

Media Information
11 December 2019

Securing raw material supplies for battery cells: BMW Group signs supply contract with Ganfeng for sustainable lithium from mines in Australia

- Projected order volume totals 540 million euros
- Raw material extracted sustainably at mines in Australia

Munich. As part of its electromobility expansion, the BMW Group is deepening its existing business relationship with Ganfeng Lithium Co., Ltd. based in Jiangxi (China). The two companies have signed a supply contract for the lithium needed as a key raw material for battery cells. “The projected order volume totals 540 million euros. In this way, the BMW Group is securing 100% of its lithium hydroxide needs for fifth-generation battery cells in its high-voltage batteries,” said Dr. Andreas Wendt, member of the Board of Management of BMW AG responsible for Purchasing and Supplier Network. The contract is for a term of five years (2020 – 2024).

“Alongside cobalt, lithium is one of the key raw materials for electromobility. With the signing of this contract, we are securing our lithium needs for battery cells,” continued Wendt. “We aim to have 25 electrified models in our line-up by 2023 – and more than half will be fully electric. Our need for raw materials will continue to grow accordingly. By 2025, for lithium alone, we expect to need about seven times the amount we do today.”

Sustainability and security of supply are important factors in the expansion of electromobility. For the BMW Group’s purchasing experts, ethically responsible raw material extraction and processing begins right at the start of the value chain: They are intensively involved throughout our battery cell supply chains – all the way down to the mines themselves. Compliance with environmental standards and respect for human rights have absolute priority. “Sustainability is an important aspect of our corporate strategy and plays a central role in expanding electromobility. We are fully aware of our responsibilities: Lithium and other raw materials must be extracted and processed under ethically responsible conditions,” underlined Wendt. Ganfeng extracts lithium by mining so-called hard-rock deposits in Australia under the strictest sustainability standards.

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Corporate Communications

Media Information

Date 11 December 2019

Subject Securing raw material supplies for battery cells: BMW Group signs supply contract with Ganfeng for sustainable lithium from mines in Australia

Page 2

The BMW Group already publishes the countries of origin of the cobalt it uses on its website (see [here](#)). For the upcoming fifth generation of battery cells, the company has also restructured its supply chains and will be sourcing both lithium and cobalt directly from 2020, making the raw materials available to the two battery cell manufacturers, CATL and Samsung SDI. This ensures full transparency over where raw materials come from. Cobalt will be sourced directly from mines in Australia and Morocco in the future. Supply contracts will ensure the company's security of supply up to 2025 and beyond.

The BMW Group also recently announced that it is increasing the order volume for battery cells from CATL to 7.3 billion euros (contract: 2020 to 2031) and also signed a long-term contract worth 2.9 billion euros with Samsung SDI for its fifth-generation electric drive trains (contract: 2021 to 2031). “In this way, we are securing our long-term battery cell needs. Every cell generation is awarded in global competition to the leading manufacturer from both a technology and a business perspective. This ensures we always have access to the best possible cell technology,” added Wendt.

The BMW Group's fifth-generation electric drive trains from 2021 on will also be produced entirely without using rare earths. “This means we will no longer be dependent on their availability,” emphasised Wendt.

Extensive in-house expertise throughout entire value chain for battery cell technology

The BMW Group possesses extensive in-house expertise throughout the entire value chain for battery cell technology. In-house battery production takes place at BMW Group Plants Dingolfing (Germany) and Spartanburg (USA), and at the BBA plant in Shenyang (China). The BMW Group has also localised battery production in Thailand and is working with the Dräxlmaier Group in this area.

In mid-November, the company opened its Battery Cell Competence Centre in Munich. The aim of the competence centre is to advance battery cell technology and introduce it

Corporate Communications

Media Information

Date

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Subject Securing raw material supplies for battery cells: BMW Group signs supply contract with Ganfeng for sustainable lithium from mines in Australia

Page

3

into production processes. The company is investing a total of 200 million euros in the location, which is set to create up to 200 jobs. The production of battery cell prototypes makes it possible to fully analyse and understand cell value creation processes. "Whether we set up our own standard production of cells at a later date will largely depend on how the supplier market develops," according to Wendt.

The BMW Group has formed a joint technology consortium with Swedish battery manufacturer Northvolt and Umicore, a Belgian developer of battery materials, for the purpose of developing the cell technology crucial to electromobility. The cooperation will focus on creating a complete, sustainable value chain for battery cells in Europe, extending from development and production all the way to recycling. Recycling of battery components plays a decisive role in closing the materials cycle as far as possible and maximising reuse of raw materials as demand for battery cells grows.

BMW Group is a pioneer in electromobility – 25 electrified models by 2023

The company will have 25 electrified models in its line-up by 2023. The basis for this is provided by flexible vehicle architectures for fully-electric vehicles, plug-in hybrids and models with combustion engines that enable the company to respond quickly to changing conditions. More than half of the 25 models will be fully electric. The BMW Group will double its sales of electrified vehicles between 2019 and 2021. The company expects to see a steep growth curve up to 2025: Global sales of electrified vehicles should increase by an average of over 30 percent every year. In Europe, the company is also following an ambitious growth logic: The aim is to increase the percentage of electrified vehicles in the new vehicle fleet to a quarter in 2021 and to a third in 2025; by 2030, they should account for half of sales volumes.

As an e-mobility pioneer, the BMW Group is already a leading supplier of electrified vehicles. By the end of 2019, the company aims to have more than half a million vehicles with fully-electric or plug-in hybrid drive trains on the roads. Within two years, the BMW Group will offer five fully-electric series-production vehicles: Alongside the BMW i3*, with more than 160,000 units built to date, this year will see the start of production of the fully-

Corporate Communications

Media Information

11 December 2019

Subject Securing raw material supplies for battery cells: BMW Group signs supply contract with Ganfeng for sustainable lithium from mines in Australia

Page 4

electric MINI* at Plant Oxford. This will be followed in 2020 by the fully-electric BMW iX3 from Shenyang (China) and, in 2021, by the BMW iNEXT, which will be produced in Dingolfing, and the BMW i4 from Plant Munich.

Consumption and emission data:*BMW i3** (120 Ah): fuel consumption combined: 0.0 l/100 km; power consumption combined 13.1 kWh/100 km; CO2 emissions combined 0 g/km**BMW i3s** (120 Ah): fuel consumption combined: 0.0 l/100 km; power consumption combined 14.6-14.0 kWh/100 km; CO2 emissions combined 0 g/km**MINI Cooper SE**: fuel consumption combined: 0.0 l/100 km, power consumption combined 16.8-14.8 kWh/100 km, CO2 emissions combined: 0 g/km

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The BMW Group

With its four brands BMW, MINI, Rolls-Royce and BMW Motorrad, the BMW Group is the world's leading premium manufacturer of automobiles and motorcycles and also provides premium financial and mobility services. The BMW Group production network comprises 31 production and assembly facilities in 15 countries; the company has a global sales network in more than 140 countries.

In 2018, the BMW Group sold over 2,490,000 passenger vehicles and more than 165,000 motorcycles worldwide. The profit before tax in the financial year 2018 was € 9.815 billion on revenues amounting to € 97.480 billion. As of 31 December 2018, the BMW Group had a workforce of 134,682 employees.

The success of the BMW Group has always been based on long-term thinking and responsible action. The company has therefore established ecological and social sustainability throughout the value chain, comprehensive product responsibility and a clear commitment to conserving resources as an integral part of its strategy.

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