



- FOR IN-HOUSE USE ONLY -

SUSTAINABILITY AT THE BMW GROUP. COMMUNICATIONS GUIDELINE.

September 2023, AK-31

WHAT DOES THIS GUIDELINE BUILD ON?

BACKGROUND.

This guideline has its origins in the corporate and communications strategy and offers a framework for communications measures.



WHAT IS THIS DOCUMENT FOR?

DERIVATION AND PURPOSE.

This guideline aims to help readers develop a better understanding of the topic of sustainability. It also provides an orientation framework for sustainability communications at the BMW Group.

It is divided into three parts:

QUICK UNDERSTANDING

Offers a **basic understanding** and general background on sustainability and its communication



DEEP DIVE

For everyone who actively communicates on sustainability, both in-house and externally. This section also outlines legal requirements



SUCCESSFUL APPLICATION

Offers a **toolkit with examples** of how to **apply** this Sustainability Communications Guideline **correctly**



VALUES-BASED COMMUNICATION – WHAT DOES IT MEAN? FOREWORD BY ALEXANDER BILGERI.

The public debate around sustainability is more emotionally charged and significant than around almost any other topic. Faced with the challenges of our times – be they economic, environmental or social – the concept of sustainability is a promise of accountability and solutions. A company's success is decided not just by classic measures such as revenues and returns but also by the way it puts its beliefs and intangible values into practice.

Our world is more critical, networked and politically minded than ever before. Regulations, the public debate, expectations and competition are just some of the factors leading to ever tougher demands around sustainability – and consequently around the way we communicate. To maintain its success, the BMW Group must remain credible, reputable and trusted. Good corporate citizenship is essential to the success of our business model.

One way to help guarantee our commercial success is through contemporary, values-based communication. But how can we achieve it? And how can we respond to the different expectations and values within society? As EU regulations become tighter and tighter, we must demonstrate to people what we can do to improve our own value creation at the BMW Group. For us as communicators, the challenge is to avoid using terms such as "green", "sustainable" or "environmentally friendly" altogether – because at the BMW Group, we believe sustainability communications can only be credible and impactful if they pick up on every aspect of the value chain.

This guideline outlines the BMW Group's interpretation of sustainability in communications so that you can position yourself credibly within this complex area. Our aim is to be granted the licence to lead and make sustainability the new "premium" – through values-based communication.

I hope you enjoy reading this guideline and that it leaves you feeling inspired!

ALEXANDER BILGERI

Head of Communication HR, Production, Purchasing, Sustainability at the BMW Group



1. QUICK UNDERSTANDING.

Offers a **basic understanding** and general background on the topic of sustainability and its communication

WHAT IS SUSTAINABILITY? DEFINITION AND BACKGROUND.

In German-speaking countries the word "Nachhaltigkeit" ("sustainability") was first used by Hans Carl von Carlowitz in 1713, with reference to forestry.

Carlowitz said that if we cut down only as many trees as can grow back, we will still have a forest to use in the future, and that the forest will retain its value.

(Source: <u>Bundestag.de</u>)

Our modern-day concept of "sustainable development" stems from the Brundtland Commission in 1987, whose report also brought forth the three pillars of sustainability we know today. For a further perspective, check the ESG approach (see pages 16-17) (Source: <u>bmuv.de</u>)

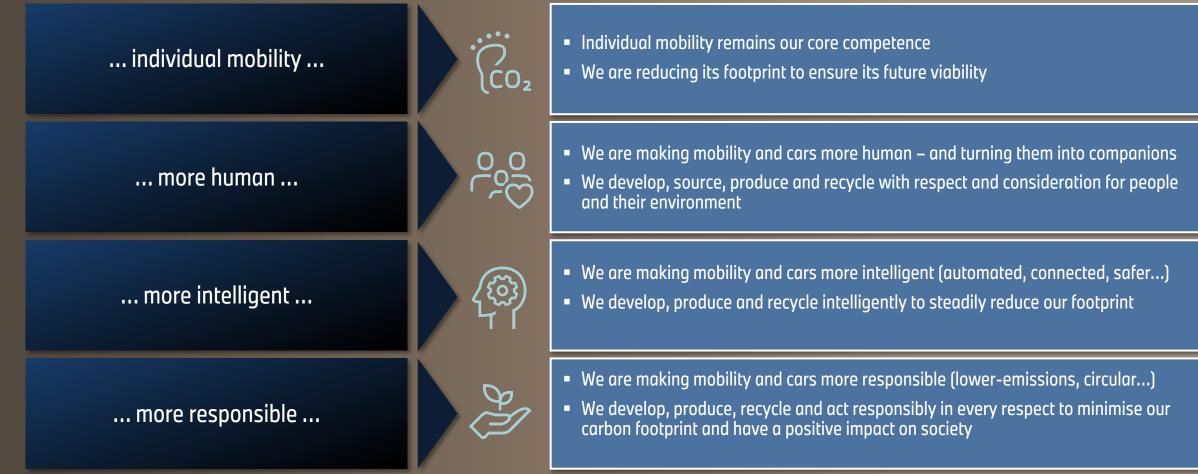
Sustainability encompasses the full scope of a company's environmental, social and economic responsibility:



*Strictly speaking, corporate citizenship does not form part of social sustainability or sustainable economic growth. To find out more, check the Corporate Citizenship Guideline.

WHAT LONG-TERM IMPACT ARE WE WORKING TO ACHIEVE? GOAL OF THE TRANSFORMATION AND OUR CONTRIBUTION TO SOCIETY.

We make...



Source: AK-10 Communications Strategy 2024 FF

WHY ARE WE MAKING THE BMW GROUP SUSTAINABLE? OUR MOTIVATION AS A BUSINESS.

The BMW Group is a commercial enterprise. Our economic success is the precondition for our existence: **THE PRIMACY OF ECONOMICS APPLIES.**

Sustainability must always centre on a company's fundamental business processes and develop alongside them.

To secure our future success, our economic, environmental and social responsibility must be aligned. We grow our intangible assets and reputation through socially responsible action.

Because:

A COMPANY THAT DELIVERS ON ITS PROMISES EARNS THE CREDIBILITY AND TRUST IT NEEDS TO SECURE ITS FUTURE VIABILITY AND SOCIAL LEGITIMATION

WHAT ARE OUR GOALS? LICENCE TO OPERATE & LICENCE TO LEAD.

Companies that demonstrate environmental, social and economic responsibility earn the acceptance, credibility and support of society – the social licence to operate, in other words.

Failure to demonstrate environmental, social and economic responsibility puts a company at risk of losing its licence to operate: society no longer agrees to its business activities, and the economic damage is likely to be considerable. (Source: Fattentanta de)

At the BMW Group we want more than just the licence to operate: we want the licence to lead as well and actively shape the future.

The basis of our business activities:

A company meets the operative and legal requirements, e.g. of the European Green Deal and supply chain law.



"To obtain the licence to lead, we must deliver solutions that go above and beyond what is currently required. We must be part of society's development and provide answers."

WHAT ARE OUR POINTS OF ORIENTATION? TWO NARRATIVES.

Our sustainability communications are guided by two fundamental narratives. They are based on the strategic alignment of the BMW Group and realised through relevant stories (see pages 18-19).



WHAT'S THE BASIS FOR OUR CONTENT?

SEVEN TOPIC CLUSTERS.



SUSTAINABILTY CONCERNS US ALL.

The employees in our branch offices, plants, subsidiaries, sales organisations and Financial Services all have a responsibility to advance the BMW Group's commitment to sustainability.

Sustainability communications are not the concern of a single department but of the relevant specialist and brand communications teams (CB-11, CM-10 and EX-F-3).

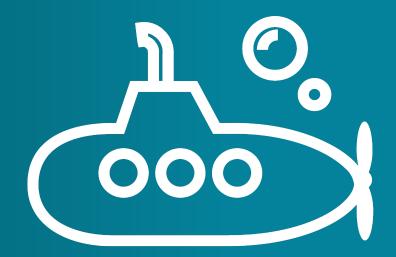
The following sustainability communications departments are particularly active in communication. The AK SUSTAINABILITY NETWORK comprises:

AK-1 Strategy, Services, Media House, Market Communications, Europe, China	AK-2 Corporate, Finance, Sales, Product, Technology, Design Communications	AK-3 HR, Production, Purchasing Communications
 AK-10 Strategy, Control AK-11 Media House AK-12 Speeches, Corporate Messaging, Corporate Reporting AK-13 PR Events AK-14 Communications Europe AK-15 Communications China 	 AK-20 BMW Automobiles AK-21 MINI, BMW Motorrad AK-22 Corporate, Finance, Sales AK-23 Quality, Security, Coordination of Launch Vehicles AK-24 Innovation, Design, Technology, Digital Car 	 AK- 30 HR, Working Environment, Real Estate, Corp. Citizenship AK-31 Purchasing, Supplier Network, Sustainability 360° AK-32 Production Network, Plant Munich AK-33 Plants Dingolfing, Landshut AK-34 Plants Regensburg, Wackersdorf AK-35 Plants Leipzig, Berlin, Eisenach

2. DEEP DIVE.

For everyone who actively communicates on sustainability, both inhouse and externally. This section also outlines legal requirements

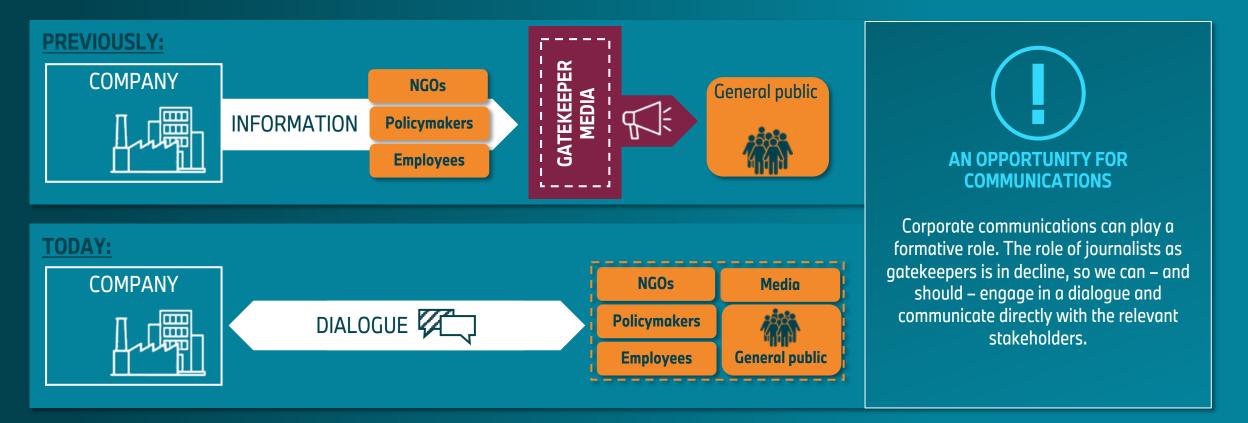
PART A	PART B	
Deep dive	Legal requirements	



HOW HAS CORPORATE COMMUNICATIONS CHANGED? FROM UNILATERAL INFORMATION TO DIALOGUE.

PART A

Our world is more critical, networked and politically minded than ever before. In an editorial society we are all senders and recipients of messaging. As a result, the general public has had an increasing impact on the way companies are perceived.



WHAT TYPES OF COMMUNICATION ARE THERE? FOCUS ON ACTIVE AND PREVENTIVE COMMUNICATION.

To be granted the licence to lead, we must do more than just communicate reactively. We must:

- ... Focus on active, impactful communication
- ... Secure our reputation through strong, preventive communication

PREVENTIVE COMMUNICATION

... is about being ahead of the curve and actively staving off negative responses. This is done by contextualising issues, arguing the case, and providing background on sustainability topics (e.g. through stakeholder dialogues, discussions with NGOs and media).

ACTIVE COMMUNICATION

... plays a formative role in ensuring a company's positive perception. It presents the company's potential, visions and solutions (e.g. on social media and at media events focusing on innovative solutions at the BMW Group.)

REACTIVE COMMUNICATION

. . responds to ongoing crises and criticism from outside (e.g. scandals like "ice-cream-gate")

FOCUS

HOW DO WE VIEW SUSTAINABILITY?

THE THREE-PILLAR MODEL OF SUSTAINABILITY.



HOW DO WE VIEW SUSTAINABILITY? ESG AS A COMPLEMENTARY PERSPECTIVE (FINANCE MARKETS).



The ESG approach is primarily a way of gauging companies' sustainability in the financial markets, including their environmental impact, social guidelines and governance structures.

BMW Group Sustainability Communications Guideline

WHAT NARRATIVES ARE THE STARTING POINT FOR RELEVANT STORIES? THE '360 DEGREES' & 'INNOVATIONS' APPROACHES.

NARRATIVE 1: Holistic approach to sustainability – 360 Degrees

The BMW Group does not limit itself to individual facets of sustainability but instead pursues a **holistic approach to sustainability** spanning the **entire value chain**. Its vision: **circular economy**.

NARRATIVE 2: Innovations

At the BMW Group sustainability is driven by **innovation**. One thing is for sure: there can be innovations without sustainability, but no sustainability without innovations. AN OPPORTUNITY FOR COMMUNICATIONS

Our holistic approach to sustainability means we can tell even more relevant and, so far, less obvious stories (e.g. around production and the supply chain).

We communicate about our (social and technological) innovations as enablers for sustainable action. This will enhance our credibility among the general public.

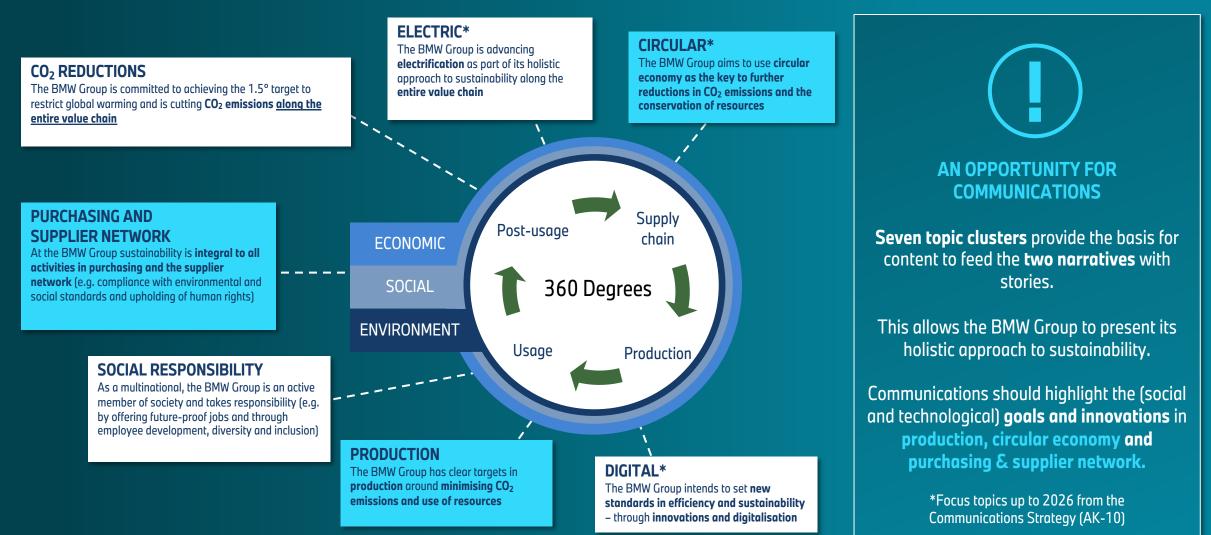


PARTA



WHERE CAN WE FIND RELEVANT STORIES? SEVEN TOPIC CLUSTERS AS THE BASIS FOR CONTENT.

PART A





Because of climate change, **legislators** and **supervisory bodies** in the field of **sustainability** are imposing tougher **requirements** on companies' **non-financial reporting** and **communications**. Similar **expectations** are held by the various stakeholder groups (e.g. investors, customers, NGOs).

Legislators, supervisory bodies and stakeholders are **scrutinising even more closely** companies who seek to **present themselves as sustainable** in their communications and marketing but fail to **deliver sufficiently through their business activities** (greenwashing).

GREENWASHING CAN LEAD TO RISKS AROUND **LIABILITY AND REPUTATION**

WHAT ARE THE LEGAL REQUIREMENTS?

PART B

Sustainability communications are subject to legal requirements. The following principles apply:

FACTUAL CORRECTNESS (No misleading through factually incorrect information)

BALANCED, CONCRETE, UNDISTORTED PRESENTATION OF FACTS (Do not give the wrong impression)

VERIFIABILITY/DOCUMENTATION (Statements must be based on reliable and/or verifiable evidence)

NO ADVERTISING WITH THINGS THAT ARE REQUIRED ANYWAY (e.g. advertising with features and standards that are required by law)

NO EVALUATION OF ONE'S OWN SUSTAINABILITY ACTIVITIES

(Absolute terminology relating to general environmental benefit must not be used in relation to the company itself)

LEGAL REQUIREMENTS. DO'S.

Refer to specific improvements in value creation

e.g. reductions in emissions and water consumption, rather than using terms such as "green", "sustainable" and "eco-friendly" as (supposed) credentials of sustainability

Use clear points of reference

e.g. "<u>According to the WLTP</u>, the 2015 CHALLENGER 950 uses 15% less electricity per 100 km than its predecessor, the 2007 CHALLENGER 850."

Present examples in a relevant context

e.g. "The carmaker CHALLENGER is saving resources. In 2021 it used 13% less energy per car produced than in 2020."

Make statements on relevant environmental impacts

e.g. "The BMW Group uses 100% regenerative energy in cell production for its GEN 5 high-voltage batteries. This can save up to 15% of CO₂ emissions from vehicle production."

Source: "Communicating Sustainability" AJ-2





LEGAL REQUIREMENTS. DO'S.

- Ensure claims are correct in both absolute and relative terms
 e.g. "We use recycled plastic for our door trim panels" (if the interior door trim panel as a whole is made largely of plastic)
- Re-evaluate/update information on technical developments

Offer representative comparisons

e.g. "The CHALLENGER 400 electric is xx% more sustainable across its lifecycle in terms of CO₂ than a Tesla Model 4."

Ensure statements are unambiguously verifiable via facts & figures and specific in their reference
 e.g. "In 2000, CHALLENGER was the industry leader in terms of water consumption per car produced (scopes 1 and 2). According to the
 CHALLENGER Group's TÜV-certified environment report, the company used 4.5 m³ water per car produced. The second-best competitor
 was 50% less efficient. Environment reports by competitors showed higher water figures."

Source: "Communicating Sustainability" AJ-2





- Make sweeping statements

 e.g. "BMW is sustainable", "BMW acts responsibly. E-mobility is sustainable."
- Use superlatives

 e.g. "The best", "the cleanest", "the most eco-friendly"
- Make vague or ambiguous statements around environmental benefits
 e.g. "The latest-generation BMW Group vehicles are more eco-friendly"
- Suggest eco-friendliness is all-encompassing

e.g. "CHALLENGER vehicles are produced entirely CO_2 -free and are therefore completely eco-friendly." (Environmental factors include not just CO_2 but also aspects such as the impact of water consumption and waste from production.)

Source: Communicating Sustainability AJ-2

LEGAL REQUIREMENTS. DON'TS.

DON'T

Over-emphasise only marginally positive aspects

e.g. "The steel bolts in CHALLENGER vehicles are all made of 100% recycled steel and produced with green energy" (It sounds like a lot but accounts for just 0.0002% of the vehicle, so the impact is negligible.)

State facts that are no longer true

e.g. "The CHALLENGER plant in Antarctica operates the largest photovoltaic system in the region's car industry." (This information is no longer true as CHALLENGER took a larger system on stream on 01.01.2023.)

Make unsuitable comparisons

e.g. "The BMW Motorrad bike has far lower fuel consumption and CO₂ emissions than the CHALLENGER truck."

 Make subjective evaluations around the degree of sustainability e.g. "Our CHALLENGER i1000 is sustainable and therefore the most eco-friendly car of all"

Source: Communicating Sustainability AJ-2

PART B

3. SUCCESSFUL APPLICATION.

Offers a **toolkit with examples** of how to **apply** this Sustainability Communications Guideline **correctly**

WHAT ARE THE ELEMENTS OF SUCCESSFUL SUSTAINABILITY COMMUNICATIONS? BASED ON THE AK-1 STRATEGY

Based on the AK-1 strategy, we can identify the following points as fundamental to successful sustainability communications:

Communicate authentically, empathically and openly

Base communications on actual business processes and provide facts

Make **people** the focus

AN OPPORTUNITY FOR COMMUNICATIONS

These points will help us define the right stories for our 360 Degrees and (social and technological) Innovations narratives and our seven topic clusters.

PRACTICAL EXAMPLES OF SUCCESSFUL SUSTAINABILITY COMMUNICATIONS.

Our communications around sustainability are authentic, empathic and open. This allows us to convey our purpose and value for society.

Example: BMW podcast THE FUTURE ACCORDING TO



THE FUTURE ACCORDING TO.

BMW PODCAST

EPISODE 02 THE FUTURE OF CIRCULARITY WITH ANNA GOLDHOFER

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"Very often individuals are blamed for their daily choices, and that does not really help. So when we look at the numbers and at what the biggest levers are, big industries and politics have the greatest influence on climate change."

Example: Speech by O. Zipse at the IAA Preview 2023



"At the **BMW Group** we are asking ourselves what **our** response is to the current and growing challenges we face in society. **Far beyond the status quo**. Our **long-term vision** is about a **balance** between **economic** success, **environmental** and **social responsibility**. We are focused on how **sustainably** we operate and **how much value** we contribute to society."

PRACTICAL EXAMPLES OF SUCCESSFUL SUSTAINABILITY COMMUNICATIONS.

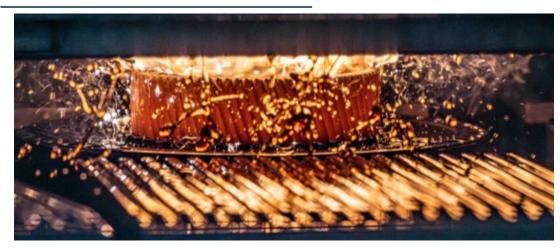
Our sustainability communications are based on actual business processes and facts. Because a company can only be credible if it sticks to the facts and improves where impacts are created: in the supply chain, production and product usage – not through offsets etc.

Example: More sustainable paintshop



"The BMW Group is investing some 60 million euros in its largest European plant, in Lower Bavaria, for an even more resource- and energy-efficient painting process. This will save several thousand tonnes of CO₂ emissions a year and paves the way for further improvements on the road to sustainable production."

Example: Process heat from electricity



"Process heat from electricity: CO_2 reductions through power-to-heat technology. Plant Dingolfing is taking an electrically powered hardening furnace on stream in Plant 02.10. It's the first time the innovative powerto-heat technology has been used at the site, and the hardening furnace will save some 300 tonnes of CO_2 a year."

PRACTICAL EXAMPLES OF SUCCESSFUL SUSTAINABILITY COMMUNICATIONS.

Our sustainability communications centre on people. Complex topics can be communicated comprehensibly, credibly and emotively by focusing on BMW Group employees.

Example: Interview with a sustainability expert



Circular economy at BMW: Dr Irene Feige (AU-6) – an interview

Example: Employee campaign #mycontribution



#mycontribution - We are making the BMW Group sustainable

PRACTICAL EXAMPLES OF SUCCESSFUL SUSTAINABILITY COMMUNICATIONS.

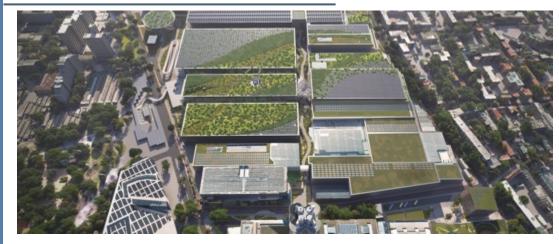
Our communications always explore sustainability holistically. Because sustainability along the entire value chain is the only route to credible change and social acceptance.

Example: Podcast with Dr Thomas Becker



"We will continue our efforts above and beyond what we did in 2022 to continue our carbon footprint reductions across the entire value chain through our contracts with suppliers." (Dr Thomas Becker, BMW Group Head of Sustainability, Mobility)

Example: 360° approach to sustainability



"The 360 Degrees approach to sustainability extends not just along the entire value chain, from resource extraction to production and recycling, but across every level of sustainability and its environmental, economic and social aspects."

PRACTICAL EXAMPLES OF SUCCESSFUL SUSTAINABILITY COMMUNICATIONS.

Our sustainability communications emphasise social innovations.

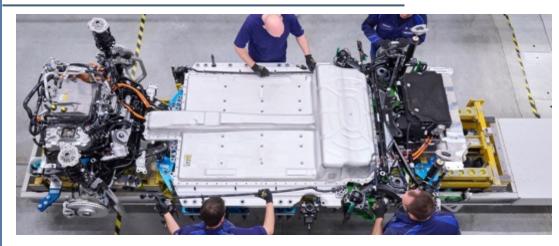
Because social innovations are an important part of the holistic concept of sustainability. They are valuable to both society and our company in equal measure and give us the competitive edge.

Example: Bavarian Award for Inclusion



"Setting an example for others: BMW Group Plant Dingolfing wins the award for successful inclusion."

Example: Working time model at Plant Regensburg



"Moving flexibly into the future – Since Easter the BMW Group has been operating a new working time model at Plant Regensburg. Production capacity can now be adapted to meet demand, in what's a key milestone in the transformation of the plant."

PRACTICAL EXAMPLES OF SUCCESSFUL SUSTAINABILITY COMMUNICATIONS.

Our sustainability communications are guided by technical innovations in the name of sustainability. Innovation can happen without sustainability, but sustainability can't happen without innovations. Communicating innovations gives us credibility and protect us from accusations of greenwashing.

Example: Speech by O. Zipse at the IAA Preview 2023



"The <u>key</u> to our impact lies in our **strength** in finding better solutions and in our **technological know-how**. To put it simply: there is **no progress** in sustainability **without innovation**. Even more, our vision of sustainability builds us a **competitive advantage** and creates **resilience**."

Example: Car2Car sponsorship project



"From scrap to raw material: The Car2Car sponsorship project is developing technologies to optimise vehicle recycling."

SUMMARY.

SUSTAINABILITY COMMUNICATIONS GUIDELINE – IN SHORT.

1. QUICK UNDERSTANDING.

- Our goal: Sustainability as an integral part of our licence to lead
- The primacy of economics applies: to secure our future success, our economic, environmental and social responsibility must be aligned
- The BMW Group pursues a holistic approach to sustainability that spans the entire value chain. It advances sustainability through innovation

2. DEEP DIVE.

- To earn the licence to lead, we must focus on active communications that shape people's perceptions.
- Our sustainability communications take a holistic view of (social, environmental and economic) sustainability
- We must emphasise our goals and (social and technological) innovations in production, circular economy, and purchasing and the supplier network



3. CORRECT APPLICATION.

Acceptance, credibility and trust are fundamental to successful communications. The following points are important:

- Communicate authentically, empathically and openly
- Base communications on actual business processes and provide facts
- Make people the focus



NOTES.

If you have any ideas, questions or proposals for projects, please write to <u>sustainability@bmwgroup.com</u>.

To find out more about the topic of sustainability, check:

- Our website at <u>www.bmwgroup.com/sustainability</u>
- The Sustainability Argumentation Guideline (send your request to sustainability@bmwgroup.com)
- The basic presentation on Sustainability (send your request to <u>sustainability@bmwgroup.com</u>
- The web-based trainings on Sustainability, which you will find in (myTMS) at <u>https://performancemanager5.successfactors.eu/sf/home?bplte_company=bmwag&_s.crb=Md3akQqPgReV71Bt0t7D%252fYsVg6Ctlpl1VUh3z0%252fa mqA%253d</u>
- The Sustainability pages in the intranet at <u>https://contenthub-de.bmwgroup.net/en/web/nachhaltigkeit</u>

BAYERISCHE MOTOREN WERKE AKTIENGESELLSCHAFT PETUELRING 130, 80809 MUNICH

AK-31 Communications Sustainability

Email: sustainability@bmwgroup.com