

Oliver Zipse, Chairman of the Board of Management of BMW AG: “We will be taking sustainability to a whole new level”

Interview with Oliver Zipse on sustainability at BMW Group

Munich. When it comes to sustainability, major corporations have a key role to play. The BMW Group acknowledged this fact long ago and outperforms industry rivals by far in terms of CO₂ emissions per vehicle produced. But as new powertrains such as e-drives gain momentum, the approach to sustainable vehicle production is changing. In an interview, BMW AG Management Board Chairman Oliver Zipse explains the BMW Group’s ambitious goals and outlines what aspects of sustainability will be the key focal points in the future.

Mr Zipse, ever since your first public appearance as BMW CEO at the IAA International Motor Show, you have underlined the importance of climate and environmental protection. You’ve been in the job almost a year now and the world is in the midst of a crisis unlike anything we’ve seen before. How much room does that leave for sustainability?

The coronavirus pandemic has thrown the global economy off course within a very short space of time, and this has also led to significant cutbacks in a number of BMW Group projects. But as I have always made clear: There can be no compromise when it comes to climate and environmental protection. It is a decisive topic for the future of our society. That’s why it is so important to set the right course now in these challenging times. In fact, we will even be stepping up the pace.

What does that mean exactly? The BMW Group had set itself targets for emissions reductions by 2020.

Those were for resource consumption and the emissions we generate directly as a company – for example, from production. We were very successful: We lowered energy consumption per vehicle produced by more than 40 percent and were even able to reduce waste and CO₂ emissions by over 70 percent. It’s also no coincidence that our CO₂ emissions per vehicle produced are much lower than for the rest of the German auto industry, for example. In short, we met nearly all our targets last year already. So, we were able to start developing a completely new sustainability strategy for the future earlier than expected.

And what does it look like?

I don't want to reveal all the details today before the final formal decisions are made, but I can tell you that the approach is radically holistic: We will be taking the topic of sustainability to a whole new level. What we aspire to remains the same: We are focused on having a real and transparent impact. That's why we will once again be setting ourselves clear and measurable goals – but, this time, they will extend far beyond our direct sphere of influence.

You'll have to give us a concrete example.

To contribute effectively to climate protection, we will need to improve our products' overall environmental balance – from resources to recycling. As e-mobility gains more and more traction, the focus of CO₂ reduction will shift to upstream added value – and, especially, the energy-intensive production of high-voltage batteries. Up to 40 percent of a fully-electric vehicle's CO₂ emissions come from battery cell production alone. Depending on where they are produced and the electricity mix used there, about a third of these emissions come from power consumption directly at the cell manufacturer. This is a major and very effective lever for reducing CO₂ – so that is precisely where we are focusing our efforts.

How is this supposed to work? The BMW Group doesn't produce cells itself.

As a leader in sustainability, what we say carries a lot of weight with our suppliers – and we can then leverage this reputation. We now have a contractual agreement with our cell manufacturers that they will use only green power to produce our fifth-generation battery cells. Later this year we will launch this technology with the BMW iX3 and then roll it out across our product line-up – including the BMW iNEXT and BMW i4 next year. As volumes increase, the use of green power will save around ten million tonnes of CO₂ over the next decade. For comparison, that is roughly the amount of CO₂ a city of over a million inhabitants, like Munich, emits per year.

Does that mean CO₂ reductions will only come from suppliers?

It works best when manufacturers and suppliers work together. The only way we can motivate our partners to take these kinds of steps is by continuing to lead by example. This is what we are very clearly doing with our new strategy. The

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successes we are having – here and now – underline how important this topic is to us: In addition to reducing resource consumption and emissions significantly, we are also fully on track to meet our CO₂ fleet targets in the EU. This will also be the first year all plants operated by the BMW Group, as well as our BBA joint venture in China, will obtain their electricity exclusively from renewable energy sources. Our partners know we aren't satisfied with just making announcements for the distant future. We deliver and will continue to do so.

How can the public check that you are continuing to deliver?

This previously took place through our Sustainable Value Report – and is another area where we are now taking the next step: Starting next year, we will be integrating the topic of sustainability into our Annual Report. This not only sends a clear signal that we consider our business model and sustainability to be inseparable – but also that we will be subjecting our sustainability activities to even broader external and independent review than in the past.

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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 2019, the BMW Group sold over 2.5 million passenger vehicles and more than 175,000 motorcycles worldwide. The profit before tax in the financial year 2019 was € 7.118 billion on revenues amounting to € 104.210 billion. As of 31 December 2019, the BMW Group had a workforce of 126,016 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

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value chain, comprehensive product responsibility and a clear commitment to conserving resources as an integral part of its strategy.

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