

STATEMENT OF THE CHAIRMAN OF THE BOARD OF MANAGEMENT

This year we are launching
our **TECHNOLOGY
OFFENSIVE** with the **NEW
ALL-ELECTRIC**
BMW models **iX** and **i4**.

Oliver Zipse
Chairman of the Board of Management



DEAR SHAREHOLDERS,

Climate change demands responses. Rethinking our mobility as a task for society as a whole is one way of responding – with considerable impact and an important signalling effect. The BMW Group is a global, digitalised high-tech company for premium mobility. With this idea of ourselves, we are driving and shaping the transformation of our industry. To do so, we are relying on technological innovation in all relevant fields – sustainable drivetrains, autonomous driving and intelligent integration of hardware and software, as well as for the digitalised automotive production of the future, up to and including blockchain technology and artificial intelligence.

Such profound upheavals like the sustainable mobility that we are combining step by step with the principles of a circular economy require cooperation on a much larger scale. The BMW Group is involved as a partner and visionary through cross-industry technology alliances and platforms. We firmly believe that technological innovation, in combination with responsible action, contributes to progress for companies and the economy, as well as benefiting the environment. We all share the same goal of a climate-neutral society.

First integrated BMW Group Report.

We are documenting our impact on the road to climate neutrality. With the transition to integrated reporting, we are documenting how we are managing the BMW Group systematically and in an integrated manner according to financial and sustainability targets. For you, dear shareholders, as well as for other stakeholders in this company, we want to verifiably show our progress. With this move, we are not just leading the way among our key competitors. The BMW Group has followed a broad stakeholder approach for years. We aim to set an example and are therefore comprehensively and systematically reducing our environmental footprint. Our aim is to achieve full transparency. We will naturally only be releasing the new Report online.

**ENVIRONMENTAL
PROGRESS through
TECHNOLOGY – that is what
the BMW Group stands for.**

Robust and flexible, adaptable and innovative – your company during the Covid-19 pandemic.

The rapid spread of SARS-CoV-2 around the globe struck while the BMW Group was in the midst of its multidimensional transformation. In hindsight, one thing is clear: in a difficult environment with unforeseeable developments, your company proved just how robust, flexible, adaptable and innovative it is. Our greatest strength was taking a realistic view of things, relying more than ever before on the flexibility of our people. Thanks to this, we were able to meet our adjusted targets, which we announced early in the pandemic. At the same time, the Board of Management made far-reaching decisions and significantly stepped up the pace of transformation at the BMW Group.

Global market share increased during the pandemic.

Our vehicles have given many people a sense of security during the pandemic. In fact, cars were more popular than ever. Our customers bought over 2.3 million BMW, MINI and Rolls-Royce vehicles – a decrease of only 8.4 percent from our record-breaking 2019. Nonetheless, the BMW Group was able to increase its global market share in 2020. Additionally, BMW Motorrad posted the second-best sales figures in its history and BMW M GmbH had its most successful year ever.

EU CO₂ limits for 2020 significantly overfulfilled.

Despite the coronavirus pandemic, we delivered about a third more electrified BMW and MINI vehicles to customers than the previous year. Our plug-in hybrids were highly sought-after, as were our new fully electric models, the BMW iX3* and MINI Cooper SE*. Because we started our preparations early, we were able to significantly overfulfil our assigned CO₂ limit by about 5 g/km. This was never in any doubt for us. Our EU fleet emissions are currently at 99 g/km and we will also meet the 2021 requirements.

Accepting things as they are and making the best of them.

During lockdown, we had to shut down production across our global network for the first time in BMW history. Shortly afterwards, we ramped up again – in a phased, yet extremely timely manner. This enabled us to respond to different rates of development in the markets quite precisely.

**Listen to what CEO
OLIVER ZIPSE has
to report about
the financial year 2020. ↗**

* See [L21](#) Fuel Consumption and CO₂ Emissions Information.

Our associates implemented the new requirements with commitment and discipline – and continue to do so. Every single vehicle launch went ahead as planned. Our supply chain stayed up and running at all times and mastered the stress test of the coronavirus year. We kept in touch with our customers – personally and digitally. Thanks to our new Mobile Sales Office, we are also offering contactless consultation and sales in more than 60 markets.

Thank you to all our customers; praise for our 120,726 associates.

Personally, and on behalf of the Board of Management team, I would like to thank all our customers for placing their trust in us. I would also explicitly like to thank our retail organisation and suppliers and extend an especially warm thank you to all our associates. 2020 was an extremely challenging year, full of emotion, hope and setbacks, but the BMW team spirit prevailed. The Company and employee representatives found solutions together – just as Herbert Quandt would have wanted.

Phase I of our transformation – the e-mobility pioneer.

At major tipping points, BMW has often ushered in change with bold decisions. During the global economic and financial crisis of 2008/2009, your company paved the way for electric mobility. The ultra-sustainable BMW i3* was ahead of its time – and is still performing well in the marketplace to this day.

Phase II of our transformation – strategic focus on electrification, digitalisation and developing expertise.

We are currently leveraging the full potential of global differences in demand with our wide range of products and drivetrains. The popular BMW X3 will be joined by the high-volume BMW 5 Series, X1 and 7 Series models, each with a choice of four drivetrain technologies. Our plants are capable of building different drivetrains on the same production line. By the end of 2022, each of our German vehicle plants will be producing at least one fully electric vehicle. This is what flexibility looks like at BMW! We are enabling our team by developing expertise and reallocating competences. We plan to take everyone along with us. This year alone, we will be training 75,000 participants in future areas of activity and new fields of expertise like robotics, data analytics, agile software development, AI, autonomous driving and, of course, e-mobility.

Electrifying the BMW Group.

We are also stepping up electric mobility to keep pace with growing demand. Our roadmap is ambitious: Your company aims to have delivered more than a million vehicles with battery-electric or plug-in hybrid drive trains to customers by the end of this year. We will have 25 electrified models on the roads by 2023 – targeting our large high-volume models, in particular. By 2025, electrified vehicles will comprise at least a quarter of our sales volume. We also see potential in fuel cells and are supporting the creation of hydrogen infrastructure in Germany. A small series of the BMW i Hydrogen NEXT is planned from 2022.

BMW iX and i4 will revolutionise the market in 2021.

Many customers are eagerly awaiting the new fully electric BMW iX* and i4 models. Both vehicles have a strong emotional appeal straight from the heart of the BMW brand. In the iX we have perfectly integrated hardware and software in the form of shy tech. Just as our customers would expect from us: in a simple, intuitive and precise manner. We want to excite people with innovations and at the same time inspire them. The new BMW iDrive transforms the iX*, just like every future BMW model, into a digital powerhouse.

Phase III of our transformation – what will define a BMW in the year 2030?

We aim to deliver at least seven million electrified vehicles to customers by 2030. To coincide with the next surge in e-mobility, we will be launching our new cluster architecture, which is uncompromisingly centred on fully electric drivetrains, in the middle of the decade, starting at our new plant in Hungary. We believe the next dimension of digital connectivity is closely tied to this: in the vehicle, in production and throughout our company processes.

Sustainability is the common thread.

Achieving consistent, sustainable development will also give us a competitive edge. In 2012, we set ourselves ten sustainability goals up to 2020. Today, we are able to say: mission accomplished. Let me give you three examples:

1. We halved the CO₂ emissions of our European new vehicle fleet between 1995 and 2020.
2. Our plants worldwide exclusively source green electricity. As of 2021, they will even produce completely CO₂-neutral on balance.
3. The percentage of women in management functions at the BMW Group is above our target range.

* See L²¹ Fuel Consumption and CO₂ Emissions Information.

We don't just do sustainability at BMW: We are making BMW sustainable.

We now find ourselves on the next stage of the journey – pursuing a verifiable and consistent path towards climate neutrality by 2050. In July 2020, we adopted our integrated sustainability strategy, with concrete science-based targets for the first stage up to 2030. How are we different from other companies? The answer to that is simple: we are substantially reducing our carbon footprint along the entire value chain. The aim is for life cycle CO₂ emissions per vehicle to be lowered by at least a third. This will be achieved through innovation, not offsets. In this way, we can drastically reduce the carbon footprint compared to 2019 per vehicle by 2030:

- In production by 80 percent.
- During the use phase by more than 40 percent.
- In the supply chain by at least 20 percent.

Without countermeasures, growth in e-mobility would, in fact, increase supply chain CO₂ emissions by a third. Instead, we are reversing this trend and lowering emissions. Our aim is to create the most sustainable supply chain in our industry. We have already agreed with our suppliers that they will only use green power to produce battery cells. This measure alone adds up to about ten million tonnes less CO₂ over the next ten years.

Climate-neutral business model spanning the entire value chain by 2050.

We are already looking ahead into the future and intend to close the material cycle further – for instance, by increasing the percentage of secondary material in our vehicles. This lowers CO₂ emissions significantly compared to using primary material. We will be sharing how we plan to drive towards a circular economy at the IAA MOBILITY 2021.

Our clear claim
is that the **GREENEST**
ELECTRIC VEHICLE comes
FROM BMW. We are
reducing CO₂ emissions per
vehicle over the entire
value chain. This is what sets
the BMW Group apart.

Dear Shareholders,

The coronavirus pandemic has shown very clearly how important cars are to people. Demand should continue to increase overall. We aim to get sales back towards their pre-pandemic levels by the end of the year. We always take a long-term perspective. All our decisions are geared towards adding value, profitability and growth in close combination with sustainability, climate protection and secure jobs. On this basis, your company will remain a safe and attractive investment, focused on added value creation.

Our entrepreneurial independence is a valuable commodity for us. From this position, we can create a new mobility for our customers. We will be investing more than €30 billion in research and development – and the future of your company – by 2025. That alone shows how fully confident we are.

Join us in embarking on this promising decade!

Yours
O. Zipse

OLIVER ZIPSE

Chairman of the Board of Management