors are appropriate overall for the presentation of the acquisition.

³ The Company's disclosures relating to the acquisition are contained in the notes to the consolidated financial statements under note 3 "Increase of share in BMW Brilliance Automotive Ltd.".

Other Information

The executive directors are responsible for the other information. The other information comprises the following non-audited parts of the group management report:

- the "Corporate Governance" section of the group management report
- the disclosures marked with "[\[...\]](#)" of the non-financial statement pursuant to § 289b Abs. 1 HGB and § 315b Abs. 1 HGB

The other information comprises further

- the statement on corporate governance pursuant to § 289f HGB and § 315d HGB
- the remuneration report pursuant to § 162 AktG [Aktiengesetz: German Stock Corporation Act], for which the supervisory board is also responsible
- all remaining parts of the annual report – excluding cross-references to external information – with the exception of the audited consolidated financial statements, the audited group management report and our auditor's report

Our audit opinions on the consolidated financial statements and on the group management report do not cover the other information, and consequently we do not express an audit opinion or any other form of assurance conclusion thereon.

In connection with our audit, our responsibility is to read the other information mentioned above and, in so doing, to consider whether the other information

- is materially inconsistent with the consolidated financial statements, with the group management report disclosures audited in terms of content or with our knowledge obtained in the audit, or
- otherwise appears to be materially misstated.

Responsibilities of the Executive Directors and the Supervisory Board for the Consolidated Financial Statements and the Group Management Report

The executive directors are responsible for the preparation of the consolidated financial statements that comply, in all material respects, with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB and that the consolidated financial statements, in compliance with these requirements, give a true and fair view of the assets, liabilities, financial position, and financial performance of the Group. In addition the executive directors are responsible for such internal control as they have determined necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, the executive directors are responsible for assessing the Group's ability to continue as a going concern. They also have the responsibility for disclosing, as applicable, matters related to going concern. In addition, they are responsible for financial reporting based on the going concern basis of accounting unless there is an intention to liquidate the Group or to cease operations, or there is no realistic alternative but to do so.

Furthermore, the executive directors are responsible for the preparation of the group management report that, as a whole, provides an appropriate view of the Group's position

and is, in all material respects, consistent with the consolidated financial statements, complies with German legal requirements, and appropriately presents the opportunities and risks of future development. In addition, the executive directors are responsible for such arrangements and measures (systems) as they have considered necessary to enable the preparation of a group management report that is in accordance with the applicable German legal requirements, and to be able to provide sufficient appropriate evidence for the assertions in the group management report.

The supervisory board is responsible for overseeing the Group's financial reporting process for the preparation of the consolidated financial statements and of the group management report.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements and of the Group Management Report

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and whether the group management report as a whole provides an appropriate view of the Group's position and, in all material respects, is consistent with the consolidated financial statements and the knowledge obtained in the audit, complies with the German legal requirements and appropriately presents the opportunities and risks of future development, as well as to issue an auditor's report that includes our audit opinions on the consolidated financial statements and on the group management report.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with § 317 HGB and the EU Audit Regulation and in compliance with German Generally Accepted Standards for Financial Statement Audits promulgated by the Institut der Wirtschaftsprüfer (IDW) will always detect a material misstatement. Misstatements can arise from fraud or error and are con-

sidered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements and this group management report.

We exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements and of the group management report, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our audit opinions. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal controls.
- Obtain an understanding of internal control relevant to the audit of the consolidated financial statements and of arrangements and measures (systems) relevant to the audit of the group management report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an audit opinion on the effectiveness of these systems.
- Evaluate the appropriateness of accounting policies used by the executive directors and the reasonableness of estimates made by the executive directors and related disclosures.
- Conclude on the appropriateness of the executive directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in

the auditor's report to the related disclosures in the consolidated financial statements and in the group management report or, if such disclosures are inadequate, to modify our respective audit opinions. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to be able to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements present the underlying transactions and events in a manner that the consolidated financial statements give a true and fair view of the assets, liabilities, financial position and financial performance of the Group in compliance with IFRSs as adopted by the EU and the additional requirements of German commercial law pursuant to § 315e Abs. 1 HGB.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express audit opinions on the consolidated financial statements and on the group management report. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinions.
- Evaluate the consistency of the group management report with the consolidated financial statements, its conformity with German law, and the view of the Group's position it provides.
- Perform audit procedures on the prospective information presented by the executive directors in the group management report. On the basis of sufficient appropriate audit evidence we evaluate, in particular, the significant assumptions used by the executive directors as a basis for the prospective information and evaluate the proper

derivation of the prospective information from these assumptions. We do not express a separate audit opinion on the prospective information and on the assumptions used as a basis. There is a substantial unavoidable risk that future events will differ materially from the prospective information.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with the relevant independence requirements, and communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, the related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter.

OTHER LEGAL AND REGULATORY REQUIREMENTS

Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB

Assurance Opinion

We have performed assurance work in accordance with § 317 Abs. 3a HGB to obtain reasonable assurance as to whether the rendering of the consolidated financial statements and the group management report (hereinafter the "ESEF documents") contained in the electronic file BMW_AG_KA+KLB_ESEF-2021-12-31.zip and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format ("ESEF format"). In accordance with German legal requirements, this assurance work extends only to the conversion of the information contained in the consolidated financial statements and the group management report into the ESEF format and therefore relates neither to the information contained within these renderings nor to any other information contained in the electronic file identified above.

In our opinion, the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above and prepared for publication purposes complies in all material respects with the requirements of § 328 Abs. 1 HGB for the electronic reporting format. Beyond this assurance opinion and our audit opinion on the accompanying consolidated financial statements and the accompanying group management report for the financial year from January 1 to December 31, 2021 con-

tained in the "Report on the Audit of the Consolidated Financial Statements and on the Group Management Report" above, we do not express any assurance opinion on the information contained within these renderings or on the other information contained in the electronic file identified above.

Basis for the Assurance Opinion

We conducted our assurance work on the rendering of the consolidated financial statements and the group management report contained in the electronic file identified above in accordance with § 317 Abs. 3a HGB and the IDW Assurance Standard: Assurance Work on the Electronic Rendering of Financial Statements and Management Reports, Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB (IDW AsS 410 (10.2021)) and the International Standard on Assurance Engagements 3000 (Revised). Our responsibility in accordance therewith is further described in the "Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents" section. Our audit firm applies the IDW Standard on Quality Management 1: Requirements for Quality Management in the Audit Firm (IDW QS 1).

Responsibilities of the Executive Directors and the Supervisory Board for the ESEF Documents

The executive directors of the Company are responsible for the preparation of the ESEF documents including the electronic renderings of the consolidated financial statements and the group management report in accordance with § 328 Abs. 1 Satz 4 Nr. [number] 1 HGB and for the tagging of the consolidated financial statements in accordance with § 328 Abs. 1 Satz 4 Nr. 2 HGB.

In addition, the executive directors of the Company are responsible for such internal control as they have considered necessary to enable the preparation of ESEF documents that are free from material non-compliance with the require-

ments of § 328 Abs. 1 HGB for the electronic reporting format, whether due to fraud or error.

The supervisory board is responsible for overseeing the process for preparing the ESEF documents as part of the financial reporting process.

Group Auditor's Responsibilities for the Assurance Work on the ESEF Documents

Our objective is to obtain reasonable assurance about whether the ESEF documents are free from material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error. We exercise professional judgment and maintain professional skepticism throughout the assurance work. We also:

- Identify and assess the risks of material non-compliance with the requirements of § 328 Abs. 1 HGB, whether due to fraud or error, design and perform assurance procedures responsive to those risks, and obtain assurance evidence that is sufficient and appropriate to provide a basis for our assurance opinion.
- Obtain an understanding of internal control relevant to the assurance work on the ESEF documents in order to design assurance procedures that are appropriate in the circumstances, but not for the purpose of expressing an assurance opinion on the effectiveness of these controls.
- Evaluate the technical validity of the ESEF documents, i.e., whether the electronic file containing the ESEF documents meets the requirements of the Delegated Regulation (EU) 2019 / 815 in the version in force at the date of the consolidated financial statements on the technical specification for this electronic file.
- Evaluate whether the ESEF documents provide an XHTML rendering with content equivalent to the audited

consolidated financial statements and to the audited group management report.

- Evaluate whether the tagging of the ESEF documents with Inline XBRL technology (iXBRL) in accordance with the requirements of Articles 4 and 6 of the Delegated Regulation (EU) 2019 / 815, in the version in force at the date of the consolidated financial statements, enables an appropriate and complete machine-readable XBRL copy of the XHTML rendering.

Further Information pursuant to Article 10 of the EU Audit Regulation

We were elected as group auditor by the annual general meeting on May 12, 2021. We were engaged by the supervisory board on June 24, 2021. We have been the group auditor of Bayerische Motoren Werke Aktiengesellschaft, Munich, without interruption since the financial year 2019.

We declare that the audit opinions expressed in this auditor's report are consistent with the additional report to the audit committee pursuant to Article 11 of the EU Audit Regulation (long-form audit report).

REFERENCE TO AN OTHER MATTER – USE OF THE AUDITOR'S REPORT

Our auditor's report must always be read together with the audited consolidated financial statements and the audited group management report as well as the assured ESEF documents. The consolidated financial statements and the group management report converted to the ESEF format – including the versions to be published in the Federal Gazette – are merely electronic renderings of the audited consolidated financial statements and the audited group management report and do not take their place. In particular, the "Report on the Assurance on the Electronic Rendering of the Consolidated Financial Statements and the Group

Management Report Prepared for Publication Purposes in Accordance with § 317 Abs. 3a HGB" and our assurance opinion contained therein are to be used solely together with the assured ESEF documents made available in electronic form.

GERMAN PUBLIC AUDITOR RESPONSIBLE FOR THE ENGAGEMENT

The German Public Auditor responsible for the engagement is Andreas Fell.

Munich, March 9, 2022

PricewaterhouseCoopers GmbH

Wirtschaftsprüfungsgesellschaft

(sgd. Petra Justenhoven)

Wirtschaftsprüferin

(German Public Auditor)

(sgd. Andreas Fell)

Wirtschaftsprüfer

(German Public Auditor)

INDEPENDENT PRACTITIONER'S REPORT

Independent Practitioner's Report on a Limited Assurance Engagement on Disclosures on Non-financial Reporting and Sustainability Disclosures¹

To BMW AG, Munich

We have performed a limited assurance engagement on the disclosures in the "BMW Group Report 2021" of BMW AG, Munich, (hereinafter the "Company") for the period from 1 January to 31 December 2021 (hereinafter the "Integrated Group Report") denoted with "[r ... i]" of the Combined Non-financial Statement, which is integrated into the combined management report (hereinafter the "Disclosures on Non-financial Reporting") contained in the Integrated Group Report, as well as the sustainability disclosures contained in the sections "Dialog with stakeholders" and "Further GRI information" of the Integrated Group Report (hereinafter referred to as "Sustainability Disclosures"). Our engagement in this context relates solely to the disclosures denoted with the symbol "[r ... i]" and the disclosures in the sections "Dialog with stakeholders" and "Further GRI information".

Not subject to our assurance engagement are the external sources of documentation or expert opinions mentioned in the Integrated Group Report.

Responsibility of the Executive Directors

The executive directors of the Company are responsible for the preparation of the Combined Non-financial Statement in accordance with §§ (Articles) 315c in conjunction with 289c to 289e HGB ("Handelsgesetzbuch": "German Commercial Code") and Article 8 of REGULATION (EU) 2020/852 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL of 18. June 2020 on establishing a framework to facilitate sustainable investment and amending Regulation (EU) 2019/2088 (hereinafter the "EU Taxonomy Regulation") and the Delegated Acts adopted thereunder, as well as for making their own interpretation of the wording and terms contained in the EU Taxonomy Regulation and the Delegated Acts adopted thereunder, as set out in section "EU-Taxonomy" of the Combined Non-financial Statement and the Sustainability Disclosures in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the "GRI-Criteria").

This responsibility includes the selection and application of appropriate methods of non-financial reporting and sustainability reporting as well as making assumptions and estimates related to individual non-financial disclosures and sustainability disclosures of the Group that are reasonable in the circumstances. Furthermore, the executive directors are responsible for such internal control as the executive directors consider necessary to enable the preparation of an Integrated Group Report that is free from material misstatement whether due to fraud or error.

The EU Taxonomy Regulation and the Delegated Acts issued thereunder contain wording and terms that are still subject to considerable interpretation uncertainties and for which clarifications have not yet been published in every case. Therefore, the executive directors have disclosed their interpretation of the EU Taxonomy Regulation and the Delegated Acts adopted thereunder in section "EU-Taxonomy" of the Combined Non-financial Statement. They are responsible for the defensibility of this interpretation. Due to the immanent risk that indeterminate legal terms may be interpreted differently, the legal conformity of the interpretation is subject to uncertainties.

¹ PricewaterhouseCoopers GmbH has performed a limited assurance engagement on the German version of the „BMW Group Report 2021“ and issued an independent practitioner's report in German language, which is authoritative. The following text is a translation of the independent practitioner's report

Independence and Quality Control of the Audit Firm

We have complied with the German professional provisions regarding independence as well as other ethical requirements.

Our audit firm applies the national legal requirements and professional standards – in particular the Professional Code for German Public Auditors and German Chartered Auditors ("Berufssatzung für Wirtschaftsprüfer und vereidigte Buchprüfer": "BS WP/vBP") as well as the Standard on Quality Control 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality control for audit firms (IDW Qualitätssicherungsstandard 1: Anforderungen an die Qualitätssicherung in der Wirtschaftsprüferpraxis - IDW QS 1) – and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Responsibility of the Assurance Practitioner

Our responsibility is to express a conclusion with limited assurance on the Disclosures on Non-financial Reporting denoted with the symbol "[t ... i]" of the Combined Non-financial Statement and the Sustainability Disclosures in the sections "Dialog with stakeholders" and "Further GRI information" of the Integrated Group Report based on the assurance engagement we have performed.

We conducted our assurance engagement in accordance with International Standard on Assurance Engagements (ISAE) 3000 (Revised): Assurance Engagements other than Audits or Reviews of Historical Financial Information, issued by the IAASB. This Standard requires that we plan and perform the assurance engagement to obtain limited assurance about whether any matters have come to our attention that cause us to believe that

- the Disclosures on Non-financial Reporting denoted with the symbol "[t ... i]" of the Company's Combined Non-financial Statement, contained in the Integrated Group Report, other than the external sources of documentation or expert opinions mentioned in the disclosures denoted with the symbol "[t ... i]" in the Combined Non-financial Statement, are not prepared, in all material respects, in accordance with §§ 315c in conjunction with 289c to 289e HGB and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU-Taxonomy" of the Combined Non-financial Statement, or
- the Sustainability Disclosures in the sections "Dialog with stakeholders" and "Further GRI information" of the Company's Integrated Group Report have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

In a limited assurance engagement the procedures performed are less extensive than in a reasonable assurance engagement, and accordingly a substantially lower level of assurance is obtained. The selection of the assurance procedures is subject to the professional judgement of the assurance practitioner.

In the course of our assurance engagement, we have, amongst other things, performed the following assurance procedures and other activities:

- Obtaining an understanding of the structure of the sustainability organization and of the stakeholder engagement
- Inquiries of personnel involved in the preparation of the Integrated Group Report regarding the preparation process, the internal control system relating to this process and selected disclosures in the Integrated Group Report

- Identification of the likely risks of material misstatement of the Integrated Group Report
- Testing of processes for the collection, control, analysis and aggregation of selected data from various Group sites on a sample basis
- Analytical evaluation of selected disclosures in the Integrated Group Report
- Evaluation of the process to identify taxonomy-eligible economic activities and the corresponding disclosures in the Combined Non-financial Statement
- Inquiries on the relevance of climate-risks
- Evaluation of the presentation of the disclosures

In determining the disclosures in accordance with Article 8 of the EU Taxonomy Regulation, the executive directors are required to interpret undefined legal terms. Due to the imminent risk that undefined legal terms may be interpreted differently, the legal conformity of their interpretation and, accordingly, our assurance engagement thereon are subject to uncertainties.

Assurance Opinion

Based on the assurance procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that

- the Disclosures on Non-financial Reporting denoted with the symbol "[]" of the Company's Combined Non-financial Statement for the period from 1 January to 31 December 2021, which is integrated into the combined management report contained in the Integrated Group Report, have not been prepared, in all material aspects, in accordance with the requirements of §§ 315c in conjunction with 289c to 289e HGB relevant to these disclosures and the EU Taxonomy Regulation and the Delegated Acts issued thereunder as well as the interpretation by the executive directors disclosed in section "EU-Taxonomy" of the Non-financial Statement, or
- the Sustainability Disclosures in the sections "Dialog with stakeholders" and "Further GRI information" of the Company's Integrated Group Report for the period from 1 January to 31 December 2021 have not been prepared, in all material aspects, in accordance with the relevant GRI-Criteria.

We do not express an assurance opinion on the external sources of documentation or expert opinions mentioned in the Disclosures on Non-financial Reporting denoted with the symbol "[]" of the Company's Combined Non-financial Statement.

Restriction of Use

We draw attention to the fact that the assurance engagement was conducted for the Company's purposes and that the report is intended solely to inform the Company about the result of the assurance engagement. Consequently, it may not be suitable for any other purpose than the aforementioned. Accordingly, the report is not intended to be used by third parties for making (financial) decisions based on it. Our responsibility is to the Company. We do not accept any responsibility to third parties. Our assurance opinion is not modified in this respect.

Munich, 9 March 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Andreas Fell
Wirtschaftsprüfer
[German public auditor]

Nicolette Behncke
Wirtschaftsprüferin
[German public auditor]

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REMUNERATION REPORT

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REMUNERATION REPORT

The Board of Management and the Supervisory Board have prepared this Remuneration Report in accordance with the requirements of § 162 of the German Stock Corporation Act (AktG). As a result of the implementation of the second EU Shareholder Rights Directive via § 162 AktG, the reporting standard applicable to Bayerische Motoren Werke Aktiengesellschaft (BMW AG) has changed as of the reporting year 2021. The report shows and explains the remuneration granted and owed to the individual current and former members of the Board of Management and the Supervisory Board of BMW AG in the financial year 2021.¹

In order to facilitate understanding, the basic features of the remuneration systems applicable to the members of the Board of Management and the members of the Supervisory Board, as applied in the 2021 financial year, are also set out below. In view of the fact that individual members of the Board of Management also received remuneration components from earlier remuneration systems during the 2021 financial year (specifically the remuneration systems for the 2016 financial year and for 2019 financial year) elements of these systems are also explained to the extent necessary for comprehension.

The auditing firm PricewaterhouseCoopers GmbH has audited the remuneration report beyond the requirements of § 162 (3) Sentences 1 and 2 AktG.

I. Review of the past financial year from a remuneration perspective

The Supervisory Board adopted the current remuneration system for the members of the Board of Management with

effect from 1 January 2021. The Annual General Meeting approved it on 12 May 2021 with a majority of 91.60 % of the valid votes cast.

Despite the challenges posed by supply shortages and the ongoing coronavirus pandemic, 2021 was a very successful financial year for the BMW Group, with solid sales growth for its BMW, MINI and Rolls-Royce brands. The BMW brand set a new sales record and took over the top position in the global premium segment. In 2021, the BMW Group also consistently pushed ahead with the expansion of its range of electrified models, increasing the share of electrified vehicles sold by the BMW and MINI brands by more than 70 per cent compared to 2020. The launch of the BMW iX and the BMW i4 also marked the entry of two products at the forefront of innovation to the market.

Under the leadership of the Board of Management, the BMW Group's management continued to steer the company in a prudent fashion through the volatile and challenging environment that characterised last year. For example, the production, sales and purchasing networks successfully managed the challenges associated with the coronavirus pandemic and supply bottlenecks, demonstrating genuine flexibility in the process. As a result, the impact of Covid-19 was limited over the past financial year.

¹ Due to rounding, it is possible that individual figures in this report may not add up exactly to the totals provided, and that the percentages presented here may not be an exact reflection of the absolute values to which they relate.

At the same time, the Board of Management of the BMW Group worked very constructively and intensively on the core strategic course for the future, in order to create the conditions for an attractive and future-oriented product portfolio, and to achieve a significant improvement in profitability. The strategic decisions taken in this regard focused in particular on strategic issues related to electrification.

In December 2020, the Supervisory Board set ambitious targets linked to the variable remuneration of the members of the Board of Management for the 2021 financial year. Of the total variable target remuneration available, approximately 38 % is linked to environmental, social or governance (ESG) targets. It set targets for fleet carbon emissions in the EU and sales targets for electrified vehicles in the 2021 financial year as strategic focus targets for long-term variable remuneration (share-based remuneration). In doing so, it attached particular significance to the strategic importance of accelerating market penetration for electrified vehicles and sustainability targets in determining remuneration.

Thanks to its strong overall performance, the Board of Management exceeded both the financial and non-financial targets for short-term variable remuneration (bonuses) ["Bonus for the 2021 financial year"](#). The financial target regarding long-term variable remuneration (share-based remuneration) was also exceeded with regard to the return on capital employed (RoCE) in the Automotive segment. The Board of Management achieved (or nearly achieved) the ambitious non-financial strategic focus targets for long-term variable remuneration. At 115.9 g/km, fleet carbon emissions came in under the EU legal limit of 125.8 g/km ["Share-based remuneration for the 2021 financial year"](#).

If necessary, and in the interest of the long-term success of BMW AG, the Supervisory Board may temporarily deviate from the remuneration system – as provided for in § 87a (2) Sentence 2 AktG. In accordance with G.11 of the German Corporate Governance Code dated 16 December 2019, the Supervisory Board has also reserved the right to make adjustments if extraordinary developments occur, such as significant acquisitions and disposals, or changes in accounting standards or tax regulations that have a significant impact. After due examination, the Supervisory Board did not make use of these options for the 2021 financial year.

The composition of the Board of Management did not change during the year. For Dr. Wendt, the target remuneration applicable to Members of the Board of Management from the second mandate period onwards was applied at the beginning of his second mandate period, from 1 October 2021 onwards.

The remuneration system for the members of the Supervisory Board is set out in Article 15 of the Articles of Incorporation. It was confirmed by the Annual General Meeting on 12 May 2021 with a majority of 99.40 % of the valid votes cast, and implemented for the 2021 financial year in accordance with the provisions of the Articles of Incorporation.

In the 2021 financial year, there were several changes to the composition of the Supervisory Board, meaning that the Supervisory Board remuneration for individual Supervisory Board members had to be calculated pro rata temporis. With effect from the end of the 2021 Annual General Meeting, Dr. Kley resigned from the Supervisory Board and the Personnel Committee, which, among other things, is responsible for preparing decisions in connection with Board of Management remuneration. The Supervisory Board elected Dr. Bock as his successor on the Personnel Committee, with effect from 12 May 2021.

II. Remuneration of the members of the Board of Management

1. Principles of the remuneration system and the contribution of remuneration to the promotion of the company's business strategy and its long-term development

The remuneration system in place since the 2021 financial year is easy to understand and clearly structured. It complies with the provisions of the German Stock Corporation Act (AktG) and the recommendations and suggestions of the German Corporate Governance Code. The Supervisory Board has applied the following principles in designing the remuneration system for the Board of Management:

- The remuneration structure is geared towards the sustainable and long-term development of the company. Therefore, variable remuneration components are predominantly granted on the basis of a multi-year assessment.
- The total remuneration of the members of the Board of Management is commensurate with their tasks and performance as well as the company's situation.
- The remuneration system ensures that both positive and negative developments are appropriately reflected in the remuneration ("pay for performance").
- The remuneration system takes into account both the performance of the entire Board of Management and the achievement of individual targets.
- The remuneration system observes the principle of consistency between the remuneration systems in the company: The remuneration systems for the Board of Management, executives and employees of BMW AG are all designed in a similar way.

- The total remuneration is in line with market practice both in terms of amount and structure, and takes into account the size, complexity and economic situation of the company.

The BMW Group aims to be the most successful and sustainable premium provider of individual mobility. The business strategy focuses on the customer and the provision of sustainable individual mobility in the premium segment, taking into account high profitability, in order to secure the company's independence in the future. The remuneration system contributes to the implementation of the business strategy and the sustainable and long-term development of the company. It also takes into account the concerns of the company's important stakeholders (in particular, shareholders, customers, and employees). The incentive effects of the various remuneration components have a complementary effect.

- The fixed basic remuneration counteracts the temptation to take disproportionately high risks in order to achieve short-term goals, and thus contributes to the long-term development of the company.
- The variable bonus is divided into two parts, which influence behaviour in different ways. The earnings-related component of the bonus rewards recipients for achieving the company's financial targets in the vesting year, and promotes the earnings-related parts of the business strategy. In contrast, the performance component of the bonus is based on non-financial performance criteria, which are also derived from the business strategy. In this respect, the performance component of the bonus also offers particular incentives to encourage individuals consistently to pursue the goals of the business strategy for the long-term development of the company. These goals

do not have to be directly reflected in the key financial indicators for a given vesting year.

- The amount of the variable share-based remuneration also depends on the fulfilment of financial and non-financial objectives derived from the business strategy, since 50 % of the target cash amount earmarked for share purchases is linked to a financial key indicator (RoCE in the Automotive segment), and 50 % is linked to strategic focus targets. The obligation to use the net amount to purchase shares of common stock in the company and to hold these shares for at least four years also motivates the members of the Board of Management to strive to ensure the long-term positive development of the company, as this in turn promotes sustainable positive developments in the price of BMW shares.

2. Overview of remuneration system from the financial year 2021 onwards

The table below shows an overview of the remuneration system applicable from the financial year 2021 onwards.

COMPONENT	Parameters / measurement base, applicable amounts
FIXED REMUNERATION COMPONENTS	
Base remuneration	<p>Member of the Board of Management:</p> <ul style="list-style-type: none"> — € 0.90 million p.a. (first period of office) — € 1.05 million p.a. (from second period of office or fourth year of mandate) <p>Chairman of the Board of Management:</p> <ul style="list-style-type: none"> — € 1.95 million p.a. — Monthly payment on a pro rata basis
Fringe benefits	Contractual agreement, main points: non-cash benefits from the use of company cars and the BMW chauffeur service, insurance premiums, contributions towards security systems, employee discounts
Compensation payments	The Supervisory Board may award payments to compensate for loss of salary from a previous employment relationship and to cover relocation costs in the case of new entrants.
Retirement benefits	<p>Defined contribution system with a guaranteed minimum return</p> <p>Benefits based on amounts credited to individual savings accounts for contributions paid and interest earned, various forms of disbursement</p> <p>Pension contribution p. a.:</p> <ul style="list-style-type: none"> Member of the Board of Management: € 400,000 Chairman of the Board of Management: € 700,000
Remuneration linked to corporate strategy	<ul style="list-style-type: none"> — Base remuneration has the effect of discouraging unduly high levels of risk being to achieve short-term targets, thus contributing to the long-term development of the Company — Fixed remuneration components are a prerequisite for competitive levels of remuneration to attract and retain Board of Management members with the right qualifications
VARIABLE REMUNERATION COMPONENTS	
Bonus	<p>Bonus (sum of earnings component and performance component)</p> <ul style="list-style-type: none"> — Target amount p. a. (at 100% target achievement): <ul style="list-style-type: none"> — € 0.95 million (first period of office) — € 1.15 million (from second period of office or fourth year of mandate) — € 2.10 million (Chairman of the Board of Management) — Capped at 180% of target amount — Payment after the Annual General Meeting at which the Company Financial Statements are presented for the relevant financial year
Earnings component (at 100% target achievement corresponds to 50% of target amount)	<ul style="list-style-type: none"> — Assessment period one year — Base amount p. a. (50% of target bonus amount): <ul style="list-style-type: none"> — € 0.475 million (first period of office) — € 0.575 million (from second period of office or fourth year of mandate) — € 1.050 million (Chairman of the Board of Management) — Formula: 50% of target amount x performance factor — Earnings factor is derived from a predefined allocation based on the parameters <ul style="list-style-type: none"> — Profit attributable to shareholders of BMW AG and Group post-tax return on sales in grant year — The earnings factor is 1.0 in case of a profit attributable to shareholders of BMW AG amounting to € 5.3 billion and a Group post-tax return on sales of 5.6% — The earnings factor is 1.5 in case of a profit attributable to shareholders of BMW AG amounting to € 6.9 billion and a Group post-tax return on sales of 7.3% — The earnings factor is 0 in case of a profit attributable to shareholders of BMW AG below € 3.0 billion or a Group post-tax return on sales of below 3.0% — Earnings factor may not exceed 1.8 — Maximum amount of earnings component p. a.: <ul style="list-style-type: none"> — € 0.855 million (first period of office) — € 1.035 million (from second period of office or fourth year of mandate) — € 1.890 million (Chairman of the Board of Management)

COMPONENT	Parameters / measurement base, applicable amounts
VARIABLE REMUNERATION COMPONENTS	
Bonus	
Performance component (at 100% target achievement corresponds to 50% of target amount)	<ul style="list-style-type: none"> — Assessment period one year — Base amount p. a. (50% of target bonus amount): <ul style="list-style-type: none"> — € 0.475 million (first period of office) — € 0.575 million (from second period of office or fourth year of mandate) — € 1.050 million (Chairman of the Board of Management) — Formula: 50% of target amount x performance factor — Primarily qualitative, non-financial criteria, expressed in terms of a performance factor aimed at measuring the Board members contribution to sustainable and long-term performance and corporate orientation — Relevant period is the vesting year — Additional trend analysis over at least three financial years — Composition of performance factor:¹ <ul style="list-style-type: none"> — 50% cross-divisional targets with ESG criteria — 40% other cross-divisional targets — 10% individual targets — Criteria for the cross-divisional targets with ESG criteria include in particular: innovation performance (environmental, e.g. reduction of carbon emissions), development of the BMW Group's reputation based on ESG aspects (e.g. corporate culture, promotion of integrity and compliance), adaptability, attractiveness as an employer, leadership performance — Criteria for the other cross-divisional targets include in particular: market position compared to competitors, innovation performance (economic), development of the BMW Group's reputation based on non-ESG-related aspects (e.g. perception on capital markets, brand strength), customer orientation — Measurement parameters and target values are determined before the start of the financial year — Performance factor may not exceed 1.8 — Maximum amount of performance component p. a.: <ul style="list-style-type: none"> — € 0.855 million (first period of office) — € 1.035 million (from second period of office or fourth year of mandate) — € 1.890 million (Chairman of the Board of Management)
Remuneration linked to corporate strategy	<ul style="list-style-type: none"> — Earnings component of bonus rewards attainment of financial targets and is beneficial for earnings-related aspects of business strategy — Performance component of bonus motivates the pursuit of non-financial strategic targets and is therefore beneficial for the long-term development of the BMW Group
Share-based remuneration	
Personal investment cash amount	<ul style="list-style-type: none"> — Requirement for Board of Management members to invest an earmarked cash amount (personal cash investment amount), net of tax and deductions, in shares of BMW common stock — Requirement for Board of Management members to hold the acquired shares of common stock for at least four years (share ownership guideline) — Assessment period of five years in total (one year for determining the personal cash investment amount, four years holding requirement)
Basis of computation	<ul style="list-style-type: none"> — Target amount p. a. (at 100% target achievement): <ul style="list-style-type: none"> — € 1.10 million (first period of office) — € 1.28 million (from second period of office or fourth year of mandate) — € 2.35 million (Chairman of the Board of Management) — 50% of target amount depends on RoCE achieved in the Automotive segment (RoCE component) — 50% of the target amount depends on the achievement of predefined strategic focus targets (strategic focus target component) — Capped at 180% of target amount — Payment after the Annual General Meeting at which the Company Financial Statements are presented for the relevant vesting year

¹ See below for the set targets for the 2021 financial year ([Variable remuneration for the 2021 financial year](#)).

COMPONENT	Parameters / measurement base, applicable amounts
VARIABLE REMUNERATION COMPONENTS	
Share-based remuneration	
RoCE component (at 100% target achievement corresponds to 50% of target amount)	<ul style="list-style-type: none"> — Target amount RoCE component p. a. (50% of target amount of the personal investment cash amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office) — € 0.264 million (from second period of office or fourth year of mandate) — € 1.175 million (Chairman of the Board of Management) — Formula: 50% of target amount x RoCE factor — RoCE factor is derived from the RoCE achieved in the Automotive segment for the vesting year — Minimum, target and maximum values for RoCE are defined before the start of the financial year — RoCE factor may not exceed 1.8 — Maximum amount of RoCE component p. a.: <ul style="list-style-type: none"> — € 0.990 million (first period of office) — € 1.152 million (from second period of office or fourth year of mandate) — € 2.115 million (Chairman of the Board of Management)
Strategic focus target component (at 100% target achievement corresponds to 50% of target amount)	<ul style="list-style-type: none"> — Target amount strategic focus target component p. a. (50% of target amount of personal investment cash amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office) — € 0.64 million (from second period of office or fourth year of mandate) — € 1.175 million (Chairman of the Board of Management) — At least two strategic focus targets derived from the strategic plan — Weighting of the strategic focus targets is decided before the start of the financial year — Formula in event of two strategic focus targets with equal weighting p. a.: <ul style="list-style-type: none"> 25% of target amount for personal investment cash amount x factor for strategic focus target 1 + 25% of target amount for personal investment cash amount x factor for strategic focus target 2 — Minimum, target and maximum values are defined before the start of the financial year — Factor for each strategic focus target may not exceed 1.8 — Maximum amount of strategic focus target component p. a.: <ul style="list-style-type: none"> — € 0.990 million (first period of office) — € 1.152 million (from second period of office or fourth year of mandate) — € 2.115 million (Chairman of the Board of Management)
Remuneration linked to corporate strategy	<ul style="list-style-type: none"> — personal investment cash amount is 50% dependent on key performance indicator RoCE and is therefore directly linked to a key measure of corporate strategy and reflects BMW AG's aspiration to generate a significant premium on the cost of capital — The remaining 50% of the personal investment cash amount is beneficial for the attainment of strategic focus targets and therefore contributes to the BMW Group's operational success in strategically important areas — Commitment to purchase shares of BMW AG common stock and four-years holding requirement is beneficial for the long-term development of the BMW Group
Malus and clawback rules	
Malus	<ul style="list-style-type: none"> — Agreement to withhold variable remuneration in the event of specified serious compliance violations or (withholding amounts provisionally) in the event of reasonable suspicions of such — Amounts may also be withheld in principle after a member has left the Board
Clawback	<ul style="list-style-type: none"> — Agreement entitling the BMW Group to reclaim variable remuneration already paid out in the event of specified incidences of serious non-compliance, incorrect calculation bases or incorrect financial statements — Amounts may also be clawed back in principle after a member has left the Board

3. Determination and review of the remuneration system and individual remuneration

Determining the system and structure of Board of Management remuneration, and reviewing it regularly, is a task of the full Supervisory Board, as is determining the individual level of remuneration of members of the Board of Management. The Personnel Committee of the Supervisory Board assumes a preparatory function in the determination and review of the remuneration system as a whole, and of the individual remuneration paid to members of the Board of Management.

The Supervisory Board reviews the remuneration system annually to ensure it is appropriate in terms of structure, target and maximum remuneration, as well as actual remuneration. The Supervisory Board also takes remuneration studies into account when assessing the market conformity of the target and maximum remuneration, as well as when assessing actual remuneration in horizontal terms. Due to the size and structure of the BMW Group, DAX companies are used as a comparison group and the remuneration data from this group is compared with the remuneration paid to members of the Board of Management at BMW AG. Vertically, the Supervisory Board compares the remuneration of members of the Board of Management with the remuneration of senior executives and with the average remuneration of employees employed by BMW AG in Germany in areas inside and outside the scope of collective bargaining agreements, including in terms of how they have changed over a period of several years. Recommendations from independent external remuneration experts, as well as suggestions from investor and analyst circles, may also be included in the deliberations. For the 2021 financial year, the review has shown that the target and maximum remuneration as well as actual remuneration are appropriate.

In accordance with the remuneration system, the Supervisory Board – acting on the proposal of the Personnel Committee – sets specific target remuneration for each individual member of the Board of Management for the upcoming financial year, as well as the performance criteria associated with the variable remuneration components provided for in the remuneration system.

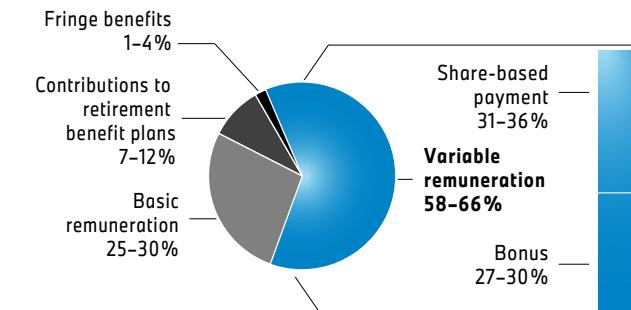
The total target remuneration is composed of the fixed remuneration and the variable remuneration. Within the variable remuneration, the proportion of share-based remuneration as long-term variable remuneration exceeds the share of the bonus as short-term variable remuneration. The share of the individual remuneration components is within the ranges specified by the remuneration system.

a) Target remuneration for the 2021 financial year

The following tables show the individual target remuneration of the members of the Board of Management and the relative share of the respective remuneration component in the total target remuneration.

OVERVIEW OF TOTAL TARGET REMUNERATION FOR MEMBERS OF THE BOARD OF MANAGEMENT

in %



Excluding a possible payment to new members of the Board of Management to compensate for salary losses from a previous employment relationship and/or to cover relocation costs.

TARGET REMUNERATION FOR THE FINANCIAL YEAR 2021 (2020)

		OLIVER ZIPSE Chairman of the Board of Management since 16 August 2019 Member of the Board of Management since 13 May 2015		ILKA HORSTMEIER Human Resources, Labour Relations Director since 1 November 2019					
		FY 2021¹		FY 2020²		FY 2021¹		FY 2020²	
		in €	in %	in €	in %	in €	in %	in €	in %
Fixed remuneration	Fixed remuneration (basic remuneration)	1,950,000	27	1,800,000	27	900,000	26	800,000	24
	Fringe benefits (other remuneration)	19,355	0.3	66,256	1	47,633	1	87,374	3
	Contribution to the company pension scheme	700,000	10	500,000	7	400,000	12	350,000	10
	Total	2,669,355	37	2,366,256	35	1,347,633	40	1,237,374	37
BONUS									
Variable remuneration	Earnings component of bonus 2020	(-)	(-)	540,000	8	(-)	(-)	255,000	8
	Performance component of bonus 2020	(-)	(-)	1,260,000	19	(-)	(-)	595,000	18
	Earnings component of bonus 2021	1,050,000	15	(-)	(-)	475,000	14	(-)	(-)
	Performance component of bonus 2021	1,050,000	15	(-)	(-)	475,000	14	(-)	(-)
PERFORMANCE CASH PLAN									
	PCP 2020-2022	(-)	(-)	1,600,000	24	(-)	(-)	850,000	25
	SHARE-BASED PAYMENT								
	Cash remuneration component (investment component) 2020 for holding obligation 2021-2025	(-)	(-)	810,000	12	(-)	(-)	382,500	11
	Share-based remuneration component (matching component) 2020 for holding obligation 2021-2025 ³	(-)	(-)	123,873	2	(-)	(-)	62,790	2
Personal cash investment amount 2021⁴									
	RoCE component	1,175,000	17	(-)	(-)	550,000	16	(-)	(-)
	Strategic focus target component	1,175,000	17	(-)	(-)	550,000	16	(-)	(-)
	Total	4,450,000	63	4,333,873	65	2,050,000	60	2,145,290	63
	Target total remuneration	7,119,355	100	6,700,129	100	3,397,633	100	3,382,664	100

¹ Remuneration system as of financial year 2021.

² Remuneration system applicable until financial year 2020.

³ Provisional monetary value calculated as of 2 January 2021 in accordance with German Accounting Standard 17, as amended. The final number of matching shares and/or the final cash value will only be determined when the investment obligation is fulfilled in shares of common stock of the company.

⁴ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

TARGET REMUNERATION FOR THE FINANCIAL YEAR 2021 (2020)

		MILAN NEDELJKOVIĆ Production since 1 October 2019		PIETER NOTA Customer, Brands, Sales since 1 January 2018						
		FY 2021¹		FY 2020²		FY 2021¹		FY 2020²		
		in €	in %	in €	in %	in €	in %	in €	in %	
Fixed remuneration	Fixed remuneration (basic remuneration)	900,000	27	800,000	24	1,050,000	27	800,000	24	
	Fringe benefits (other remuneration)	43,237	1	101,973	3	18,525	0.5	18,408	1	
	Contribution to the company pension scheme	400,000	12	350,000	10	400,000	10	350,000	11	
	Total	1,343,237	40	1,251,973	37	1,468,525	38	1,168,408	35	
BONUS										
Variable remuneration	Earnings component of bonus 2020	(-)	(-)	255,000	8	(-)	(-)	255,000	8	
	Performance component of bonus 2020	(-)	(-)	595,000	18	(-)	(-)	595,000	18	
	Earnings component of bonus 2021	475,000	14	(-)	(-)	575,000	15	(-)	(-)	
	Performance component of bonus 2021	475,000	14	(-)	(-)	575,000	15	(-)	(-)	
PERFORMANCE CASH PLAN										
	PCP 2020-2022	(-)	(-)	850,000	25	(-)	(-)	850,000	26	
	SHARE-BASED PAYMENT									
	Cash remuneration component (investment component) 2020 for holding obligation 2021-2025	(-)	(-)	382,500	11	(-)	(-)	382,500	12	
	Share-based remuneration component (matching component) 2020 for holding obligation 2021-2025 ³	(-)	(-)	62,790	2	(-)	(-)	62,790	2	
Personal cash investment amount 2021⁴										
	RoCE component	550,000	16	(-)	(-)	640,000	16	(-)	(-)	
	Strategic focus target component	550,000	16	(-)	(-)	640,000	16	(-)	(-)	
	Total	2,050,000	60	2,145,290	63	2,430,000	62	2,145,290	65	
	Target total remuneration	3,393,237	100	3,397,263	100	3,898,525	100	3,313,698	100	

¹ Remuneration system as of financial year 2021.

² Remuneration system applicable until financial year 2020.

³ Provisional monetary value calculated as of 2 January 2021 in accordance with German Accounting Standard 17, as amended. The final number of matching shares and/or the final cash value will only be determined when the investment obligation is fulfilled in shares of common stock of the company.

⁴ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

TARGET REMUNERATION FOR THE FINANCIAL YEAR 2021 (2020)

		NICOLAS PETER		FRANK WEBER						
		Finance	since 1 January 2017	Development	since 1 July 2020					
		FY 2021 ¹		FY 2020 ²		FY 2021 ¹		FY 2020 ²		
		in €	in %	in €	in %	in €	in %	in €	in %	
Fixed remuneration	Fixed remuneration (basic remuneration)	1,050,000	27	950,000	25	900,000	26	400,000	24	
	Fringe benefits (other remuneration)	22,746	1	24,231	1	97,833	3	28,593	2	
	Contribution to the company pension scheme	400,000	10	350,000	9	400,000	12	175,000	10	
	Total	1,472,746	38	1,324,231	35	1,397,833	41	603,593	36	
BONUS										
Variable remuneration	Earnings component of bonus 2020	(-)	(-)	300,000	8	(-)	(-)	127,500	8	
	Performance component of bonus 2020	(-)	(-)	700,000	18	(-)	(-)	297,500	18	
	Earnings component of bonus 2021	575,000	15	(-)	(-)	475,000	14	(-)	(-)	
	Performance component of bonus 2021	575,000	15	(-)	(-)	475,000	14	(-)	(-)	
PERFORMANCE CASH PLAN										
	PCP 2020-2022	(-)	(-)	950,000	25	(-)	(-)	425,000	25	
	SHARE-BASED PAYMENT									
	Cash remuneration component (investment component) 2020 for holding obligation 2021-2025	(-)	(-)	450,000	12	(-)	(-)	191,250	11	
	Share-based remuneration component (matching component) 2020 for holding obligation 2021-2025 ³	(-)	(-)	68,802	2	(-)	(-)	31,360	2	
Personal cash investment amount 2021⁴										
	RoCE component	640,000	16	(-)	(-)	550,000	16	(-)	(-)	
	Strategic focus target component	640,000	16	(-)	(-)	550,000	16	(-)	(-)	
	Total	2,430,000	62	2,468,802	65	2,050,000	59	1,072,610	64	
	Target total remuneration	3,902,746	100	3,793,033	100	3,447,833	100	1,676,203	100	

¹ Remuneration system as of financial year 2021.

² Remuneration system applicable until financial year 2020.

³ Provisional monetary value calculated as of 2 January 2021 in accordance with German Accounting Standard 17, as amended. The final number of matching shares and/or the final cash value will only be determined when the investment obligation is fulfilled in shares of common stock of the company.

⁴ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

TARGET REMUNERATION FOR THE FINANCIAL YEAR 2021 (2020)

ANDREAS WENDT
 Purchasing and Supplier Network
 from 1 October 2018 until 31 December 2021

	FY 2021 ¹		FY 2020 ²		
	in €	in %	in €	in %	
Fixed remuneration	Fixed remuneration (basic remuneration)	937,500	26	800,000	24
	Fringe benefits (other remuneration)	60,303	2	56,319	2
	Contribution to the company pension scheme	400,000	11	350,000	10
	Total	1,397,803	39	1,206,319	36
BONUS					
Variable remuneration	Earnings component of bonus 2020	(-)	(-)	255,000	8
	Performance component of bonus 2020	(-)	(-)	595,000	18
	Earnings component of bonus 2021	500,000	14	(-)	(-)
	Performance component of bonus 2021	500,000	14	(-)	(-)
PERFORMANCE CASH PLAN					
	PCP 2020-2022	(-)	(-)	850,000	25
	SHARE-BASED PAYMENT				
	Cash remuneration component (investment component) 2020 for holding obligation 2021-2025	(-)	(-)	382,500	11
	Share-based remuneration component (matching component) 2020 for holding obligation 2021-2025 ³	(-)	(-)	62,790	2
Personal cash investment amount 2021⁴					
	RoCE component	572,500	16	(-)	(-)
	Strategic focus target component	572,500	16	(-)	(-)
	Total	2,145,000	61	2,145,290	64
	Target total remuneration	3,542,803	100	3,351,609	100

¹ Remuneration system as of financial year 2021.

² Remuneration system applicable until financial year 2020.

³ Provisional monetary value calculated as of 2 January 2021 in accordance with German Accounting Standard 17, as amended. The final number of matching shares and/or the final cash value will only be determined when the investment obligation is fulfilled in shares of common stock of the company.

⁴ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

b) Maximum and minimum remuneration for the financial year 2021

The Supervisory Board has set upper limits on the remuneration of Members of the Board of Management for the 2021 financial year (vesting year) in two ways: It has set maximum limits in terms of the amount paid for all variable remuneration components and, additionally, for the total remuneration of the Board of Management members in each case. Both components of the bonus and both components of the share-based remuneration (the personal cash investment amount) are limited to a maximum of 180 % of the respective target amount.

The maximum remuneration of the Members of the Board of Management for the vesting year 2021, as determined in accordance with § 87a (1) Sentence 2 No. 1 AktG includes, as fixed components, the basic remuneration for 2021, other fixed remuneration for 2021, the pension contribution, and any service cost in excess of that contribution for 2021. The maximum remuneration includes the bonus for the vesting year 2021 and the share-based remuneration as variable components for the vesting year 2021. Any special payments to compensate for loss of salary from a previous employment relationship and/or to cover relocation costs for new appointments are also covered by the maximum remuneration.

The total fixed maximum remuneration is less than the sum of the maximum amounts for the individual components.

In addition to the maximum limits for the individual components of overall remuneration, the Supervisory Board also set minimum thresholds that had to be exceeded in order for a target to be achieved. If these minimum thresholds are not reached, the relevant component of the variable remuneration is not paid.

MAXIMUM AND MINIMUM REMUNERATION FOR THE FINANCIAL YEAR 2021

	OLIVER ZIPSE		ILKA HORSTMEIER		MILAN NEDELJKOVIĆ		PIETER NOTA	
	Chairman of the Board of Management since 16 August 2019	Member of the Board of Management since 13 May 2015	Human Resources, Labour Relations Director	Member of the Board of Management since 1 November 2019	Board of the Board of Management since 1 October 2019		Customer, Brands, Sales	Member of the Board of Management since 1 January 2018
in €	Max	Min	Max	Min	Max	Min	Max.	Min.
Fixed remuneration	Fixed remuneration (basic remuneration)	1,950,000	1,950,000	900,000	900,000	900,000	900,000	1,050,000
	Fringe benefits	19,355	19,355	47,633	47,633	43,237	43,237	18,525
	Total	1,969,355	1,969,355	947,633	947,633	943,237	943,237	1,068,525
BONUS								
Variable remuneration	Earnings component of bonus	1,890,000	0	855,000	0	855,000	0	1,035,000
	Performance component of bonus	1,890,000	0	855,000	0	855,000	0	1,035,000
SHARE-BASED REMUNERATION (PERSONAL CASH INVESTMENT AMOUNT)¹								
	RoCE component	2,115,000	0	990,000	0	990,000	0	1,152,000
	Strategic focus target component	2,115,000	0	990,000	0	990,000	0	1,152,000
	Total	8,010,000	0	3,690,000	0	3,690,000	0	4,374,000
Total fixed and variable remuneration								
Pension expense ²		702,274	702,274	401,765	401,765	401,466	401,466	402,852
Maximum remuneration³ / Minimum remuneration		9,850,000	2,671,629	4,925,000	1,349,398	4,925,000	1,344,703	5,500,000
1 Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.								
2 The pension contribution and any service cost in excess of this contribution represent the cost to the Company. This amount is not paid out to the relevant member of the Board of Management.								
3 Maximum remuneration within the meaning of § 87 a (1) Sentence 2 no. 1 German Stock Corporation Act (AktG). This total upper limit is lower than the sum of the maximum amounts from the individual components. Any special payments to compensate for loss of salary from a previous employment relationship and/or to cover relocation costs for new appointments are also covered by the maximum remuneration.								

MAXIMUM AND MINIMUM REMUNERATION FOR THE FINANCIAL YEAR 2021

		NICOLAS PETER Finance Member of the Board of Management since 1 January 2017		FRANK WEBER Development Member of the Board of Management since 1 July 2020		ANDREAS WENDT Purchasing and Supplier Network Member of the Board of Management from 1 October 2018 to 31 December 2021	
in €		Max	Min	Max	Min	Max	Min
Fixed remuneration	Fixed remuneration (basic remuneration)	1,050,000	1,050,000	900,000	900,000	937,500	937,500
	Fringe benefits	22,746	22,746	97,833	97,833	60,303	60,303
	Total	1,072,746	1,072,746	997,833	997,833	997,803	997,803
BONUS							
	Earnings component of bonus	1,035,000	0	855,000	0	900,000	0
	Performance component of bonus	1,035,000	0	855,000	0	900,000	0
Variable remuneration	SHARE-BASED REMUNERATION (PERSONAL CASH INVESTMENT AMOUNT)¹						
	RoCE component	1,152,000	0	990,000	0	1,030,500	0
	Strategic focus target component	1,152,000	0	990,000	0	1,030,500	0
	Total	4,374,000	0	3,690,000	0	3,861,000	0
	Total fixed and variable remuneration	5,446,746	1,072,746	4,687,833	997,833	4,858,803	997,803
	Pension expense ²	401,099	401,099	402,075	402,075	401,099	401,099
	Maximum remuneration³ / Minimum remuneration	5,500,000	1,473,845	4,925,000	1,399,908	5,068,750	1,398,902

¹ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

² The pension contribution and any service cost in excess of this contribution represent the cost to the Company. This amount is not paid out to the relevant member of the Board of Management.

³ Maximum remuneration within the meaning of § 87 a (1) Sentence 2 no. 1 German Stock Corporation Act (AktG). This total upper limit is lower than the sum of the maximum amounts from the individual components.

Any special payments to compensate for loss of salary from a previous employment relationship and/or to cover relocation costs for new appointments are also covered by the maximum remuneration.

The maximum limits for each individual element of the variable remuneration in the 2021 vesting year and the stipulated maximum remuneration limits were complied with in all cases [↗ Remuneration granted and owed](#).

The remuneration granted and owed pursuant to §162 German Stock Corporation Act (AktG) for financial year 2021 [↗ Remuneration granted and owed](#) includes a payout from the Performance Cash Plan 2019-2021 for members of the Board of Management who were in office back in the 2019 financial year. This variable component of the remuneration system applicable for the financial years 2018 to 2020 falls under the overall caps set by the Supervisory Board for the vesting year 2019. A final assessment of compliance with the overall caps set for the 2019 vesting year will only be possible when the matching component of the share-based remuneration for the 2019 vesting year is paid out after the expiry of the four-year shareholding period in the 2024 financial year.

The remuneration granted and owed for the 2021 financial year pursuant to §162 AktG [↗ Remuneration granted and owed](#) also includes the payment of the matching component of the share-based remuneration for the 2016 vesting year to the members of the Board of Management who were in office in that financial year. This payment was made in May 2021, after the expiry of the four-year shareholding period. This

component is subject to the overall cap set for the vesting year 2016, which was complied with for the members of the Board of Management in office at that time.

4. Remuneration for the 2021 financial year

Following a proposal by the Personnel Committee, the Supervisory Board determined in December 2020 the target remuneration for the members of the Board of Management for the 2021 financial year, as well as the performance criteria for the variable remuneration components provided for in the remuneration system. In March 2022, at the suggestion of the Personnel Committee, the Supervisory Board set or confirmed the amount of the variable remuneration components due to the members of the Board of Management for the 2021 financial year after reviewing and assessing the extent to which the targets had been achieved.

a) Fixed remuneration for the 2021 financial year

Each member of the Board of Management receives a fixed basic remuneration, which is paid monthly on a pro rata basis. The fixed basic remuneration ensures a minimum income appropriate to the tasks and responsibilities of a member of the Board of Management. It counteracts the temptation to take disproportionately high risks in order to achieve short-term goals, and thus contributes to the company's long-term development.

The amount of the basic remuneration depends on the individual's respective function on the Board of Management and the duration of their tenure on the Board of Management or their appointment period, as applicable.

The fringe benefits include, in particular, insurance benefits, non-cash benefits from vehicle use and use of telephones and computers, health care, employee discounts and subsidies for safety equipment. In addition, the Supervisory Board can approve payments to newly appointed members of the Board of Management in order to compensate them for loss of salary from a previous employment relationship and/or to cover relocation costs. No such approvals were issued in the 2021 financial year.

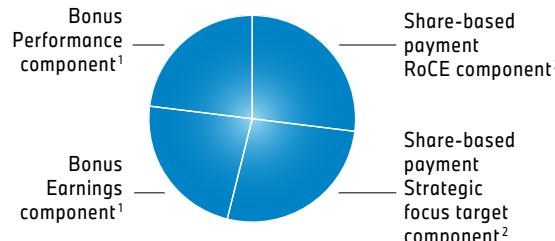
b) Variable remuneration for the 2021 financial year

The variable remuneration for the 2021 financial year consists of the bonus and the share-based remuneration. The bonus consists of the earnings and performance components, and the share-based remuneration (personal cash investment amount) consists of the RoCE component and the strategic focus targets component. The performance criteria for the variable remuneration paid to members of the Board of Management are based on the Group's key strategic financial and non-financial targets and performance indicators, and sustainably promote the Group's development. When determining specific target values, the Supervisory Board takes into account, in particular, long-term corporate planning and business development planning for the following year. These plans are prepared by the Board of Management and submitted to the Supervisory Board for approval. For details of the strategic relevance of the individual remuneration components, see also above [↗ Overview of remuneration system](#).

OVERVIEW OF FIXED REMUNERATION FOR THE 2021 FINANCIAL YEAR (IN €)

	Base salary	Fringe benefits (other remuneration)	Total fixed remuneration
Oliver Zipse	1,950,000	19,355	1,969,355
Ilka Horstmeier	900,000	47,633	947,633
Milan Nedeljković	900,000	43,237	943,237
Pieter Nota	1,050,000	18,525	1,068,525
Nicolas Peter	1,050,000	22,746	1,072,746
Frank Weber	900,000	97,833	997,833
Andreas Wendt	937,500	60,303	997,803

OVERVIEW OF VARIABLE TARGET REMUNERATION



¹ Each represents approx. 23–24% of variable target remuneration.

² Each represents approx. 26–27% of variable target remuneration.

(1) Bonus for the 2021 financial year

Overview

The bonus consists of an earnings component and a performance component. If 100 % of the target is achieved, the share of the bonus attached to each component is 50 % of the individual target amount of the bonus. The bonus amount is capped at 180 % of the individual target amount. The bonus is paid following the Annual General Meeting at which the annual financial statements for the vesting year are presented.

Earnings component of the bonus

The earnings component of the bonus rewards the performance of the business in the vesting year, as measured by the financial indicators "Profit attributable to shareholders of BMW AG" and "Group post-tax return on sales". For this purpose, the Supervisory Board adopts an allocation matrix before the start of the vesting year, from which an earnings factor is derived based on the values achieved.

For both indicators, the Supervisory Board defines a minimum value, a target value and a maximum value before the start of the vesting year. If one of the minimum values is not reached, the earnings factor is zero (corresponding to a target achievement of 0 %). If both target values are reached,

OVERVIEW OF THE COMPOSITION OF THE BONUS

EARNINGS COMPONENT

$$\frac{50 \% \text{ OF TARGET AMOUNT}}{\text{EARNINGS FACTOR}}$$

- Earnings factor is derived from an allocation matrix based on the parameters "profit attributable to shareholders of BMW AG" and "Group post-tax return on sales" in the vesting year.
- Earnings factor may not exceed 1.8.

PERFORMANCE COMPONENT

$$\frac{50 \% \text{ OF TARGET AMOUNT}}{\text{PERFORMANCE FACTOR}}$$

BONUS
(MAX. 180 % OF
TARGET AMOUNT)

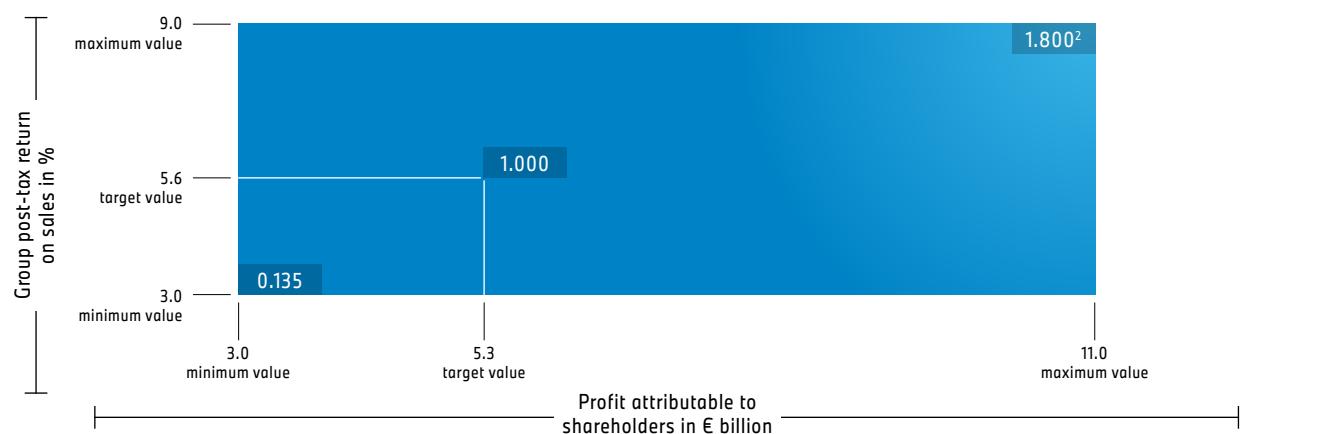
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- Performance factor consists of
 - 50 % cross-divisional targets with ESG criteria,
 - 40 % other cross-divisional targets,
 - 10 % individual departmental targets.
- Performance factor may not exceed 1.8.

the earnings factor is 1.000 (corresponding to a target achievement of 100 %). As of the achievement of both maximum values, the earnings factor is 1.800 (corresponding to

a target achievement of 180 %, the highest possible percentage). For intermediate values, the earnings factor is derived from the matrix.

EARNINGS COMPONENT OF THE BONUS: ALLOCATION MATRIX¹



¹ Simplified depiction

² Earnings factor 2021

Targets set and extent of achievement – earnings component of the bonus for the 2021 financial year

The targets set and the extent to which they have been achieved, as well as the specific amounts associated with the earnings component of the bonus for the 2021 financial year, are shown in the following tables. In the financial year 2021, BMW AG's share of profit attributable to shareholders was € 12.4 billion, and the Group post-tax return on sales was 11.2 %. Both key indicators exceeded the maximum values defined for the assessment of the earnings component, so the earnings factor has been capped at the maximum value of 1.800 (corresponding to a target achievement of 180 %, the highest possible percentage).

Performance component of the bonus

The performance component of the bonus rewards the achievement of certain non-financial targets. Before the beginning of the financial year, the Supervisory Board sets these targets in the form of various non-financial performance criteria and associated metrics. The performance criteria are derived primarily from the corporate strategy, long-term corporate planning and the business development planning done for the following year. The targets are divided into individual targets for the individual members of the Board of Management (departmental targets) and collective targets for the entire Board of Management (interdepartmental targets). The Supervisory Board has discretion in weighting the performance criteria. Approximately 10 % of the target amount for the performance bonus is intended to be allo-

cated to the departmental targets. Departmental targets can be department-specific targets or contributions to shared targets measured individually for each department. The remainder of the target amount for the performance bonus (amounting to approximately 90 %) should be associated with interdepartmental, non-financial targets. In this regard, around 50 % of the target amount should be connected to the achievement of non-financial targets relating to environmental, social and governance (i. e., ESG targets).

Targets set and extent of achievement – performance component of the bonus for the financial year 2021

The targets set by the Supervisory Board for the 2021 vesting year as part of the performance component of the bonus, the weighting of the relevant criteria and the individual target achievement are summarised in the tables below.

TARGETS SET AND ACHIEVED EARNINGS COMPONENT OF BONUS FOR THE FINANCIAL YEAR 2021

Performance criteria	Minimum value	Target value	Maximum value	Actual value	Target achievement in %	Earnings factor
Profit attributable to shareholders of BMW AG in € billion	3.0	5.3	11.0	12.4	180 %	1,800
Group post-tax return on sales in %	3.0	5.6	9.0	11.2		

OVERVIEW OF EARNINGS COMPONENT OF THE BONUS FOR THE FINANCIAL YEAR 2021

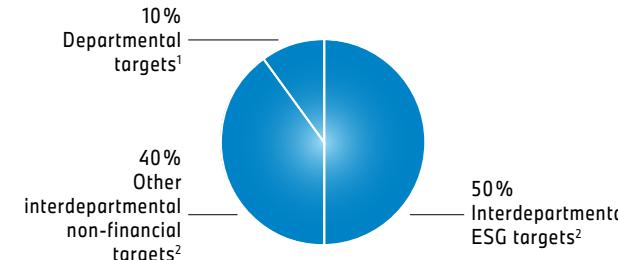
Member of the Board of Management	Proportionate target bonus amount in €	Earnings factor	Earnings component of bonus in €	
			1.800	1,035,000
Oliver Zipse	1,050,000			1,890,000
Ilka Horstmeier	475,000			855,000
Milan Nedeljković	475,000			855,000
Pieter Nota	575,000			1,035,000
Nicolas Peter	575,000			1,035,000
Frank Weber	475,000			855,000
Andreas Wendt	500,000			900,000

In order to determine the extent to which targets were achieved in 2021, the Supervisory Board assessed the departmental targets, on the one hand, and the interdepartmental targets, on the other hand, within a target achievement corridor with a partial performance factor between 0 (corresponding to a target being 0 % achieved) and 1.80 (corresponding to a target being 180 % achieved, the highest possible percentage). The performance factor for the bonus was determined from the two partial performance factors, with a weighting of 10 % for the departmental targets and 90 % for the interdepartmental targets. With regard to the interdepartmental targets, 50 % of the weighting is for non-financial environmental, social and governance (ESG) targets, and 40 % is for other non-financial targets.

In order to determine the extent to which targets were achieved, the Supervisory Board assessed the leadership performance of the individual members of the Board of Management and the overall performance of the Board of Management as a whole. With regard to the departmental targets, the Supervisory Board assessed the individual performance of each member of the Board of Management.

With regard to the interdepartmental targets, the Supervisory Board deliberately considered the Board of Management as a team and assessed the performance of all the members of the Board of Management as a whole. The Supervisory Board's decision-making process is based on a detailed, documented analysis of performance as measured against all the agreed criteria, as well as in-depth discussions at Personnel Committee and full Supervisory Board level. As a basis for its assessment, the Supervisory Board was guided, in particular, by the quantitative and qualitative metrics defined in the corporate planning that had been done before the beginning of the financial year. These metrics include, for example, key indicators such as vehicle sales, segment shares and the share of sales for electrified vehicles, as well as other metrics for assessing sustainability performance, R&D rate, the quality of the customer experience compared to the competition, investments in training and further education, targets for diversity in the workforce and the results of employee surveys. The results of comparative studies and calculations were also used to assess individual metrics. In addition to a review of performance in 2021, the Supervisory Board carried out a trend review covering several financial years. In doing so, it assessed the effects of decisions, measures and the overall course set in previous financial years on the financial year 2021 and, by way of a forecast, also estimated the significance of the performance in 2021 for the future development of the company.

OVERVIEW OF TARGETS OF THE PERFORMANCE COMPONENT OF THE BONUS FOR THE FINANCIAL YEAR 2021



¹ Individual assessment for each member of the Board of Management.

² Collective assessment of the Board of Management as a team.

OVERVIEW OF DEPARTMENTAL TARGETS FOR THE PERFORMANCE COMPONENT OF THE BONUS FOR FINANCIAL YEAR 2021

		Target set	Weighting
Interdepartmental ESG targets	Entire Board of Management ¹	Innovation performance (environmental) Develop the Company's reputation e.g. (corporate culture, promoting integrity and ensuring compliance) Transformability (investment in training and further education, sustainability) Employer attractiveness Leadership performance (employee satisfaction)	50 %
Interdepartmental other non-financial targets		Expand market position Innovation performance (economic) Customer orientation (product, customer service quality) Development of reputation (e.g. awareness in the capital market, brand strength)	40 %
Joint departmental targets	All members of the Board of Management ²	Contribution to meeting growth and profitability targets Leadership performance in the department Achievement of departmental diversity targets Preventive activities in ensuring compliance	
Specific departmental targets	Oliver Zipse	Coordination of the work of the Board of Management Positioning with regard to proposed legislation Continue to develop the Compliance Management System Present and promote new products	
	Ilka Horstmeier	Promote employer attractiveness Staff restructuring and qualification Implement the diversity strategy Promote the strategic development of real estate management	
	Milan Nedeljković	Ensure the production network is managed effectively Deliver dynamic alignment of the production structure in line with strategic factors Achieve quality targets in production Reduce carbon emissions in production	
	Pieter Nota	Plan sales and prices, realise potential in our sales markets Prepare and successfully deliver launches of new products Expand the digital marketing and sales concepts Expand the internal control system (ICS) with regard to sales management and reporting	10 %
	Nicolas Peter	Ensure reliable communication with capital markets Prepare the first Integrated Annual Report and further develop the ICS for non-financial key indicators Manage financial risk and secure Group financing during and after the Covid-19 pandemic Coordinate the delivery of Performance NEXT financial targets	
Specific departmental targets	Frank Weber	Develop attractive and exciting vehicle models Ensure planned new products are handed over to production on time Develop new vehicle architecture Continue to develop automated driving and hydrogen technology	
	Andreas Wendt	Ensure production flexibility for vehicle components Maintain an efficient and flexible supplier network during the Covid-19 pandemic Meet quality requirements and cost targets in the supplier network Establish a CO ₂ management system in the supply chain	

¹ Collective assessment of the Board of Management as a team.

² Individual assessment for each member of the Board of Management.

OVERVIEW OF TARGET ACHIEVEMENT FOR THE PERFORMANCE COMPONENT OF THE BONUS FOR FINANCIAL YEAR 2021

	Targets	Weighting	Average target achievement	Performance factor	Proportionate target bonus amount in €	Performance component of bonus in €
Oliver Zipse	Interdepartmental targets – ESG	50 %	107.0 %	1.06	1,050,000	1,113,000
	Interdepartmental targets – Other	40 %	102.5 %			
	Departmental targets	10 %	118.1 %			
Ilka Horstmeier	Interdepartmental targets – ESG	50 %	107.0 %	1.06	475,000	503,500
	Interdepartmental targets – Other	40 %	102.5 %			
	Departmental targets	10 %	113.8 %			
Milan Nedeljković	Interdepartmental targets – ESG	50 %	107.0 %	1.06	475,000	503,500
	Interdepartmental targets – Other	40 %	102.5 %			
	Departmental targets	10 %	113.1 %			
Pieter Nota	Interdepartmental targets – ESG	50 %	107.0 %	1.06	575,000	609,500
	Interdepartmental targets – Other	40 %	102.5 %			
	Departmental targets	10 %	113.1 %			
Nicolas Peter	Interdepartmental targets – ESG	50 %	107.0 %	1.06	575,000	609,500
	Interdepartmental targets – Other	40 %	102.5 %			
	Departmental targets	10 %	116.3 %			
Frank Weber	Interdepartmental targets – ESG	50 %	107.0 %	1.06	475,000	503,500
	Interdepartmental targets – Other	40 %	102.5 %			
	Departmental targets	10 %	115.6 %			
Andreas Wendt	Interdepartmental targets – ESG	50 %	107.0 %	1.06	500,000	530,000
	Interdepartmental targets – Other	40 %	102.5 %			
	Departmental targets	10 %	115.6 %			

(2) Share-based remuneration for the 2021 financial year

As part of the share-based remuneration as a variable long-term component of remuneration, the members of the Board of Management receive a cash payment earmarked for investment in BMW shares of common stock (the "personal cash investment amount"). This amount depends on the achievement of certain financial and non-financial targets in the past financial year (vesting year). The members of the Board of Management are obliged to invest their personal

cash investment amounts (less taxes and duties) in BMW shares of common stock, and to hold these shares for a period of at least four years (Share Ownership Guideline). The obligation to purchase BMW shares of common stock and the multi-year holding period strengthens the entrepreneurial long-term orientation of the Board of Management. Implementing the corporate strategy sustainably by taking appropriate decisions also creates lasting value for the shareholders, and thus regularly provides the basis for posi-

tive long-term capital market performance. Due to the substantial investment and the fixed holding period associated with these shares, members of the Board of Management participate in the long-term positive (and negative) development of the company, as reflected in the share price, even after their departure.

Personal cash investment amount

The personal cash investment amount is paid out after the Annual General Meeting at which the annual financial statements for the vesting year are presented. The size of this amount depends on the target amount, the RoCE achieved in the Automotive segment and the degree to which certain strategic focus targets were achieved in the vesting year. The personal cash investment amount is limited to a maximum of 180 % of the target amount and is calculated as follows:

$$\begin{aligned} \text{Personal cash investment amount} &= \\ \text{RoCE component} &+ \text{strategic focus targets component} \end{aligned}$$

Target amount for the personal cash investment amount

The target amounts for the individual members of the Board of Management for the 2021 financial year are presented in the table "Overview of share-based remuneration for the 2021 financial year", below.

RoCE component of the personal cash investment amount

Before the beginning of the relevant vesting year, the Supervisory Board sets minimum, target and maximum values for the RoCE in the Automotive segment in the vesting year on the basis of corporate planning, and assigns a RoCE factor to each of these values. If the minimum value is not reached, the RoCE factor is 0. If the target value is reached, the RoCE factor is 1.00. As of the achievement of the maximum value, the RoCE factor is 1.80. The RoCE component of the personal investment cash amount is determined by multiplying the RoCE factor for the vesting year by 50 % of the individual target amount.

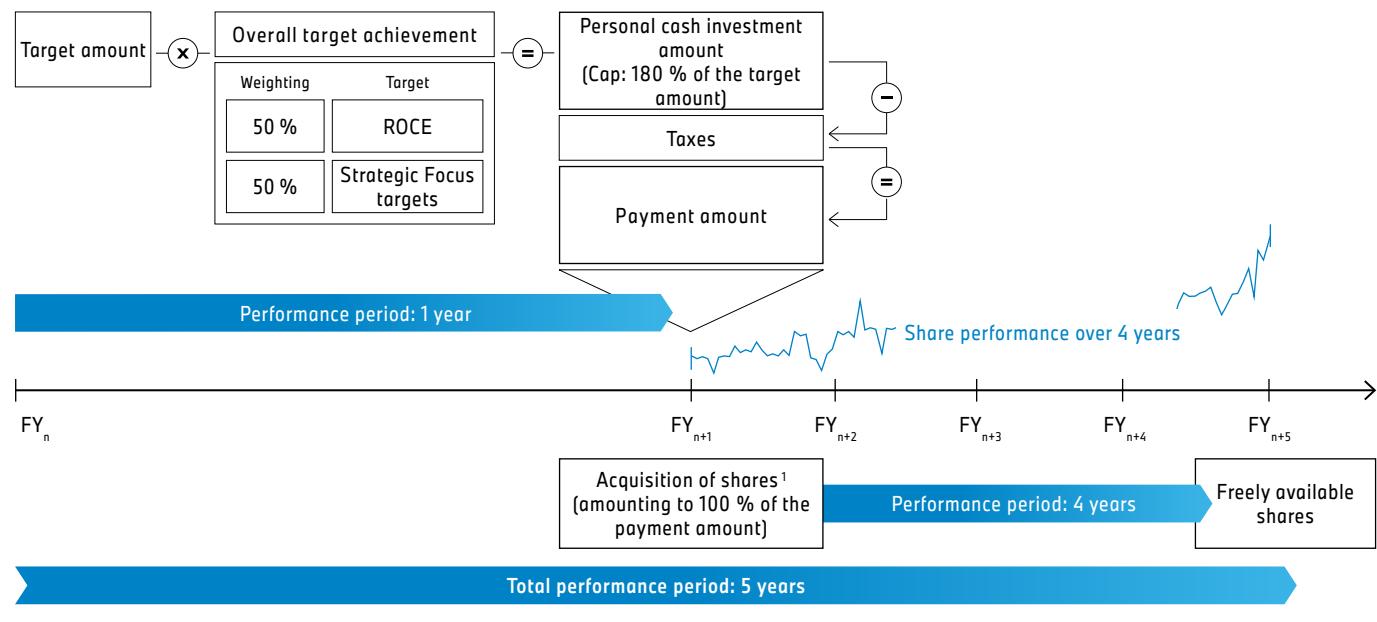
Strategic focus targets component of the personal cash investment amount

The Supervisory Board sets at least two strategic focus targets before the start of the vesting year. It derives these targets from the corporate strategy and corporate planning. It then sets a minimum, target and maximum value for each

strategic focus target, and assigns a factor to each of these values. If the minimum value is not reached, the factor for that target is 0. If the target value is reached, the factor for that target is 1.00. As of the achievement of the maximum value, the factor for that target is 1.80. The strategic focus targets component of the personal cash investment amount is determined in a two-step process. In the first step, the factor for the vesting year achieved for the relevant strategic focus target is multiplied by the share of the individual target amount attributable to this target. In the second step, the

values determined for the individual strategic focus targets using this calculation are added together. If two strategic focus targets are set, each strategic focus target accounts for 25 % of the individual target amount, unless the Supervisory Board decides on a different weighting. If more than two strategic focus targets are set, the Supervisory Board determines the weighting of each target.

OVERVIEW OF SHARE-BASED REMUNERATION



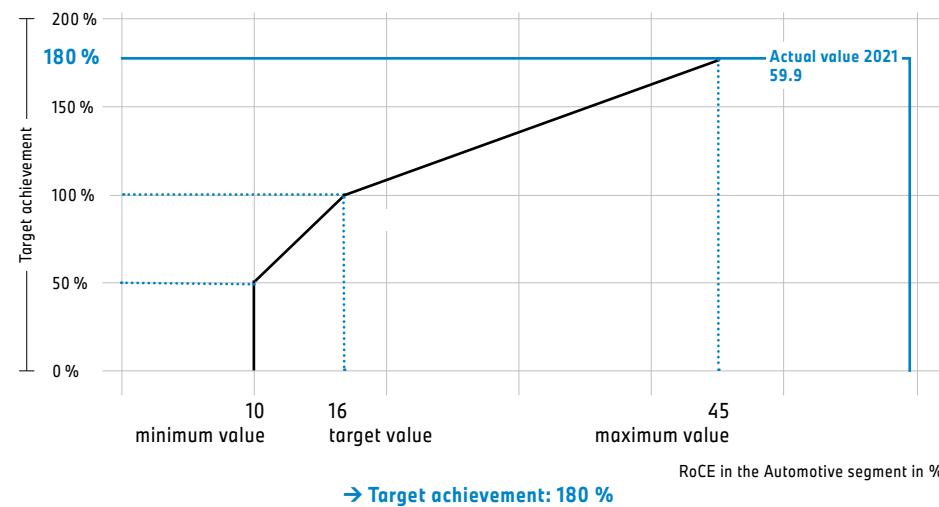
¹ Simplified depiction. Payment, acquisition of shares and the start of the four-year holding period occur following the Annual General Meeting at which the annual financial statements for the vesting year are presented.

Targets set and extent of achievement for the RoCE component for the 2021 financial year

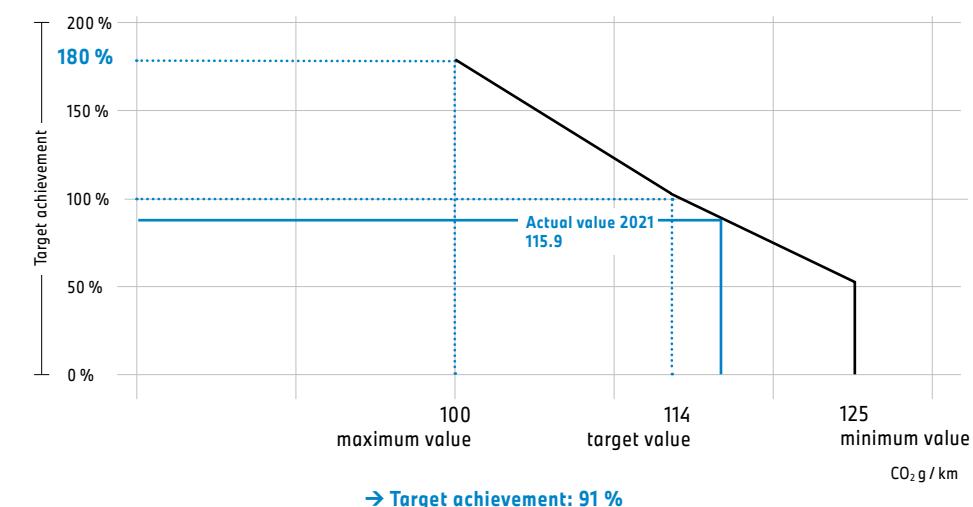
RoCE in the Automotive segment for the financial year 2021 is defined as segment profit before financial result, divided by the average capital employed in the segment. The Supervisory Board has determined the following values for the vesting year 2021: Minimum value: 10 %, Target value: 16 %, Maximum value: 45 %. The RoCE achieved for the 2021 financial year was 59.9 %, meaning that the maximum value set for the purposes of assessing the value of the RoCE component was exceeded and the RoCE factor for the calculation of the personal cash investment amount is 1.80 (its maximum value). The target was set by the Supervisory Board in December 2020 on the basis of long-term corporate planning. RoCE for the Automotive segment increased significantly in the 2021 financial year, to 59.9 % (2020:

12.7 % / +47.2 percentage points). This was driven in large part by increasing EBIT compared to the previous year. A reduction in capital employed, and specifically the reduction in average inventory during the financial year, was another contributing factor. This was due, in particular, to the rapid recovery of operational business from the consequences of the coronavirus pandemic and the positive price effects for new and pre-owned vehicles caused by the shortage of supply due to the tense supply situation for semiconductors.

TARGETS SET AND EXTENT OF ACHIEVEMENT ROCE



TARGETS SET AND EXTENT OF ACHIEVEMENT REDUCTION OF FLEET CARBON EMISSIONS (EU)¹



¹ According to the WLTP test procedure. With effect from September 2018, all vehicles in the EU must be approved in accordance with the new WLTP testing cycle. However, the European Commission did not switch the calculation of fleet carbon emissions to WLTP until 2021. Therefore, up to and including 2020, a recalculation of the WLTP fleet emissions to NEDC values was necessary for reporting purposes.

With regard to reducing fleet carbon emissions according to WLTP, the Supervisory Board set the following values in CO₂ g/km under WLTP for fleet consumption in Europe as threshold values relevant to remuneration for the vesting year 2021: Minimum value: 125 CO₂ g/km, Target value: 114 CO₂ g/km, Maximum value: 100 CO₂ g/km. The actual value for the 2021 financial year was 115.9 CO₂ g/km, so the target was 91% achieved. The CO₂ fleet value achieved (after setting an ambitious original target), thus is below the legal limit of 125.8 CO₂ g/km by 9.9 CO₂ g/km in 2021.

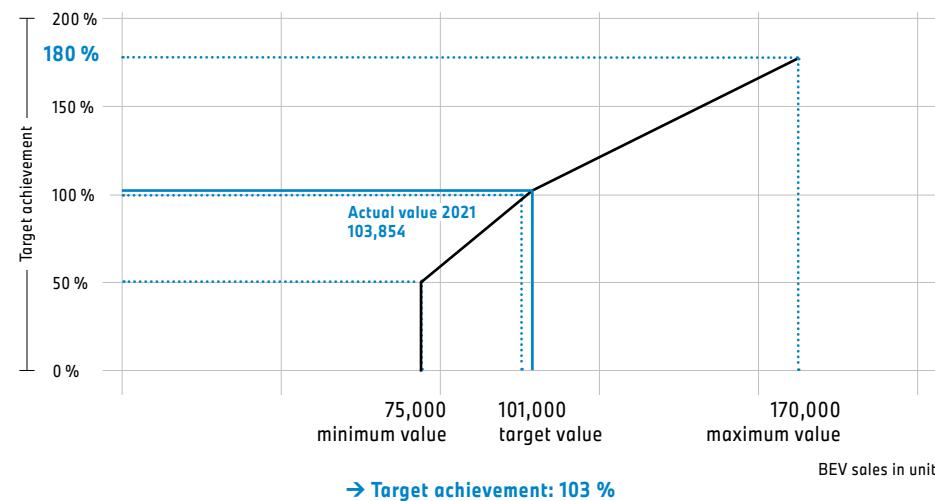
For sales of all-electric vehicles (BEV), the Supervisory Board set the following reference values in units for the vesting year 2021: Minimum value: 75,000 units, Target value:

101,000 units, Maximum value: 170,000 units. The actual value for the 2021 financial year was 103,854 units, so the target was 103 % achieved.

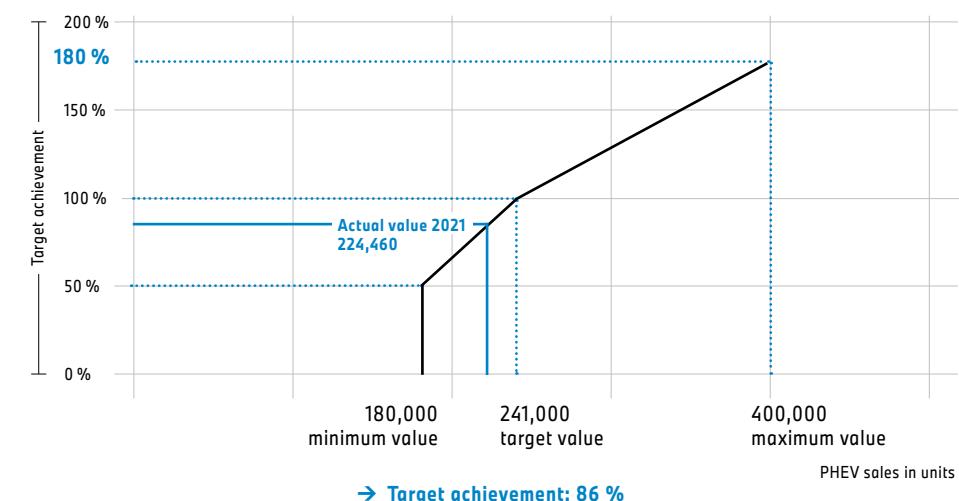
For sales of plug-in hybrid vehicles (PHEV), the Supervisory Board set the following reference values in units for the 2021 vesting year: Minimum value: 180,000 units, Target value: 241,000 units, Maximum value: 400,000 units. The actual value for the 2021 financial year was 224,460 units, so the target was 86 % achieved.

The personal investment cash amount for the vesting year 2021 will be paid out after the Annual General Meeting 2022, at which the Financial Statements of BMW AG for the financial year 2021 will be presented.

TARGETS SET AND EXTENT OF ACHIEVEMENT BEV SALES



TARGETS SET AND EXTENT OF ACHIEVEMENT PHEV SALES



The following tables provide an overview of the targets set and extent of achievement of share-based remuneration for the 2021 financial year.

TARGETS SET AND TARGET ACHIEVEMENT OF SHARE-BASED REMUNERATION FOR FY 2021

	Performance criteria	Weighting	Minimum value	Target value	Maximum value	Actual Value	Target achievement	Factor
RoCE component	RoCE in the Automotive segment (in %)	50 %	10.00	16.00	45.00	59.90	180 %	1.80
Component – Strategic focus targets	Reduction of fleet CO ₂ emissions (in g/km)	25 %	125	114	100	115.9	91 %	0.91
	Sales of all-electric vehicles (BEV) in units	12.50 %	75,000	101,000	170,000	103,854	103 %	1.03
	Sales of plug-in hybrid vehicles (PHEV) in units	12.50 %	180,000	241,000	400,000	224,460	86 %	0.86

OVERVIEW OF SHARE-BASED REMUNERATION FOR THE 2021 FINANCIAL YEAR

Member of the Board of Management	RoCE component		Component – Strategic focus target (CO ₂)			Component – Strategic focus target (BEV)			Component – Strategic focus target (PHEV)			Total Personal cash investment amount in €	
	Proportionate target amount in €	RoCE factor	RoCE - component in €	Proportionate target amount in €	Factor – Strategic focus targets (CO ₂)	Component Strategic focus target CO ₂ in €	Proportionate target amount in €	Factor – Strategic focus targets (BEV)	Component Strategic focus target BEV in €	Proportionate target amount in €	Factor – Strategic focus targets (PHEV)	Component Strategic focus target PHEV in €	
Oliver Zipse	1,175,000		2,115,000	587,500		534,625	293,750		302,563	293,750		252,625	3,204,813
Ilka Horstmeier	550,000		990,000	275,000		250,250	137,500		141,625	137,500		118,250	1,500,125
Milan Nedeljković	550,000		990,000	275,000		250,250	137,500		141,625	137,500		118,250	1,500,125
Pieter Nota	640,000	1.80	1,152,000	320,000	0.91	291,200	160,000	1.03	164,800	160,000	0.86	137,600	1,745,600
Nicolas Peter	640,000		1,152,000	320,000		291,200	160,000		164,800	160,000		137,600	1,745,600
Frank Weber	550,000		990,000	275,000		250,250	137,500		141,625	137,500		118,250	1,500,125
Andreas Wendt	572,500		1,030,500	286,250		260,488	143,125		147,419	143,125		123,088	1,561,494

5. Shareholding rules

The members of the Board of Management in office as at 31 December 2021 hold a total of 58,560 BMW shares of common stock which they are required to hold in accordance with the terms of the share-based remuneration programmes for the financial years 2017–2020.

The share-based remuneration (investment component) for the vesting year 2020 was paid out in 2021, immediately after which the BMW shares of common stock were acquired.

6. Retirement benefits

The retirement benefits system provides for annual contributions by the company with a guaranteed minimum interest rate equal to the maximum interest rate specified in the German actuarial reserve regulation (Deckungsrückstellungsverordnung). Commitments to pay annual contributions to the company pension scheme are linked to the term of appointment as a member of the Board of Management. Pension entitlements become vested when the employment relationship has existed for one year. If a mandate is terminated, the defined contribution system provides, in the case of death or invalidity, for amounts accumulated on individual pension accounts to be paid out as a one-off amount or in instalments.

As regards pension commitments, retired members of the Board of Management are entitled to retirement benefits at the age of 62 at the earliest. The amount of the benefits to be paid is determined on the basis of the amount accrued in each Board member's individual pension savings account. This figure is in turn based on the annual contributions and an annual interest rate depending on the form of investment. The payment is made as a lump sum or in annual instalments at the discretion of the member of the Board of Management. For entitlements arising before 2016, there is an option to receive payment as a lifelong pension or in a combined form. In the event of the death of a member of the Board of Management entitled to benefits before the occur-

SHARES OF BMW COMMON STOCK HELD BY INDIVIDUAL MEMBERS OF THE BOARD OF MANAGEMENT SUBJECT TO HOLDING REQUIREMENTS IN CONNECTION WITH SHARE-BASED REMUNERATION FOR THE FINANCIAL YEARS 2017–2020¹

	Share portfolio as at 1 January 2021	Additions in the financial year ²	End of the holding period in the financial year	Share portfolio as at 31 December 2021
Oliver Zipse	16,637	4,508	2,771	18,374
	(11,938)	(6,696)	(1,997)	(16,637)
Ilka Horstmeier	782	2,285	(-)	3,067
	(-)	(782)	(-)	(782)
Milan Nedeljković	1,174	2,285	(-)	3,459
	(-)	(1,174)	(-)	(1,174)
Pieter Nota	8,650	2,285	(-)	10,935
	(3,954)	(4,696)	(-)	(8,650)
Nicolas Peter	11,110	2,504	(-)	13,614
	(6,736)	(4,374)	(-)	(11,110)
Frank Weber	0	1,142	(-)	1,142
	(-)	(-)	(-)	(-)
Andreas Wendt	5,684	2,285	(-)	7,969
	(988)	(4,696)	(-)	(5,684)
Total	44,037	17,294	2,771	58,560
	(23,616)	(22,418)	(1,997)	(59,341) ³

¹ Includes only shares of BMW common stock acquired using the cash remuneration component of the share-based remuneration programme for members of the Board of Management, for which the four-year holding period has not yet expired.

² Payment of the 2020 cash remuneration component (investment component) in May 2021 with subsequent acquisition of reported BMW shares of common stock, for which the four-year holding period until 2025 applies.

³ Disclosures for the previous year on the share portfolio as at 31 December include shares held by a member of the Board of Management who left office during the financial year 2020.

rence of the insured event, a surviving spouse or registered partner is entitled to a survivor's benefit; otherwise, surviving children are entitled to a survivor's benefit depending on their age and level of education. In the event of death or invalidity, a minimum benefit in the amount of the potential annual pension contributions that could have been made up to the age of 60 is approved. This benefit cannot exceed ten years of contributions.

Members of the Board of Management who retire immediately after their service on the Board, or who are deemed to

be in an equivalent position, are entitled to acquire vehicles and other BMW Group products and services at conditions that also apply to BMW pensioners and to lease BMW Group vehicles in accordance with the guidelines applicable to senior heads of departments. Retired Chairmen of the Board of Management also have the option of using the BMW car service, subject to availability and at a charge.

For members of the Board of Management in office in the financial year 2021, expenses for post-employment benefits of € 3.1 million (2020: € 2.6 million) were incurred. These

benefits correspond to allocations to pension provisions in accordance with IAS 19.

7. Malus and clawback provisions

The remuneration system applied since 2021 provides for the possibility of withholding variable remuneration (malus) and reclaiming variable remuneration already paid out (clawback) under certain conditions. The rules allow the Supervisory Board to withhold or reclaim variable remuneration in the event of certain serious compliance-related violations (compliance malus and/or compliance clawback). These provisions can also be applied where variable remuneration components linked to the achievement of certain targets have been paid out on the basis of incorrect calculation bases or incorrect financial statements. Remuneration can also be withheld or reclaimed after an individual's departure from the Board of Management.

The Supervisory Board has not identified any reason to withhold or reclaim variable remuneration components in the 2021 financial year.

8. Regulations in the event of death, invalidity and post-contractual non-competition clause

In the event of death or invalidity, special regulations apply regarding the early maturity of Performance Cash Plans and share-based remuneration components (matching components) based on target amounts. Where the contract of employment is terminated prematurely and the company has an extraordinary right of termination, or if the Board member resigns without the company's agreement, entitlements to amounts as yet unpaid relating to performance cash plans and share-based remuneration (matching components) are forfeited. The other variable remuneration components (bonus, personal cash investment amount) are settled on the basis of the target amounts.

A one-year post-contractual non-competition clause has been agreed with the Board members under specified

circumstances against payment of a remuneration amount. Contracts of employment provide for the payment of a monthly waiting allowance in the amount of the applicable monthly basic remuneration for the duration of the post-contractual non-competition clause. In accordance with the recommendation of the German Corporate Governance Code dated 16 December 2019, any severance payment is offset against the non-competition clause remuneration amount. The same applies to other income from third parties, except remuneration for Supervisory Board appointments approved during the term of office. The company may unilaterally waive the requirement to comply with the post-contractual non-competition clause.

Dr. Wendt left the Board of Management on 31 December 2021. For the period from 1 January 2022 to 31 December 2022, the waiting allowance contractually owed to him amounts to approximately € 1.1 million. A provision was made for this.

9. Remuneration granted and owed to members of the Board of Management pursuant to § 162 of the German Stock Corporation Act (AktG)

The following tables (["Presentation of remuneration granted and owed"](#)) show the fixed and variable remuneration granted and owed to the members of the Board of Management in the reporting year in accordance with § 162 AktG.

The tables include all amounts received by the individual members of the Board of Management in the reporting period ("remuneration granted") and all remuneration legally due but not yet received ("remuneration owed").

In addition to actual amounts received, "remuneration granted" in the reporting year is also assumed if the activity on which the remuneration component is based has been fully performed by the member of the Board of Management as of the balance sheet date, and if all conditions for the

PENSION ENTITLEMENTS

in €	Service cost in accordance with IFRS for the financial year 2021	Cash value of entitlements to pension benefits in accordance with IFRS as at 31 December 2021
Oliver Zipse	702,274	4,644,382
	(502,626)	(3,701,016)
Ilka Horstmeier	401,765	1,953,670
	(352,433)	(1,391,936)
Milan Nedeljković	401,466	2,441,046
	(352,121)	(1,830,168)
Pieter Nota	402,852	1,632,365
	(354,680)	(1,157,145)
Nicolas Peter	401,099	3,731,163
	(351,746)	(3,134,163)
Frank Weber	402,075	1,100,507
	(175,000)	(655,460)
Andreas Wendt	401,099	3,379,883
	(351,746)	(2,863,441)
Total¹	3,112,630	18,883,016
	(2,615,352)	(18,289,989)

¹ Disclosures for the previous year include amounts relating to members of the Board of Management who left office during the financial year 2020.

accrual of entitlement (e.g. the expiry of assessment periods or the non-occurrence of forfeiture conditions) have occurred.

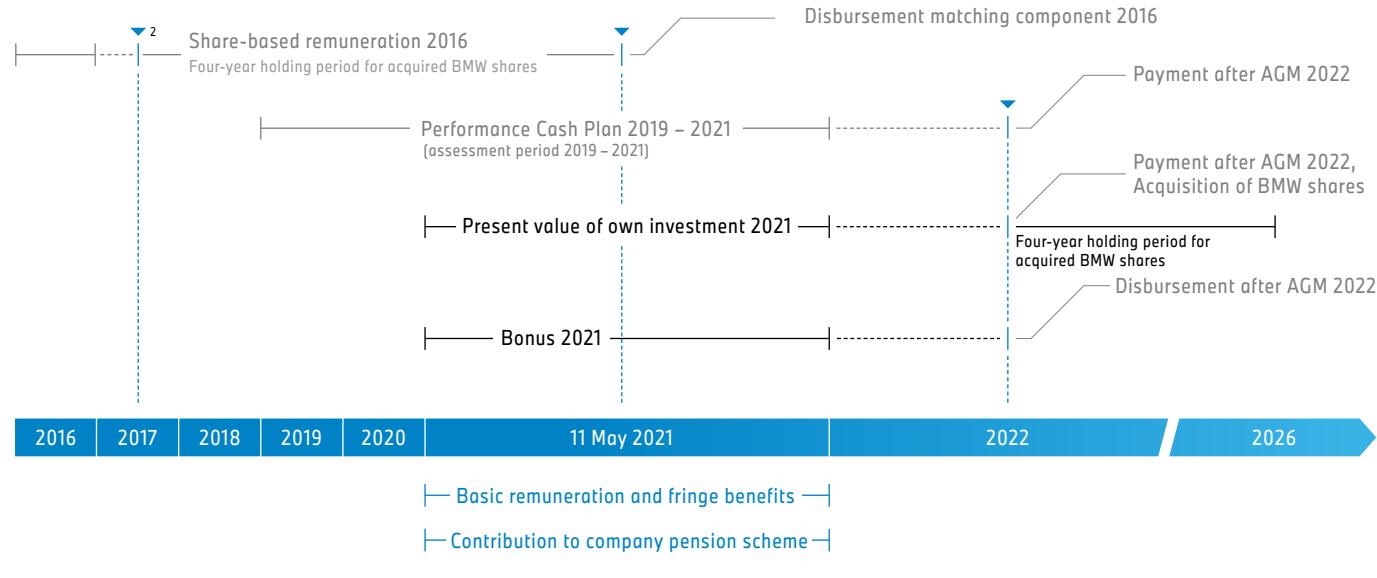
Thus, in addition to the fixed remuneration components, the following variable remuneration components are reported as remuneration granted for the 2021 financial year within the meaning of §162 of the German Stock Corporation Act (AktG):

- Bonus for the 2021 financial year (to be paid out in 2022)
- Share-based remuneration (personal cash investment amount) for the 2021 financial year (to be paid out in 2022)
- Performance Cash Plan 2019–2021, due to the expiry of the three-year assessment period in the 2021 financial year (payments for the vesting year 2019 to be paid out in 2022)
- Share-based remuneration component (matching component) for the vesting year 2016, due to the expiry of the four-year holding period in the financial year 2021 (paid out in 2021)

Thus, the remuneration granted and owed includes all remuneration components earned through the activities of the members of the Board of Management in the 2021 financial year. In addition, it includes remuneration components already earned as a result of activity in previous financial years, but for which the respective member of the Board of Management's payment entitlement only arose due to the occurrence of conditions or at the end of the 2021 financial year.

In addition to the amount of remuneration, the relative share of the relevant remuneration component in the total remuneration granted and owed is also shown. For the sake of clarity, the service cost for the company pension scheme is also shown, although this service cost is not classified as remuneration within the meaning of §162 AktG.

OVERVIEW OF REMUNERATION GRANTED AND OWED IN FINANCIAL YEAR 2021 WITH PAYOUT PROFILE¹



¹ Simplified depiction.

² Payment of 2016 cash remuneration component (investment component) in 2017, immediately following the acquisition of BMW shares of common stock subject to holding requirements for 2017–2021.

a) Variable remuneration for the 2021 financial year

The variable remuneration for the 2021 financial year and the extent to which targets were achieved are set out above in [Variable remuneration for the 2021 financial year](#).

b) Performance Cash Plan 2019–2021

The remuneration system applicable for the financial years 2018–2020 provided for the Performance Cash Plan (PCP) as a long-term variable cash remuneration component.

For the purposes of calculating the Performance Cash Plan, a fixed target amount is multiplied by a multi-year target achievement factor (PCP factor) after the end of a three-year assessment period. The target amount for a member of the

Board of Management's Performance Cash Plan (100 %) in the first appointment period is € 0.85 million p.a.; from the second appointment period or the fourth year of mandate onwards it is € 0.95 million p.a. For the Chairman of the Board of Management, the target amount is € 1.6 million p.a. For all members of the Board of Management, the maximum payout amount is limited to 180 % of the target amount of the Performance Cash Plan p.a.

PCP entitlements are paid in cash. The bonus is paid out after the end of the Annual General Meeting, at which the separate financial statements of BMW AG for the third year of the evaluation period (consisting of the vesting year and the following two years) are presented.

In order to determine the PCP factor, a multi-year profit factor is multiplied by a multi-year performance factor. The maximum amount that can be paid to a Board member is capped at 180 % of the PCP target amount p.a.

In order to determine the multi-year earnings factor, an earnings factor is calculated for each year of the three-year evaluation period and an average is then calculated for the evaluation period. The earnings factor for the individual year of the assessment period is determined on the basis of the Group's consolidated net profit and the consolidated return on sales after tax for the assessment year concerned, and can amount to a maximum of 1.800. The underlying measurement values are determined in advance for a period of three financial years, and may not be changed retrospectively.

In addition to the multi-year earnings factor, the Supervisory Board also sets a multi-year performance factor after the end of the evaluation period. To this end, the Supervisory Board takes account in particular of the development of the business during the evaluation period, the forecast trend in the development of the business, the Board member's individual contribution to profitability and the status of compliance within the Board member's area of responsibility. The multi-year performance factor can be between 0.9 and 1.1.

The members of the Board of Management in office as at 1 January 2018 received an advance payment from the Performance Cash Plan 2019–2021 in 2020. The advance payment amounted to € 0.5 million for a Board of Management member in their first appointment period, and € 0.6 million from the second appointment period or the fourth year of appointment. For the Chairman of the Board of Management, the advance payment was € 0.9 million. At the end of the assessment period, the advance payments will be set off or refunded, depending on the actual entitlement arising.

The Performance Cash Plan 2019–2021 was approved for the performance of the Members of the Board of Management in the 2019 financial year. As at the balance sheet date of the reporting year, the three-year assessment period of this remuneration component, which was subject to certain forfeiture provisions, had expired.

In the 2021 financial year, a consolidated net profit of € 12.5 billion and a consolidated return on sales after tax of 11.2 % were achieved. For both indicators, the defined maximum values were thus exceeded, meaning that the earnings factor was capped at the maximum value of 1.800 (corresponding to a target being 180 % achieved, the maximum possible percentage). Based on the earnings factors for the individual years of the assessment period (financial year 2019: 0.798, financial year 2020: 0.444, financial year 2021: 1.800), the multi-year performance factor is 1.014. The multi-year perfor-

mance factor for all members of the Board of Management holding office for the 2019 financial year is 1.0, resulting in a PCP factor of 1.014 for the 2019–2021 Performance Cash Plan¹.

In determining the multi-year performance factor for the members of the Board of Management in office for the 2019 financial year, the Supervisory Board assessed, in particular, the trend in the development of the business over the assessment period, the forecast trend in the development of the business, the individual contribution made by each Board member to earnings, and the status of compliance in the individual Board member's area of responsibility. In assessing the development of the business over the assessment period and the forecast trend, the Supervisory Board assessed, in particular, the development of certain key indicators – such as the change in the number of deliveries, EBIT

PERFORMANCE CASH PLAN OVERVIEW

TARGET AMOUNT	×	PCP FACTOR	=	CASH PAYMENT
				<ul style="list-style-type: none"> — Cash payment at end of evaluation period — Capped at 180 % of target amount

PCP FACTOR OVERVIEW

MULTI-YEAR EARNINGS FACTOR	×	MULTI-YEAR PERFORMANCE FACTOR	=	PCP FACTOR
<ul style="list-style-type: none"> — Average earnings factor — Based on Group net profit and Group post-tax return on sales — Value between 0 and 1.8 	×	<ul style="list-style-type: none"> — Measurement based on multi-year performance factor: — Trend in business development — Status of compliance in each Board member's area of responsibility — Individual contribution to profitability — Forecast trend in business development — Value between 0.9 and 1.1 	=	

¹ The PCP factor for Mr Krüger is 1.081. This differs from the PCP factor mentioned above, since a value of 1.0 was agreed for the earnings factor of the 2019 financial year.

margin for the Automotive segment and RoCE for the Automotive segment, as well as the return on equity for the Financial Services segment. For the financial years 2020 and 2021, the Supervisory Board has taken into account the impact of the coronavirus pandemic and the semiconductor crisis on these key indicators. It was not necessary to change the assessments relating to individual contributions to profitability or the status of compliance within Board members' areas of responsibility.

c) Share-based remuneration component (matching component) 2016

Share-based remuneration components have been included in the remuneration of members of the BMW AG Board of Management since 2011. In the financial year 2021, the matching component of the share-based remuneration of the vesting year 2016 was paid out.

Under the share-based remuneration programme for the financial year 2016, the members of the Board of Management were each required to invest an amount equal to 20 % of the total bonuses they received from the company as additional cash remuneration for the financial year 2016, which were paid exclusive of taxes and social security contributions (the investment component) in shares of the company's common stock. In principle, the members of the Board of Management must hold these shares of common stock for at least four years. Under a matching plan, the member of the Board of Management receives from the company – at the company's discretion – either an additional share of common stock or the equivalent in cash (share-based remuneration component/matching component) for every three shares of common stock held after the four-year holding period.

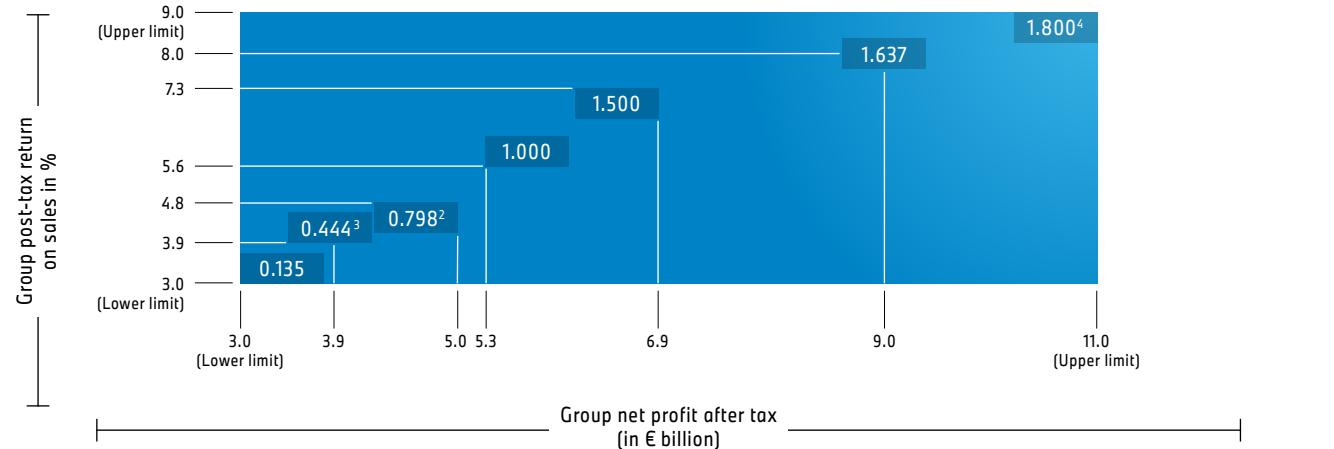
The investment component for the 2016 financial year was paid out immediately after the 2017 Annual General Meeting on 11 May 2017, and the shares of common stock were acquired on 12 May 2017. Therefore, the holding period for the

acquired shares of common stock expired on 11 May 2021. The company settled the matching component in cash, and paid out the equivalent value of the matching shares.

d) Presentation of remuneration granted and owed

The following tables show the remuneration granted and owed to the members of the Board of Management.

EARNINGS COMPONENTS: ALLOCATION TABLE FOR CALCULATING EARNINGS FACTOR FOR 2019–2021¹



¹Simplified depiction ²Earnings factor 2019 ³Earnings factor 2020 ⁴Earnings factor 2021

PERFORMANCE CASH PLAN 2019–2021

in €	Target amount	PCP factor	Total amount PCP 2019–2021	Advance payment ¹	Remuneration (payment amount PCP 2019–2021)
Oliver Zipse	1,194,624	1.014	1,211,349	712,900	498,449
Ilka Horstmeier	141,667	1.014	143,650	(-)	143,650
Milan Nedeljković	212,500	1.014	215,475	(-)	215,475
Nicolas Peter	850,000	1.014	861,900	500,000	361,900
Pieter Nota	850,000	1.014	861,900	500,000	361,900
Frank Weber	(-)	(-)	(-)	(-)	(-)
Andreas Wendt	850,000	1.014	861,900	(-)	861,900

¹ The advance payment was paid out in 2020.

REMUNERATION GRANTED AND OWED IN FINANCIAL YEAR 2021 (2020)

OLIVER ZIPSE

Chairman of the Board of Management since 16 August 2019

Member of the Board of Management since 13 May 2015

	FY 2021	FY 2020				
	Vesting year 2021 in € ¹	Earlier vesting years in € ³	as a % of total remuneration	Vesting year 2020 in € ²	Earlier vesting years in € ³	as a % of total remuneration
Fixed remuneration	1,950,000	(-)	22	1,800,000	(-)	34
	19,355	(-)	0.2	66,256	(-)	1
	1,969,355	23		1,866,256		35
BONUS						
Earnings component of bonus 2020	(-)	(-)	(-)	239,760	(-)	4
Performance component of bonus 2020	(-)	(-)	(-)	1,449,000	(-)	27
Earnings component of bonus 2021	1,890,000	(-)	22	(-)	(-)	
Performance component of bonus 2021	1,113,000	(-)	13	(-)	(-)	
PERFORMANCE CASH PLAN						
PCP 2018-2020	(-)	(-)	(-)	(-)	277,584 ⁹	5
PCP 2019-2021	(-)	498,449 ⁸	6	(-)	712,900 ⁸	13
SHARE-BASED PAYMENT						
Cash remuneration component (investment component) 2020 for holding obligation 2021-2025	(-)	(-)	(-)	759,942	(-)	14
Share-based remuneration component (matching component) 2015 for holding obligation 2016-2020	(-)	(-)	(-)	(-)	33,423	1
Share-based remuneration component (matching component) 2016 for holding obligation 2017-2021 ⁴	(-)	76,941	1	(-)	(-)	(-)
Personal cash investment amount 2021 ⁵	2,115,000	(-)	24	(-)	(-)	(-)
RoCE component	1,089,813	(-)	12	(-)	(-)	(-)
Strategic focus target component	6,207,813	575,390	71 or 7	2,448,702	1,023,907	46 or 19
Total variable remuneration Vesting year 2021 or earlier vesting years	6,783,203		77	3,472,609		65
Remuneration for vesting year 2021 or earlier vesting years	8,177,168	575,390	93 or 7	4,314,958	1,023,907	81 or 19
Remuneration according to § 162 German Stock Corporation Act (AktG)	8,752,558		100	5,338,865		100
Service cost⁶	702,274				502,626	
Total amount received incl. service cost⁷	9,454,832				5,841,491	

¹ Remuneration system from financial year 2021.

² Remuneration system applicable until financial year 2020.

³ Remuneration for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

⁴ The number of shares purchased in 2017 with the 2016 cash remuneration component (investment component) amounted to 2,771 (purchased on 12 May 2017 at a price of €87.50). The 2016 matching component was paid out in cash in May 2021. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 923 (holding period expired on 11 May 2021). Reference price for calculating the equivalent value of the matching shares: € 83.36.

⁵ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

⁶ The pension expense in accordance with IAS 19 reflects the expense recognised by the BMW Group; this amount is not paid out.

⁷ Corresponds to the previous disclosure of amounts received in accordance with the model tables in the version of the German Corporate Governance Code dated 7 February 2017. For the purposes of compliance with the maximum specified remuneration limit, only the service cost and the remuneration for the vesting year are to be taken into account. The defined maximum remuneration for the vesting year 2021 is € 9,850,000; the remuneration for the vesting year 2021 including service cost is € 8,879,442, which is below the maximum remuneration.

⁸ An advance payment in the amount of € 712,900 was paid out from the PCP 2019 – 2021 in 2020.

⁹ An advance payment in the amount of € 566,666 was paid out from the PCP 2018 – 2020 in 2019.



REMUNERATION GRANTED AND OWED IN FINANCIAL YEAR 2021 (2020)

ILKA HORSTMEIER

Human Resources, Labour Relations Director

Member of the Board of Management since 1 November 2019

	FY 2021			FY 2020		
	Vesting year 2021 in € ¹	Earlier vesting years in € ³	as a % of total remuneration	Vesting year 2020 in € ²	Earlier vesting years in € ³	as a % of total remuneration
Fixed remuneration						
Fixed remuneration	900,000	(-)	23	800,000	(-)	39
Fringe benefits (other remuneration)	47,633	(-)	1	87,374	(-)	4
Total	947,633		24	887,374		43
BONUS						
Earnings component of bonus 2020	(-)	(-)	(-)	113,220	(-)	6
Performance component of bonus 2020	(-)	(-)	(-)	684,250	(-)	33
Earnings component of bonus 2021	855,000	(-)	22	(-)	(-)	(-)
Performance component of bonus 2021	503,500	(-)	13	(-)	(-)	(-)
PERFORMANCE CASH PLAN						
PCP 2018-2020	(-)	(-)	(-)	(-)	(-)	(-)
PCP 2019-2021	(-)	143,650	4	(-)	(-)	(-)
Variable remuneration						
SHARE-BASED PAYMENT						
Cash remuneration component (investment component) 2020 for holding obligation 2021-2025	(-)	(-)	(-)	358,862	(-)	18
Share-based remuneration component (matching component) 2015 for holding obligation 2016-2020	(-)	(-)	(-)	(-)	(-)	(-)
Share-based remuneration component (matching component) 2016 for holding obligation 2017-2021	(-)	(-)	(-)	(-)	(-)	(-)
Personal cash investment amount 2021 ⁴						
RoCE component	990,000	(-)	25	(-)	(-)	(-)
Strategic focus target component	510,125	(-)	13	(-)	(-)	(-)
Total variable remuneration Vesting year 2021 or earlier vesting years	2,858,625	143,650	72 or 4	1,156,332	(-)	57
Total variable remuneration	3,002,275		76	1,156,332		57
Remuneration for vesting year 2021 or earlier vesting years	3,806,258	143,650	96 or 4	2,043,706	(-)	100
Remuneration according to § 162 German Stock Corporation Act (AktG)	3,949,908		100	2,043,706		100
Service cost⁵	401,765				352,433	
Total amount received incl. service cost⁶	4,351,673				2,396,139	

¹ Remuneration system from financial year 2021.

² Remuneration system applicable until financial year 2020.

³ Remuneration for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

⁴ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

⁵ The pension expense in accordance with IAS 19 reflects the expense recognised by the BMW Group; this amount was not paid out in the financial year.

⁶ Corresponds to the previous disclosure of amounts received in accordance with the model tables in the version of the German Corporate Governance Code dated 7 February 2017. For the purposes of compliance with the maximum specified remuneration limit, only the service cost and the remuneration for the vesting year are to be taken into account. The defined maximum remuneration for the vesting year 2021 is € 4,925,000; the remuneration for the vesting year 2021 including service cost is € 4,208,023, which is below the maximum remuneration.



REMUNERATION GRANTED AND OWED IN FINANCIAL YEAR 2021 (2020)

MILAN NEDELJKOVIĆ

Produktion, Member of the Board of Management since 1 October 2019

		FY 2021			FY 2020		
		Vesting year 2021 in € ¹	Earlier vesting years in € ³	as a % of total remuneration	Vesting year 2020 in € ²	Earlier vesting years in € ³	as a % of total remuneration
Fixed remuneration	Fixed remuneration	900,000	(-)	22	800,000	(-)	39
	Fringe benefits (other remuneration)	43,237	(-)	1	101,973	(-)	5
	Total	943,237		23	901,973		44
BONUS							
	Earnings component of bonus 2020	(-)	(-)	(-)	113,220	(-)	6
	Performance component of bonus 2020	(-)	(-)	(-)	684,250	(-)	33
	Earnings component of bonus 2021	855,000	(-)	21	(-)	(-)	(-)
	Performance component of bonus 2021	503,500	(-)	13	(-)	(-)	(-)
PERFORMANCE CASH PLAN							
	PCP 2018-2020	(-)	(-)	(-)	(-)	(-)	(-)
	PCP 2019-2021	(-)	215,475	5	(-)	(-)	(-)
Variable remuneration	SHARE-BASED PAYMENT						
	Cash remuneration component (investment component) 2020 for holding obligation 2021-2025	(-)	(-)	(-)	358,862	(-)	17
	Share-based remuneration component (matching component) 2015 for holding obligation 2016-2020	(-)	(-)	(-)	(-)	(-)	(-)
	Share-based remuneration component (matching component) 2016 for holding obligation 2017-2021	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount 2021 ⁴						
	RoCE component	990,000	(-)	25	(-)	(-)	(-)
	Strategic focus target component	510,125	(-)	13	(-)	(-)	(-)
	Total variable remuneration Vesting year 2021 or earlier vesting years	2,858,625	215,475	71 or 5	1,156,332	(-)	56
	Total variable remuneration	3,074,100		77	1,156,332		56
	Remuneration for vesting year 2021 or earlier vesting years	3,801,862	215,475	95 or 5	2,058,305	(-)	100
	Remuneration according to § 162 German Stock Corporation Act (AktG)	4,017,337		100	2,058,305		100
	Service cost⁵	401,466			352,121		
	Total amount received incl. service cost⁶	4,418,803			2,396,139		

¹ Remuneration system from financial year 2021.

² Remuneration system applicable until financial year 2020.

³ Remuneration for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

⁴ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

⁵ The pension expense in accordance with IAS 19 reflects the expense recognised by the BMW Group; this amount was not paid out in the financial year.

⁶ Corresponds to the previous disclosure of amounts received in accordance with the model tables in the version of the German Corporate Governance Code dated 7 February 2017. For the purposes of compliance with the maximum specified remuneration limit, only the service cost and the remuneration for the vesting year are to be taken into account. The defined maximum remuneration for the vesting year 2021 is € 4,925,000; the remuneration for the vesting year 2021 including service cost is € 4,208,023, which is below the maximum remuneration.

REMUNERATION GRANTED AND OWED IN FINANCIAL YEAR 2021 (2020)

PIETER NOTA

Customer, Brands, Sales, Member of the Board of Management since 1 January 2018

		FY 2021			FY 2020		
		Vesting year 2021 in € ¹	Earlier vesting years in € ³	as a % of total remuneration	Vesting year 2020 in € ²	Earlier vesting years in € ³	as a % of total remuneration
Fixed remuneration	Fixed remuneration	1,050,000	(-)	22	800,000	(-)	29
	Fringe benefits (other remuneration)	18,525	(-)	0.4	18,408	(-)	1
	Total	1,068,525		22	818,408		30
BONUS							
	Earnings component of bonus 2020	(-)	(-)	(-)	113,220	(-)	4
	Performance component of bonus 2020	(-)	(-)	(-)	684,250	(-)	25
	Earnings component of bonus 2021	1,035,000	(-)	21	(-)	(-)	(-)
	Performance component of bonus 2021	609,500	(-)	13	(-)	(-)	(-)
PERFORMANCE CASH PLAN							
	PCP 2018-2020	(-)	(-)	(-)	(-)	282,850 ⁸	10
	PCP 2019-2021	(-)	361,900 ⁷	8	(-)	500,000 ⁷	18
SHARE-BASED PAYMENT							
Variable remuneration	Cash remuneration component (investment component) 2020 for holding obligation 2021-2025	(-)	(-)	(-)	358,862	(-)	13
	Share-based remuneration component (matching component) 2015 for holding obligation 2016-2020	(-)	(-)	(-)	(-)	(-)	(-)
	Share-based remuneration component (matching component) 2016 for holding obligation 2017-2021	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount 2021 ⁴	1,152,000	(-)	24	(-)	(-)	(-)
	RoCE component	593,600	(-)	12	(-)	(-)	(-)
Total variable remuneration Vesting year 2021 or earlier vesting years				3,390,100	361,900	70 or 8	1,156,332
Total variable remuneration				3,752,000		78	1,939,182
Remuneration for vesting year 2021 or earlier vesting years				4,458,625	361,900	92 or 8	1,974,740
Remuneration according to § 162 German Stock Corporation Act (AktG)				4,820,525		100	782,850
Service cost⁵				402,852			2,757,590
Total amount received incl. service cost⁶				5,223,377			3,112,270

¹ Remuneration system from financial year 2021.

² Remuneration system applicable until financial year 2020.

³ Remuneration for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

⁴ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

⁵ The pension expense in accordance with IAS 19 reflects the expense recognised by the BMW Group; this amount was not paid out in the financial year.

⁶ Corresponds to the previous disclosure of amounts received in accordance with the model tables in the version of the German Corporate Governance Code dated 7 February 2017. For the purposes of compliance with the maximum specified remuneration limit, only the service cost and the remuneration for the vesting year are to be taken into account. The defined maximum remuneration for the vesting year 2021 is € 5,500,000; the remuneration for the vesting year 2021 including service cost is € 4,861,477, which is below the maximum remuneration.

⁷ An advance payment in the amount of € 500,000 was paid out from the PCP 2019 – 2021 in 2020.

⁸ An advance payment in the amount of € 500,000 was paid out from the PCP 2018 – 2020 in 2019.

REMUNERATION GRANTED AND OWED IN FINANCIAL YEAR 2021 (2020)

NICOLAS PETER

Finance, Member of the Board of Management since 1 January 2017

		FY 2021			FY 2020		
		Vesting year 2021 in € ¹	Earlier vesting years in € ³	as a % of total remuneration	Vesting year 2020 in € ²	Earlier vesting years in € ³	as a % of total remuneration
Fixed remuneration	Fixed remuneration	1,050,000	(-)	22	950,000	(-)	30
	Fringe benefits (other remuneration)	22,746	(-)	0.5	24,231	(-)	1
	Total	1,072,746		22	974,231		31
BONUS							
	Earnings component of bonus 2020	(-)	(-)	(-)	133,200	(-)	4
	Performance component of bonus 2020	(-)	(-)	(-)	805,000	(-)	26
	Earnings component of bonus 2021	1,035,000	(-)	21	(-)	(-)	(-)
	Performance component of bonus 2021	609,500	(-)	13	(-)	(-)	(-)
PERFORMANCE CASH PLAN							
	PCP 2018-2020	(-)	(-)	(-)	(-)	282,850 ⁸	9
	PCP 2019-2021	(-)	361,900 ⁷	8	(-)	500,000 ⁷	16
SHARE-BASED PAYMENT							
Variable remuneration	Cash remuneration component (investment component) 2020 for holding obligation 2021-2025	(-)	(-)	(-)	422,190	(-)	14
	Share-based remuneration component (matching component) 2015 for holding obligation 2016-2020	(-)	(-)	(-)	(-)	(-)	(-)
	Share-based remuneration component (matching component) 2016 for holding obligation 2017-2021	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount 2021 ⁴	1,152,000	(-)	24	(-)	(-)	(-)
	RoCE component	593,600	(-)	12	(-)	(-)	(-)
Total variable remuneration Vesting year 2021 or earlier vesting years							
Total variable remuneration							
Remuneration for vesting year 2021 or earlier vesting years							
Remuneration according to § 162 German Stock Corporation Act (AktG)							
Service cost⁵							
Total amount received incl. service cost⁶							

¹ Remuneration system from financial year 2021.

² Remuneration system applicable until financial year 2020.

³ Remuneration for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

⁴ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

⁵ The pension expense in accordance with IAS 19 reflects the expense recognised by the BMW Group; this amount was not paid out in the financial year.

⁶ Corresponds to the previous disclosure of amounts received in accordance with the model tables in the version of the German Corporate Governance Code dated 7 February 2017. For the purposes of compliance with the maximum specified remuneration limit, only the service cost and the remuneration for the vesting year are to be taken into account. The defined maximum remuneration for the vesting year 2021 is € 5,500,000; the remuneration for the vesting year 2021 including service cost is € 4,863,945, which is below the maximum remuneration.

⁷ An advance payment in the amount of € 500,000 was paid out from the PCP 2019 – 2021 in 2020.

⁸ An advance payment in the amount of € 500,000 was paid out from the PCP 2018 – 2020 in 2019.



REMUNERATION GRANTED AND OWED IN FINANCIAL YEAR 2021 (2020)

FRANK WEBER

Development, Member of the Board of Management since 1 July 2020

		FY 2021			FY 2020		
		Vesting year 2021 in € ¹	Earlier vesting years in € ³	as a % of total remuneration	Vesting year 2020 in € ²	Earlier vesting years in € ³	as a % of total remuneration
Fixed remuneration	Fixed remuneration	900,000	(-)	23	400,000	(-)	40
	Fringe benefits (other remuneration)	97,833	(-)	3	28,593	(-)	3
	Total	997,833		26	428,593		43
BONUS							
	Earnings component of bonus 2020	(-)	(-)	(-)	56,610	(-)	6
	Performance component of bonus 2020	(-)	(-)	(-)	342,125	(-)	34
	Earnings component of bonus 2021	855,000	(-)	22	(-)	(-)	(-)
	Performance component of bonus 2021	503,500	(-)	13	(-)	(-)	(-)
PERFORMANCE CASH PLAN							
	PCP 2018-2020	(-)	(-)	(-)	(-)	(-)	(-)
	PCP 2019-2021	(-)	(-)	(-)	(-)	(-)	(-)
SHARE-BASED PAYMENT							
Variable remuneration	Cash remuneration component (investment component) 2020 for holding obligation 2021-2025	(-)	(-)	(-)	179,431	(-)	18
	Share-based remuneration component (matching component) 2015 for holding obligation 2016-2020	(-)	(-)	(-)	(-)	(-)	(-)
	Share-based remuneration component (matching component) 2016 for holding obligation 2017-2021	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount 2021 ⁴	990,000	(-)	26	(-)	(-)	(-)
	RoCE component	510,125	(-)	13	(-)	(-)	(-)
Total variable remuneration Vesting year 2021 or earlier vesting years							
Total variable remuneration							
Remuneration for vesting year 2021 or earlier vesting years							
Remuneration according to § 162 German Stock Corporation Act (AktG)							
Service cost⁵							
Total amount received incl. service cost⁶							

¹ Remuneration system from financial year 2021.

² Remuneration system applicable until financial year 2020.

³ Remuneration for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

⁴ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

⁵ The pension expense in accordance with IAS 19 reflects the expense recognised by the BMW Group; this amount was not paid out in the financial year.

⁶ Corresponds to the previous disclosure of amounts received in accordance with the model tables in the version of the German Corporate Governance Code dated 7 February 2017. For the purposes of compliance with the maximum specified remuneration limit, only the service cost and the remuneration for the vesting year are to be taken into account. The defined maximum remuneration for the vesting year 2021 is € 4,925,000; the remuneration for the vesting year 2021 including service cost is € 4,258,533, which is below the maximum remuneration.

REMUNERATION GRANTED AND OWED IN FINANCIAL YEAR 2021 (2020)

ANDREAS WENDT

Purchasing and Supplier Network

Member of the Board of Management from 1 October 2018 until 31 December 2021

	FY 2021	FY 2020				
	Vesting year 2021 in € ¹	Earlier vesting years in € ³	as a % of total remuneration	Vesting year 2020 in € ²	Earlier vesting years in € ³	as a % of total remuneration
Fixed remuneration						
Fixed remuneration	937,500	(-)	19	800,000	(-)	36
Fringe benefits (other remuneration)	60,303	(-)	1	56,319	(-)	3
Total	997,803		21	856,319		39
BONUS						
Earnings component of bonus 2020	(-)	(-)	(-)	113,220	(-)	5
Performance component of bonus 2020	(-)	(-)	(-)	684,250	(-)	31
Earnings component of bonus 2021	900,000	(-)	19	(-)	(-)	(-)
Performance component of bonus 2021	530,000	(-)	11	(-)	(-)	(-)
PERFORMANCE CASH PLAN						
PCP 2018-2020	(-)	(-)	(-)	(-)	195,713	9
PCP 2019-2021	(-)	861,900	18	(-)	(-)	(-)
SHARE-BASED PAYMENT						
Cash remuneration component (investment component) 2020 for holding obligation 2021-2025	(-)	(-)	(-)	358,862	(-)	16
Share-based remuneration component (matching component) 2015 for holding obligation 2016-2020	(-)	(-)	(-)	(-)	(-)	(-)
Share-based remuneration component (matching component) 2016 for holding obligation 2017-2021	(-)	(-)	(-)	(-)	(-)	(-)
Personal cash investment amount 2021 ⁴	1,030,500	(-)	21	(-)	(-)	(-)
RoCE component	530,994	(-)	11	(-)	(-)	(-)
Strategic focus target component	2,991,494	861,900	62 or 18	1,156,332	195,713	52 or 9
Total variable remuneration Vesting year 2021 or earlier vesting years	3,853,394		79	1,352,045		61
Total variable remuneration	3,989,297	861,900	82 or 18	2,012,651	195,713	91 or 9
Remuneration for vesting year 2021 or earlier vesting years	4,851,197		100	2,208,364		100
Service cost⁵	401,099				351,746	
Total amount received incl. service cost⁶	5,252,296				2,560,110	

¹ Remuneration system from financial year 2021.

² Remuneration system applicable until financial year 2020.

³ Remuneration for prior vesting years if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

⁴ Assessment period five years in total: One year for determining the personal cash investment amount, a four-year holding obligation for the shares acquired with the payout amount.

⁵ The pension expense in accordance with IAS 19 reflects the expense recognised by the BMW Group; this amount was not paid out in the financial year.

⁶ Corresponds to the previous disclosure of amounts received in accordance with the model tables in the version of the German Corporate Governance Code dated 7 February 2017. For the purposes of compliance with the maximum specified remuneration limit, only the service cost and the remuneration for the vesting year are to be taken into account. The defined maximum remuneration for the vesting year 2021 is € 5,068,750; the remuneration for the vesting year 2021 including service cost is € 4,390,396, which is below the maximum remuneration.

10. Remuneration granted and owed to former members of the Board of Management pursuant to § 162 of the German Stock Corporation Act (AktG)

The following tables show the fixed and variable remuneration granted and owed to former members of the Board of Management who have definitively terminated their service within the last 10 financial years, in accordance with § 162 AktG.

For individual former members of the Board of Management, the remuneration granted and owed also includes the Performance Cash Plan 2019–2021 and/or the share-based remuneration component (matching component) 2016. In this regard, please refer to the statements on remuneration granted and owed for the active members of the Board of Management.

REMUNERATION GRANTED AND OWED IN FINANCIAL YEAR 2021

			FRANK-PETER ARNDT		
			Member of the Board of Management until 31 March 2013		
			Financial year 2021 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)		30,128	(-)	12
	Total		30,128		12
	Performance Cash Plan 2019-2021		(-)	(-)	(-)
Variable remuneration	Share-based remuneration component (matching component) 2016 for holding obligation 2017-2021		(-)	(-)	(-)
	Total		(-)		(-)
Waiting allow- ance/Pensions	Waiting allowance		(-)	(-)	(-)
	Pensions		216,814	(-)	88
	(Partial) capital payments		(-)	(-)	(-)
	Total		216,814		88
Total remuneration for financial years 2021 or earlier vesting years			246,942	(-)	
Total remuneration according to § 162 German Stock Corporation Act (AktG)			246,942		100

MILAGROS CAIÑA CARREIRO-ANDREE

Member of the Board of Management until 31 October 2019

			MILAGROS CAIÑA CARREIRO-ANDREE		
			Member of the Board of Management until 31 October 2019		
			Financial year 2021 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)		32,950	(-)	4
	Total		32,950		4
	Performance Cash Plan 2019-2021		(-)	363,300 ²	47
Variable remuneration	Share-based remuneration component (matching component) 2016 for holding obligation 2017-2021		(-)	96,364 ³	12
	Total		459,664		59
Waiting allow- ance/Pensions	Waiting allowance		285,000	(-)	37
	Pensions		(-)	(-)	(-)
	(Partial) capital payments		(-)	(-)	(-)
	Total		285,000		37
Total remuneration for financial years 2021 or earlier vesting years			317,950	459,664	
Total remuneration according to § 162 German Stock Corporation Act (AktG)			777,615		100

¹ Remuneration for prior vesting years is due if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

² The target amount of the 2019–2021 Performance Cash Plan is € 950,000. An advance payment of € 600,000 was made from the PCP 2019–2021 in 2020.

³ The number of shares purchased in 2017 with the 2016 cash remuneration component (investment component) amounted to 3,470 (purchased on 12 May 2017 at a price of € 87.50). The 2016 matching component was paid out in cash in May 2021. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 1,156 (holding period expired on 11 May 2021). Reference price for calculating the equivalent value of the matching shares: € 83.36.

REMUNERATION GRANTED AND OWED IN FINANCIAL YEAR 2021

		KLAUS DRAEGER Member of the Board of Management until 30 September 2016			FRIEDRICH EICHNER Member of the Board of Management until 31 December 2016		
		Financial year 2021 in €	Earlier vesting years in € ¹	as a % of total remuneration	Financial year 2021 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	27,604	(-)	7	27,335	(-)	7
	Total	27,604		7	27,335		7
	Performance Cash Plan 2019-2021	(-)	(-)	(-)	(-)	(-)	(-)
Variable remuneration	Share-based remuneration component (matching component) 2016 for holding obligation 2017-2021	(-)	72,273 ²	19	(-)	96,364 ³	24
	Total	72,273		19	96,364		24
Waiting allowance	(-)	(-)	(-)	(-)	(-)	(-)	(-)
Waiting allowance/Pensions	Pensions	279,984	(-)	74	272,727	(-)	69
	(Partial) capital payments	(-)	(-)	(-)	(-)	(-)	(-)
	Total	279,984		74	272,727		69
Total remuneration for financial years 2021 or earlier vesting years		307,588	72,273		300,062	96,364	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		379,861		100	396,427		100

		KLAUS FRÖHLICH Member of the Board of Management until 30 June 2020		
		Financial year 2021 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	20,629	(-)	3
	Total	20,629		3
	Performance Cash Plan 2019-2021	(-)	363,300 ⁴	49
Variable remuneration	Share-based remuneration component (matching component) 2016 for holding obligation 2017-2021	(-)	76,941 ⁵	10
	Total	440,241		59
Waiting allowance	(-)	(-)	(-)	(-)
Waiting allowance/Pensions	Pensions	285,000	(-)	38
	(Partial) capital payments	(-)	(-)	(-)
	Total	285,000		38
Total remuneration for financial years 2021 or earlier vesting years		305,629	440,241	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		745,870		100

¹ Remuneration for prior vesting years is due if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

² The number of shares purchased in 2017 with the 2016 cash remuneration component (investment component) amounted to 2,603 (purchased on 12 May 2017 at a price of € 87.50). The 2016 matching component was paid out in cash in May 2021. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 867 (holding period expired on 11 May 2021). Reference price for calculating the equivalent value of the matching shares: € 83.36).

³ The number of shares purchased in 2017 with the 2016 cash remuneration component (investment component) amounted to 3,470 (purchased on 12 May 2017 at a price of € 87.50). The 2016 matching component was paid out in cash in May 2021. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 1,156 (holding period expired on 11 May 2021). Reference price for calculating the equivalent value of the matching shares: € 83.36).

⁴ The target amount of the 2019-2021 Performance Cash Plan is € 950,000. An advance payment of € 600,000 was made from the PCP 2019-2021 in 2020.

⁵ The number of shares purchased in 2017 with the 2016 cash remuneration component (investment component) amounted to 2,771 (purchased on 12 May 2017 at a price of € 87.50). The 2016 matching component was paid out in cash in May 2021. The number of mathematical matching shares for the purposes of calculating the equivalent value in cash amounts to 923 (holding period expired on 11 May 2021). Reference price for calculating the equivalent value of the matching shares: € 83.36).

REMUNERATION GRANTED AND OWED IN FINANCIAL YEAR 2021

		HARALD KRÜGER Chairman of the Board of Management until 15 August 2019			NORBERT REITHOFER Chairman of the Board of Management until 13 May 2015 Chairman of the Supervisory Board since 13 May 2015		
		Financial year 2021 in €	Earlier vesting years in € ¹	as a % of total remuneration	Financial year 2021 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	27,241	(-)	2	40,156	(-)	11
	Total	27,241		2	40,156		11
	Performance Cash Plan 2019-2021	(-)	829,600 ²	61	(-)	(-)	(-)
Variable remuneration	Share-based remuneration component (matching component) 2016 for holding obligation 2017-2021	(-)	153,966 ³	11	(-)	(-)	(-)
	Total	983,566		72	(-)		(-)
	Waiting allowance	360,000	(-)	26	(-)	(-)	(-)
Waiting allowance/Pensions	Pensions	(-)	(-)	(-)	323,691	(-)	89
	(Partial) capital payments	(-)	(-)	(-)	(-)	(-)	(-)
	Total	360,000		26	323,691		89
Total remuneration for financial years 2021 or earlier vesting years		387,241	983,566		363,847		
Total remuneration according to § 162 German Stock Corporation Act (AktG)		1,370,807		100	363,847		100

		IAN ROBERTSON Member of the Board of Management until 31 December 2017		
		Financial year 2021 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	21,600	(-)	7
	Total	21,600		7
	Performance Cash Plan 2019-2021	(-)	(-)	(-)
Variable remuneration	Share-based remuneration component (matching component) 2016 for holding obligation 2017-2021	(-)	96,364 ⁴	31
	Total	96,364		31
	Waiting allowance	(-)	(-)	(-)
Waiting allowance/Pensions	Pensions	191,038	(-)	62
	(Partial) capital payments	(-)	(-)	(-)
	Total	191,038		62
Total remuneration for financial years 2021 or earlier vesting years		212,638	96,364	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		309,002		100

¹ Remuneration for prior vesting years is due if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

² The target amount of the 2019-2021 Performance Cash Plan is € 1,600,000. The PCP factor is 1.081. This differs from the PCP factor mentioned above, since a value of 1.0 was agreed for the earnings factor of the 2019 financial year. An advance payment of € 900,000 was made from the PCP 2019-2021 in 2020.

³ The number of shares purchased in 2017 with the 2016 cash remuneration component (investment component) amounted to 5,542 (purchased on 12 May 2017 at a price of € 87.50). The 2016 matching component was paid out in cash in May 2021. The number of mathematical matching shares for the purposes of calculating the equivalent value in cash amounts to 1,847 (holding period expired on 11 May 2021). Reference price for calculating the equivalent value of the matching shares: € 83.36.

⁴ The number of shares purchased in 2017 with the 2016 cash remuneration component (investment component) amounted to 3,470 (purchased on 12 May 2017 at a price of € 87.50). The 2016 matching component was paid out in cash in May 2021. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 1,156 (holding period expired on 11 May 2021). Reference price for calculating the equivalent value of the matching shares: € 83.36.

REMUNERATION GRANTED AND OWED IN FINANCIAL YEAR 2021

PETER SCHWARZENBAUER Member of the Board of Management until 31 October 2019			
	Financial year 2021 in €	Earlier vesting years in € ¹	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	19,451	1
	Total	19,451	1
Variable remuneration	Performance Cash Plan 2019-2021	(-) 302,750 ²	9
	Share-based remuneration component (matching component) 2016 for holding obligation 2017-2021	(-) 92,946 ³	3
	Total	395,696	12
Waiting allowance	(-)	(-)	(-)
Waiting allowance/Pensions	Pensions	(-)	(-)
	(Partial) capital payments	2,882,022	87
	Total	2,882,022	87
Total remuneration for financial years 2021 or earlier vesting years		2,901,473	395,696
Total remuneration according to § 162 German Stock Corporation Act (AktG)		3,297,170	100

¹ Remuneration for prior vesting years is due if, as of the balance sheet date, the activity underlying the remuneration component has been fully performed, and all conditions for the entitlement are met.

² The target amount of the PCP 2019-2021 is € 791,667. An advance payment of € 500,000 was made from the PCP 2019-2021 in 2020.

³ The number of shares acquired in 2017 with the cash remuneration component (investment component) 2016 amounted to 3,346. The 2016 matching component was paid out in cash in May 2021. The number of mathematical matching shares for the calculating the equivalent value in cash amounts to 1,115 (holding period expired on 11 May 2021). Reference price for calculating the equivalent value of the matching shares: € 83.36).

III. Remuneration of the members of the Supervisory Board

1. Articles of Incorporation and procedure

The regulation governing remuneration for the Supervisory Board applicable to the reporting year was adopted by the Annual General Meeting on 14 May 2020. It is set out in Article 15 of the Articles of Incorporation, and specifies both the remuneration system to be used and the precise framework for calculating the remuneration due to the members of the Supervisory Board. The regulation was confirmed by the Annual General Meeting on 12 May 2021 with a majority of 99.40 % of the valid votes cast.

2. Principles and elements of remuneration

With effect from the 2020 financial year, remuneration for members of the Supervisory Board has been structured as purely fixed remuneration, and complies with Suggestion G.18 of the German Corporate Governance Code as amended on 16 December 2019. This strengthens the independence of the Supervisory Board in advising and monitoring the Board of Management. The structure and amount of the fixed remuneration ensure that highly qualified individuals can continue to be proposed to the Annual General Meeting for membership of the Supervisory Board. This strengthens its advisory and supervisory function, which contributes to the company's sustainable and long-term development.

In accordance with the Articles of Incorporation, each member of the Supervisory Board of BMW AG who does not exercise any additional function relevant to remuneration receives – in addition to the reimbursement of reasonable expenses – fixed remuneration of € 200,000 p.a.

The latest version of the GCCC, dated 16 December 2019, recommends that exercising the functions of the chair and deputy chair of Supervisory Board should also be considered when determining the level of remuneration, along with any committees an individual chairs or sits on (Suggestion G.17). This is to take account of the extra time commitment associ-

ated with these positions. In view of the particular demands placed on the members and, in particular, on the Chairman of the Audit Committee and the increased scope of the Audit Committee's tasks, a higher level of remuneration is provided for work on this committee than for work on other committees. Accordingly, the Articles of Incorporation of BMW AG stipulate that the Chairman of the Supervisory Board shall receive three times the amount and each Deputy Chairman twice the amount of remuneration paid to a Supervisory Board member, excluding amounts relating to additional remuneration-relevant functions. The Chair of the Audit Committee receives two-and-a-quarter times the amount, the Chair of other Supervisory Board committees twice the amount, each member of the Audit Committee twice the amount, and each member of another committee one-and-a-half times the amount of the remuneration paid to a Supervisory Board member, provided the relevant committee convened on at least three days during the financial year. If a member of the Supervisory Board exercises more than one of the functions referred to above, their remuneration is measured only on the basis of the function receiving the highest amount.

In the event of changes in the composition of the Supervisory Board during the year, or if additional remuneration-relevant functions are performed, remuneration is determined on a proportionate basis.

In addition, each member of the Supervisory Board receives an attendance fee of € 2,000 per meeting for each meeting of the Supervisory Board (plenary) in which he or she participates. This also applies to participation by telephone or video link. If they attend more than one meeting on the same day, the meetings are not remunerated separately.

In accordance with the provisions of the Articles of Incorporation, the remuneration and the attendance fee are only paid after the end of the respective financial year. Furthermore, the company reimburses each member of the Super-

visory Board for their reasonable expenses. In order to be able to perform his duties, the Chairman of the Supervisory Board is provided with secretariat and chauffeur services.

3. Remuneration granted and owed to members of the Supervisory Board pursuant to § 162 of the German Stock Corporation Act (AktG)

The following table shows the remuneration granted and owed to the members of the Supervisory Board in the 2021 financial year pursuant to § 162 (1) Sentence 1 AktG. The activities on which the remuneration for the 2021 financial year is based were performed fully as at the balance sheet date). Therefore, the remuneration for the Supervisory Board activity is classified as granted for the 2021 financial year, even if the payment of the Supervisory Board remuneration (including the attendance fee) was only made after the end of the 2021 financial year, in accordance with Article 15 of the Articles of Incorporation.

Supervisory Board members did not receive any further remuneration or benefits from the BMW Group for advisory or agency services personally rendered.

OVERVIEW OF REMUNERATION¹

	Factor	Amount in € p.a. ³
Member of the Supervisory Board	1.00	200,000
Chairman of the Supervisory Board	3.00	600,000
Deputy Chairman of the Supervisory Board	2.00	400,000
Chairman of the Audit Committee ²	2.25	450,000
Chairman of another committee ²	2.00	400,000
Member of the Audit Committee ²	2.00	400,000
Member of another committee ²	1.50	300,000

¹ If a Supervisory Board member performs several additional remuneration-relevant functions, their remuneration is measured only on the basis of the function that is remunerated with the highest amount.

² Provided the relevant committee convened for meetings on at least three days during the financial year.

³ Plus attendance fee of € 2,000 per plenary session.

**COMPENSATION PAID AND OWED TO SUPERVISORY BOARD MEMBERS ACCORDING
TO § 162 OF THE GERMAN STOCK CORPORATION ACT (AKTG) IN FISCAL YEAR 2021 (2020)**

MEMBERS OF THE SUPERVISORY BOARD IN OFFICE AS OF DECEMBER 31, 2021

	fixed remuneration		attendance fee		total remuneration	
	in €	as a % of total remuneration	in €	as a % of total remuneration	in €	as a % of total remuneration
Norbert Reithofer (Chairman)	600,000	98	10,000	2	610,000	100
	(600,000)	(98)	(10,000)	(2)	(610,000)	(100)
Manfred Schoch (Deputy Chairman)¹	400,000	98	10,000	2	410,000	100
	(400,000)	(98)	(10,000)	(2)	(410,000)	(100)
Stefan Quandt (Deputy Chairman)	400,000	98	10,000	2	410,000	100
	(400,000)	(98)	(10,000)	(2)	(410,000)	(100)
Stefan Schmid (Deputy Chairman)¹	400,000	98	10,000	2	410,000	100
	(400,000)	(98)	(10,000)	(2)	(410,000)	(100)
Kurt Bock (Deputy Chairman, Chairman of the Audit Committee)	450,000	98	10,000	2	460,000	100
	(357,930)	(97)	(10,000)	(3)	(367,930)	(100)
Christiane Benner¹	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Marc Bitzer²	127,419	94	8,000	6	135,419	100
	(-)	(-)	(-)	(-)	(-)	(-)
Verena zu Dohna^{1,4}	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Bernhard Ebner^{1,3}	46,237	96	2,000	4	48,237	100
	(-)	(-)	(-)	(-)	(-)	(-)
Rachel Empey²	127,419	94	8,000	6	135,419	100
	(-)	(-)	(-)	(-)	(-)	(-)
Heinrich Hiesinger	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)

¹ These employee representatives have declared that they will transfer their remuneration to the Hans Böckler Foundation in accordance with the guidelines of the German Federation of Trade Unions.

² Member of the Supervisory Board since 12 May 2021.

³ Member of the Supervisory Board since 8 October 2021.

⁴ Member of the Supervisory Board until 31 December 2021.

**COMPENSATION PAID AND OWED TO SUPERVISORY BOARD MEMBERS ACCORDING
TO § 162 OF THE GERMAN STOCK CORPORATION ACT (AKTG) IN FISCAL YEAR 2021 (2020)**

MEMBERS OF THE SUPERVISORY BOARD IN OFFICE AS OF DECEMBER 31, 2021

	fixed remuneration		attendance fee		total remuneration	
	in €	as a % of total remuneration	in €	as a % of total remuneration	in €	as a % of total remuneration
Johann Horn^{1,2}	126,344	95	6,000	5	132,344	100
	(-)	(-)	(-)	(-)	(-)	(-)
Susanne Klatten	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Jens Köhler^{1,3}	82,258	95	4,000	5	86,258	100
	(-)	(-)	(-)	(-)	(-)	(-)
Dominique Mohabeer¹	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Anke Schäferkordt	200,000	95	10,000	5	210,000	100
	(126,344)	(94)	(8,000)	(6)	(134,344)	(100)
Christoph Schmidt⁴	127,419	94	8,000	6	135,419	100
	(-)	(-)	(-)	(-)	(-)	(-)
Vishal Sikka	200,000	95	10,000	5	210,000	100
	(200,000)	(96)	(8,000)	(4)	(208,000)	(100)
Thomas Wittig	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Werner Zierer¹	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Total acting members of the Supervisory Board	4,687,096	96	176,000	4	4,863,096	100
	(3,884,274)	(97)	(136,000)	(3)	(4,020,274)	(100)

¹ These employee representatives have declared that they will transfer their remuneration to the Hans Böckler Foundation in accordance with the guidelines of the German Federation of Trade Unions.

² Member of the Supervisory Board since 14 May 2021.

³ Member of the Supervisory Board since 3 August 2021.

⁴ Member of the Supervisory Board since 12 May 2021.

**COMPENSATION PAID AND OWED TO SUPERVISORY BOARD MEMBERS ACCORDING
TO § 162 OF THE GERMAN STOCK CORPORATION ACT (AKTG) IN FISCAL YEAR 2021 (2020)**

FORMER MEMBERS OF THE SUPERVISORY BOARD

	fixed remuneration		attendance fee		total remuneration	
	in €	as a % of total remuneration	in €	as a % of total remuneration	in €	as a % of total remuneration
Karl-Ludwig Kley (Deputy Chairman)²	146,237	99	2,000	1	148,237	100
	(418,548)	(98)	(10,000)	(2)	(428,548)	(100)
Reinhard Hüttl²	73,118	97	2,000	3	75,118	100
	(190,000)	(95)	(10,000)	(5)	(200,000)	(100)
Horst Lischka^{1,2}	73,118	97	2,000	3	75,118	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Willibald Löw^{1,3}	108,602	95	6,000	5	114,602	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Simone Menne²	73,118	97	2,000	3	75,118	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Brigitte Rödig^{1,4}	150,538	96	6,000	4	156,538	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Total former members of the Supervisory Board	624,731	97	20,000	3	644,731	100
	(1,408,548)	(96)	(60,000)	(4)	(1,468,548)	(100)
Total current and former members of the Supervisory Board	5,311,827	96	196,000	4	5,507,827	100
	(5,292,822)	(96)	(196,000)	(4)	(5,488,822)	(100)

¹ These employee representatives have declared that they will transfer their remuneration to the Hans Böckler Foundation in accordance with the guidelines of the German Federation of Trade Unions.

² Member of the Supervisory Board until 14 May 2021.

³ Member of the Supervisory Board until 16 July 2021.

⁴ Member of the Supervisory Board until 1 October 2021.

IV. Comparison of change in remuneration and earnings pursuant to § 162 (1) Sentence 2 No. 2 of the German Stock Corporation Act (AktG)

Pursuant to § 162 (1) Sentence 2 No. 2 AktG, the following table shows the change in earnings, the annual change in the remuneration of the members of the Board of Management and the Supervisory Board, and the annual change in the average remuneration of the employees on a full-time equivalent basis over the last five financial years.

For the members of the Board of Management and the Supervisory Board, the remuneration granted and owed in the relevant financial year is presented within the meaning of § 162 (1) Sentence 1 AktG. The remuneration granted and owed to former members of the Board of Management includes any variable remuneration from previous vesting years and any remuneration from any contracts of employment that remained valid beyond the end of their mandate, as well as retirement benefit plans (pension payments, payments from the capital account), other remuneration and any waiting allowances paid.

The change in earnings is presented on the basis of BMW AG's net profit for the year in accordance with the German Commercial Code (HGB). In addition, the changes in the key indicators "earnings attributable to shareholders of BMW AG" and "Group post-tax return on sales" are reported, as these key indicators are relevant to the calculation of the variable remuneration of the members of the Board of Management (earnings component of the bonus).

The presentation of average employee remuneration is based on the average remuneration of all employees of BMW AG on a full-time equivalent basis. In the 2021 financial year, this was 78,144 people. As of 31 December 2021, BMW Group employed 118,909 people worldwide. The components of the average employee remuneration presented are generally in line with the remuneration granted and owed to the members of the Board of Management and the Supervisory Board according to § 162 (1) Sentence 1 AktG.

COMPARISON OF CHANGES IN EARNINGS AND REMUNERATION FOR EMPLOYEES, THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

	2017	2018	Change in %	2019	Change in %	2020	Change in %	2021	Change in %
I. CHANGES IN EARNINGS									
Net income of BMW AG according to the German Commercial Code (HGB) (in € million)	3,197	2,801	-12 %	2,107	-25 %	1,702	-19 %	4,978	192 %
Profit attributable to shareholders of BMW AG (in € million)	8,589	7,117	-17 %	4,915	-31 %	3,775	-23 %	12,382	228 %
Group post-tax return on sales (in %)	8.8	7.3	-17 %	4.8	-34 %	3.9	-19 %	11.2	187 %
II. AVERAGE REMUNERATION OF EMPLOYEES IN €									
Employees of BMW AG	90,771	93,522	3 %	89,353	-4 %	86,715	-3 %	99,169	14 %
III. REMUNERATION OF THE BOARD OF MANAGEMENT IN €¹									
Oliver Zipse ² since May 2015, Chairman since 16 August 2019	4,115,640	2,710,234	-34 %	3,923,856	45 %	5,338,865	36 %	8,752,558	64 %
Ilka Horstmeier since November 2019	(-)	(-)	(-)	384,435	(-)	2,043,706	432 %	3,949,908	93 %
Milan Nedeljkovic since October 2019	(-)	(-)	(-)	537,696	(-)	2,058,305	283 %	4,017,337	95 %
Pieter Nota ³ since January 2018	(-)	2,487,689	(-)	2,651,143	7 %	2,757,590	4 %	4,820,525	75 %
Nicolas Peter ³ since January 2017	4,182,138	2,435,932	-42 %	2,660,349	9 %	3,117,471	17 %	4,824,746	55 %
Frank Weber since July 2020	(-)	(-)	(-)	(-)	(-)	1,006,759	(-)	3,856,458	283 %
Andreas Wendt from October 2018 until December 2021	(-)	612,359	(-)	2,233,062	265 %	2,208,364	-1 %	4,851,197	120 %

¹ The reported remuneration for the years 2017-2020 has been recalculated in accordance with the requirements of § 162 German Stock Corporation Act (AktG).

² For the financial years 2019 and 2020, the calculation of remuneration also included the advances paid in the amounts of € 566,667 and € 712,000 from the Performance Cash Plans 2018-2020 and 2019-2021, which were paid out in 2019 and 2020, respectively.

³ For the financial years 2019 and 2020, the calculation of remuneration also included the advances in the amount of € 500,000 each from the Performance Cash Plans 2018-2020 and 2019-2021, which were paid out in 2019 and 2020, respectively.

COMPARISON OF CHANGES IN EARNINGS AND REMUNERATION FOR EMPLOYEES, THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

		Change in 2018 on 2017 in %	Change in 2019 on 2018 in %	Change in 2020 on 2019 in %	2021	Change in 2021 on 2020 in %
FORMER MEMBERS OF THE BOARD OF MANAGEMENT IN €¹						
Frank-Peter Arndt	until March 2013	- 28 %	0 %	4 %	246,942	1 %
Milagros Caiña						
Carreiro-Andree ^{2,3}	until October 2019	- 39 %	8 %	- 25 %	777,615	- 68 %
Klaus Draeger	until September 2016	- 1 %	- 8 %	2 %	379,861	2 %
Friedrich Eichiner	until December 2016	- 73 %	- 8 %	62 %	396,427	- 32 %
Klaus Fröhlich ²	until June 2020	- 30 %	10 %	- 23 %	745,870	- 69 %
Harald Krüger ^{4,5}	until August 2019	- 36 %	10 %	- 34 %	1,370,807	- 64 %
Norbert Reithofer	until May 2015, Chairman of the Supervisory Board since May 2015	- 1 %	- 10 %	- 21 %	363,847	1 %
Ian Robertson	until December 2017	- 69 %	- 83 %	10 %	309,002	7 %
Peter Schwarzenbauer ⁶	until October 2019	- 39 %	- 2 %	- 54 %	3,297,170	149 %

¹ The reported remuneration for the years 2017-2020 has been recalculated in accordance with the requirements of § 162 German Stock Corporation Act (AktG).

² For the financial years 2019 and 2020, the calculation of remuneration also took into account the advances in the amount of € 600,000 each from the Performance Cash Plan 2018-2020 and 2019-2021, which were paid out in 2019 and 2020, respectively.

³ Ms Caiña Carreiro-Andree's contract of employment ran until 30 June 2020.

⁴ For the financial years 2019 and 2020, the calculation of remuneration also took into account the advances in the amount of € 900,000 each from the Performance Cash Plan 2018-2020 and 2019-2021, which were paid out in 2019 and 2020, respectively.

⁵ Mr Krüger's contract of employment ran until 30 April 2020.

⁶ For the financial years 2019 and 2020, the calculation of remuneration also included the advances paid in the amounts of € 600,000 and € 500,000 from the Performance Cash Plan 2018-2020 and 2019-2021, which were paid out in 2019 and 2020, respectively..



COMPARISON OF CHANGES IN EARNINGS AND REMUNERATION FOR EMPLOYEES, THE BOARD OF MANAGEMENT AND THE SUPERVISORY BOARD

		2017	2018	Change in %	2019	Change in %	2020	Change in %	2021	Change in %
IV. REMUNERATION OF THE SUPERVISORY BOARD IN €										
Norbert Reithofer	since 2015, Chairman	640,000	640,000	0 %	640,000	0 %	610,000	-5 %	610,000	0 %
Manfred Schoch ¹	since 1988, Deputy Chairman	430,000	430,000	0 %	430,000	0 %	410,000	-5 %	410,000	0 %
Stefan Quandt	since 1997, Deputy Chairman	430,000	430,000	0 %	430,000	0 %	410,000	-5 %	410,000	0 %
Stefan Schmid ¹	since 2007, Deputy Chairman	430,000	428,000	0 %	430,000	0 %	410,000	-5 %	410,000	0 %
Kurt Bock ²	since May 2018, Deputy Chairman and Chairman of the Audit Committee	(-)	138,968	(-)	220,000	58 %	367,930	67 %	460,000	25 %
Christiane Benner ¹	since 2014	216,000	218,000	1 %	220,000	1 %	210,000	-5 %	210,000	0 %
Marc Bitzer	since May 2021	(-)	(-)	(-)	(-)	(-)	(-)	(-)	135,419	(-)
Verena zu Dohna ¹	since May 2019	(-)	(-)	(-)	139,532	(-)	210,000	51 %	210,000	0 %
Bernhard Ebner ¹	since October 2021	(-)	(-)	(-)	(-)	(-)	(-)	(-)	48,237	(-)
Rachel Empey	since May 2021	(-)	(-)	(-)	(-)	(-)	(-)	(-)	135,419	(-)
Heinrich Hiesinger	since May 2017	140,355	220,000	57 %	220,000	0 %	210,000	-5 %	210,000	0 %
Johann Horn ¹	since May 2021	(-)	(-)	(-)	(-)	(-)	(-)	(-)	132,344	(-)
Susanne Klatten	since May 1997	220,000	218,000	-1 %	220,000	1 %	210,000	-5 %	210,000	0 %
Jens Köhler ¹	since August 2021	(-)	(-)	(-)	(-)	(-)	(-)	(-)	86,258	(-)
Dominique Mohabeer ¹	since June 2012	220,000	220,000	0 %	220,000	0 %	210,000	-5 %	210,000	0 %
Anke Schäferkordt	since May 2020	(-)	(-)	(-)	(-)	(-)	134,344	(-)	210,000	56 %
Christoph Schmidt	since May 2021	(-)	(-)	(-)	(-)	(-)	(-)	(-)	135,419	(-)
Vishal Sikka	since May 2019	(-)	(-)	(-)	139,532	(-)	208,000	49 %	210,000	1 %
Thomas Wittig	since May 2019	(-)	(-)	(-)	139,532	(-)	210,000	51 %	210,000	0 %
Werner Zierer ¹	since November 2001	220,000	220,000	0 %	220,000	0 %	210,000	-5 %	210,000	0 %
FORMER MEMBERS OF THE SUPERVISORY BOARD IN €										
Karl-Ludwig Kley ³	from May 2008 to May 2021, Deputy Chairman	430,000	430,000	0 %	428,000	0 %	428,548	0 %	148,237	-65 %
Reinhard Hüttl	from May 2009 to May 2021	189,780	200,000	5 %	200,000	0 %	200,000	0 %	75,118	-62 %
Horst Lischka ¹	from May 2009 to May 2021	220,000	220,000	0 %	220,000	0 %	210,000	-5 %	75,118	-64 %
Willibald Löw ¹	from May 1999 to July 2021	220,000	220,000	0 %	220,000	0 %	210,000	-5 %	114,602	-45 %
Simone Menne	from May 2015 to May 2021	218,000	218,000	0 %	220,000	1 %	210,000	-5 %	75,118	-64 %
Brigitte Rödig ¹	from July 2013 to October 2021	220,000	220,000	0 %	220,000	0 %	210,000	-5 %	156,538	-25 %

¹ In line with the guidelines of the Deutscher Gewerkschaftsbund, these employee representatives have requested that their remuneration be paid into the Hans Böckler-Stiftung.

² Dr. Bock was elected Chairman of the Audit Committee after the 2020 Annual General Meeting.

³ Chairman of the Audit Committee until 2020 Annual General Meeting.

V. Other considerations

BMW AG did not grant any loans to members of the Board of Management or the Supervisory Board in the financial year 2021, nor did it enter into any contingent liabilities in their favour. In the year under review, members of the Board of Management and the Supervisory Board concluded contracts with BMW Group companies for vehicle leasing and vehicle services (maintenance and repair work) at arm's length conditions.

The company maintains a financial loss liability insurance policy for company directors. The insurance provides cover for legal liability claims and protects the private assets of members of BMW AG's corporate entities if a claim is made against them for financial loss in the course of exercising their function as a corporate entity. A deductible is provided for members of the Board of Management that complies with the requirements of the German Stock Corporation Act (AktG).

VI. Outlook for the 2022 financial year

In principle, the current remuneration system for members of the Board of Management will apply unchanged for the 2022 financial year.

Under this system, 50 % of the share-based remuneration as a long-term component of the variable remuneration depends on the RoCE achieved in the Automotive segment in the relevant vesting year. For the financial year 2021, the RoCE is defined as the segment profit before financial result, divided by the average capital employed in the segment. The definition of this key indicator has been adjusted for the financial year 2022. Previously, "capital employed" comprised the sum of all current and non-current operating assets, adjusted for deductible capital. The deductible capital corresponded to the capital shares that were available to the operational business, largely without interest. This included, for example, trade payables and other provisions. In future, the definition of capital employed will include the

sum of intangible assets, property, plant and equipment and net working capital. This simplified definition aims to make this indicator more transparent and easier to understand. In addition, the capital employed items taken into account reflect the focus of operational segment management. The new definition leads to an increase in capital employed compared to the previous definition. The strategic target value for the RoCE in the Automotive segment according to the new definition will therefore be 18 % from the financial year 2022 onwards (previous year: 40 %). In terms of content, this amounts to an even more ambitious objective compared to the previous measurement of return on capital.

There are no plans to change the remuneration system for members of the Supervisory Board for the 2022 financial year,

Bayerische Motoren Werke Aktiengesellschaft

For the Supervisory Board

Dr.-Ing. Dr.-Ing. E.h.
Norbert Reithofer
Chairman of the
Supervisory Board

For the Board of
Management

Oliver Zipse
Chairman of the Board
of Management

VII. Auditor's Report

To Bayerische Motoren Werke Aktiengesellschaft Munich

Remuneration Report pursuant to § 162 AktG for the Financial Year from January 1 to December 31, 2021

Auditor's Report

To Bayerische Motoren Werke Aktiengesellschaft, Munich

We have audited the remuneration report of Bayerische Motoren Werke Aktiengesellschaft, Munich, for the financial year from January 1 to December 31, 2021 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktiengesetz: German Stock Corporation Act].

Responsibilities of the Executive Directors and the Supervisory Board

The executive directors and the supervisory board of Bayerische Motoren Werke Aktiengesellschaft are responsible for the preparation of the remuneration report, including the related disclosures, that complies with the requirements of § 162 AktG. The executive directors and the supervisory board are also responsible for such internal control as they determine is necessary to enable the preparation of a remuneration report, including the related disclosures, that is free from material misstatement, whether due to fraud or error.

Auditor's Responsibilities

Our responsibility is to express an opinion on this remuneration report, including the related disclosures, based on our audit. We conducted our audit in accordance with German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany) (IDW). Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the remuneration report, including the related disclosures, is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts including the related disclosures stated in the remuneration report. The procedures selected depend on the auditor's judgment. This includes the assessment of the risks of material misstatement of the remuneration report including the related disclosures, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the preparation of the remuneration report including the related disclosures. The objective of this is to plan and perform audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the executive directors and the supervisory board, as well as evaluating the overall presentation of remuneration report including the related disclosures.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Audit Opinion

In our opinion, based on the findings of our audit, the remuneration report for the financial year from January 1 to December 31, 2021, including the related disclosures, complies in all material respects with the accounting provisions of § 162 AktG.

Reference to an Other Matter – Formal Audit of the Remuneration Report according to § 162 AktG

The audit of the content of the remuneration report described in this auditor's report includes the formal audit of the remuneration report required by § 162 Abs. [paragraph] 3 AktG, including the issuance of a report on this audit. As we express an unqualified audit opinion on the content of the

remuneration report, this audit opinion includes that the information required by § 162 Abs. 1 and 2 AktG has been disclosed in all material respects in the remuneration report.

Restriction on use

We issue this auditor's report on the basis of the engagement agreed with Bayerische Motoren Werke Aktiengesellschaft. The audit has been performed only for purposes of the company and the auditor's report is solely intended to inform the company as to the results of the audit. Our responsibility for the audit and for our auditor's report is only towards the company in accordance with this engagement. The auditor's report is not intended for any third parties to base any (financial) decisions thereon. We do not assume any responsibility, duty of care or liability towards third parties; no third parties are included in the scope of protection of the underlying engagement. Section 334 BGB [Bürgerliches Gesetzbuch: German Civil Code], according to which objections arising from a contract may also be raised against third parties, is not waived.

Munich, March 9, 2022

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Petra Justenhoven Wirtschaftsprüferin	Andreas Fell Wirtschaftsprüfer
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OTHER INFORMATION

FURTHER GRI INFORMATION

PRODUCTION, PURCHASING AND SUPPLIER NETWORK

BMW GROUP CO₂ FOOTPRINT¹

in t CO ₂ / CO ₂ e	2017	2018	2019 old	2019	2020 old	2020	2021
Total emission ²	72,850,724	74,213,402	75,987,119	133,552,843	65,828,005	118,491,889	122,539,929
SCOPE 1: DIRECT GREENHOUSE GAS EMISSION							
Total emission	625,072	581,703	642,259	678,403	642,885	678,967	699,713
BMW Group locations ^{3,4,5}	529,728	487,249	550,494	586,638	568,538	604,620	631,304 ⁶
company vehicles ^{7,8}	88,782	88,272	85,667	85,667	72,554	72,554	66,442
company-owned planes	6,562	6,182	6,098	6,098	1,793	1,793	1,967
Scope 2: INDIRECT GREENHOUSE GAS EMISSION							
Total emission	510,911	538,622	302,574	354,095	84,257	130,090	134,849
Electricity / heat purchased by BMW Group locations ^{3,4,5,6}	510,911	538,622	302,574	354,095	84,257	130,090	134,849

¹ Due to the broader definition of Scope 1 and Scope 2 emissions generated by BMW Group locations in the year under report and adjustments to the methodology for calculating use-phase emissions, the years 2019 (base year) and 2020 have been adjusted for comparison purposes. For these reasons, a direct comparison with 2017 and 2018 figures is not possible.

² The emissions listed account for approximately 90% of the BMW Group's total Scope 1 to Scope 3 emissions.

³ Carbon emissions (disregarding climate-impacting gases apart from carbon dioxide) generated by vehicle production (BMW Group plants including the BMW Brilliance Automotive Ltd. joint venture and motorcycle production, but excluding partner plants and contract manufacturing) and by other BMW Group locations not directly related to production (e.g. research centres, sales centres, office buildings).

⁴ From 2021, this indicator also includes the carbon emissions generated by other BMW Group locations as well as those relating to production. For comparison purposes, the figures for 2019 (base year) and 2020 have been adjusted accordingly. The figures for 2017 and 2018 are therefore not directly comparable.

⁵ Calculation of Scope 1 and Scope 2 emissions, using the operational control approach in accordance with the GHG Protocol. Leased office space without the direct influence of the BMW Group on energy supply is therefore not included.

⁶ Scope 2 emissions calculated using the market-based method in accordance with the GHG Protocol Scope 2 guidance; mainly the use of VDA emissions factors and in some cases the use of local emissions factors; alternative calculation using the location-based method: 1,404,348 t CO₂.

⁷ Includes all refuelling of function-relay vehicles within Germany and at major international locations (e.g. test sites in the USA, Sweden and France). All refuellings of company vehicles in Germany and, since November 2021, throughout Europe are also included. The latter include both business and private trips, except refuelling paid for privately by employees.

⁸ Emissions from company cars (Scope 1) are also included on a pro-rata basis under employee commuting and use phase (both Scope 3). A system-related delimitation is not currently possible.

⁹ Biomethane certificates amounting to 164,000 MWh are taken into account in this indicator. This share has reduced carbon emissions by 30,024 metric tonnes.

BMW GROUP CO₂ FOOTPRINT¹

	2017	2018	2019 old	2019	2020 old	2020	2021
SCOPE 3: INDIRECT GREENHOUSE GAS EMISSIONS							
Total emissions	71,714,741	73,093,077	75,042,286	132,520,346	65,100,863	117,682,832	121,705,368
Logistics ⁴	1,497,075	1,563,919	1,570,397	1,570,397	1,322,859	1,322,859	1,878,910 ⁵
Business trips ⁶	169,233	159,039	129,646	129,646	25,217 ²	25,217	29,765
Employees' commuter traffic ^{3,7}	140,187	136,608	146,298	146,298	166,586	166,586	139,999
Upstream chain ⁸	16,786,192	17,221,109	18,505,921	18,505,921	16,234,959	16,234,959	18,534,765
Utilisation phase ^{3,9}	51,887,708	52,759,567	53,421,006	110,899,066	46,200,385	98,782,354	99,805,490
Disposal ⁸	1,234,346	1,252,835	1,269,018	1,269,018	1,150,857	1,150,857	1,316,438

¹ Due to the broader definition of Scope 1 and Scope 2 emissions generated by BMW Group locations in the year under report and adjustments to the methodology for calculating use-phase emissions, the years 2019 (base year) and 2020 have been adjusted for comparison purposes. For these reasons, a direct comparison with 2017 and 2018 figures is not possible.

² Includes all refuelling of function-relabel vehicles within Germany and at major international locations (e.g. test sites in the USA, Sweden and France). All refuellings of company vehicles in Germany and, since November 2021, throughout Europe are also included. The latter include both business and private trips, except refuelling paid for privately by employees.

³ Emissions from company cars (Scope 1) are also included on a pro-rata basis under employee commuting and use phase (both Scope 3). A system-related delimitation is not currently possible.

⁴ Includes both upstream and downstream transportation. Use and modelling of emissions factors primarily in accordance with DIN EN 16258 as well as figures from CleanCargo and JEC5; in some cases, extrapolations have been used for individual months.

⁵ Scope expanded to include the Greer packaging plant (South Carolina, USA) to supply production and distribute Rolls-Royce vehicles. The figures for 2021 are therefore not directly comparable with previous years.

⁶ Includes air travel, train travel and rental cars.

⁷ The figures from 2020 onwards are not directly comparable with previous years due to the improved data basis. In some cases, figures have been extrapolated based on surveys conducted at major national and international BMW Group locations.

⁸ Based on life cycle assessments in accordance with ISO 14040/44 of representative vehicles of the product lines using the LCA tool GoBi provided by the company Thinkstep (including the climate-impacting gases CO₂, CH₄, N₂O, SF₆, NF₃). Corresponding to the CO₂e emissions, the life cycle assessments show the energy consumption (lower calorific value): around 86,095,113 MWh in the category "Bought-in goods and services" and around 600,049 MWh in the category "Waste disposal".

⁹ Use-phase emissions are based on global average fleet emissions. For definition, see glossary [carbon emissions of new vehicle fleet worldwide, including upstream emissions](#). The calculation is based on an average mileage of 200,000 km.

ENERGY CONSUMPTION^{1,2,3}

in MWh	2017	2018	2019 old	2019	2020 old	2020	2021
TOTAL ENERGY CONSUMPTION							
Total energy consumption							
Total energy consumption	5,852,666	5,788,965	5,974,625	6,348,009	5,714,610	6,040,824	6,476,955
TOTAL ENERGY CONSUMPTION BY SEGMENT							
Vehicle production	5,362,618	5,169,266	5,226,227	5,226,227	4,946,865	4,946,865	5,329,550
Motorcycle production	95,493	89,300	120,583	120,583	114,072	114,072	125,450
Non-manufacturing areas	394,555	530,399 ³	627,825	1,001,199	653,673	979,887	1,021,955
TOTAL ENERGY CONSUMPTION BY SOURCE							
Electricity	2,588,409	2,513,308	2,439,675	2,653,855	2,154,899 ⁴	2,320,314	2,453,215
Community heating	408,735	395,609	358,992	367,040	266,112	274,484	284,763
Community cooling	1,095	1,072	1,123	33,688	1,113	33,322	31,882
Heating oil	4,450	2,888	2,205	7,760	3,660	9,368	8,908
Natural gas	2,624,557	2,669,457	3,005,902	3,117,505	3,093,542	3,206,948	3,517,068
of which CHP losses	258,380	294,724	412,451	425,796	498,299	498,299	508,318
Biogas (landfill gas)	224,819	205,320	164,957	164,957	192,911	192,911	177,564
of which CHP losses	84,166	86,787	68,560	68,560	65,065	65,065	67,038
Wood pellets	220	220	68	1,501	56	1,161	1,211
Solar (photovoltaics)	381	1,091	1,703	1,703	2,316	2,316	2,344

¹ Energy consumption generated by vehicle production (BMW Group plants including the BMW Brilliance Automotive Ltd. joint venture and motorcycle, excluding partner plants and contract manufacturing) and by other BMW Group locations not directly related to production (e.g. research centres, sales centres, office buildings).

² Due to an extension in the reporting scope in the year under report, figures from 2019 and 2020 have been adjusted to enable better comparison. Figures for 2017 and 2018 are therefore not directly comparable.

³ Upper calorific value.

⁴ The decrease was mainly due to the pandemic-related interruption of production at most BMW Group plants.

TRANSPORT LOGISTICS: CARRIERS AND CO₂ EMISSIONS¹

	2017	2018	2019	2020	2021
INBOUND² (MATERIAL PROVISION OF THE PLANTS AND SPARE PARTS DELIVERY)					
Transport volume in million tkm	14,545	14,491	15,634	13,623	23,244
CO ₂ e emissions in t	537,928	589,730	577,077	472,290	820,226
OUTBOUND³ (DISTRIBUTION OF VEHICLES AND SPARE PARTS)					
Transport volume in million tkm	25,881	25,777	26,489	23,622	28,497
CO ₂ e emissions in t	959,147	974,189	993,320	850,569	1,058,685
TOTAL (INBOUND AND OUTBOUND)					
Transport volume in million tkm	40,426	40,268	42,123	37,245	51,741
CO ₂ e emissions in t	1,497,075	1,563,919	1,570,397	1,322,859 ⁵	1,878,910 ⁴
PERCENTAGE SHARE OF CARRIERS IN TOTAL (INBOUND AND OUTBOUND) IN TERMS OF TRANSPORT VOLUME AND CO₂ EMISSION					
Sea in %	75.8	52.9	75.0	50.3	73.0
Road in %	17.2	31.7	17.6	31.1	20.1
Rail in %	6.3	2.5	6.5	2.3	6.3
Air in %	0.7	12.9	0.9	16.3	0.6
	tkm	g CO ₂ e	tkm	g CO ₂ e	tkm
					g CO ₂ e

¹ Use and modelling of emissions factors primarily in accordance with DIN EN 16258 as well as figures from CleanCargo and JECS; in some cases, extrapolations have been used for individual months.

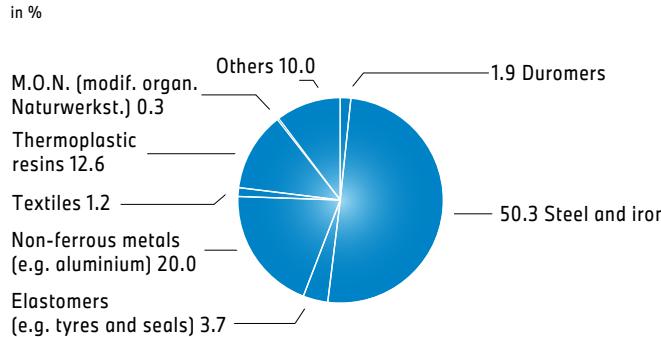
² Figures relate to automobile production (BMW Group including the BMW Brilliance Automotive Ltd. joint venture and partner plants, excluding Rolls-Royce and contract manufacturing) and spare parts deliveries to parts distribution centres.

³ Figures relate to automobile production (BMW Group including the BMW Brilliance Automotive Ltd. joint venture, contract production and parts for partner plants) and spare parts deliveries to distribution centres in markets worldwide as well as to dealerships in certain markets.

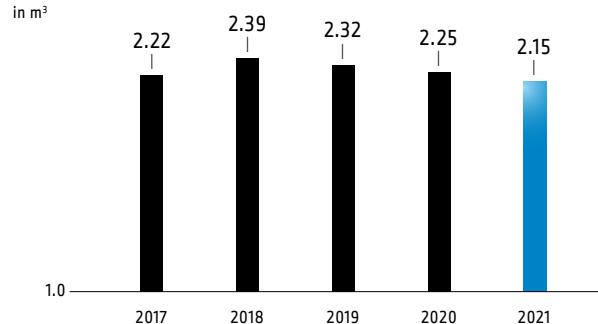
⁴ Scope expanded to include the Greer packaging plant (South Carolina, USA) to supply production and distribute Rolls-Royce vehicles. The figures for 2021 are therefore not directly comparable with previous years.

⁵ The CO₂e emission values for 2020 are not directly comparable with those of previous years, as the analysis has been expanded to include the local data of suppliers, who are in the production supply for certain plants and in the vehicle transportation to dealers in certain markets as well as the additional volume of part deliveries.

AVERAGE DISTRIBUTION OF MATERIALS IN BMW GROUP VEHICLES^{1,2}



PROCESS WASTEWATER PER VEHICLE PRODUCED¹



¹ Calculation based on unit-adjusted averages for the BMW 1 Series, 2 Series, 3 Series, 4 Series, 5 Series, 6 Series, 7 Series, 8 Series, X1, X2, X3, X4, X5, X6, X7, Rolls-Royce, MINI, MINI Countryman and the BEV vehicles iX, iX3, i4, i3, MINI E as well as the PHEV variants.

² At approximately 2.46 million vehicles, the number produced (BMW Group plants, including the BMW Brilliance Automotive Ltd. joint venture, partner plants and contract production) increased in the year under report compared with the previous year (2020: approximately 2.26 million). Based on an average weight of BMW Group vehicles of approximately 1.8 tonnes, the total weight of input materials is around 4.3 million tonnes. To calculate the individual material flows, the total weight is multiplied by the average distribution of the materials in BMW Group vehicles.

WATER CONSUMPTION¹

in m³

	2017	2018	2019	2020	2021
Water consumption	5,073,220	5,425,073	5,417,428	4,722,310	4,924,477
of which drinking water in %	88.0	90.4	87.4	86.3	85.1
of which groundwater in %	11.7	9.6	12.6	13.6	14.6
of which surface water in %	0.3	0.0	0.0	0.0	0.0
of which rainwater in %	0.0	0.0	0.0	0.1	0.3

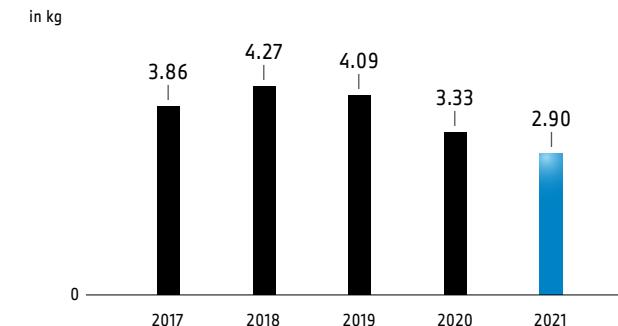
¹ Water consumed by automobile production (BMW Group plants, including the BMW Brilliance Automotive Ltd. joint venture, excluding partner plants and contract manufacturing).

WASTE¹

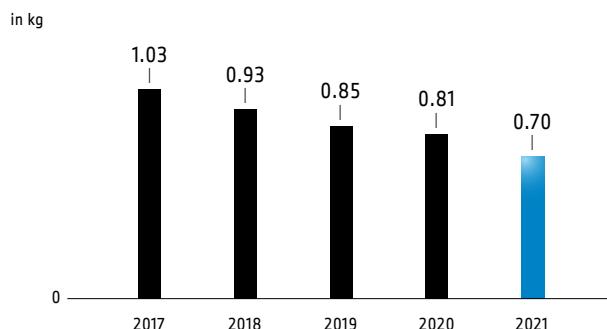
in t	2017	2018	2019	2020	2021
Total waste	785,209	789,817	780,911	775,459	829,498
Materials for recycling ²	776,179	779,911	771,162	768,292	822,848
Waste for disposal	9,031	9,906	9,749	7,168	6,650

¹ Waste generated by automobile production (BMW Group plants, including the BMW Brilliance Automotive Ltd. joint venture, excluding partner plants and contract manufacturing).

² Includes both recycling and thermal utilisation.

WASTE FOR DISPOSAL PER VEHICLE PRODUCED¹

¹ Efficiency indicator calculated from the waste generated in automobile production (BMW Group plants, including the BMW Brilliance Automotive Ltd. joint venture, excluding partner plants and contract manufacturing) divided by the number of vehicles produced (BMW Group plants, including the BMW Brilliance Automotive Ltd. joint venture and partner plants, excluding contract manufacturing).

SOLVENT EMISSIONS PER VEHICLE PRODUCED¹

¹ Efficiency indicator calculated from the solvent emissions (VOC) generated in automobile production (BMW Group plants, including the BMW Brilliance Automotive Ltd. joint venture, excluding partner plants and contract manufacturing) divided by the number of automobiles produced (BMW Group plants, including the BMW Brilliance Automotive Ltd. joint venture and partner plants, excluding contract manufacturing).

SUSTAINABILITY ASSESSMENT OF RELEVANT SUPPLIER LOCATIONS

	2018	2019	2020	2021
Proportion of audited suppliers of production-related material with a contract volume greater than € 2 million ¹	97 %	95 %	98 %	98 %
Number of identified sustainability deficits at potential and existing supplier locations from an ESG perspective	48 %	62 %	64 %	61 %
Number of audits and assessments conducted by or on behalf of the BMW Group ²	89	105	313	196
Number of supplier locations not awarded contracts because they fail to meet the BMW Group's sustainability or other requirements ¹	193	153	108	81
Number of existing supplier relationships that had to be terminated prematurely due to serious sustainability violations	0	0	0	0
Number of notifications of potential violations of our sustainability principles received through our supply chain reporting channels	9	2	3	8
of which number of notifications that were clarified during the reporting year	9	2	2	8

¹ Basis: Industry-specific sustainability questionnaire.

² Includes on-site visits and remote audits.

EMPLOYEES AND SOCIETY

EMPLOYEES AT END OF YEAR¹

	2017	2018	2019	2020	2021
BMW Group	129,932	134,682	126,016	120,726	118,909
Automotive	117,664	121,994	113,719	108,676	106,928
Motorcycles	3,506	3,709	3,503	3,474	3,418
Financial Services	8,645	8,860	8,684	8,473	8,466
Other	117	119	110	103	97
Employees with fixed-term contract ²	4,685	4,638	3,489	2,892	2,503
Employees in part-time employment ³	5,553	6,299	6,318	6,433	6,846

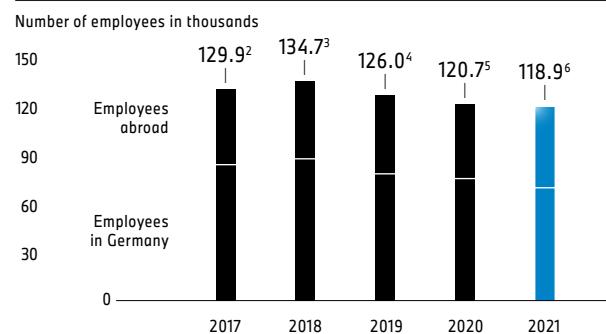
¹ The term "employee" has been redefined with effect from the reporting year 2020 (for definition, see [Glossary](#)).

For the period 2018 and earlier, the percentage of employees no longer covered by the new definition is between 7.5% and 8.0%.

² Around 30.5 % of these are women employed at BMW AG. For system-related reasons, this data is only collected for BMW AG.

³ Permanent and fixed-term employees.

EMPLOYEES IN GERMANY AND ABROAD¹



¹ The term "employee" has been redefined with effect from the reporting year 2020 (for definition, see [Glossary](#)). For the period 2018 and earlier, the percentage of employees no longer covered by the new definition is between 7.5 and 8.0 %.

² Of whom 35.7 % are tariff-bound production employees of the BMW Group

³ Of whom 35.3 % are tariff-bound production employees of the BMW Group

⁴ Of whom 38.2 % are tariff-bound production employees of the BMW Group

⁵ Of whom 37.9 % are tariff-bound production employees of the BMW Group

⁶ Of whom 38.0 % are tariff-bound production employees of the BMW Group

SHARE OF EMPLOYEES REPRESENTED BY A TRADE UNION OR FALLING UNDER COLLECTIVE AGREEMENTS

in %	2017	2018	2019	2020	2021
Germany ¹	100	100	100	100	100
UK	86	85	85	84	83
China (plant)	100	100	100	100	100
Austria ¹	100	100	100	100	100
South Africa	53	62	59	63	70
USA (no collective agreements exist)	0	0	0	0	0
Mexico ¹	-	-	100	100	100

¹ Excluding executives and contractors. [GRI 102-41](#)

ALTERNATIVE WAYS OF WORKING AT BMW AG¹

Number of employees	2017	2018	2019	2020	2021
Part-time workers ²	4,572	5,000	5,440	5,568	5,951
in % of total number of employees	5.2	5.6	6.6	7.0	7.7
Teleworking position ³	31,754	34,339	36,208	43,309	41,180
in % of total number of employees	63.3	66.1	70.8	87.2	84.3
Number of employees who use "Vollzeit Select"	4,690	5,508	5,474	4,747	3,736
in % of total number of employees ⁴	5.3	6.1	6.6	6.0	4.8
Sabbaticals	567	648	764	653	464
in % of total number of employees	0.6	0.7	0.9	0.8	0.6
Parental leave	3,389	3,675	4,082	4,158	4,211
in % of total number of employees	3.9	4.1	4.9	5.2	5.4

¹ The term "employee" has been redefined with effect from the reporting year 2020 (for definition, see [Glossary](#)).

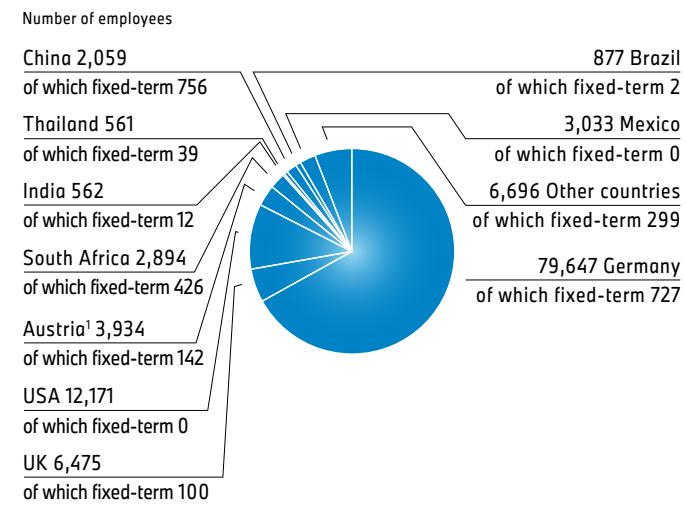
For the period 2018 and earlier, the percentage of employees no longer covered by the new definition is between 7.5 % and 8.0 %.

² Of which 3,716 were female (62 %). For systemic reasons, this number is only calculated for BMW AG.

³ Only workers in administrative positions who engaged in teleworking.

⁴ Statistical population not including apprentices, interns, thesis students working at the company and doctoral candidates.

SHARE OF EMPLOYEES PER COUNTRY WITH PRODUCTION LOCATION(S)



¹ Including the Eastern Europe sales region.

AVERAGE TRAINING HOURS AT THE BMW AG ACADEMY, BY EMPLOYEE CATEGORY

Employee category	2019	2020	2021
Non-tariff employees	16.7	14.1	30.7
"Meister" (master craftsmen)	14.1	21.1	27
Tariff	10.6	7.1	10.8

TOTAL NUMBER OF EMPLOYEES LEAVING BMW AG, BY REASON FOR LEAVING¹

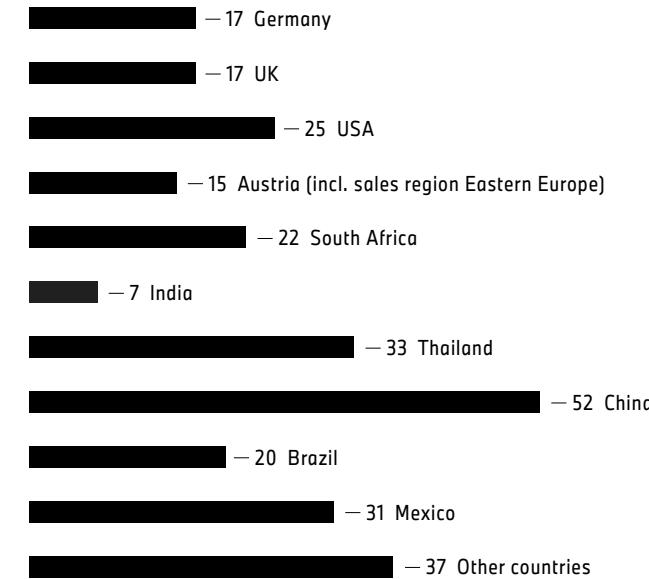
Number	2017	2018	2019	2020	2021
Total	2,077	2,247	2,794	4,535	3,720
Part-time retirement, retirement, death	1,207	1,314	1,700	1,884	1,938
Voluntarily left company (termination or suspension of employment contract by employee)	809	873	1,029	2,601 ²	1,749 ²
Dismissed by employer	61	60	65	50	33

¹ Figures refer to employees with permanent contracts.

² Increase mainly due to a set of personnel measures.

SHARE OF WOMEN IN THE WORKFORCE BY COUNTRY WITH PRODUCTION SITE(S)

in %



SHARE OF LOCAL EMPLOYEES IN MANAGEMENT POSITIONS AT MAJOR COMPANY LOCATIONS¹

	2017	2018	2019	2020	2021
Germany	99.4	99.5	99.7	99.7	99.8
UK	86.3	86.9	87.5	89.8	89.5
USA	87.7	88.3	87.4	89.1	88.3
Austria	82.8	85.6	82.3	78.7	79.1
South Africa	83.0	82.8	82.7	85.9	85.4
India	70.0	74.4	82.1	68.4	78.4
Brazil	76.1	77.6	78.2	84.9	85.1
China ²	76.5	76.7	73.7	78.8	82.2
Thailand	56.8	56.8	57.1	57.8	60.0
Mexico ³	-	-	48.4	62.9	67.8

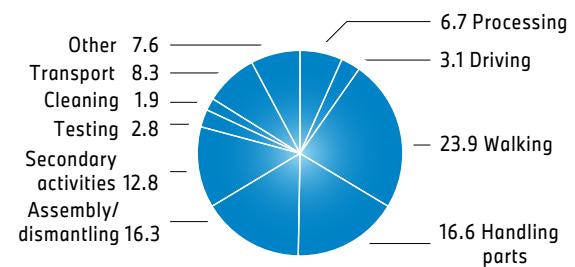
¹ "Local" refers to managers with local contracts. People deployed to work at the location who do not have a local employment contract are not included. These are reflected in the difference to 100 in each case.

² Including employees of the joint venture BMW Brilliance Automotive Ltd., Shenyang, which is not consolidated in the BMW Group.

³ Start of production 06/2019.

MAIN ACCIDENT FACTORS¹

in %



¹ The accident severity rate in the reporting year was 66.1 lost days (due to occupational accidents) per 1 million hours worked (2020: 53.4).

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[t]

Topic	Accounting Metric	Category	Unit of Measure	Code	Response Comment
Activity Metric	Number of vehicles manufactured	Quantitative	Number	TR-AU-000.A	2,461,269* (Automobiles) 187,500 (Motorcycles)
	Number of vehicles sold	Quantitative	Number	TR-AU-000.B	2,521,514* (Automobiles) 194,261 (Motorcycles)
Product Safety	Percentage of vehicle models rated by NCAP programmes with an overall 5-star safety rating, by region	Quantitative	Percentage (%)	TR-AU-250a.1	<ul style="list-style-type: none"> — 100 % – European New Car Assessment Programme (Euro NCAP) — 87 % – China New Car Assessment Programme (C-NCAP) — 60 % – U. S. National Highway Traffic Safety Administration's (NHTSA) New Car Assessment Programme (NCAP) — 66 % – Korean New Car Assessment Programme (KNCAP) <p>In its report on NCAP programmes, the BMW Group focuses on markets in the EU (including the UK), China, the USA and South Korea. Further information on new car assessment programmes is provided in the section on ↗ effective safety systems.</p>
	Number of safety-related defect complaints, percentage investigated	Quantitative	Number, Percentage (%)	TR-AU-250a.2	100 %* of the security-related complaints were reviewed.

* The survey period runs from November of the previous year through to November of the reporting year, as to allow for a processing time after the receipt of complaints.

[1]

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[i]

Topic	Accounting Metric	Category	Unit of Measure	Code	Response Comment
Product Safety	Number of vehicles recalled	Quantitative	Number	TR-AU-250a.3	In reporting year 2021, safety and compliance-related technical recall actions took place for 1,920,977 vehicles. These were voluntary and were carried out in coordination with relevant authorities. The main technical recall actions related to the exhaust gas recirculation cooler and Takata airbags. For further information regarding quality management see Product safety as part of quality management .
Labour Practices	Percentage of active workforce covered under collective bargaining agreements	Quantitative	Percentage (%)	TR-AU-310a.1	<p>Germany*: 100 % UK: 83 % China (Plant): 100 % Austria²: 100 % South Africa: 70 % USA: no collective agreements in place Mexico: 100 %</p> <p>Based on the availability of data, the BMW Group focuses on the aforementioned countries for the purposes of reporting on this accounting metric.</p> <p>* Excluding senior management and contractors.</p>
	(1) Number of work stoppages and (2) total days idle	Quantitative	Number, Days idle	TR-AU-310a.2	<p>Strike action is usually taken to reinforce pay rise demands.</p> <p>At BMW AG, strike action was taken in 2021 at the Leipzig plant. In this case, a series of five 24-hour strikes was called by IG Metall as part of its campaign to secure a so-called "equalization allowance" to compensate the difference in contractual weekly working hours between the collective bargaining areas in eastern and western Germany. Due to the fact that the strikes took place during the semiconductor supply crisis, the impact the BMW Group cannot be quantified directly. Following the conclusion of a collective bargaining framework agreement on the harmonisation of working hours, the BMW Group entered into corresponding discussions with the Works Council.</p> <p>At the BMW Group's international plants, strike action resulted in operational disruptions at the Rosslyn site in South Africa. Strikes were held on 13 days, spread over four time-blocks, with the focus primarily on pay rise demands. Lost production was compensated by additional shifts. The number of employees involved in the strike action was not recorded by the BMW Group.</p>

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[i]

Topic

Accounting Metric

Category

Unit of Measure

Code

Response Comment

Fuel Economy & Use-phase Emissions

Sales-weighted average passenger fleet fuel economy, by region

Quantitative

Mpg, L / km, gCO₂ / km, km / L

TR-AU-410a.1

Global carbon emissions of the new vehicle fleet, including emissions generated by upstream supply chain (normalised based on WLTP):

197.9 g CO₂ / km¹EU (WLTP): 115.9 g CO₂ / km^{2,3}USA (USC): 140.9 g CO₂ / km (volume-weighted fleet carbon emissions, based on passenger cars and light trucks)CN (WLTC): 163.0 g CO₂ / km⁴

The BMW Group focuses on the core markets of Europe, China, and the USA, which account for more than 80 % of BMW Group sales. Further information is provided the sections [↗ Decarbonisation during the use phase meets legal requirements](#) and [↗ Fleet emissions in the USA, China and worldwide](#).

¹ The figures are determined using a new calculation method, which was applied retroactively back to the year 2019 (2019 before adjustment: 140 g / km; 2020 before adjustment: 133 g / km). For definition, see [↗ Glossary: Carbon emissions of the new vehicle fleet worldwide, including upstream emissions](#).

² This is a preliminary internal calculation with a potential variation of + / - 0.5 g CO₂ / km, as official registration figures have not been provided by the authorities of all EU states. Official values published by the EU Commission are not expected to be made available until the following year.

³ Flexibilities defined in the regulatory requirements for 2021: eco-innovations at 1.7 g CO₂ / km (WLTP).

⁴ Average volume-weighted fleet emissions including regulatory credit factors of 8.83 g CO₂ / km (off cycle technologies, NEV multiplier, phase-in) according to WLTC (Worldwide Harmonized Test Cycle) under China-specific test road conditions.

Number of (1) zero-emission vehicles (ZEV), (2) hybrid vehicles and (3) plug-in hybrid vehicles sold

Quantitative

Number

TR-AU-410a.2

(1) Emission free vehicles (BEV): 103,854*
 (2) The BMW Group portfolio includes BEVs (1) and PHEVs (2). Based on BMW Group definitions, 48V vehicles are not classified as hybrid vehicles see [↗ Electrified vehicles](#).
 (3) Plug-in hybrid electric vehicles (PHEV): 224,460*

* Including the joint venture BMW Brilliance Automotive Ltd., Shenyang

[i]

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Topic

Accounting Metric**Category****Unit of Measure****Code****Response Comment****Fuel Economy & Use-phase Emissions**

Discussion of strategy for managing fleet fuel economy, and emissions risks and opportunities

Discussion and Analysis

n / a

TR-AU-410a.3

In line with its corporate strategy, the BMW Group is pursuing a clear course of decarbonisation. Against a backdrop of increasing electrification, it is particularly important to consider carbon emissions over the entire life cycle of a vehicle. In this context, the BMW Group has set itself decarbonisation targets by 2030 (base year 2019) during the use phase, in the upstream supply chain and in production. These targets were notified to the SBTi and validated ([↗ Decarbonisation targets across the value chain](#)). The BMW Group is also taking measures to mitigate and adapt to climate change. It is therefore imperative to identify climate-related risks and opportunities and to take appropriate account of them in determining the strategic direction to be followed, managing the business and organising a Group-wide risk management system. For further information, see [↗ Climate-related opportunities and risks](#).

The BMW Group also has a set of rigorous measures in place to reduce pollutant emissions generated by its vehicles, such as nitrogen oxides (NOx), carbon monoxide (CO) and particulate matter (PM) ([↗ pollutant emissions](#)).

Material Sourcing

Description of the management of risks associated with the use of critical materials

Discussion and Analysis

n / a

TR-AU-440a.1

In order to meet the respective due diligence requirements in terms of environmental and social standards, we rely on systematic risk analyses as well as prevention, empowerment and remediation measures. Moreover, the BMW Group enshrines its obligatory sustainability standards in all its supply contracts. Sourcing the raw materials required to produce battery cells, such as lithium and cobalt, is generally a highly challenging task. In order to establish traceability and transparency across the supply chain for both of these raw materials and to minimise the identified risks, the BMW Group sources them directly from the producers and makes them available to its own suppliers in order to produce the current generation of battery cells. Detailed information on the approach taken by the BMW Group is provided in the section [↗ Taking ecological and social responsibility](#).

Close cooperation with our suppliers in a spirit of partnership was one of the factors that enabled us, for example, to cushion the effects of the global semiconductor shortage to a large extent. In order to secure long-term supplies in this area, the BMW Group concluded a direct agreement with semiconductor suppliers for the first time at the end of 2021. The agreement enables the BMW Group to secure the supply of several million semiconductors per year. [↗ Global network and local procurement](#)

[t]

Topic	Accounting Metric	Category	Unit of Measure	Code	Response Comment
Materials Efficiency & Recycling	Total amount of waste from manufacturing, percentage recycled	Quantitative	Metric tons (t), percentage (%)	TR-AU-440b.1	Total amount of waste: 829,498 t.; 93.4 % of this was recycled and 5.8 % thermally utilised.
	Weight of end-of-life material recovered, percentage recycled	Quantitative	Metric tons (t), percentage (%)	TR-AU-440b.2	At the Recycling and Dismantling Centre in Munich, 8,543 vehicles (including motorcycles) were taken back and recycled during the reporting year. This is equivalent to a total vehicle scrap weight of 12,799 t. In relation to the entire vehicle, at least 85 % of materials are recycled and, including thermal utilisation, at least 95 % as stipulated by legal requirements (European End-of-Life Vehicles Directive ELV 2000 / 53 / EC).
	Average recyclability of vehicles sold	Quantitative	Percentage (%) by sales-weighted metric tons (t)	TR-AU-440b.3	All BMW Group vehicles sold since 2008 meet the currently applicable worldwide requirements for the recycling of end-of-life vehicles, components and materials. Vehicles are already currently required to be 95 % recyclable (based on vehicle weight). Together with its national sales organisations, the BMW Group has already introduced take-back systems for end-of-life vehicles in 30 countries and offers eco-friendly vehicle recycling at more than 2,800 take-back points. From product development to recycling . The BMW Group not only wants to make vehicle more recyclable, it is also looking to reduce the use of primary raw materials in the automotive value chain and increase the proportion of secondary raw materials. Circularity as a strategic priority . [1]

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Governance

A. Responsibility of the Board of Management for climate-related risks and opportunities

BMW Group Report 2021

Outlook, Risk and Opportunity Management

- ↗ **Organisation of Risk Management**
- ↗ **Climate-Related Opportunities and Risks**

BMW Group Integrated Strategy

- ↗ **Strategy Process**
- ↗ **Performance Indicators**
- ↗ **Performance Management**

↗ Corporate Governance

Outlook, Risk and Opportunity Management

- ↗ **Organisation of Risk Management**
- ↗ **Climate-Related Opportunities and Risks**

BMW Group Integrated Strategy

- ↗ **Strategy Process**
- ↗ **Performance Indicators**

CDP questionnaire 2021

C1.1a, C 1.1b

C 1.2, C 1.2a

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Strategy**A. Climate-related risks and opportunities****BMW Group Report 2021**

Outlook, Risk and Opportunity Management

— ↗ **Climate-Related Opportunities and Risks**

BMW Group Integrated Strategy

— ↗ **Environmental Analysis and Megatrends**— ↗ **Strategy Process****B. The impact of climate-related risks and opportunities on the Group's business activities and its strategic and financial corporate planning**

Outlook, Risk and Opportunity Management

— ↗ **Climate-Related Opportunities and Risks**

BMW Group Integrated Strategy

— ↗ **Environmental Analysis and Megatrends**— ↗ **Climate change and CO₂ reduction**— ↗ **Strategy Process**

Products and Mobility Solutions

— ↗ **Carbon Emissions and Pollutants**— ↗ **Electric Mobility**

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— ↗ **Carbon Emissions at BMW Group Locations**— ↗ **Reducing Carbon Emissions in the Supply Chain****C. Resilience of the BMW Group's strategy**

Outlook, Risk and Opportunity Management

— ↗ **Climate-Related Opportunities and Risks**

BMW Group Integrated Strategy

— ↗ **Strategy Process****CDP questionnaire 2021**

C2.1, C2.3, C2.3a, C2.4, C2.4a, C 2.2a

C2.3, C2.3a, C 2.4, C2.4a, C3.1, C3.3

C 3.1, C3.1a

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Risk Management

A. Group processes for identifying and assessing climate-related risks

BMW Group Report 2021

Outlook, Risk and Opportunity Management
— ↗ **Organisation of Risk Management**
— ↗ **Climate-Related Opportunities and Risks**

CDP questionnaire 2021

C2.2, C2.2a, C 2.1

B. Group processes for managing climate-related risks

BMW Group Integrated Strategy
— ↗ **Environmental Analysis and Megatrends**

C 2.2, C2.2a

Outlook, Risk and Opportunity Management
— ↗ **Organisation of Risk Management**
— ↗ **Climate-Related Opportunities and Risks**

C. Integrating processes for identifying, assessing and managing climate-related risks within the Group's general risk management system

BMW Group Integrated Strategy
— ↗ **Environmental Analysis and Megatrends**
— ↗ **Strategy Process**

C2.2

Outlook, Risk and Opportunity Management
— ↗ **Organisation of Risk Management**
— ↗ **Climate-Related Opportunities and Risks**

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Key Sustainability Indicators and Targets

A. Key sustainability indicators the Group uses to assess climate-related risks and opportunities

B. Disclosure of Scope 1, Scope 2 and Scope 3 greenhouse gas (GHG) emissions

C. Targets according to which the Group addresses climate-related opportunities and risks

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- ↗ **Performance Indicators**

↗ Other GRI Information (Table BMW Group CO₂ Footprint)

BMW Group Integrated Strategy

- ↗ **Performance Indicators**

Products and Mobility Solutions

- ↗ **Carbon Emissions and Pollutants**

Production, Purchasing and Supplier Network

- ↗ **Circular Economy, Resource Efficiency and Renewable Energy**

↗ Other GRI Information (Table BMW Group CO₂ Footprint)

BMW Group Integrated Strategy

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- ↗ **Performance Indicators**

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Mandatory disclosure pursuant to section 289 c – e HGB

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BMW Group Report 2021

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Integration of top management

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Operational expenditures that are taxonomy eligible

* Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 on the establishment of a framework to facilitate sustainable investment, and amending Regulation (EU) 2019/2088 (Text with EEA relevance).

CONSUMPTION AND CARBON DISCLOSURES

FIGURES FOR FUEL CONSUMPTION, CO₂-EMISSIONS AND POWER CONSUMPTION

The figures for fuel consumption, CO₂ emissions and power consumption are calculated based on the measurement methods stipulated in the current version of Regulation (EU) 715/2007. This information is based on a vehicle with basic equipment in Germany; ranges take into account differences in wheel and tyre size selected as well as optional equipment and can change based on configuration. The figures have been calculated based on the new WLTP test cycle and adapted to NEDC for comparison purposes. For vehicles that were newly type approved on or after January 1, 2021,

official figures are only based on WLTP. In the vehicles, different figures than those published here may apply for the assessment of taxes and other vehicle-related duties which are also based on CO₂ emissions. For further details of the official fuel consumption figures and official specific CO₂ emissions of new cars, please refer to the "Manual on fuel consumption, CO₂ emissions and power consumption of new cars", available at www.dat.de/co2

As of February 2022

Model	Figures according to WLTP				Figures according to NEDC		
	Fuel consumption in l / 100km (combined / weighted combined) max / min	CO ₂ emissions in g / km (combined / weighted combined) max / min	Electricity power consumption in kWh / 100 km (combined / weighted combined) max / min	Electric range (combined / weighted combined)	Fuel consumption in l / 100km (combined / weighted combined) max / min	CO ₂ emissions in g / km (combined / weighted combined) max / min	Electricity power consumption in kWh / 100 km (combined / weighted combined) max / min
BMW							
BMW X1 xDrive25e	2.1 – 1.7	44 – 39	15.7 – 15.0	47 – 52	2.1 – 1.9	48 – 43	14.3 – 13.8
BMW 225xe Active Tourer (model year 2021)	1.7 – 1.5	39 – 35	15.0 – 14.4	69 – 80	1.8 – 1.8	41 – 41	13.5 – 13.5
BMW 230e xDrive Active Tourer (preliminary figures)	1.4 – 1.1	30 – 22	20.0 – 17.9	up to 90	–	–	–
BMW X2 xDrive25e	1.8 – 1.7	42 – 38	15.2 – 14.9	51 – 53	1.9	43	13.7
BMW 320e (automatic transmission)	1.8 – 1.3	41 – 30	18.1 – 16.1	52 – 61	1.8 – 1.5	41 – 35	14.8 – 14.2
BMW 320e Touring	1.9 – 1.4	44 – 32	18.6 – 16.7	50 – 59	1.9 – 1.7	44 – 38	15.3 – 14.3
BMW 320e xDrive Touring	2.2 – 1.5	49 – 35	19.5 – 17.3	46 – 57	2.1 – 1.9	49 – 43	16.4 – 16.0
BMW 330e	1.8 – 1.3	41 – 30	18.4 – 16.5	52 – 60	1.8 – 1.5	41 – 35	14.8 – 13.9
BMW 330e xDrive	1.9 – 1.4	43 – 31	18.6 – 16.5	51 – 60	2.0 – 1.7	45 – 40	15.9 – 15.2
BMW 330e Touring	1.9 – 1.4	42 – 31	18.3 – 16.2	52 – 61	1.9 – 1.7	44 – 38	15.6 – 14.5
BMW 330e xDrive Touring	2.1 – 1.6	48 – 35	19.3 – 17.3	48 – 57	2.2 – 1.9	49 – 43	15.8 – 14.7
BMW M3	10.2 – 10.0	231 – 227	–	–	10.8	248	–
BMW X3 xDrive30e	2.6 – 2.0	59 – 45	20.5 – 18.9	42 – 50	–	–	–
BMW iX3	–	–	18.9 – 18.5	453 – 461	–	–	–
BMW M4	10.1 – 9.9	230 – 226	–	–	–	–	–

As of February 2022

Model	Figures according to WLTP				Figures according to NEDC		
	Fuel consumption in l / 100km (combined / weighted combined) max / min	CO ₂ emissions in g / km (combined / weighted combined) max / min	Electricity power consumption in kWh / 100 km (combined / weighted combined) max / min	Electric range (combined / weighted combined)	Fuel consumption in l / 100km (combined / weighted combined) max / min	CO ₂ emissions in g / km (combined / weighted combined) max / min	Electricity power consumption in kWh / 100 km (combined / weighted combined) max / min
BMW							
BMW i4 M50	-	-	22.5 – 18.0	416 – 521	-	-	-
BMW i4 eDrive40	-	-	19.1 – 16.1	493 – 590	-	-	-
BMW 520e	1.8 – 1.3	41 – 30	18.2 – 16.3	53 – 61	1.9 – 1.7	43 – 39	15.1 – 14.5
BMW 520e Touring	1.9 – 1.5	43 – 35	18.4 – 17.0	51 – 57	2.0 – 1.8	46 – 42	15.6 – 15.0
BMW 530e	1.8 – 1.3	41 – 30	18.3 – 16.2	53 – 61	1.9 – 1.7	43 – 39	14.9 – 13.8
BMW 530e xDrive	2.2 – 1.6	49 – 35	19.4 – 17.4	47 – 55	2.1 – 2.0	49 – 46	16.5 – 15.9
BMW 530e Touring	1.9 – 1.5	44 – 35	18.6 – 17.1	51 – 57	2.0 – 1.8	46 – 42	16.1 – 15.4
BMW 545e xDrive	2.2 – 1.6	51 – 37	19.2 – 17.2	47 – 57	2.3 – 2.2	53 – 49	16.3 – 15.8
BMW X5M	1.7 – 1.2	39 – 27	27.7 – 24.3	77 – 88	2.1 – 1.6	47 – 37	25.2 – 23.5
BMW X5 xDrive45e	1.7 – 1.2	39 – 27	27.7 – 24.3	77 – 88	2.1 – 1.6	47 – 37	25.2 – 23.5
BMW X6M	13.4 – 13.1	305 – 299	-	-	13.1	301	-
BMW iX xDrive40	-	-	22.5 – 19.3	372 – 425	-	-	-
BMW iX xDrive50	-	-	23.0 – 19.8	550 – 631	-	-	-
BMW iX M60	-	-	24.5 – 21.9	502 – 561	-	-	-
BMW 745e	2.1 – 1.8	49 – 41	18.9 – 17.9	48 – 55	2.2 – 2.1	51 – 47	16.9 – 16.6
BMW 745Le xDrive	2.5 – 2.1	57 – 47	20.1 – 18.8	45 – 52	2.6 – 2.5	59 – 56	17.8 – 17.5
BMW 745Le	2.2 – 1.8	50 – 42	19.1 – 18.1	47 – 54	2.2 – 2.2	51 – 49	17.1 – 16.5
MINI							
MINI Cooper SE	-	-	17.6 – 15.2	-	-	-	16.9 – 14.9
MINI Cooper S Countryman ALL4	7.5 – 6.9	170 – 158	-	-	6.5 – 6.2	149 – 142	-
MINI Cooper SE Countryman ALL4	2.1 – 1.7	47 – 39	15.9 – 14.8	-	2.1 – 1.9	48 – 44	14.8 – 14.1
ROLLS-ROYCE							
Rolls-Royce Black Badge Ghost	15.8	359	-	-	15.8	359	-
Rolls-Royce Cullinan	16.5 – 16.1	377 – 368	-	-	15.2	348	-
Rolls-Royce Wraith	16.3 – 15.8	369 – 357	-	-	16.0 – 15.9	365 – 363	-
Rolls-Royce Dawn	16.9 – 16.2	381 – 367	-	-	16.3 – 16.1	372 – 367	-

* Figures are preliminary and rely on an outlook based on the WLTP type test procedure.

BMW GROUP TEN-YEAR COMPARISON

	2021	2020	2019	2018 ¹	2017	2016	2015	2014	2013	2012
DELIVERIES										
Automobiles ²	units	2,521,514	2,325,179	2,537,504	2,486,149	2,465,021	2,349,962	2,259,733	2,117,965	1,963,798
Motorcycles ³	units	194,261	169,272	175,162	165,566	164,153	145,032	136,963	123,495	115,215
PRODUCTION VOLUME										
Automobiles	units	2,461,269	2,255,637	2,564,025	2,541,534	2,505,741	2,359,756	2,279,503	2,165,566	2,006,366
Motorcycles ³	units	187,500	168,104	187,116	162,687	185,682	145,555	151,004	133,615	110,127
FINANCIAL SERVICES										
Contract portfolio	contracts	5,859,890	5,981,928	5,973,682	5,708,032	5,380,785	5,114,906	4,718,970	4,359,572	4,130,002
Business volume (based on balance sheet carrying amounts)	€ million	139,530	133,093	142,834	133,147	124,719	123,394	111,191	96,390	84,347
INCOME STATEMENT										
Revenues	€ million	111,239	98,990	104,210	96,855	98,282	94,163	92,175	80,401	76,059
Gross profit margin	%	19.8	13.7	17.3	19.0	20.3	19.9	19.7	21.2	20.1
Earnings before financial result	€ million	13,400	4,830	7,411	8,933	9,899	9,386	9,593	9,118	7,978
Earnings before tax	€ million	16,060	5,222	7,118	9,627	10,675	9,665	9,224	8,707	7,893
Return on sales (earnings before tax / revenues)	%	14.4	5.3	6.8	9.9	10.9	10.3	10.0	10.8	10.4
Income taxes	€ million	3,597	1,365	2,140	2,530	2,000	2,755	2,828	2,890	2,564
Effective tax rate	%	22.4	26.1	30.1	26.3	18.7	28.5	30.7	33.2	32.5
Net profit for the year	€ million	12,463	3,857	5,022	7,064	8,675	6,910	6,396	5,817	5,329
										5,111

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

In addition, prior year figures were adjusted due to changes in the presentation of selected items that are of minor importance overall.

² Retail vehicle delivery data presented for 2020 and 2021 is not directly comparable to such data presented for previous years. For further information on retail vehicle delivery data, please see [Comparison of Forecasts with Actual Outcomes](#).

³ Excluding Husqvarna, deliveries up to 2013: 59,776 units; production up to 2013: 59,426 units.

⁴ Since the reporting year 2020, a new definition for workforce size has been applied ([Glossary](#)). To enable better comparability, the value for 2019 was adjusted accordingly (2019 before adjustment: 133,778 employees).

For the timeframe including and prior to 2018, the share of the employees that are no longer reflected in reporting is about 7.5-8 %.

⁵ Proposal by management.

BALANCE SHEET

	€ million
Non-current assets	
Current assets	
Capital expenditure (excluding capitalised development costs)	
Capital expenditure ratio (capital expenditure / revenues)	%
Equity	€ million
Equity ratio	%
Non-current provisions and liabilities	€ million
Current provisions and liabilities	€ million
Balance sheet total	€ million

2021	2020	2019	2018 ¹	2017	2016	2015	2014	2013	2012
143,354	134,851	137,404	124,202	121,964	121,671	110,343	97,959	86,193	81,305
86,173	81,807	90,630	84,736	73,542	66,864	61,831	56,844	52,184	50,530
5,012	3,922	5,650	5,029	4,688	3,731	3,826	4,601	4,967	4,151
4.5	4.0	5.4	5.2	4.8	4.0	4.2	5.7	6.5	5.4
75,132	61,520	59,907	57,829	54,107	47,363	42,764	37,437	35,600	30,606
32.7	28.4	26.3	27.7	27.7	25.1	24.8	24.2	25.7	23.2
77,929	83,175	85,502	79,698	69,634	73,183	63,819	58,288	51,643	52,834
76,466	71,963	82,625	71,411	71,765	67,989	65,591	59,078	51,134	48,395
229,527	216,658	228,034	208,938	195,506	188,535	172,174	154,803	138,377	131,835

CASH FLOW STATEMENT

	€ million
Cash and cash equivalents at balance sheet date	
Free cash flow Automotive segment	€ million

16,009	13,537	12,036	10,979	9,039	7,880	6,122	7,688	7,671	8,370
6,354	3,395	2,567	2,713	4,459	5,792	5,404	3,481	3,003	3,809

PERSONNEL

	€
Workforce at year-end ⁴	
Personnel cost per employee ⁴	€

118,909	120,726	126,016	134,682	129,932	124,729	122,244	116,324	110,351	105,876
103,569	99,647	98,901	101,178	100,760	99,575	97,136	92,337	89,869	89,161

DIVIDEND

	€ million
Dividend total	
Dividend per share of common stock / preferred stock	€

3,827 ⁵	1,253	1,646	2,303	2,630	2,300	2,102	1,904	1,707	1,640
5.80/5.82 ⁵	1.90/1.92	2.50/2.52	3.50/3.52	4.00/4.02	3.50/3.52	3.20/3.22	2.90/2.92	2.60/2.62	2.50/2.52

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

In addition, prior year figures were adjusted due to changes in the presentation of selected items that are of minor importance overall.

² Retail vehicle delivery data presented for 2020 and 2021 is not directly comparable to such data presented for previous years. For further information on retail vehicle delivery data, please see [Comparison of Forecasts with Actual Outcomes](#).

³ Excluding Husqvarna, deliveries up to 2013: 59,776 units; production up to 2013: 59,426 units.

⁴ Since the reporting year 2020, a new definition for workforce size has been applied ([Glossary](#)). To enable better comparability, the value for 2019 was adjusted accordingly (2019 before adjustment: 133,778 employees).

For the timeframe including and prior to 2018, the share of the employees that are no longer reflected in reporting is about 7.5-8 %.

⁵ Proposal by management.

GLOSSARY AND EXPLANATION OF KEY FIGURES

A

Apprentices

The number of people on multi-year vocational training courses at a BMW Group company (includes all of the consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares), with these training courses consisting of practical and theory sections.

Asset-backed financing transactions

A form of corporate financing involving the sale of receivables to a financing company.

B

BMW Group employees

Since 2020, all people with active temporary or permanent employment contracts (as of 31 December in the year in question) with the BMW Group (includes all of the consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares) have been considered employees of the BMW Group. This excludes apprentices, interns, temporary staff (working students), temporary employees, dormant/inactive employment contracts due to maternity leave, sabbaticals, parental leave, long-term illness (as defined in the country in question), those in inactive early retirement phase, and employees accompanying their partner abroad. Up to 2019, temporary staff, post-graduate students, interns, apprentices, and people on ex-

tended sick leave or on sabbatical were also included in this definition.

Bond

A securitised debt instrument in which the issuer certifies its obligation to repay the nominal amount at the end of a fixed term and to pay a fixed or variable rate of interest.

Business volume in balance sheet terms

The sum of the balance sheet line items "Leased products" and "Receivables from sales financing" (current and non-current), as reported in the balance sheet for the Financial Services segment.

C

Capital expenditure ratio

Investments in property, plant and equipment and other intangible assets (excluding capitalised development costs) as a percentage of Group revenues.

Capitalisation rate

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

Carbon emissions of the new vehicle fleet in the EU

The average carbon emissions of a manufacturer's fleet are calculated on the basis of the weighted average of carbon emissions across all vehicles newly registered during the re-

porting period. New registrations for these purposes comprise all newly registered vehicles of a given manufacturer in the EU, including Norway and Iceland, during the calendar year, plus any individual vehicle-specific carbon emissions determined in accordance with the WLTP type test procedure. The BMW Group's fleet carbon emissions figure for 2021, as measured internally, includes legally permitted offsetting of eco-innovations.

Carbon emissions of the new vehicle fleet worldwide, including upstream emissions

This indicator documents the progress made by the BMW Group in its strategic objective of reducing carbon emissions during the utilisation phase including upstream emissions (drivetrain energy supply) by an average rate of more than 50 % per kilometre driven by 2030 (base year 2019). For the purpose of this calculation, the volume-weighted average fleet carbon emissions are calculated for the core markets EU (27 EU countries incl. Norway and Iceland; plus UK) (driving cycle: Worldwide Harmonized Light Vehicles Test Procedure; basis: production volume), USA (driving cycle: United States Combined; basis: production volume) and China (driving cycle: Worldwide Harmonized Test Cycle, subject to China-specific framework conditions for testing; basis: import volumes/local production volumes; incl. joint venture BMW Brilliance Automotive Ltd.) before deduction of legally permitted offsetting factors (e.g. supercredits and eco-innovations) and then standardised according to the WLTP (European) driving cycle. These core markets account for more than 80 % of the BMW Group's sales. The calculat-

ed figures are increased by 10 % to account for possible discrepancies between cycle values and real emissions, as required by the Science Based Targets Initiative. This indicator also includes the upstream emissions for the respective energy sources (fossil fuels and electricity used for charging), in line with the well-to-wheel approach. This covers the entire causal chain behind vehicle motion, i. e. from the generation and supply of power to its conversion into drivetrain energy. This approach also includes the environmental impacts associated with the supply of energy. For example, to calculate the volume of emissions resulting from upstream electricity (drivetrain energy supply), the BMW Group uses the energy report published by the International Energy Agency (IEA) as a basis in order to assess the emissions associated with the electricity mix in its core markets.

Cash flow

Liquid funds generated (cash inflows) or used (cash outflows) during a reporting period.

Cash flow at risk

Similar to "value at risk" (see definition below).

Cash flow hedge

Hedges against exposures to the variability in forecasted cash flows, particularly in connection with exchange rate fluctuations.

Commercial paper

Short-term debt instruments with a term of less than one year which are usually issued at a discount to their face value.

Consolidation

The process of combining separate financial statements of Group entities into Group Financial Statements, depicting

the financial position, net assets and results of operations of the Group as a single economic entity.

Credit default swap (CDS)

Financial swap agreements, under which creditors of securities (usually bonds) pay premiums to the seller of the CDS to hedge against the risk that the issuer of the bond will default. As with credit default insurance agreements, the party receiving the premiums gives a commitment to compensate the bond creditor in the event of default.

D

Deliveries

A new or used vehicle will be recorded as a delivery once handed over to the end user. End users also include leaseholders under lease contracts with BMW Financial Services and – in the US and Canada – dealers when they designate a vehicle as a service loaner or demonstrator vehicle. In the case of used vehicles, end users may include dealers and other third parties when they purchase a vehicle at auction or directly from the BMW Group. Vehicles designated for the end user and suffering total loss in transit will also be recorded as deliveries. Deliveries may be made by BMW AG, one of its international subsidiaries, a BMW Group retail outlet, or independent dealers. The vast majority of deliveries – and hence the reporting to BMW Group of deliveries – are made by independent dealers. In the US and Canada, the period start and end dates for the reporting of deliveries may materially deviate from the beginning and, respectively, end of calendar years or calendar quarters and instead follow industry-standard reporting calendars.

E

Earnings per share (EPS)

Basic earnings per share are calculated for common and preferred stock by dividing the net profit after minority interests, as attributable to each category of stock, by the average number of shares in circulation. Earnings per share of preferred stock are computed on the basis of the number of preferred stock shares entitled to receive a dividend in each of the relevant financial years.

EBIT

Abbreviation for "Earnings Before Interest and Taxes", equivalent in the BMW Group income statement to "Profit / loss before financial result". This is comprised of revenues less cost of sales, selling and administrative expenses and the net amount of other operating income and expenses.

EBIT margin

Profit / loss before financial result as a percentage of revenues.

EBT

EBIT plus financial result.

Effective tax rate

The effective tax rate is calculated by dividing the income tax expense by the Group profit before tax.

Electrified vehicles

The BMW Group uses the terms Battery Electric Vehicle (BEV) to denote fully electric vehicles and Plug-in Hybrid Vehicle (PHEV) to denote vehicles that can be charged and also driven on a fully electric basis.

Employees

The number of employees includes BMW AG and all companies in which it holds a majority interest, irrespective of whether they are consolidated in the Group Financial Statements. The figure does not include employees in dormant employment relationships, those in the non-work phase of partial retirement working arrangements and low-wage earners. With effect from the financial year 2020, the definition also includes employees with permanent and fixed-term contracts. Up to 2019, it also included temporary staff, post-graduate students, interns, apprentices, those on extended sick leave and sabbaticals.

Employees in the non-work phase of partial retirement working arrangements

The number of people with temporary or permanent employment contracts who have opted for retirement via partial retirement working arrangements and who are in the non-active phase of this model (i.e. the second part, following the active phase in this model).

Equity ratio

Equity capital as a percentage of the balance sheet total.

Expenditure on training and further education

Expenditure on training comprises all costs incurred in the reporting year for vocational training within the consolidated and non-consolidated, wholly owned subsidiaries of the BMW Group, including personnel costs for trainers and apprentices as well as other costs and investments related to vocational training. The volume of expenditure for further education is calculated for all consolidated and non-consolidated wholly owned subsidiaries of the BMW Group. This includes preparation and implementation costs, opportunity costs and investments made in order to provide such further education. These costs also include notional depreciation, measured on the basis of inventory lists.

F

Fair value

The amount at the measurement date for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

Fair value hedge

A hedge against exposures to fluctuations in the fair value of a balance sheet item.

Free cash flow

Free cash flow is derived from cash flows from operating and investing activities. The cash flows from investing activities from the purchase and sale of marketable securities and investment funds is not included. Cash flows from the purchase and sale of shares and the dividend payout from investments accounted for using the equity method are included in the cash flows from investing activities.

G

Goodwill

Goodwill corresponds to the consideration paid to acquire an entity, less the fair value of the separate assets acquired and liabilities assumed. The buyer is willing to pay the additional amount in return for future expected earnings.

Gross profit margin

Gross profit as a percentage of Group revenues.

I

Interns

The number of people obtaining voluntary or mandatory work experience at a BMW Group company (includes all of the consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares) while studying for a degree.

L

Liquidity

Cash and cash equivalents as well as marketable securities and investment funds.

M

Management positions

Management positions are positions at functional levels I to IV below the Board of Management level.

Maternity protection, parental leave

The number of people with active employment contracts who are absent from work, as permitted by law, before and after the birth of a child (maternity protection) or due to parenthood, as provided for by law in the country in question (parental leave).

N

Number of training participants

The number of employees of the BMW Group (includes all consolidated and non-consolidated companies in which the BMW Group is the sole shareholder) participating in further

education worldwide. This data is collected by directly registering participants and, to a lesser extent, via qualified extrapolation. It comprises the overall number of participants on training and qualification courses, including e-learning courses.

O

Offsetting

This entails compensating for carbon emissions which cannot be avoided by reducing emissions elsewhere (avoidance) or else by absorbing them by means of so-called carbon sinks (carbon removals). In its activities, the BMW Group stresses the avoidance of carbon emissions over compensation. Unavoidable carbon emissions are neutralised in accounting terms by means of offsetting. Offsetting involves purchasing certificates on the voluntary carbon market and thus goes beyond the carbon offsetting approach which is implemented via the European Union Emissions Trading System (ETS). Criteria such as additionality, permanence, additional social benefits (e.g. will the avoidance of open fires in enclosed spaces provide health benefits), certification, transparency and the avoidance of double counting contribute to the quality of the certificates used and thus to the effectiveness of offsetting.

Outlook

The BMW Group uses the following terminology and ranges when forecasting key performance indicators:

At previous year's level	[− 0.9 % / + 0.9 %]
Slight increase	[+ 1.0 % / + 4.9 %]
Slight decrease	[− 1.0 % / − 4.9 %]
Solid increase	[+ 5.0 % / + 9.9 %]
Moderate decrease	[− 5.0 % / − 9.9 %]
Significant increase	>= + 10.0 %
Significant decrease	>= − 10.0 %

Unlike the other key performance indicators, the RoCE forecast for the Automotive and Motorcycles segments is based on the change in percentage points:

At previous year's level	[− 0.9 %-pts. / + 0.9 %-pts.]
Slight increase	[+ 1.0 %-pts. / + 4.9 %-pts.]
Slight decrease	[− 1.0 %-pts. / − 4.9 %-pts.]
Solid increase	[+ 5.0 %-pts. / + 9.9 %-pts.]
Moderate decrease	[− 5.0 %-pts. / − 9.9 %-pts.]
Significant increase	>= + 10.0 %-pts.
Significant decrease	>= − 10.0 %-pts.

P

Part time, full time

The number of employees (see definition of "Employees"), distinguishing between employees who have contractually stipulated weekly working hours as prescribed by law, in a collective wage agreement or by the company in question (full time) and employees with a contractually stipulated reduction in their number of weekly working hours, which are thus less than the respective number of full-time working hours (part time).

Payout ratio

Ratio of unappropriated profit of BMW AG in accordance with HGB to net profit for the year of the BMW Group in accordance with IFRS.

People on extended sick leave

The number of people with active employment contracts who are absent from work on grounds of illness for an extended period of time (as defined in the country in question – in Germany, this means an absence of more than 42 calendar days with a given illness).

Post-tax return on sales

Group net profit as a percentage of Group revenues.

Pre-tax return on sales

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

R

Research and development expenditure

The sum of research and non-capitalised development cost and capitalised development cost (not including the associated scheduled amortisation).

Research and development expenditure ratio

Research and development expenditure as a percentage of Group revenues.

Research and development locations

The engineering, IT and process expertise required for the (pre-)development of hardware and software for all BMW Group products and services is combined at the Group's international research and development locations.

Return on capital employed (RoCE)

RoCE in the Automotive and Motorcycles segments is measured on the basis of relevant segment profit before financial result and the average amount of capital employed – at the end of the last five quarters – in the segment concerned. Capital employed corresponds to the sum of all current and non-current operational assets, less liabilities that generally do not incur interest.

Return on equity (RoE)

RoE in the Financial Services segment is calculated as segment profit before taxes, divided by the average amount of equity capital – at the end of the last five quarters – attributable to the Financial Services segment.

S

Sabbatical

The number of people with active employment contracts who are absent from work for at least one month and for not more than six months due to an employee-funded leave of absence ("sabbatical").

Scope 1 to Scope 3 carbon emissions

The carbon emissions generated by a company are recorded in various categories. The Greenhouse Gas Protocol, a partnership between the World Resources Institute (WRI) and the World Business Council for Sustainable Development (WBCSD), distinguishes between Scope 1, Scope 2 and Scope 3 emissions, based on their various sources. Whereas

Scope 1 emissions are generated within a company through the combustion of fossil fuels, Scope 2 refers to the indirect emissions caused by the consumption of electricity and heat from externally generated sources of energy. Scope 3 emissions are generated in the upstream and downstream stages of the value chain, both in the supply chain (upstream) and in the subsequent use of products and services (downstream).

T

Temporary employee

The number of people employed by the BMW Group (includes all of the consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares) whom the BMW Group has actively hired from a temporary employment agency as temporary employees.

Temporary staff/working students

The number of people employed on an hourly basis as temporary staff at a BMW Group company (includes all of the consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares) while studying for a degree.

Training and further education

Expenditure for training comprises all costs incurred in the year under report for vocational training within the BMW Group in a total of seven countries, including personnel costs for trainers and apprentices as well as other costs and investments related to vocational training.

The number of apprentices undergoing training within the BMW Group includes those employed at domestic and international plants in a total of seven countries as well as those working in corporate functions, at Group plants in Germany and international sales companies as well as in the Financial Services segment.

Expenditure for further education includes all costs incurred by the BMW Group's consolidated companies in connection with ongoing and advanced training. This includes preparation and implementation costs, opportunity costs and investments made in order to provide such training. Costs also include notional depreciation, measured on the basis of asset inventory lists.

V

Value at risk

A measure of the potential maximum loss in value of an item during a set time period, based on a specified probability.

W

Working hours/working times

Contractually stipulated weekly hours of work.

FINANCIAL CALENDAR

2022

16 March 2022

BMW Group Annual Conference. Media Day

17 March 2022

BMW Group Annual Conference. Analyst and Investor Day

5 May 2022

Quarterly Statement to 31 March 2022

11 May 2022

Annual General Meeting

3 August 2022

Half-Year Report to 30 June 2022

3 November 2022

Quarterly Statement to 30 September 2022

2023

15 March 2023

BMW Group Report 2022

15 March 2023

BMW Group Annual Conference. Media Day

16 March 2023

BMW Group Annual Conference. Analyst and Investor Day

4 May 2023

Quarterly Statement to 31 March 2023

11 May 2023

Annual General Meeting

3 August 2023

Half-Year Report to 30 June 2023

3 November 2023

Quarterly Statement to 30 September 2023

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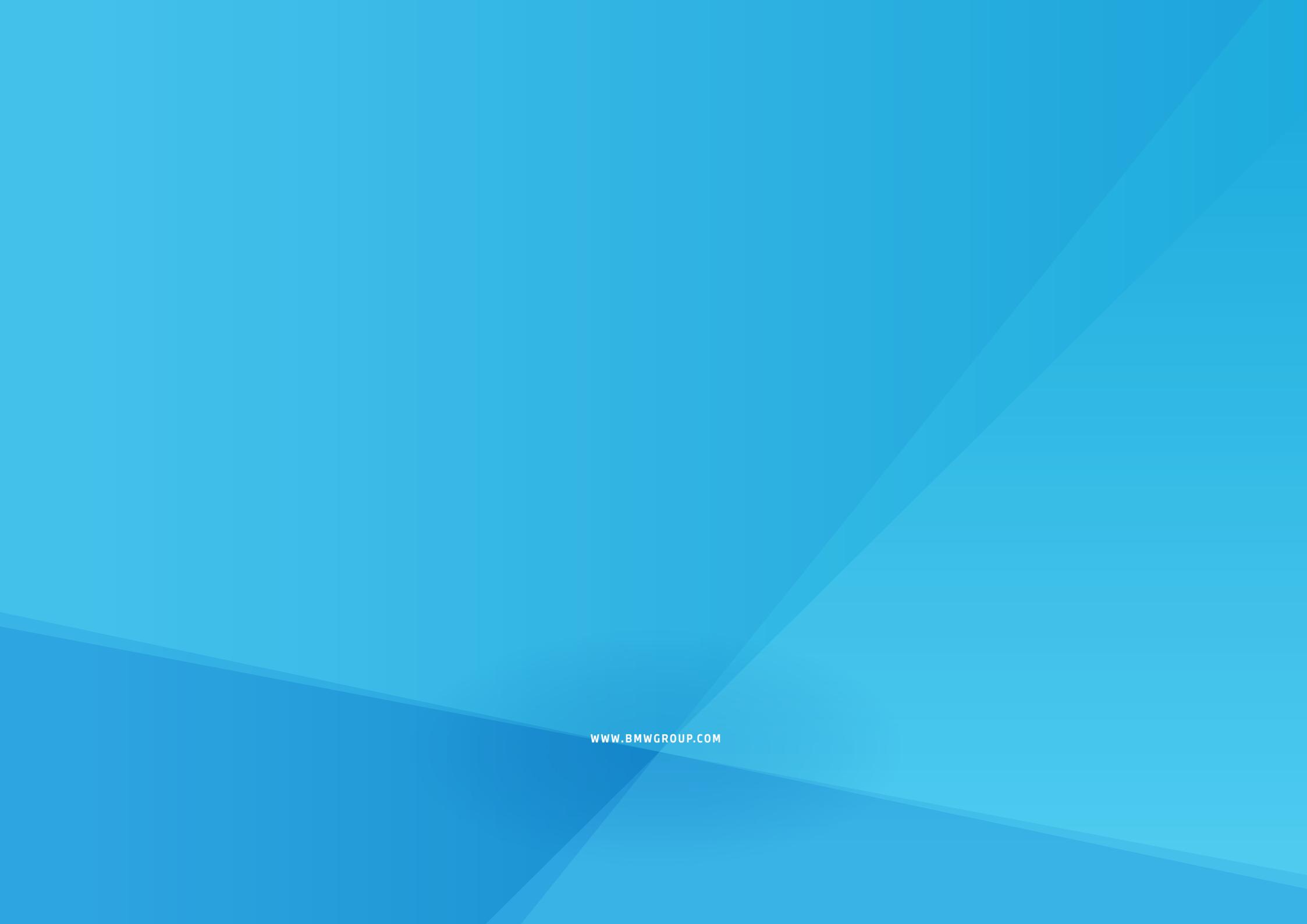
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The background features a light blue gradient with four dark blue diagonal stripes that intersect to form a cross. This geometric pattern creates a sense of depth and motion.

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