

BMW
GROUP



ROLLS-ROYCE
MOTOR CARS LTD



DRIVING THE NEXT ERA

BMW GROUP REPORT 2023

On the path to electric and digitalised mobility in a sustainable circular economy. Report on the economic performance of the BMW Group and its environmental and social contribution.

[➤ Link to the online report](#)

BMW GROUP REPORT 2023

The BMW Group can look back on a successful year 2023. The company is growing and also profitable. BMW is once again number one in the premium segment, with a highly attractive, innovative range of products available to our customers across all brands, segments and drivetrain technologies. Vehicles with all-electric drivetrain systems are our biggest growth drivers. At the same time, our Vision Vehicles demonstrate how we are setting up the NEUE KLASSE as our next innovative leap. Strong performance figures show that we are on track despite the numerous challenges in our environment.

You can find more information on the BMW Group and reporting year 2023 in the following report.

KEY PERFORMANCE INDICATORS

GROUP PROFIT/LOSS BEFORE TAX

in € million

17,096

Significant decrease from previous year



EBIT MARGIN IN THE AUTOMOTIVE SEGMENT

in %

9.8

Within the corridor of 8 to 10%

EBIT MARGIN IN THE MOTORCYCLES SEGMENT

in %

8.1

Within the corridor of 8 to 10%

RoE IN THE FINANCIAL SERVICES SEGMENT

in %

17.2

Within the corridor of 17 to 20%

GROUP WORKFORCE

at year-end

154,950

Slight increase over previous year



DELIVERIES IN THE AUTOMOTIVE SEGMENT

in units

2,554,183

Slight increase over previous year



DELIVERIES IN THE MOTORCYCLES SEGMENT

in units

209,066

Slight increase over previous year



SHARE OF ALL-ELECTRIC CARS IN DELIVERIES

in %

14.7

Significant increase over previous year




THE BMW GROUP'S STRATEGIC GOALS


FINANCIAL GOALS

 Group EBT margin

> 10%

 EBIT margin in the Automotive segment

8 - 10%

 Return on capital employed of Automotive segment


≥ 18%

NON-FINANCIAL GOALS – TARGETS FOR THE PERIOD UP TO 2025

 Share of women in management positions

22% ↑


NON-FINANCIAL GOALS – TARGETS FOR THE PERIOD UP TO 2030

 Share of all-electric cars in deliveries


> 50% ↑

 Reduction in carbon emissions per vehicle in production

80% ↓

 Reduction in carbon emissions during a vehicle's use phase

> 50% ↓

 Reduction in carbon emissions in the supply chain

> 20% ↓

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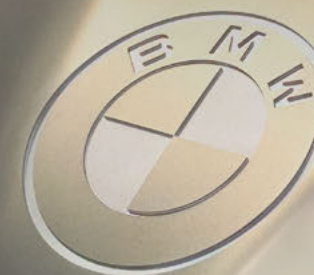
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* Part of the Combined Management Report.



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ABOUT THIS REPORT*

REPORTING CONCEPT

Integrated reporting and corporate strategy

The BMW Group regards its balance of economic, ecological and social interests as the basis for its commercial success. This report is intended to provide qualified insight into the BMW Group and explain our activities in a transparent, comprehensible and measurable manner. We are keen to demonstrate to our stakeholders how economic, ecological and social issues complement one another and are mutually dependent, and to identify the general external conditions that influence the Company. For these reasons, we explain [the BMW Group's 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 indicators and targets. [Dashboard](#)

On 12 March 2024, 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 (hereinafter also "the Report") combines the management reports of Bayerische Motoren Werke Aktiengesellschaft (BMW AG) and the BMW Group in a Combined Management Report.

The report is divided into the following sections:

- 1 – To Our Stakeholders
- 2 – Combined Management Report
- 3 – Group Financial Statements
- 4 – Responsibility Statement and Auditor's Report
- 5 – Remuneration Report
- 6 – Other Information

Reporting Outlook for 2024

Non-financial disclosure requirements are continuing to evolve. From the 2024 reporting year onwards, the BMW Group will be subject to the transparency requirements of the Corporate Sustainability Reporting Directive (CSRD) and the European Sustainability Reporting Standards (ESRS). We are currently implementing the new sustainability reporting standards and assessing their impact on the structure and scope of the BMW Group's reporting with a particular focus on the management report.

[GRI Index: 2-4](#)

FRAMEWORKS APPLIED

The BMW Group Report 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)
- Content of the Management Report in accordance with §§ 289 and 315 HGB
- Combined Non-Financial Statement (NFS) at Group and Company level in accordance with § 289 b and § 315 b HGB ([NFS Index](#))
- German Accounting Standards (GAS 20) 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) and its delegated acts ([EU Taxonomy](#))

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 (GCGC)

Furthermore, the Combined Management Report makes reference to the following reporting standards and transparency requirements:

- GRI Standards 2021 of the Global Reporting Initiative (GRI) ([↗ GRI Index](#))
- SASB Standards according to the Sustainable Accounting Standards Board ([↗ SASB Index](#))
- Recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) ([↗ TCFD Index](#))

Group Financial Statements

The Group Financial Statements of Bayerische Motoren Werke Aktiengesellschaft for the year ended 31 December 2023 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 15 March 2023 – and is subsequently available in both German and English on the BMW Group website. The [↗ GRI Index](#) is also available on the website as a separate document. The reporting period covers the financial year from 1 January to 31 December 2023. The statements made in the report generally relate to the BMW Group reporting entity. Any deviations are marked accordingly. The BMW Group Report 2024 will be published in March 2025.

[↗ GRI Index: 2-2, 2-3, 2-4](#)

External audit

The report, comprising the Combined Management Report, the Group Financial Statements and the additional GRI information, has been subject to an annual independent audit by PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("PwC" or "Auditor"). Unaudited sections are marked accordingly. The external audit serves to underpin the reliability and trustworthiness of the information contained therein for the public. The external audit supports the Supervisory Board of BMW AG in fulfilling its auditing duties. Any links and disclosures that refer to information outside the BMW Group Report and the GRI Index are not part of the audit. The [↗ Remuneration Report 2023](#) was prepared in accordance with the requirements of § 162 of the German Stock Corporation Act (AktG) and its content audited by PwC.

PwC has audited the Group Financial Statements and the Combined Management Report for the 2023 reporting year 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 ff. and § 315 b ff. HGB, were subjected to an audit to obtain limited

assurance and are denoted with the symbol **[i j]**. The section [↗ Dialogue with Stakeholders](#) and the additional information provided in the section [↗ Further GRI Information](#) were also subjected to a limited assurance engagement. Information provided in the [↗ SASB Index](#) is also subjected to a limited assurance review on a voluntary basis. The [↗ TCFD Index](#) indicates the sections in which the depth of the audit is identified. Certain individual parts of the [↗ NFS](#) as well as the remainder of the Combined Management Report were also subjected to a reasonable assurance engagement.

Materiality analysis

The material topics covered in our non-financial reporting for the reporting year are derived from the materiality analysis which the BMW Group performed in 2022 in accordance with § 289 c and § 315 c HGB and validated for the 2023 reporting year. The topics that were categorised as material remain those where the actions of the BMW Group may have a significant sustainability impact on the environment and society (inside-out) and which may be of high business relevance to the BMW Group (outside-in). As a result, our focus is on alternative drive systems [↗ Electromobility](#), decarbonisation along the value chain [↗ Carbon emissions](#), responsible sourcing [↗ Purchasing and Supplier Network](#), resource management in line with the principle of the circular economy [↗ Circular Economy, Resource Efficiency and Renewable Energy](#) as well as compliance [↗ Compliance and Human Rights](#). Employee diversity and equal opportunity [↗ Diversity, Equal Opportunity and Inclusion](#) as well as an attractive workplace [↗ Employer Attractiveness and Employee Development](#) are also given high priority within the BMW Group. Our reporting under the GRI standards also covers topics which are considered material from a double materiality perspective because they have a significant environmental impact (inside-out) or are of high business relevance to the BMW Group (outside-in). This concept must be applied from 2024 onwards in accordance with the Corporate Sustainability Reporting Directive. The topics covered in this context are responsible digitalisation [↗ Innovation, Digitalisation and Customer Orientation](#), Product and Road Safety [↗ Product Quality and Safety](#), Occupational Health and Safety [↗ Health and Performance](#) and Sustainable Governance [↗ Performance Management](#).

Connection to figures in the Group Financial Statements

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

Sustainable Development Goals

With its business operations, the BMW Group is in a position to contribute directly to the achievement of Sustainable Development Goals (SDGs), in particular SDG 3, 8, 9, 12 and 13. Information about the importance of these goals for the BMW Group is provided on our [website](#).

Forward-looking statements

This report 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 from those statements.

Preparation of non-financial performance figures

Certain non-financial performance figures reported by the BMW Group are based on a significant number of estimates and valuations. Some are complex and subjective in nature, or subject to uncertainty for other reasons. The BMW Group is also continuously updating the policies and procedures used to calculate its non-financial performance figures. It is not always practical to apply new policies and procedures to prior reporting periods. Although the methodology used to calculate indicators is in line with standard practice, some indicators are not directly comparable with the values reported by other companies.

The BMW Group is also required to ensure that third parties report relevant data to the BMW Group correctly. These third parties include independent dealerships - the overwhelming majority of which report vehicle delivery figures to the BMW Group - and suppliers, which provide the BMW Group with data on the implementation of agreed measures designed to reduce carbon emissions.

Statement on Corporate Governance

The Board of Management and the Supervisory Board of BMW AG prepare a yearly combined Statement on Corporate Governance in accordance with § 289 f and § 315 d HGB to report on corporate governance within the BMW Group. The Statement on Corporate Governance is published on BMW AG's website at www.bmwgroup.com/ezu. It also includes the Declaration of Compliance pursuant to § 161 AktG.

Editorial comments

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

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

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01 TO OUR STAKEHOLDERS

BMW GROUP IN FIGURES

KEY PERFORMANCE INDICATORS

	2019	2020	2021	2022	2023	Change in %
GROUP						
Profit/loss before tax in € million	7,118	5,222	16,060	23,509	17,096	- 27.3
Employees at year-end ¹	126,016	120,726	118,909	149,475	154,950	3.7
Share of women in management positions in the BMW Group (in %) ²	17.2	17.8	18.8	20.2	20.8	3.0
AUTOMOTIVE SEGMENT						
EBIT margin in %	4.9	2.7	10.3	8.6	9.8	14.0
RoCE in % ³	29.0	12.7	24.0	18.1	20.2	11.6
Deliveries ⁴	2,537,504	2,325,179	2,521,514	2,399,632	2,554,183	6.4
Share of all-electric cars in deliveries (in %)	1.6	1.9	4.1	9.0	14.7	63.3
CO ₂ emissions of the EU new vehicle fleet (in g/km) ^{5,6,7}	127.0	99.1 (135.0) ⁸	115.9	105.0	102.1	- 2.8
CO ₂ emissions per vehicle produced (in tonnes) ⁹	0.40	0.35	0.33	0.32	0.28	- 12.5
MOTORCYCLES SEGMENT						
EBIT margin in %	8.2	4.5	8.3	8.1	8.1	-
RoCE in % ¹⁰	29.4	15.0	21.9	24.9	22.1	- 11.2
Deliveries	175,162	169,272	194,261	202,895	209,066	3.0
FINANCIAL SERVICES SEGMENT						
RoE in %	15.0	11.2	22.6	17.9	17.2	- 3.9

¹ The term "employee" has been redefined with effect from the reporting year 2020 (for definition, see [2 Glossary](#)).

² The new definition of the term "employee" (see footnote 1) also has an impact on disclosures relating to the percentage of female employees.

³ The term "RoCE" has been redefined with effect from the reporting year 2022 (for definition, see [2 Glossary](#)). The 2021 figure was adjusted accordingly for comparison purposes (2021 before adjustment: 59.9%).

⁴ Deliveries including BMW Brilliance Automotive Ltd., also for the period prior to full consolidation in the Group Financial Statements (2019: 538,612 units, 2020: 602,247 units, 2021: 651,236 units, 1 January to 10 February 2022: 96,133 units).

⁵ 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 for 2018 to 2020 were calculated based on the New European Driving Cycle (NEDC).

⁶ 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 for all EU states. Figures officially published by the EU Commission are not expected to be available until November of the following year.

⁷ Including an allowance for eco-innovations (amounts of clearly minor significance).

⁸ To improve 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, which ceased in 2021.

⁹ Efficiency ratio calculated on the basis of Scope 1 and Scope 2 carbon emissions (i.e. a market-based method according to GHG Protocol Scope 2 guidance; mainly based on the use of emissions factors for electricity, district heating and fuels of the VDA (each in the most current valid version: 12/2023) and occasionally using local emissions factors; excluding climate-changing gases other than carbon dioxide from vehicle production (BMW Group manufacturing sites and partner plants, but excluding partner plants and contract manufacturers), as well as BMW Group non-manufacturing sites (e.g. research centres, sales centres, office buildings) divided by the number of vehicles produced (BMW Group manufacturing sites and partner plants, but excluding contract manufacturers).

¹⁰ The term "RoCE" has been redefined with effect from the reporting year 2022 (for definition, see [2 Glossary](#)). The 2021 figure was adjusted accordingly for comparison purposes (2021 before adjustment: 35.9%).

OTHER FINANCIAL PERFORMANCE FIGURES

in € million	2019	2020	2021	2022	2023	Change in %
Total capital expenditure¹	7,784	6,222	7,518	10,610	11,440	7.8
Depreciation and amortisation	6,017	6,143	6,495	8,566	8,974	4.8
Free cash flow Automotive segment	2,567	3,395	6,354	11,071	6,942	-37.3
Group revenues	104,210	98,990	111,239	142,610	155,498	9.0
Automotive	91,682	80,853	95,476	123,602	132,277	7.0
Motorcycles	2,368	2,284	2,748	3,176	3,214	1.2
Financial Services	29,598	30,044	32,867	35,122	36,227	3.1
Other Entities	5	3	5	8	11	37.5
Eliminations	-19,443	-14,194	-19,857	-19,298	-16,231	-15.9
Group profit/loss before financial result (EBIT)	7,411	4,830	13,400	13,999	18,482	32.0
Automotive	4,499	2,162	9,870	10,635	12,981	22.1
Motorcycles	194	103	227	257	259	0.8
Financial Services	2,312	1,721	3,701	3,163	3,055	-3.4
Other Entities	29	36	-8	-203	-13	-93.6
Eliminations	377	808	-390	147	2,200	-
Group profit/loss before tax (EBT)	7,118	5,222	16,060	23,509	17,096	-27.3
Automotive	4,467	2,722	11,805	18,918	12,642	-33.2
Motorcycles	187	100	228	269	258	-4.1
Financial Services	2,272	1,725	3,753	3,205	2,962	-7.6
Other Entities	-96	-235	531	995	-100	-
Eliminations	288	910	-257	122	1,334	-
Group income taxes	-2,140	-1,365	-3,597	-4,927	-4,931	0.1
Profit/loss from continuing operations	4,978	3,857	12,463	18,582	12,165	-34.5
Profit/loss from discontinued operations	44	-	-	-	-	-
Group net profit/loss	5,022	3,857	12,463	18,582	12,165	-34.5
Earnings in € per share of common stock/preferred stock	7.47/7.49	5.73/5.75	18.77/18.79	27.31/27.33	17.67/17.69	-35.3/-35.3
Pre-tax return on sales² in %	6.8	5.3	14.4	16.5	11.0	-33.3

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

² Group profit/loss before tax as a percentage of Group revenues.

OTHER NON-FINANCIAL PERFORMANCE FIGURES

	2019	2020	2021	2022	2023	Change in %
GROUP						
Spending on employee training and development (in € million) ¹	370	279	389	416	469	12.7
AUTOMOTIVE SEGMENT						
Deliveries by brand						
BMW ²	2,184,939	2,028,841	2,213,790	2,100,689	2,252,793	7.2
MINI	347,465	292,582	302,138	292,922	295,358	0.8
Rolls-Royce	5,100	3,756	5,586	6,021	6,032	0.2
Total²	2,537,504	2,325,179	2,521,514	2,399,632	2,554,183	6.4
Production by brand						
BMW ³	2,205,841	1,980,740	2,166,644	2,089,801	2,340,547	12.0
MINI	352,729	271,121	288,713	286,265	315,196	10.1
Rolls-Royce	5,455	3,776	5,912	6,239	6,179	-1.0
Total³	2,564,025	2,255,637	2,461,269	2,382,305	2,661,922	11.7
Energy consumption per vehicle produced (in MWh) ⁴	2.04	2.12	2.10	2.13	1.97	-7.5
MOTORCYCLES SEGMENT						
Production						
BMW	187,116	168,104	187,500	215,932	221,988	2.8
FINANCIAL SERVICES SEGMENT						
New contracts with retail customers	2,003,782	1,845,271	1,956,514	1,545,490	1,542,514	-0.2

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

² Deliveries including BMW Brilliance Automotive Ltd. also for the period prior to full consolidation in the Group Financial Statements (2019: 538,612 units, 2020: 602,247 units, 2021: 651,236 units, 1 January to 10 February 2022: 96,133 units).

³ Production including BMW Brilliance Automotive Ltd. also for the period prior to full consolidation in the Group Financial Statements (2019: 536,509 units, 2020: 602,935 units, 2021: 700,777 units, 1 January to 10 February 2022: 58,507 units).

⁴ Efficiency indicator calculated from the absolute energy consumption (adjusted for CHP losses) of automobile production (BMW Group plants excluding partner plants and contract manufacturing) divided by the number of units produced (BMW Group plants and partner plants, excluding contract manufacturing).

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

We look back on 2023 as a successful financial year in which the BMW Group continued to make decisive progress in ramping up electromobility. This is impressively demonstrated by the fact that all-electric automobiles now make up nearly 15% of total sales. The record high achieved in 2023 for total deliveries across all drivetrain types, and the leading position of the BMW brand in the global premium segment further demonstrate that the BMW Group's flexible drivetrain strategy is the right approach. Rigorous, far-sighted decision-making have made this overall corporate success possible, ensuring that the Group remains resilient, especially in volatile times.

We also achieved a great deal in terms of sustainability in 2023, as our vehicle fleet once again attained figures well within the EU's target limit for fleet carbon emissions.

2024 promises to be an exciting year for the BMW Group with a record number of product launches. We firmly believe that, thanks to the enthusiasm and precision of our strong workforce, we will master the challenges ahead and continue to set ourselves apart from the competition with our wide range of products across all brands and drivetrain types. The enthusiastic response to the presentation of the BMW VISION Neue Klasse at IAA Mobility in Munich clearly demonstrates that the BMW Group is on the right path.



Norbert Reithofer
Chairman of the Supervisory Board

Focus of Supervisory Board activities during the past financial year

The Supervisory Board again performed the duties incumbent upon it with the utmost diligence throughout the financial year 2023.

We continuously and thoroughly monitored the governance of the BMW Group based on in-depth reports received from the Board of Management and provided its members with prudent advice on the management and strategic development of the Group. We focused in particular on driving forward the Group's electrification strategy and expanding it to include all segments and markets, as well as on implementing the corporate strategies adopted in the fields of digitalisation and sustainability. At each of the five plenary sessions of the Supervisory Board (including one two-day meeting), we held detailed discussions with the Board of Management regarding the Group's position. The Board of Management also kept the Supervisory Board well informed regarding any matters of significance outside the framework of formal meetings. Furthermore, I discussed matters personally and on a regular basis with the Chairman of the Board of Management. In addition, the Chairman of the Audit Committee maintained a direct line of contact with the Board of Management member responsible for Finance as well as with the external auditor's representatives outside of meetings. We regularly dealt with internal Supervisory Board issues and personnel-related matters without the presence of the Board of Management. Our cooperation, both within the Supervisory Board and its committees and with the Board of Management, was conducted in a spirit of trust, respect and constructiveness. Detailed documents on the main topics of each meeting were distributed to the members in advance. Moreover, the shareholder and employee representatives regularly prepared for the meetings in separate preliminary discussions.

In its **reports on the BMW Group's position**, the Board of Management kept us well informed at each meeting regarding current developments and the Group's overall performance. A regular topic of discussion at Supervisory Board meetings was the development of current sales trends based on figures analysed by brand, segment and market region, for both the BMW Group and its competitors. There was also a keen focus on electrified vehicles and an overview of the Group's key financial indicators and liquidity situation.

Corporate strategy, including sustainability, remained high on the Supervisory Board's agenda. Following an analysis of the current situation in the automotive industry and the ramifications of geopolitical developments, the Board of Management presented us with a detailed strategy for implementing the automotive transformation. The strategy covered the topics of electrification, digitalisation and sustainability, highlighting in particular the circular economy concept as a key element of the Group's sustainable corporate approach. The BMW Group's ambitious decarbonisation targets for 2030 were also reaffirmed. With regard to digitalisation, the Board of Management has placed the NEUE KLASSE at the centre of its strategy, making it the benchmark for a holistic customer experience. The Board of Management also described the digitalisation of key business processes to the Supervisory

Board. Further topics covered by the Board of Management's extensive report were market strategies focusing particularly on China and Europe, the resilience of supply chains, and the holistic, Group-wide performance programme. The report was rounded off with an analysis of the competition and the outlook for the BMW Group's product portfolio.

At each meeting, the Board of Management updated us on current issues and projects related to strategy development work and implementation. The Board of Management also reported on recent events such as the Group's successful appearance at the IAA Mobility in Munich, the world premiere of the all-electric BMW iX2 and the BMW iX5 Hydrogen at the Japan Mobility Show, and the implementation of the major internal training programme "Digital Boost".

The Supervisory Board also closely monitored **developments relating to major strategic collaborations**. In 2023, the focus was once again on the Chinese market in particular, with respect to both the BMW Brilliance Automotive joint venture and the cooperation with Great Wall Motors for the local production of an all-electric MINI. We were also informed about the status of the investments in YOUR NOW.

At Supervisory Board meetings we regularly addressed the topics of **sustainability and ESG**. In a report on recent developments within the Group, the Board of Management informed us about the cooperation with IONITY on rapid charging networks, the conversion of BMW Group plants in Oxford and Swindon to enable the manufacturing of all-electric MINI vehicles, and the successful outcome of the local referendum held in Irlbach-Straßkirchen on the proposed construction of a new BMW Group plant to manufacture high-voltage batteries, among other things. Furthermore, we were very pleased to note that the BMW Group was presented with awards for activities relating to its sustainability strategy, conferred by a management consultancy and the magazine "Automobilwoche", which voted the Group number one in the automobile manufacturer category. Moreover, the Fair Pay Innovation Lab awarded the BMW Group a gold medal in the category "Fair Pay Leader".

Within the framework of a presentation on the perception of the sustainability of the BMW Group and its brands, we examined the objectives of the Group's corporate ESG strategy in greater detail and looked at corporate communication regarding sustainability issues as well as their media coverage. Regarding the energy transformation within the BMW Group as well as decarbonisation at Group sites, we were informed in particular about the further improvement of energy management and the strategy involving the transition to renewable energy sources at the BMW Group's existing production sites by 2030. We were also provided with reports on plans for new structures where no fossil fuels will be used (such as the plant in Debrecen, where production is scheduled to begin in 2025).

In the course of our work on **corporate governance**, we further developed and updated parts of the Supervisory Board's skills matrix, which was introduced in 2022. Based on a self-assessment, we concluded that the composition of the Supervisory Board at 31 December 2023 fully meets the targets stipulated in the diversity concept and the competency profile.

In the Declaration of Compliance with the German Corporate Governance Code issued in December 2023, the Board of Management and the Supervisory Board confirmed that they have complied with the recommendations of the Code as amended on 28 April 2022 without exception and will continue to fully comply with them in future.

We also dealt with the Group's compliance management system in great depth. In his annual report, the Chief Compliance Officer presented changes to the structure and content of the BMW Group's compliance management system and the revision of compliance regulations. The report also addressed the implementation of the German Supply Chain Due Diligence Act and the handling of individual cases. Moreover, at the Compliance Days in Munich, the Chief Compliance Officer relayed a message from the Chairman of the Board of Management that set the "tone from the top", and addressed operational prevention measures.

At each meeting, the Board of Management informed us about the current status of important legal framework conditions and regulatory projects. These included in particular the EU's regulations regarding fleet carbon emissions in conjunction with the EU's "Fit for 55" package and the Euro 7 emissions standards.

The Supervisory Board examined the **Board of Management's remuneration** in great detail. It reviewed the target structure, maximum remuneration and expected remuneration for the Board of Management for the financial year 2023, considering in particular the Group's performance and the development of remuneration for senior executives and employees in Germany over the past few years. Based on a comparative study conducted by an external independent remuneration consultant and subsequent oral advice, we concluded that the remuneration paid to Board of Management members for the financial year 2022 and the target remuneration for 2023 were appropriate. Detailed information on the Board of Management's remuneration for the financial year 2023 is provided in the Remuneration Report. In December 2023, following thorough preparation by the Personnel Committee, we adopted the variable remuneration targets applicable to Board of Management members for the financial year 2024, taking into account the budget for 2024, the long-term business plan and the BMW Group's corporate strategy, including its ESG goals.

The Board of Management updated the members of the Supervisory Board biannually on the current status of the level of attainment of defined financial KPIs and the KPIs for our ESG targets, such as deliveries of all-electric automobiles, fleet carbon emissions, attractiveness as an employer, and diversity.

In addition, **key topics from the Board of Management's individual areas of responsibility** were on our agenda. Markets in the USA, Canada and Mexico as well as the "fourth pillar" markets, in particular India, South Korea and Japan, were the subject of an in-depth sales report. We discussed regional resilience and the growth strategy for these markets in great depth.

In the highly detailed risk report, we were brought up to date with the structure and working methods of the risk management system. A key focus of the report was on geopolitical risks, especially in the areas of purchasing/supply chains and sales markets as well as the presentation of measures to mitigate risk. On the subject of information security with a focus on IT security, we were informed about the organisation and functioning of the information security management system and the structure of the IT security risk model, as well as the measures derived from it and their effectiveness. The Board of Management also reported on the business performance, sector-specific risk profile and current projects of the Financial Services segment. In addition, we received a report on key topics relating to the Group's treasury system, such as funding, liquidity management, hedging strategies for price and currency risks and the current state of share buyback programmes.

In conjunction with the report on HR-related strategies, we looked at the BMW Group's attractiveness as an employer, employee performance and commitment, and workforce availability. The Board of Management also brought us up to date on the status of the Group's diversity concepts and the extent to which targets have been achieved regarding the proportion of women employed at various levels.

In December 2022, the Supervisory Board agreed to the plan to hold the Annual General Meeting 2023 on a virtual basis in accordance with the regulations applicable at the time. In March 2023, the detailed concept proposed by the Board of Management was approved. With regard to the Annual General Meeting 2024, the Board of Management explained the reasons for its decision in favour of the virtual format to the Supervisory Board.

The BMW Group's **long-term business plan** was the subject of comprehensive examination by the Supervisory Board. In view of the ramp-up of electric mobility in an environment that remains challenging and volatile, the focus was on safeguarding growth and returns. The Board of Management informed us about plans for the various vehicle and corporate segments and ambitious long-term targets, while confirming its key objectives for growth, market shares and profitability. We were presented with key financial indicators for each segment, in addition to opportunities and risks for the planning period. After thorough examination, the Supervisory Board approved the long-term business plan drawn up by the Board of Management.

In December 2023, the Board of Management presented the **budget** for the financial year 2024. After exhaustive discussion with the Board of Management, we gave the budget our approval.

I also met with investor representatives on a regular basis to discuss topics specific to the Supervisory Board during the financial year 2023. We touched on corporate governance issues such as succession planning for the Supervisory Board, the system for the Board of Management's remuneration and the future format of the Annual General Meeting as well as committee work and the Supervisory Board's handling of geopolitical risks.

With the BMW Group's support, Supervisory Board members attended **advanced training courses** on various topics during 2023. At our July meeting held at the BMW Group's Leipzig plant, the subject of which was "BMW Group Production – Electrified. Digital. Sustainable", we discussed the topic of sustainability in production and energy generation at BMW Group sites. In September, we took a first in-depth look at the Group's technology, architecture and product strategy for the period as of 2025, and more closely at the strategic modules of the NEUE KLASSE. The members of the Supervisory Board then tested new BMW, MINI and Rolls-Royce models at the BMW M Driving Academy in Maisach. This involved a drive on the A8 motorway in the new BMW 5 Series sedan, where we tried out the level 2+ Highway Assistant. In addition, we were presented with BMW brand design vehicles, supplemented by a preview of the NEUE KLASSE. A talk by a renowned Chinese economics expert on the state of the Chinese economy in the wake of the coronavirus pandemic and on opportunities for multinational corporations provided some interesting insights into the Chinese market. The Supervisory Board held two hybrid meetings in October and November at which the heads of the responsible internal departments and an external consultant provided us with a comprehensive update on non-financial reporting and the EU taxonomy, focusing on implementation by the BMW Group. We also delved more deeply into the complex processes involved in implementing and reviewing the ambitious decarbonisation targets within the supply chain as well as the main levers for decarbonisation in this area.

The **onboarding programme** for new Supervisory Board members was also continued in 2023. As part of the programme, new members are given an insight into the BMW Group's key business areas and planning processes by representatives of internal specialist departments. The programme also includes an introduction to the ongoing work of the Supervisory Board.

In late 2023, we reviewed the **effectiveness of the work of the Supervisory Board** and its committees with the aid of a questionnaire, and discussed the findings in our subsequent meeting. Cooperation both within the Supervisory Board and with the Board of Management was unanimously perceived as constructive and trustworthy. In the current financial year, we intend to act on proposals to explore certain topics in greater depth, such as battery technology and the circular economy concept.

The Supervisory Board is careful to avoid any conflicts of interest in the course of its deliberations and decision-making processes. No conflicts of interest occurred in the financial year 2023.

Description of Presiding Board activities and committee work

The Supervisory Board has established a Presiding Board and four committees. At each subsequent Supervisory Board meeting, the Chairman of the Audit Committee, Dr Bock, and myself reported in detail on the work of the Presiding Committee and the other committees. Further information on the duties, composition and working methods of the Presiding Board as well as the various other committees is provided in the Statement of Corporate Governance on the BMW Group website.

Unless a particular committee was responsible, the **Presiding Board** prepared the topics for the plenary meetings at its four meetings in cooperation with the Board of Management and senior heads of department. It also put forward proposals for reporting within the Supervisory Board. The Presiding Board focused especially on the corporate strategy and its sustainability-related aspects, in addition to longer-term corporate planning. The report on the BMW Group's position was discussed in detail at every meeting of the Presiding Board.

The **Audit Committee** convened eight times in total.

In March 2023, the focus was on preparing for the Supervisory Board meeting at which the financial statements for the financial year 2022 were discussed and examined. After verifying the matter of independence, the Audit Committee recommended to the Supervisory Board that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("PwC") be elected auditor at the Annual General Meeting 2023. There were no indications of conflicts of interest, grounds for exclusion or lack of independence on the part of the auditor.

The Audit Committee concluded that PwC's fee proposal for the audit of the Company and Group Financial Statements and the BMW Group Report 2023, as well as for the review of the Half-Year Report 2023, was appropriate in light of the scope of its tasks. The Committee therefore issued the corresponding contracts to PwC following its election at the Annual General Meeting in May 2023.

The Audit Committee also specified supplementary audit focus areas. Moreover, it approved the scope of the non-audit services to be performed, and received regular reports from PwC regarding these services. At its meetings, the Audit Committee discussed the quality of the audit in depth on several occasions. In particular, it received a report from the relevant department on the Group's experience with the audit of the financial statements for the financial year 2022 and on the results of the survey conducted within the Group for this purpose. 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 Audit Committee also examined the combined Non-financial Statement of BMW AG and the BMW Group for the financial year 2022, which was part of the BMW Group Report 2022. The Audit Committee had representatives from PwC explain the results of their audit. We have again engaged PwC to conduct a "limited assurance" audit of the Non-financial (Group) Statement for the financial year 2023, 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 audit the contents of the Remuneration Report for the financial year 2023.

The Quarterly Statements were presented to us for discussion by the Audit Committee prior to their publication by the Board of Management. Representatives of the external auditors were also present when the Half-Year Financial Report was discussed in early August 2023.

The Board of Management informed the Audit Committee regarding the implementation of the first share buyback programme (which the Audit Committee had already approved in 2022), the redemption of the shares on 18 July 2023 and related reduction in share capital, as well as the second share buyback programme resolved by the Board of Management in May 2023.

At its meeting in July 2023, the Audit Committee considered the effectiveness and appropriateness of the BMW Group's internal control system (including the Corporate Audit function), the compliance management system and the risk management system. In the half-yearly risk reports, we addressed the principal risks facing the BMW Group and their classification. We focused particularly on geopolitical risks and the resulting risk scenarios, especially for supply chains and sales markets, as well as measures to mitigate these risks.

We also addressed the topic of climate-related risks. We regularly monitor the further development of the internal control system for non-financial reporting with regard to the Group's sustainability-related targets.

The head of Corporate Audit presented us with the key audit findings and plans for further internal audits. The Chief Compliance Officer of the BMW Group reported on the structural development of the compliance management system, the implementation of operational measures and further planning. The report also addressed the implementation of the German Supply Chain Due Diligence Act. In addition, we received a report on the BMW Group's tax and customs control system from the responsible head of department.

In its report on the audit of over-the-counter derivatives entered into by BMW AG during the financial year 2022, 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 received regular reports on the state and development of significant legal proceedings and internal investigations and, in individual cases, discussed product- and emissions-related proceedings with external legal advisors brought in for that purpose.

In its role as a preparatory body, in the course of 2023 the **Personnel Committee** convened four times to deliberate on the remuneration of, and succession planning for, the Board of Management. The review of the appropriateness of the Board of Management's remuneration for the financial years 2022 and 2023 and the determination of the factors for the Board of Management's variable remuneration for those years were the subjects of thorough preparation within the Personnel Committee. The determination of financial and ESG targets for the Board of Management's remuneration for the financial year 2024 was also discussed in great detail. In addition, the Personnel Committee prepared for the change of remuneration consultant in the financial year 2023. The renewal of the anticipatory resolution on the approval of loans and transactions by BMW Bank GmbH was also on the agenda.

The **Nomination Committee** held one meeting in the financial year 2023 in which it discussed the composition of shareholder representatives on the Supervisory Board. Taking into account the composition requirements resolved by the Supervisory Board and the recommendations of the German Corporate Governance Code, the Nomination Committee issued recommendations for the Supervisory Board's election proposals to the Annual General Meeting to be held in 2024.

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

Composition of the Board of Management

The Supervisory Board resolved to extend the term of office of one member and appointed two new members to the Board of Management in the financial year 2023.

The Supervisory Board extended the mandate of Oliver Zipse, the Chairman of the Board of Management.

Dr Nicolas Peter left the Board of Management on 11 May 2023 by mutual agreement as part of a succession arrangement following three decades of successful work at the BMW Group. As the Board of Management member responsible for Finance, he played a key role in shaping the development of the BMW Group with his profound expertise, entrepreneurial flair and vision. His work served to further cement the Group's excellent reputation, both on the capital market and in the public eye. We are greatly indebted to Nicolas Peter for his outstanding contribution.

On 12 May 2023, Walter Mertl was appointed as member of the Board of Management responsible for Finance. He joined the BMW Group in 1998 and was most recently responsible for corporate controlling. Mr Mertl has embodied the Group's commitment to sustainable profitability during the transformation for many years.

On 31 October 2023, Pieter Nota left the Board of Management by mutual agreement, also in line with the BMW Group's succession plans. After becoming the member of the Board of Management responsible for Customer, Brands and Sales in 2018, Mr Nota was a key figure in driving forward the sale of all-electric models and the digitalisation of the customer interface. He was also responsible for introducing a pioneering agency model for direct sales in selected markets. We wish to thank Pieter Nota for his excellent work and valuable inspiration.

On 1 November 2023, Jochen Goller was appointed as member of the Board of Management responsible for Customer, Brands and Sales. Mr Goller has been at the BMW Group since 1999 and has headed up activities in the China region since 2018. In Jochen Goller, we have appointed an internationally experienced sales manager with particular expertise in the Chinese market to the Board of Management.

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

There were no changes to the composition of the Supervisory Board during the past year on the shareholder representative side. The Annual General Meeting elected Dr Kurt Bock to the Supervisory Board for a further term of office of approximately four years. He was subsequently appointed as Deputy Chairman of the Supervisory Board, member of the Presiding Board and of the Personnel Committee as well as member and Chairman of the Audit Committee.

With regard to the employee representatives, in January 2023 Dr Martin Kimmich was appointed to succeed the departing long-serving First Deputy Chairman of the Supervisory Board, Manfred Schoch, for his remaining term of office. Dr Kimmich has been Chairman of the Munich Works Council and the BMW AG Works Council since 2022.

Disclosure of attendance at meetings by individual members

The attendance rate at Supervisory Board meetings was 99%, and 100% for the meetings held by the various committees and the Presiding Board. The meetings were held in person, with individual members participating virtually only in justified exceptional cases. Three meetings of the Audit Committee that dealt with the quarterly reports were held as hybrid meetings, with individual members connected by either telephone or video call as planned. Individual meeting attendance can be seen in the table below:

Members of the Supervisory Board	Meetings		Attendance		Attendance in %	
	Plenum	Presiding Board/ Committees	Plenum	Presiding Board/ Committees	Plenum	Presiding Board/ Committees
Norbert Reithofer	5	18	5	18	100	100
Martin Kimmich*	5	17	5	17	100	100
Stefan Quandt	5	18	5	18	100	100
Stefan Schmid	5	17	5	17	100	100
Kurt Bock	5	18	5	18	100	100
Christiane Benner	5	-	5	-	100	-
Marc Bitzer	5	-	5	-	100	-
Bernhard Ebner	5	-	5	-	100	-
Rachel Empey	5	8	5	8	100	100
Heinrich Hiesinger	5	-	5	-	100	-
Johann Horn	5	-	5	-	100	-
Susanne Klatten	5	1	4	1	80	100
Jens Köhler	5	-	5	-	100	-
Gerhard Kurz	5	-	5	-	100	-
André Mandl	5	-	5	-	100	-
Dominique Mohabeer	5	8	5	8	100	100
Anke Schäferkordt	5	-	5	-	100	-
Christoph M. Schmidt	5	-	5	-	100	-
Vishal Sikka	5	-	5	-	100	-
Sibylle Wankel	5	-	5	-	100	-

* Member of the Supervisory Board since 18 January 2023.

Review of financial statements and the profit distribution proposal

PwC was appointed external auditor for the financial year 2023. PwC initially conducted a review of the condensed Interim Group Financial Statements and the Interim Group Management Report for the first half of 2023 and presented its findings to the Audit Committee. 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.

The Company Financial Statements and the Group Financial Statements of BMW AG for the financial year ended 31 December 2023, including the Combined Management Report, on which PwC has issued unqualified audit opinions, were authorised by the Board of Management on 12 March 2024. These audit opinions were signed for the fifth consecutive financial year by independent auditor Petra Justenhoven (Wirtschaftsprüferin) and, for the second time, by Michael Popp (Wirtschaftsprüfer) as the auditor responsible for the performance of the engagement.

At its meeting held on 29 February 2024, the Audit Committee initially gave in-depth consideration to the preliminary version of the Company and Group Financial Statements and the Combined Management Report (including the combined Non-financial (Group) Statement and the information on the EU taxonomy) as well as the draft version of the auditor's long-form reports.

Immediately after authorising their issue, the Board of Management submitted the Company and Group Financial Statements for the financial year 2023 and the Combined Management Report (including the Combined Non-financial (Group) Statement) to the Supervisory Board. The auditor's long-form audit reports were also submitted to the Supervisory Board in a prompt manner. In order to facilitate preparations, drafts of these documents had already been made available to the Supervisory Board in advance.

At its meeting held on 13 March 2024, 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 14 March 2024.

At the two respective meetings, the Board of Management provided a detailed explanation of the reporting documents submitted to the Audit Committee and the Supervisory Board. The representatives of the external auditor reported on the main findings of their audit and answered questions put to them by members of the Audit Committee and the Supervisory Board, partially without the presence of the members of the Board of Management. Both the Audit Committee and the Supervisory Board gave meticulous consideration to the key audit matters and the related audit procedures.

The representatives of the external auditors 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 no material weaknesses in the internal control system and risk management system were identified with regard to the financial reporting process.

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) jointly 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. At our meeting held on 14 March 2024, we accordingly approved the Group and Company Financial Statements of BMW AG for the financial year 2023. The Company Financial Statements for the year ended 31 December 2023 have therefore been adopted.

Furthermore, in both the Audit Committee and the full Supervisory Board, we examined the Board of Management's proposal to use the unappropriated profit to pay a dividend of € 6.00 for each share of common stock entitled to receive a dividend and € 6.02 for each share of preferred stock entitled to receive a dividend and to transfer the remaining amount to other revenue reserves. We consider the proposal appropriate and have therefore approved it.

Based on the preparatory work of the Audit Committee, the Supervisory Board and the Board of Management jointly prepared the Remuneration Report for the financial year 2023 in accordance with § 162 AktG. At the request of the Audit Committee, PwC reviewed the contents 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 with the financial reporting provisions contained in § 162 AktG in all material respects.

The Audit Committee and the Supervisory Board also carefully examined the combined Non-financial (Group) Statement for the year ended 31 December 2023. Following an in-depth explanation of the statement by the Board of Management, representatives of PwC presented the 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 and certain sustainability disclosures in the integrated BMW Group Report 2023 that were not subject to a reasonable assurance engagement, PwC issued an unqualified opinion, signed for the second time by Michael Popp (Wirtschaftsprüfer) and for the first time by Annette Fink.

The Supervisory Board acknowledged and approved the combined Non-financial (Group) Statement drawn up by the Board of Management. Following a preparatory review conducted by the Presiding Board as well as a further review at Supervisory Board level, the Statement on Corporate Governance drawn up by the Board of Management was also approved by the Supervisory Board.

Expression of appreciation by the Supervisory Board

With their great dedication and an outstanding collaborative effort during the past financial year, the members of the Board of Management and the employees of the BMW Group worldwide successfully defended the BMW brand's leading position in the global premium segment and significantly expanded the share of electric mobility in Group sales. We therefore wish to express our deep thanks and appreciation to all of them.

We are confident that the Board of Management and the BMW Group's workforce will continue to pursue the BMW Group's chosen path of sustainable and digitalised mobility in 2024, and we eagerly await the launch of the NEUE KLASSE in 2025.

Munich, March 2024

On behalf of the Supervisory Board

Yours


Norbert Reithofer

Chairman of the Supervisory Board

STATEMENT OF THE CHAIRMAN OF THE BOARD OF MANAGEMENT

Strong today – strong tomorrow.

**DEAR SHAREHOLDERS,
LADIES AND GENTLEMEN:**

You know your Company: we always think ahead.

We deliver what we say we are going to do – systematically, without making excuses, consistently and reliably. Becoming a little bit better every day – that is what I expect from the Company and from myself. That is how we move forward – bringing ambitious goals closer and gradually turning them into reality. Society likes to talk about the transformation of mobility and the automotive industry.

At the BMW Group, we call it continuous progress.

That is what the BMW Group stands for, like no other company. It is one of the reasons why you, our shareholders, continue to stand by us.



Oliver Zipse
Chairman of the
Board of Management

You lend us your support and give us the latitude we need to make decisions with a long-term perspective. Entrepreneur Herbert Quandt laid the foundation for this many years ago. His family's next generation and all of us who work at the Company are following his legacy. In his spirit, the Company and its employee representatives work together – negotiating firmly, but always focused on finding solutions for the future. That, too, is our lived BMW culture.

All these things make your Company strong and resilient. This is especially true in the current conditions, where we face a variety of extremely demanding requirements in individual regions of the world, with geopolitical uncertainty and entirely new challenges constantly emerging. We provide a substantial response to all these things.

More than 150,000 associates worldwide carry your Company forwards through their hard work and dedication every day. They all value your commitment and your loyalty to the BMW Group as shareholders.

Your Company intends to stay on track for success.

Our business model – individual premium mobility in its different forms and in line with regional requirements – continues to offer substantial potential for achieving profitable growth and gaining market share.

We are taking advantage of these opportunities in our rolling strategic approach and our long-term corporate planning. What sets us apart is that we make conscious decisions, that are consistently based on facts, empirical findings and well-founded analysis – not driven by the current "zeitgeist" or short-term hypes. And, of course, it takes experience and sometimes also common sense.

Our BMW, MINI, Rolls-Royce and BMW Motorrad brands enjoy an excellent reputation worldwide. Our products don't just get people from A to B; they touch hearts and spark emotions. Our customers experience their mobility in a very individual way. To achieve this, we are making mobility more human, more intelligent and more sustainable.

A glance in the rear-view mirror shows that we are certainly capable of doing this: BMW has overcome difficult situations many times in the past. This certainty has shaped our self-confidence for 108 years. Your Company has constantly reinvented itself – taking bold leaps in innovation at exactly the right time.

Timing is key in whether innovations gain traction and the Company stays relevant, but it is also clear that:

The future is always ahead of us. And we are prepared!

We know where we are headed at all times and we know what we need. Our consistent behaviour shapes the image of your Company in the eyes of the public and among our stakeholders. People expect us to consider things carefully and to come up with practical solutions. We "walk the talk" – people know that we take big leaps, but that we also deliver. All electric vehicles are projected to account for half of our global deliveries before 2030. We are right on track.

Your investment in the BMW Group must be worth it.

Your Company is robust and financially strong. Our Automotive EBIT margin for financial year 2023 was within our upwardly adjusted target range of 9.0 to 10.5%. As you know, we are still targeting a range of 8 to 10% in the long term. At Group level, our EBT margin for 2023 of 11% exceeded our strategic target of 10%.

Our profitability puts us in a position where we can once again pay you an attractive dividend. We are making major investments in our future. The same applies to 2023 as well as to the current financial year. Our R&D spending focus on our products, further electrification and digitalisation of our line-up and automated driving. At the same time, we are investing in the NEUE KLASSE mega-project, our modular kits, construction of high-voltage battery production facilities in various markets, and the new plant in Debrecen, to name just a few examples. Your Company is going to profit noticeably from all this in the coming years.

"We make conscious decisions, that are consistently based on facts."

Strong products generate strong demand.

We delivered a total of 2.55 million vehicles to customers in 2023. As anticipated, we not only posted solid year-on-year growth, but also achieved a new all-time high at Group level. Our brands performed very well individually, too, with new all-time highs for BMW, BMW M, Rolls-Royce and BMW Motorrad. Despite the model changeover due to the extensive realignment of the brand, MINI reported higher sales than the previous year.

Our core BMW brand maintains its leading position in the global premium segment. In March 2024, BMW was ranked number one in the US by the consumer portal "Consumer Reports". This independent platform compared test ratings, reliability, customer satisfaction and safety criteria among 34 automotive manufacturers. Four BMW models even earned the "Green Choice" environmental seal for being among the vehicles in the United States with the lowest emissions.

Dynamic growth for our all-electric models.

In addition to significant growth in the luxury class and upper premium segment, the strongest impetus for growth last year came from our all-electric vehicles. We sold over 375,000 BEVs – which is about 75% more than the previous year. This means that, by the end of 2023, all-electric vehicles made up around 15% of our total sales.

This is also reflected in our share of the global BEV market: at 4.1%, it is already significantly higher than our share of the total global market, which remains stable at 3.3%.

By the end of 2024, we will have more than 15 all-electric models in our line-up across all brands, from MINI to BMW to Rolls-Royce. All of this speaks for our fresh and highly attractive product range – across all brands, all segments and all drive technologies.

In 2023, all our new vehicles went into production or were released onto the market, as planned, including the new BMW 5 Series and the new BMW X2 with the all-electric variants, the i5 and iX2. MINI also presented two models from the all-new MINI family at the IAA MOBILITY: the Cooper 3-door and the Countryman.

BMW Motorrad celebrated its centenary in late September of last year, with Federal Chancellor Olaf Scholz attending the anniversary celebrations at the Berlin-Spandau plant. There were two main highlights: the inauguration of the BMW Motorrad Welt – the counterpart to our BMW Welt in Munich, as a delivery and visitor centre – and the premiere of the R 1300 GS. Fans all over the world have been eagerly awaiting this leap in the next GS generation. All I have to say is: pure high-tech on two wheels – earning extremely positive feedback from the trade press.

Our technological expertise is delivering results.

Our broad, yet centred, approach, with systematic further development of all drive technologies, reflects BMW's typical self-belief, as well as the effectiveness of our strategy. General recognition of our strategy keeps on growing since we continue to present measurable successes in decarbonisation.

Your Company outperformed the EU CO₂ fleet target by 20%.

As in previous years, we not only met the EU CO₂ fleet target for the use phase in 2023, but significantly overfulfilled it: the BMW Group's numbers came in at 26.5 grams significantly below the applicable limit for the reporting year of 128.6 grams of CO₂ per kilometre. We therefore ended up below the CO₂ limit set for BMW by more than 20%.

As you can see, we are continuing the positive trend of recent years, through further electrification of our vehicle portfolio and by using innovative Efficient Dynamics technologies throughout our entire fleet.

Technology openness in BMW 5 Series and 5 Series Touring.

Following on from the new BMW 5 Series Sedan, which has been available since late 2023, the new BMW 5 Series Touring is another perfect example of how our comprehensive technological expertise works in practice.

The Touring, which will be launched this spring, is especially popular in Europe. Here, also, customers will have four drive concepts to choose from: all-electric, plug-in hybrid or highly efficient diesel and petrol engines with 48-volt mild-hybrid technology. BMW is where Touring meets e-drive. No one else in this segment offers a vehicle like the all-electric BMW i5 Touring, with an electric range of over 500 kilometres.

We also haven't forgotten the fans of the BMW M brand: they can look forward to a new edition of the M5 this year – as both Sedan and Touring variants. Both M variants come with an impressive partially electrified drivetrain.

Our plug-in hybrid models remain an important element of our drivetrain portfolio. Current Gen5 battery technology already enables an attractive range. Plug-in hybrids also provide a boost to e-mobility that should not be underestimated. Many customers discover the advantages of electric driving for the first time this way.

Early in 2024, we passed the milestone of two million electrified vehicles sold. This includes both pure electric vehicles and plug-in hybrids.

We are already testing hydrogen drivetrains in everyday situations.

We have been testing the BMW iX5 Hydrogen on the road in selected countries under everyday conditions since last year. Our pilot fleet's world tour has raised awareness of the role hydrogen can play in the energy transition – not just for mobility, but industry-wide. We see hydrogen as a possible alternative drive technology in the mid to long term.

Our vehicles performed well under various climate and traffic conditions – and the public response has been overwhelmingly positive. This is understandable, since hydrogen fuel cell drivetrains combine the best of both worlds: the advantages of an emissions-free e-drive, with the fast refuelling people are used to. We also demonstrated this at the COP28 UN Climate Change Conference in Dubai. Your Company is supporting the growth of the hydrogen economy worldwide, as well as locally, including expansion of infrastructure networks for hydrogen filling stations.

"We are steering the e-mobility ramp-up smartly and precisely in line with demand in all regions of the world."

We aim to continue our profitable growth.

All our brands and drivetrain variants help assure the continued profitable growth of your Company. We expect to see significant double-digit growth in sales of our BEV models again in 2024. We continue to steer the e-mobility ramp-up smartly and precisely in line with differentiated demand in all regions of the world.

We presented our latest models to members of the international media in Portugal in February 2024. Shortly afterwards, we invited 1,500 retailers from 30 European countries to Amsterdam for a glimpse of the future, including the new BMW 1 Series and the latest edition of one of our top-selling individual models, the BMW X3.

The new MINI models for 2024 include the next member of the new MINI family, the Aceman, which will celebrate its world premiere in April 2024. This electric-only crossover in the premium compact-car segment will also bring a massive leap in digitalisation. MINI has a devoted community and creates a unique sense of life and community spirit. The new MINI family is produced at our Chinese joint venture, Spotlight, in Oxford, UK, and, for the first time, in Germany, at the Leipzig plant. At Rolls-Royce, Spectre is the first battery-electric model to become available. Rolls-Royce has long been a standout and unrivalled in the ultra-luxury class with exclusive models.

With the CE02, BMW Motorrad is already releasing its second all-electric model onto the market, as well as the second M motorcycle model, the M 1000 XR, and the R 1300 GS Adventure. That means there will be no fewer than three new top models at BMW Motorrad. They all illustrate the breadth of the product line-up. Everyone – and that also applies to me as a motorcycle rider – can find the right bike for their needs at BMW Motorrad.

NEW RETAIL: direct sales as win-win for everyone involved.

In January 2024, we sold and delivered our first vehicle, a MINI, through our new sales system. We have already switched the MINI brand to a direct sales model in Poland, Italy and Sweden, with other European markets to follow. In China, we have been successfully using this approach for MINI since 2023.

For the BMW brand, we are also setting ourselves up for direct sales access to customers in the future and will be launching NEW RETAIL for BMW in Europe from 2026 onwards.

We aim to digitalise and simplify the car-buying process for customers, with transparent, consistent pricing nationwide. This will create a win-win situation for everyone involved. Our retail partners and their profitable business model will remain an essential pillar of these new arrangements.

Automated driving: the car as digital companion.

It goes without saying that we offer our customers the newest innovations and the latest, state-of-the-art technology. Over-the-air upgrades ensure that every one of our vehicles is always digitally up to date. The art lies in mastering this process: we anticipate far in advance what our customers are going to need and want in five to ten years' time. That is how we ensure they get the best overall package from us. This is our aspiration.

And that is why we keep setting benchmarks:

The BMW 5 Series Sedan is the first car in Germany to be approved for partially automated driving at speeds up to 130 km/h on motorways. The BMW Highway Assistant allows the driver to take their hands off the steering wheel while driving longer distances. We also added a completely new feature: Active Lane Change Assistant with eye confirmation. This allows the vehicle to make an automated lane change without a steering intervention: a glance in the exterior mirror is all that is required.

Taking your hands off the steering wheel and even being able to temporarily turn your attention away from the road – that is Level 3 highly automated driving. From March 2024 onwards, our customers will be able to do precisely this in the models of the new BMW 7 Series. BMW Personal Pilot L3 is the name of this new function, which takes over driving in certain defined traffic situations and manages speed, distance and lane tracking autonomously.

For us, the highest level of premium functionality goes hand in hand with maximum safety for our customers and all road users. We therefore opened the Future Mobility Development Centre in Sokolov in the Czech Republic in summer 2023, where we are testing automated driving and parking functions, up to and including fully automated driving (Level 4). At this location, we are able to simulate virtually all situations that occur in road traffic and thus ensure the maturity of our technical solutions.

NEUE KLASSE – vision becomes reality.

With its spectacular Vision Vehicles, your Company showcases time and again indicates the direction in which we are taking mobility, in line with the major global topics of the future – through bold leaps in innovation and responsible action. This is what our NEUE KLASSE mega-project represents in a unique way.

Last year, there were two major milestones: at the CES in Las Vegas at the start of the year, we unveiled our BMW i Vision Dee, full of digital innovations. Then, in September, at the IAA MOBILITY, we presented our BMW VISION Neue Klasse. No other car at the IAA MOBILITY received as much media coverage and attention as the BMW VISION Neue Klasse.

We also presented this Vision Vehicle to our associates at an exclusive evening event. The interest was huge. Up to 700 associates from across Germany were selected by lottery to attend the event live with a companion. Another 25,000 watched the live stream or the recording of the event. That is a sixth of our global workforce. I see that as genuine interest in our joint future project, the NEUE KLASSE.

“We anticipate far in advance what our customers want. That is how we ensure they get the best overall package from us.”

The NEUE KLASSE is so much more than just a single car; it is an entirely new generation of BMW models – all of them developed with an all-electric heart, fully digitalised and with a clear focus on sustainability. The innovations of the NEUE KLASSE will benefit all future BMW models.

We are preparing to launch the NEUE KLASSE onto the market at an unprecedented pace from 2025 onwards, with six models within just 24 months of the start of production. We showed the scope of the NEUE KLASSE in a very concrete way for the first time at the BMW Group Annual Conference on 21 March 2024. Its offering ranges from sporty sedan to X model. The BMW VISION Neue Klasse and our newest Vision Vehicle – the BMW VISION Neue Klasse X – represent these two bookends.

I can promise you that both Vision Vehicles will be on the market soon in a very similar form. In-between these two models, there is plenty of room for everything that will define the BMW brand in the future.

The Board of Management members already had the chance to drive prototypes of the NEUE KLASSE. What a fantastic driving experience! The first camouflaged prototypes are already being tested on the roads and we will be building the first pre-production vehicles before the end of the year.

After the official start of production, in 2025, at our newest BMW plant in Debrecen, Hungary, the NEUE KLASSE will also come off the production line at our oldest plant in Munich from 2026, with other locations worldwide to follow. Incidentally, one out of every two BMWs leaving the Munich production line is already fully electric today. From 2027 onwards, our more than 100-year-old main plant will build only electric vehicles.

"The NEUE KLASSE is much more than just a single car. It is an entirely new generation of BMW models – all of them developed with an all-electric heart, fully digitalised and with a clear focus on sustainability."

Mobility is movement – and movement requires energy and functioning supply chains.

We are talking here about powerful, innovative and sustainably produced battery cells – in other words, high-voltage batteries. In the models of the NEUE KLASSE, we will be using our newly developed round lithium-ion battery cells, which have been optimised for the new architecture, for the very first time.

Our sixth-generation BMW eDrive technology represents an enormous leap in technology, compared to the previous generation: we are increasing energy density by more than 20%, improving charging speed by up to 30% and boosting range by around 30% – at the same time as lowering costs. We are also reducing CO₂ emissions from cell production by up to 60%.

For both basic research and development of mass-manufacturing processes for high-voltage batteries, your Company is relying on in-house expertise. We want to understand every aspect of the high-voltage battery. To do so, we have created the necessary conditions for this with the Battery Cell Competence Centre in Munich and the Cell Manufacturing Competence Centre in Parsdorf, Bavaria, enabling us to span all value creation processes involved in cell production; this is a crucial step for us.

The Gen6 batteries for our plants in Bavaria will be supplied from our planned new location in Irlbach-Straßkirchen from 2026 onwards. Before embarking on the building project, we sought frank and open dialogue with local residents. We were very pleased that they voted strongly in favour of our site and see this as confirmation of our efforts.

Your Company is building production facilities for BMW high-voltage batteries not just in Lower Bavaria, but all over the world – always in close proximity to our vehicle plants in Hungary, the US, Mexico, China and Thailand. Our strategic "local for local" approach also guarantees short transport distances for high-voltage batteries and secures our supply against unforeseen events in different regions of the world.

With our "i Supply Chain" strategy, we are ensuring resilient, excellent and digital supply chains in all areas. Our plants worldwide need supplying with 36 million parts every day – at the right time, in the best quality and in the right quantity. For the digitalisation of our supply chains, we are relying on Catena-X, a shared data ecosystem for automotive manufacturers, suppliers and subcontractors, as well as recycling companies in the future. This digital collaboration increases efficiency and transparency – for example, around the carbon footprint and options for tracing components and raw materials.

People like working for the BMW Group.

Last year, renowned US publication Time Magazine and online platform Statista compared 750 international companies. Your Company did exceptionally well to make it into the top 10, and was, in fact, the highest-ranked automotive manufacturer in the global comparison. Three criteria were decisive for this assessment: revenue growth, sustainability and employee satisfaction. These three are not opposing factors but belong together.

With regard to employees: in autumn 2023, we once again asked our global team to share their opinion. For the first time, all 150,000 associates worldwide were able to take part. 84% took advantage of this opportunity.

The vote was unequivocal: 85% support our strategy – our BMW way. Another very clear majority of 88% said they would recommend our Company as an employer. 93% are proud to work for the BMW Group.

Is there any better foundation for continuing on our successful course together?

2023 was another strong team effort.

Personally, and on behalf of the entire Board of Management, I would like to thank all our associates. Everyone made a valuable contribution. I would also like to thank all our customers worldwide, our retail organisation and our suppliers.

All of us at BMW are united by a can-do spirit: think ahead – perform – succeed!

“Our customers experience their mobility in a very individual way. We therefore are continually laying the foundation for our future success. That is continuous progress. ”

Dear Shareholders,

Our business environment will again be dominated by a great many challenges this financial year, including weak economic development in several markets, the price development in the automotive sector, high interest rates and the uncertainty created by geopolitical shifts.

That is why it is so decisive that we recognise and systematically exploit our opportunities. It is important to me that all of us at the BMW Group approach our tasks with self-belief, confidence and the necessary grit. I travel the world a lot, visiting our markets and facilities. Everywhere I go, I see how valuable and important individual mobility is in many people's everyday lives.

Courage, pride in performance and resilience.

That is what makes your Company different. We dare to chart our own course, even in turbulent times; we are able to withstand the headwinds, as long as we are convinced that we are on the right path.

Your Company is a high-performance organisation. That is why we once again have ambitious plans for 2024: on the automotive side, 14 new models will go into production and BMW Motorrad will release a further 12 new models – not to mention numerous model updates and engine variants. We have never postponed a launch and we will not waver from this.

All of this shows that we are continually laying the foundation for our future success. That is continuous progress. In other words: [➤ DRIVING THE NEXT ERA.](#)

That is why the following applies to your Company:
Strong today – strong tomorrow.

*Yours
O. Zipse*

Oliver Zipse

Chairman of the Board of Management

From left to right:

Ilka Horstmeier
Member of the Board of Management,
People and Real Estate

Joachim Post
Member of the Board of Management,
Purchasing and Supplier Network



From left to right:

Frank Weber
Member of the Board of Management,
Development

Milan Nedeljković
Member of the Board of Management,
Production



THE BOARD OF MANAGEMENT



From left to right:

Walter Mertl
Member of the Board of Management,
Finance

Oliver Zipse
Chairman of the Board of Management

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

The Board of Management



COMPOSITION OF THE BOARD OF MANAGEMENT AND SUPERVISORY BOARD

CURRENT MEMBERS OF THE BOARD OF MANAGEMENT

OLIVER ZIPSE (b. 1964)

Member since 2015
Chairman (since 2019)

Mandates

- Fraunhofer-Gesellschaft zur Förderung der angewandten Forschung e. V., Deputy Chairman

JOCHEN GOLLER (b. 1966)

Member since 1 November 2023
Customer, Brands, Sales

Mandates

- Rolls-Royce Motor Cars Ltd.***, Chairman (since 1 November 2023)

ILKA HORSTMEIER (b. 1969)

Member since 2019
People and Real Estate,
Labour Relations Director

WALTER MERTL (b. 1974)

Member since 12 May 2023
Finance

Mandates

- BMW Brilliance Automotive Ltd.***, Chairman (since 12 May 2023)

DR-ING MILAN NEDELJKOVIĆ (b. 1969)

Member since 2019
Production

Mandates

- BMW (South Africa) (Pty) Ltd.***, Chairman
- BMW Motoren GmbH**, Chairman

DR-ING JOACHIM POST (b. 1971)

Member since 2022
Purchasing and Supplier Network

FRANK WEBER (b. 1966)

Member since 2020
Development

General Counsel:

DR ANDREAS LIEPE

OUTGOING MEMBERS OF THE BOARD OF MANAGEMENT

PIETER NOTA (b. 1964)

Member from 2018 until 31 October 2023
Customer, Brands, Sales

Mandates

- Rolls-Royce Motor Cars Ltd.***, Chairman (until 1 November 2023)

DR NICOLAS PETER (b. 1962)

Member from 2017 until 11 May 2023
Finance

Mandates

- BMW Brilliance Automotive Ltd.**, Chairman (until 11 May 2023)

* Not listed on the stock exchange.

** BMW Group mandate.

*** Group mandate (other).

— Memberships on other mandatory supervisory boards.

— Memberships on comparable boards in Germany and abroad.

CURRENT MEMBERS OF THE SUPERVISORY BOARD

DR-ING DR-ING Eh 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 AG (until 9 February 2023)
- Henkel Management AG*
- Henkel AG & Co. KGaA (Shareholders' Committee)

DR MARTIN KIMMICH¹ (b. 1972)

Member since 18 January 2023, appointed until the AGM 2024

Deputy Chairman of the Supervisory Board

(since 23 January 2023)

Chairman of the General Works Council and Works Council

Munich of BMW AG

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, and indirectly 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 BMW AG Works Council Dingolfing

DR KURT BOCK (b. 1958)

Member since 2018, elected until the AGM 2027

Deputy Chairman of the Supervisory Board and

Chairman of the Audit Committee

Chairman of the Supervisory Board of BASF SE

Mandates

- BASF SE, Chairman

CHRISTIANE BENNER² (b. 1968)

Member since 2014, elected until the AGM 2024

First Chairwoman of IG Metall (since 23 October 2023)

Mandates

- Continental AG, Deputy Chairwoman

DR MARC BITZER (b. 1965)

Member since 2021, elected until the AGM 2025

Chairman and CEO of Whirlpool Corp.

Mandates

- Simex Trading AG*
- Whirlpool Corp., Chairman

BERNHARD EBNER¹ (b. 1978)

Member since 2021, appointed until the AGM 2024

Chairman of the BMW AG Works Council Landshut

RACHEL EMPEY (b. 1976)

Member since 2021, elected until the AGM 2025

Member of Supervisory Boards

Mandates

- ZF Friedrichshafen AG* (since 15 March 2023)

DR-ING HEINRICH HIESINGER (b. 1960)

Member since 2017, elected until the AGM 2026

Chairman of the Supervisory Board of ZF Friedrichshafen AG

Mandates

- Deutsche Post AG
- Fresenius Management SE*
- ZF Friedrichshafen AG*, Chairman

¹ Employee of the enterprise.

² Union representative.

³ Executive employee of the enterprise.

* Not listed on the stock exchange.

** BMW Group mandate.

*** Group mandate (other).

— Memberships on other mandatory supervisory boards.

— Memberships on comparable boards in Germany and abroad.

JOHANN HORN² (b. 1958)

Member since 2021, appointed until the AGM 2024
Union Secretary

Mandates

- Siemens Healthcare GmbH*

DR HC SUSANNE KLATTEN (b. 1962)

Member since 1997, elected until the AGM 2024
Entrepreneur

Mandates

- ALTANA AG^{***}, Deputy Chairwoman
- SGL Carbon SE, Chairwoman (until 9 May 2023)
- SprinD GmbH*
- UnternehmerTUM GmbH*, Chairwoman

Note: Dr hc Klatten indirectly holds all shares in ALTANA AG and a significant non-controlling interest in SGL Carbon SE; she is the sole shareholder of UnternehmerTUM GmbH. The mandates at SprinD GmbH and UnternehmerTUM GmbH are primarily an expression of her corporate citizenship.

JENS KÖHLER¹ (b. 1964)

Member since 2021, appointed until the AGM 2024
Chairman of the BMW AG Works Council Leipzig

GERHARD KURZ³ (b. 1963)

Member since 2022, appointed until the AGM 2024
Head of Corporate Quality at BMW AG

ANDRÉ MANDL¹ (b. 1984)

Member since 2022, appointed until the AGM 2024
Chairman of the BMW AG Works Council Regensburg/
Wackersdorf

DR DOMINIQUE MOHABEER¹ (b. 1963)

Member since 2012, elected until the AGM 2024
Member of the BMW AG Works Council Munich

ANKE SCHÄFERKORDT (b. 1962)

Member since 2020, elected until the AGM 2025
Member of Supervisory Boards

Mandates

- Serviceplan Group Management SE*
- Wayfair Inc.

PROF DR DR HC CHRISTOPH M. SCHMIDT (b. 1962)

Member since 2021, elected until the AGM 2025
President of RWI - Leibniz-Institute of Economic Research
Essen, University Professor

Mandates

- Basalt-Actien-Gesellschaft*
- Thyssen Vermögensverwaltung GmbH*

DR VISHAL SIKKA (b. 1967)

Member since 2019, elected until the AGM 2024
CEO and Founder, Vianai Systems, Inc.*

Mandates

- GSK plc.
- Oracle Corp.

SIBYLLE WANKEL² (b. 1964)

Member since 2022, appointed until the AGM 2024
Managing Director and First Representative
of IG Metall's Munich Office

Mandates

- KraussMaffei Group GmbH*, Deputy Chairwoman
- MAN Truck & Bus SE*

¹ Employee of the enterprise.

² Union representative.

³ Executive employee of the enterprise.

* Not listed on the stock exchange.

** BMW Group mandate.

*** Group mandate (other).

— Memberships on other mandatory supervisory boards.

— Memberships on comparable boards in Germany and abroad.

DIALOGUE WITH STAKEHOLDERS

Stakeholder engagement

The BMW Group operates within a highly interconnected, complex world. Its business activities impact 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. [↗ GRI Index: 2-29](#)

Key topics in 2023

The BMW Group's interaction with stakeholders includes topics brought to its attention from outside the Group as well as those in which it proactively engages in dialogue. This combination results in a comprehensive spectrum of topics:

- The Paris Climate Agreement and climate neutrality goal of the BMW Group
- Emissions limits with a focus on technological diversity in terms of drivetrain technologies and vehicle concepts
- Hydrogen as a potential energy storage for electric drivetrain systems
- Circular design and use of secondary materials (particularly in relation to battery recycling)
- Active crisis management regarding the geopolitical situation and energy supply
- Supply of critical raw materials
- Compliance with statutory due diligence obligations in supply chains, particularly environmental and social

standards and respect for human rights, especially regarding the procurement of raw materials for electromobility applications

- Sustainable financing, EU taxonomy and sustainability reporting standards, greenwashing
- Social responsibility for employees
- Increased transparency in the sustainability indicators provided in product information
- Establishment of a new site in Germany to assemble high-voltage batteries

BMW Group Xchange

The BMW Group XChange encompasses the well-established forms of events organised by the Group, such as the BMW Group Dialogues and the rad^ohub, providing the appropriate platforms to encourage dialogue with a variety of target groups. The formats selected usually take place several times a year. The results of these stakeholder dialogues are documented and incorporated in the Group's strategic considerations. [↗ GRI Index: 2-12](#)

Participation in public policy development and work in associations

The BMW Group maintains an active, open and transparent dialogue with decision makers and representatives of politics, trade unions, associations and non-governmental organisations (NGOs), with a view to playing a constructive and transparent role in helping to shape the general political framework to the extent that it concerns the Group's business activities. The BMW Group is a member of numerous associations in various countries. As a rule, membership and commitment are voluntary.

In certain cases, however, participation may also be based on statutory requirements.

The BMW Group's involvement in associations ranges from board memberships in association bodies to active participation in working groups as well as simple observer status. Our goal is to coordinate our approach with the respective associations on positions regarding relevant strategic issues. If the BMW Group identifies discrepancies between association and Company positions, the Company works with the association concerned with the aim of bringing the positions closer together. The BMW Group sees its role as sharing its corporate opinions as part of the associations' policy-forming process. In this way, we are able to participate in discussions on key strategic issues such as climate protection, human rights, the circular economy, decarbonisation with a view to achieving the Paris climate targets, and transparent supply chain management.

A comprehensive overview of the BMW Group's key political positions and activities can be found at [↗ Advocacy](#), a new section of the website made available in May 2023 which goes beyond and replaces the previous Climate Commitment Report.

Financial market player with sustainability credentials

Regular, in-depth communication with capital market players has always been given a high priority within the BMW Group. The BMW Group kept investors, analysts and rating agencies up to date again in 2023 with its regular quarterly and annual reporting. The BMW Group has stepped up its communication with investors who consider sustainability criteria in their investment decisions in the past few years and now meets this group's information needs with in-person and virtual ESG conferences, in addition to individual and group meetings. The Group's communication focused on the further development of the business model, digitalisation and other technology trends in the automotive industry, sustainability in the supply chain and the ramp-up of electromobility. In 2023, the Group also focused on measuring the carbon footprint of its pension plan assets in the UK and Germany, and validating the data available for this purpose. The [TCFD Report](#) was created for the UK BOPS* Plan, reiterating the target to achieve carbon neutrality for the scheme's asset portfolio by 2050.

The volume of non-liquid pension plan assets invested in our various impact funds continues to grow according to schedule, with several new subscriptions exercised in the form of fund-based investments. The investments made to date in this area relate not only to climate protection, but also to other Sustainable Development Goals (SDGs) set out by the UN. Investments that have a beneficial effect on the climate are at the forefront of the impact funds.

Outlook

The BMW Group will continue to interact closely and constructively with its stakeholders and develop existing dialogue opportunities in 2024, and will continue to maintain active dialogue with capital market players such as investors, financial analysts and rating agencies. As in previous years, our activities will include direct dialogue as well as participation in in-person and virtual ESG conferences.

Moreover, plans are in place for the coming year to expand the scope of recording the carbon emissions associated with those 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 Board of Management's collaboration with stakeholders to identify and manage impacts

The Board of Management keeps up to date with stakeholder feedback and positions through a variety of channels, for example in regular Board meetings, in direct dialogue with stakeholder groups (such as investors or political decision makers) and through briefings conducted by BMW Group departments, especially prior to attending major events such as OECD conferences or the Group's Annual General Meetings. The Chairman of the Supervisory Board also maintains regular contact with stakeholders. The members of the Supervisory Board attend the Annual General Meeting, and many of them also interact with stakeholders as part of their other activities and mandates.

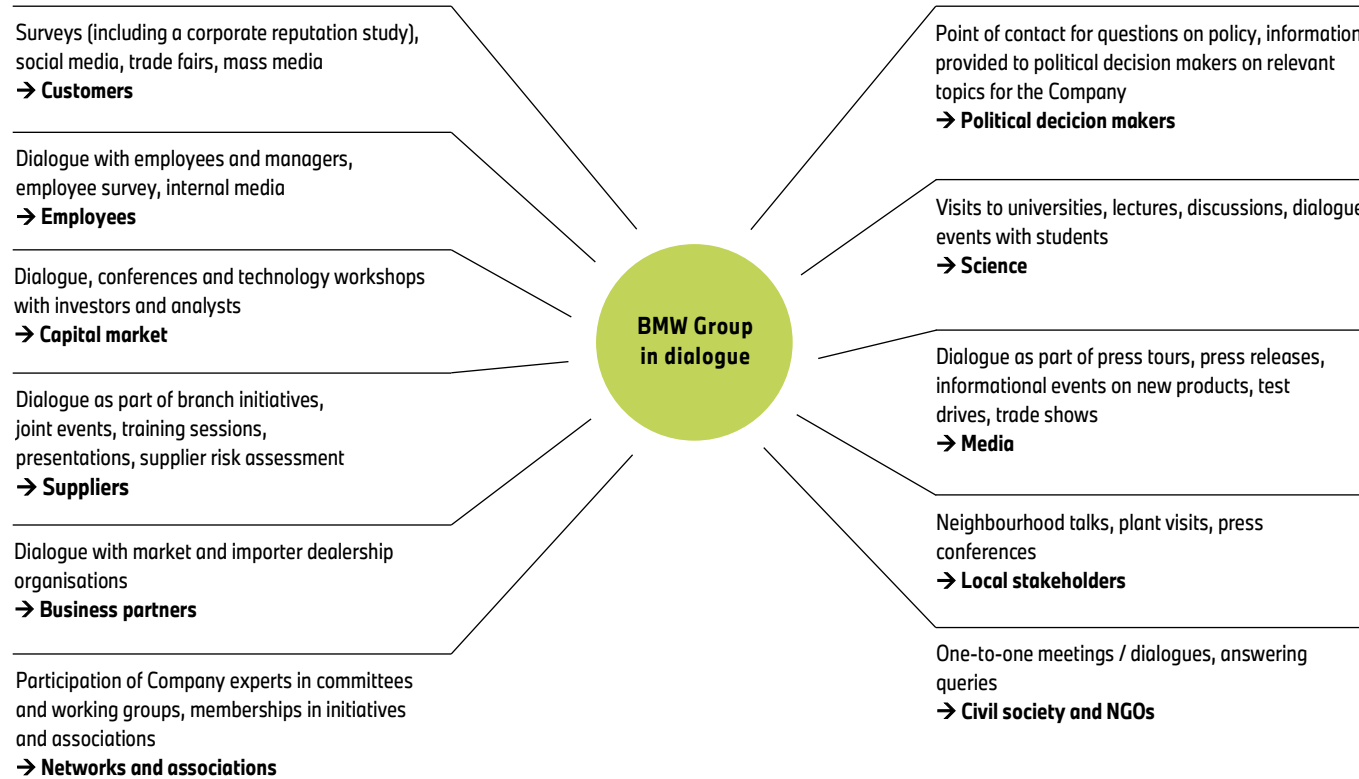
Approach taken to engage stakeholders

The BMW Group continuously communicates with a large number of different stakeholder groups at all locations and in all markets. Appropriate forms and methods of engagement are selected, depending on the situation.



* BMW Operations Pension Scheme.

Stakeholder groups and forms of dialogue



BMW GROUP AND CAPITAL MARKETS

RATINGS REMAIN AT HIGH LEVEL

BMW AG continues to have one of the best credit ratings of any automobile manufacturer. In 2023, the rating agencies Moody's and Standard & Poor's (S&P) both confirmed BMW AG's high investment-grade credit ratings within a challenging market environment. Moody's long-term rating remains at "A2 with stable outlook", while the short-term rating is unchanged at "P-1". S&P's long-term rating remains at "A with stable outlook", with a short-term rating of "A-1".

The credit ratings reflect BMW's continued strong operating performance. The credit rating is also backed up by the Company's solid capital structure, balanced financial policy and solid liquidity position. Moreover, the increasing proportion of Group sales of all-electric vehicles is seen as a positive factor. With this profile, the rating agencies view BMW AG as well prepared to master the numerous challenges arising in conjunction with the transformation of the automotive industry and in terms of future macro-economic developments (including volatile prices, supply bottlenecks, geopolitical upheavals, inflation and rising interest rates).

These above-average credit ratings are testimony to BMW AG's excellent creditworthiness. Accordingly, BMW AG enjoys good access to international capital markets and benefits from attractive refinancing conditions.

Company rating	Moody's ¹	Standard & Poor's ²
Long-term debt	A2	A
Short-term debt	P-1	A-1
Outlook	stable	stable

¹ Moody's scale for long-term ratings: Aaa to C. Moody's scale for short-term ratings: P-1 (Prime-1) to NP (Not Prime).

² S&P scale for long-term ratings: AAA to D. S&P scale for short-term ratings: A-1 to D.

GOOD PLACEMENT IN SUSTAINABILITY RATINGS

The BMW Group again achieved a good ranking in prestigious sustainability ratings in 2023, confirming its strong position in this respect. The BMW Group has an AA rating from MSCI ESG, a score of 24.8 from Sustainalytics, and a C+ rating and Prime status from ISS ESG.

DIVIDENDS ONCE AGAIN AT A HIGH LEVEL

The Board of Management and the Supervisory Board will propose to the Annual General Meeting that the unappropriated profit of BMW AG amounting to € 3,802 million (2022: € 5,481 million) be used to pay a dividend of € 6.00 for each share of common stock entitled to receive a dividend (2022: € 8.50) and a dividend of € 6.02 for each share of preferred stock entitled to receive a dividend (2022: € 8.52) and to transfer the remaining amount to other revenue reserves. The 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) for 2023 therefore stands at 33.7% (2022: 30.6%).

BMW AG Stock

	2023	2022	2021	2020	2019
COMMON STOCK					
Number of issued shares in 1,000	579,796	601,995	601,995	601,995	601,995
Shares bought back as of reporting date in 1,000	4,218	15,312	-	-	-
Stock exchange price in € ¹					
Year-end closing price	100.78	83.38	88.49	72.23	73.14
High	112.90	99.32	95.89	76.68	77.75
Low	85.80	69.13	68.34	37.66	58.70
PREFERRED STOCK					
Number of issued shares in 1,000	58,920	60,844	59,404	57,689	56,867
Shares bought back as of reporting date in 1,000	943	1,449	-	-	-
Stock exchange price in € ¹					
Year-end closing price	89.95	79.55	73.30	55.20	55.05
High	105.00	85.20	82.00	57.60	67.85
Low	80.15	58.85	51.60	32.50	47.54
KEY DATA PER SHARE IN €					
Dividend					
Common stock	6.00 ²	8.50	5.80	1.90	2.50
Preferred stock	6.02 ²	8.52	5.82	1.92	2.50
Earnings per share of common stock ³	17.67	27.31	18.77	5.73	7.47
Earnings per share of preferred stock ⁴	17.69	27.33	18.79	5.75	7.49
Free cash flow Automotive segment ⁵	10.96	17.14	9.61	5.15	3.90
Equity ^{5,6}	141.42	134.85	113.60	93.26	90.92

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 key figure is calculated without the repurchased shares.

⁶ From the 2022 financial year, the equity of BMW AG shareholders will be used for the calculation.

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02

**COMBINED
MANAGEMENT REPORT**

OVERVIEW OF THE BMW GROUP

ORGANISATION AND BUSINESS MODEL

The BMW Group develops and manufactures innovative premium automobiles and motorcycles. Its BMW, MINI, Rolls-Royce and BMW Motorrad brands are among the best-known in the world. The BMW Group occupies leading market positions in both the premium segment and the financial services sector.

Electric, digital and circular - for the BMW Group, these are the keys to individual mobility with a clear focus on sustainability. The BMW Group is leading the way in shaping tomorrow's mobility with its brands' innovative products. The Vision Vehicle [BMW VISION Neue Klasse](#) marks the first time that all three areas - electromobility, digitalisation and circularity - have been brought together and provides a look ahead at the completely new model generation of the NEUE KLASSE.



3

Bayerische Motoren Werke Aktiengesellschaft (BMW AG), based in Munich, Germany, is the parent company of the BMW Group. The BMW Group comprises BMW AG itself and all subsidiaries over which BMW AG has either direct or indirect control [List of Investments](#). The BMW Group is subdivided into the [Automotive, Motorcycles and Financial Services](#) segments and the Other Entities segment. [Presentation of segments](#) BMW AG assumes central responsibility for the management of the Automotive, Motorcycles and Financial Services operating segments.

At 31 December 2023, the BMW Group employed a workforce of 154,950 people worldwide.



3

SEGMENTS

Automotive segment

With its automobile brands BMW, MINI and Rolls-Royce, the BMW Group caters to a wide range of customer requirements. The essence of the BMW brand lies in the seamless interplay between components, which provide the distinctive driving dynamics synonymous with the brand. An extensive and attractive product range with a variety of drivetrains - from purely electric drives (BEV¹) and modern plug-in hybrids (PHEV²) to highly efficient combustion engines - reflects BMW's technology-oriented approach. The product range includes automobiles ranging from the premium compact class to the luxury class. The range of vehicles in the various classes is rounded out by the innovative high-performance automobiles in BMW M's high-performance class.



3

¹ Battery Electric Vehicle [Electrified Vehicles](#).

² Plug-in Hybrid Electric Vehicle [Electrified Vehicles](#).

³ [Consumption and Carbon Disclosures](#).

The MINI brand stands for maximum driving pleasure in the premium compact segment. The all-electric MINI Cooper SE* remained the brand's best-selling model in the year under report. When it unveiled the "New MINI Family" in the autumn of 2023, the brand heralded the start of a new all-electric future focused on the digital experience, innovative technologies and the unmistakable driving pleasure that comes from driving a MINI. In spring 2024, the MINI Aceman will celebrate its world premiere as the first all-electric crossover model.

The Rolls-Royce brand is steeped in tradition and offers automobiles in the ultra-luxury class, with a focus on exclusive service and meeting bespoke customer specifications. The luxury brand is en route to the all-electric age after launching its first BEV model, the Rolls-Royce Spectre*, at the end of 2023.

The global sales network of the BMW Group's automobile business currently comprises more than 3,500 BMW, 1,600 MINI and 147 Rolls-Royce dealerships. [↗ Automotive segment](#)

Motorcycles segment

The BMW Group is also pursuing a consistent electrification strategy in the premium motorcycles segment. In its centenary year, the BMW Motorrad brand set a new milestone in the premium segment with the all-electric eParkourer CE 02 from the Urban Mobility segment. BMW Motorrad offers a range of vehicles in the Sport, Tour, Roadster, Heritage and Adventure categories. 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 subsidiaries 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.

Operating under the brand name Alphabet, the BMW Group is a partner in the international multi-brand fleet business. Its services consist mostly of vehicle fleet financing for large customers and comprehensive management services for corporate car fleets, including support of customers' sustainable and environmentally friendly fleet management. [↗ 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 the USA and China.

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 only.

■ 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 (3 plants)
- Spotlight Automotive, China (Joint operation)

□ Partner plants outside Europe

- Partner plant, Chongqing, China
- Partner plant, Chu Lai, Vietnam
- Partner plant, Hosur, India
- Partner plant, Jakarta, Indonesia
- Partner plant, Cairo, Egypt
- Partner plant, Kulim, Malaysia

▲ Research and Development 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 Design, Technology and ConnectedDrive Lab, Shanghai, China
- BMW Group Development China, Beijing, China
- BMW Group Development and Technology Office, Tokyo, Japan
- BMW Group Development USA, Woodcliff Lake, USA
- BMW Group IT Technology Office, Greenville, USA
- BMW Group IT Technology Office, Nanjing, China
- BMW Group IT Technology Office, Singapore
- BMW Group IT DevOps Hub, Chennai, India
- BMW Group IT DevOps Hub, Rosslyn, South Africa
- BMW do Brasil Entwicklung, Araquari, Brazil
- BMW Group Technology Office Tel Aviv, Tel Aviv, Israel
- BMW Group R&D Center Seoul, Seoul, South Korea
- BMW Group Prototype Testing, Rosslyn, South Africa
- BMW Brilliance Automotive, Shenyang, China



41

Sales subsidiaries and Financial Services locations worldwide

32

Production and assembly plants

17

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

* Sales locations only.

■ 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 (contract manufacturing)
- Partner plant, Graz, Austria (contract manufacturing)

▲ Research and Development 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 Center, Steyr, Austria
- Critical TechWorks S.A., Porto/Lisbon, Portugal
- BMW France, S. A. S., Miramas, France
- Rolls-Royce Motor Cars Ltd., Goodwood, UK
- BMW Group Vehicle Testing, Arjeplog, Sweden
- BMW Group Vehicle Testing, Granada, Spain
- BMW Group Vehicle Testing, Sokolov, Czech Republic



THE BMW GROUP STRATEGY

 42 Environmental Analysis

 43 Cornerstones of the Strategy

 47 Performance Indicators and Performance Management

THE BMW GROUP STRATEGY

For the BMW Group, the ongoing development of our corporate strategy is a continuous process that begins with environmental analysis. Trends with significant implications for the automotive industry are analysed and evaluated and the underlying premises are scrutinised. Taking into account these influencing factors, characterised by their in parts rapid rate of change, we continually refine our corporate strategy and adjust our strategic objectives accordingly.

The corporate strategy and strategic targets of the BMW Group form the starting point for the departments to define concrete approaches and implementation measures. This process is based on strategic fields of action and key success factors.

The strategy process allows plans to be drawn up for different scenarios to account for increasingly volatile and challenging environmental conditions, thereby ensuring flexibility and responsiveness for the BMW Group. The BMW Group's strategy is based on fundamental values such as the integrity of our actions. [↗ Compliance and Human Rights](#)

The strategy is integrated into annually revised, longer-range corporate planning using a closed loop-based planning and management system. Its implementation is monitored by a target system that is comprised of the aspects of finance, customers, processes, learning and development. [↗ Performance Indicators and Performance Management](#)

ENVIRONMENTAL ANALYSIS

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 the trends and developments that could affect our business in the future. In 2023, we undertook an extensive update and review of our environmental analysis, significantly broadening the scope of subject areas considered. Regular [↗ Dialogue with Stakeholders](#) within the scope of the established BMW Group XChange formats completes the picture from the analysis of external and environmental factors.

Alongside the current development directions, certain trends are gaining momentum, notably within digital technologies and the political landscape. The most significant trends set to have a long-term effect on the BMW Group's business model are classified according to their impact on society, technology, business, environment and politics.

Society

Individual mobility remains a fundamental human need, though vehicle ownership continues to depend to a large extent on income, household size and location. The coronavirus pandemic has not had any significant or lasting effects on mobility behaviour in general. On-demand mobility (ODM) services, especially in urban areas, remain a supplementary option. Fuelled by the



industrialisation of digital technologies, innovative usage concepts for stationary and moving vehicles are gaining importance.

Technology

For a technology-based company like the BMW Group, general developments in this area are of particular importance. This area is undergoing constant change, with the market environment evolving dynamically and new collaborative models emerging. New solutions, particularly in artificial intelligence, are emerging and are finding applications across all aspects of life. Modern vehicles are already one of the most complex digital items owned by consumers. Vehicle requirements are also increasingly influenced by the digital ecosystems that customers interact with every day. Automobiles should be a reliable source of support in everyday life, fit seamlessly into a person's living environment and create a holistic overall experience. Software updates with further functional developments are expected and generally becoming standard. [↗ Innovation, Digitalisation and Customer Orientation](#)

Alongside digitalisation, development of automated/autonomous driving remains a key expectation for the future of mobility. Initial offerings of Level 4* features are expected to launch in the market before 2030, although widespread adoption is expected to occur only after 2030. [↗ Products](#)

The acceleration of electromobility worldwide continues to be an important prerequisite on the path to climate neutrality, although the pace of adoption is expected to vary regionally. In the long term, there will be a parallel range of electric vehicles and combustion engine vehicles available worldwide. However, the number of all-electric models in the automotive industry as a whole is expected to continue to increase. Addressing remaining uncertainties, including regulations, the swift and widespread development of charging infrastructure and the availability of raw materials will be essential for the future expansion of this sector. It is necessary to increase the pace at which capacities are expanded in order to meet the ever-increasing demand for climate-neutral and green energy across industries. The share of regenerative energies in the energy mix is on the rise, increasing the volatility of the entire energy supply and making it increasingly difficult to maintain the stability of networks. Due to these factors and the limited capacities of distribution networks, every effort needs to

be continued to ensure that electromobility is a long-term success. [↗ Electromobility](#)

Environment

As governments around the world work to transpose the goals of the Paris Climate Agreement's carbon reduction targets into national laws, an ambitious orientation towards climate policy will serve as an important basis for successful action for businesses. It is equally vital to prepare for the consequences of current and anticipated changes brought about by climate change, which create a tangible urgency to take action. The role of hydrogen as an energy source is set to undergo a fundamental shift, propelled by the global imperative for decarbonisation.

Business

Business and the environment are closely linked and influence each other. Thus, alongside carbon emissions, resource efficiency will also gain in importance. The demand for secondary materials and recycling is also rising, for instance, due to quota requirements. Simultaneously, this development is giving rise to cross-industry initiatives and opportunities for new business models. [↗ Circular Economy, Resource Efficiency and Renewable Energy](#)

Competition among various political systems is a dominating force in international politics, influencing changes in international trade flows using instruments like sanctions, tariffs and subsidies. The need to secure supply chains is intensifying due to the dual challenges of climate change and geopolitical risks.

Politics

Politics and regulations are narrowing the scope for action across the entire automotive value creation model. There is an increasing variety of legislation in all regions of the world.

In urban areas within the European Union, infrastructure bottlenecks and selective reallocation of road space are likely to result in increased traffic congestion and reduced accessibility. Simultaneously, there is an increasing trend towards policies that discourage car use in city centres. The planned deployment of smart city technologies would, however, primarily affect cities in China.

CORNERSTONES OF THE STRATEGY

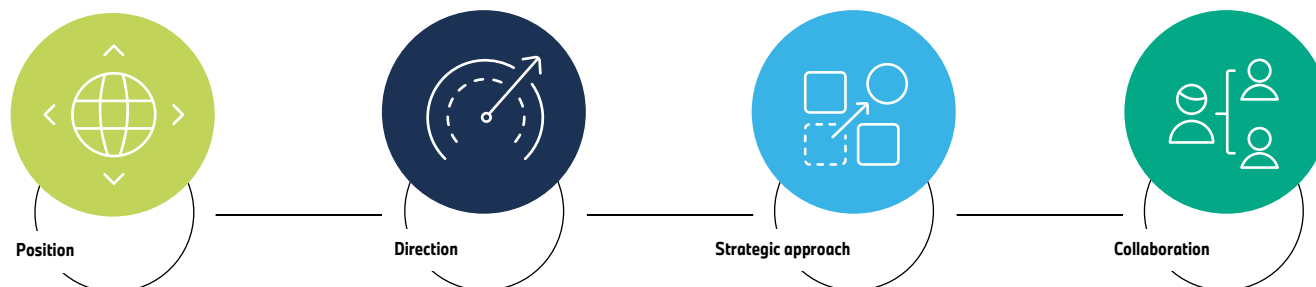
The BMW Group's strategy is oriented to its corporate purpose: "The BMW Group exists to move body, heart and mind." It is the driving force, the guiding principle and the orientation for our employees, and our commitment to our active role in society. Its long-term focus guides us purposefully through the extensive transformation of the entire automotive industry and beyond.

Transitioning to the specific details of the BMW Group strategy, the BMW Group Impact broadens the Company's long-term strategic vision and underscores its ambition to contribute to broader societal development. "We make individual mobility more human, intelligent and responsible – creating an inspiring future for all of us."

With this in mind, the BMW Group's corporate strategy (BMW Group strategy) defines the strategic framework and lays the foundation for the Company to maintain a consistent and market-oriented focus on profitability, growth and sustainability, even in an increasingly dynamic environment. The BMW Group strategy outlines targets in four areas: position, direction, strategic approach and collaboration.

* Standard industry definition according to the Society of Automotive Engineers (SAE): Five levels of automated driving.

BMW Group Strategy



Position - What does the BMW Group stand for?

With its inspiring and innovative products, 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 key areas of focus within the strategy are electrification, digitalisation and sustainability or circularity. This enables us to seamlessly merge enjoyment and responsibility, without compromising, and to achieve our growth and profitability objectives.

The BMW Group is committed to the Paris Climate Agreement. To achieve this, the BMW Group promotes the reduction of carbon emissions throughout the whole life cycle of its products as well as the principles of the circular economy with a verifiable track record of continuous improvement – from the supply chain to production, the use phase and the recycling of its products. For this reason, the BMW Group has laid out measurable, science-based targets to be reached by 2030; these are firmly established across the company (base year 2019). Carbon emissions are to be reduced as follows:

1. An average of 80% carbon reduction at our own plants and locations (Scope 1 and 2) per vehicle produced ([↗ Carbon emissions generated at BMW Group locations](#))
2. Carbon reduction during the vehicle's use phase (Scope 3 downstream) by an average of at least 50% per kilometre driven. Increased efficiency in our electrified models and the new generation of combustion engine technology will make this possible. An additional driving force for this is the dynamic growth in demand for our electrified vehicles [↗ Electromobility](#), [↗ Automotive segment](#)
3. An average of at least 20%* carbon reduction in the supply chain (Scope 3 upstream) per vehicle produced [↗ Carbon emissions in the supply chain](#)

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 and regulatory requirements. These are described in more detail in the chapter [↗ Carbon Emissions](#).

[↗ Performance management parameters](#) such as [↗ Carbon Emissions](#) over the entire product life cycle are important [↗ Performance indicators](#) during the development phase of our vehicle projects. The Board of Management receives and discusses a status report on sustainability every quarter and derives appropriate measures as required.

The BMW Group is actively working on numerous projects and initiatives to improve the framework conditions for electromobility, including the expansion of charging infrastructure on a broad basis. The ambitious goals of the Paris Climate Agreement are designed to tackle climate change in the transport sector, requiring a combination of modern drive technologies that are closely aligned with customer needs and different mobility requirements around the world. In addition to all-electric models, plug-in hybrids and modern combustion engine technology also make an important contribution to the reduction of global carbon emissions. The BMW Group is also forging ahead with its work with hydrogen. [↗ Products](#)

* For the sake of simplicity, this figure has been rounded. The target validated under SBTi is 22%.

Sustainability aspects (ESG criteria) are built into individual market strategies across our global organisation. Best practices in the fields of environmental protection, social sustainability, corporate citizenship and governance are also shared within an international sustainability network.



Direction – What drives the BMW Group?

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 BMW Group is able to achieve maximum customer satisfaction and brand strength, and thus grow its market share.

Economic performance is a very important aspect of our corporate management system and is anchored in our objective of harnessing growth potential and securing our profitability targets. This is supported by our ambitious financial standards, which are linked to the strategic key figures EBIT margin in the Automotive segment (between 8 and 10%), RoCE in the Automotive segment of at least 18% and an EBT margin in the Group of more than 10%. [↗ Performance Indicators and Performance Management](#)

The quality and reliability of all of our products and services are the critical drivers for customer satisfaction, enthusiasm and the economic success of the BMW Group. We are therefore committed to a comprehensive approach to quality, centred on delivering the best possible customer experience. The "Mission Quality" initiative was launched across the Company in 2023. As a key area of focus for the Company, the initiative promotes the strengthening of quality awareness and focuses on the individual contributions of all employees.

Digitalisation is consistently extended beyond the vehicle [↗ Innovation, Digitalisation and Customer Orientation](#), encompassing both corporate and customer processes, as well as along the automotive value chain, enhancing the resilience and business agility of the BMW Group. There are corresponding initiatives in all areas of the Company. Our "Digital Process & Impact" initiative is an example of commitment to significantly accelerating the digitalisation of our internal processes and operations across the Company, harnessing digital potential in every area through the use of digitalised process management. The dedicated process and digitalisation functions ensure the consistent implementation and corresponding development of expertise across all departments. Concurrently, March 2023 marked the launch of DIGITAL BOOST, one of the most comprehensive training programmes in the BMW Group's history. This virtual training programme, designed for employees in indirect roles across all levels of the organisation, delivers insights and opportunities in digitalisation on both national and international fronts. The aim is for all employees to acquire the same basic knowledge of digitalisation, enabling them to identify potential within their own areas of responsibility and harness it for the benefit of the BMW Group.



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. The fields of action electrification, digitalisation and circularity are of particular importance.

We recognised the importance of electromobility early on and have been working resolutely to accelerate the adoption of all-electric and connected mobility. By the close of 2023, the

BMW Group had introduced at least one all-electric model across all its brands and segments. In 2023, the extended-wheelbase version of the iX1 for the Chinese market, the BMW i5* sedan and the Rolls-Royce Spectre* were launched on the market. In 2023, deliveries of all-electric automobiles increased by more than 74.1%, reaching 375,716 automobiles, up from 215,752 automobiles in 2022. [↗ Electromobility](#)

In 2024, the market will welcome several new additions, including the BMW iX2*, the extended-wheelbase version of the BMW i5 sedan tailored for the Chinese market, the BMW i5 Touring*, the MINI Cooper SE*, the MINI Countryman SE* and the all-electric MINI Aceman, the brand's first crossover model. [↗ Automotive segment](#) The BMW Group expects its attractive product range to drive another significant increase in the number of all-electric vehicles delivered in 2024. With intelligent vehicle architectures and flexible production facilities, the company is well-prepared for the continued expansion of electromobility. Society's acceptance of electromobility will depend on trends in customer demand, regional regulations and the development of a suitable framework, with a particular focus on infrastructure expansion. The BMW Group is currently planning for all-electric vehicles to account for more than 50% of all vehicles by 2030. The Rolls-Royce brand is set to become all-electric by 2030, and the MINI brand will follow suit by the early 2030s. [↗ Electromobility](#)

The launch of the BMW CE 04 electric scooter has successfully established BMW Motorrad's position in the electromobility landscape. Building on this success, the eParkourer – the BMW CE 02 – is set to advance the electrification strategy for urban mobility in April 2024. [↗ Motorcycles segment](#)

In addition to delivering product substance, we also offer customers a 360° approach with an appropriate charging ecosystem. Customers can charge their vehicles at home, at work and in public places, and can also use our BMW Charging and MINI Charging stations and we are actively involved in expanding the charging infrastructure. [↗ Electromobility](#)

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

The BMW Group is making customer experience the focus of all its marketing and sales activities. In an increasingly digital environment with changing customer needs, the Company relies on a future-oriented sales structure with a focus on the digitalisation of the customer interface and direct customer access. The aim is to offer the industry's best premium customer experience. In this context, the My BMW App and MINI App play a significant role with over 12 million users (as at December 2023). More than three million customers (as at December 2023) access the apps every day. Using their smartphones, they interact with their BMW or MINI vehicles, the BMW Group itself and the BMW and MINI dealerships, and also receive personalised offers. The relationship with the customer thus becomes even closer.

The BMW Group is decisively and consistently driving forward with its online sale of vehicles. Customers are free to choose whether they would like to order their vehicle from agents or online. They also have the option to seamlessly transition between both worlds.

A central aspect of the revamped sales structure is the transition to direct sales. After the pilot market in South Africa, MINI was the first Group brand to implement the new sales model in China in March 2023, followed by Europe in January 2024 with Italy, Poland and Sweden. The remaining European countries will transition over the course of 2024 and 2025 and the BMW brand will follow suit in Europe in 2026. Going forward, our existing trading partners will continue in their roles as active commercial intermediaries between the BMW Group and our customers.

The trading partners will be closely involved in the implementation. The new sales structure offers an attractive and sustainable business model for these partners, and they will continue to be the face for customers in the future, where they can focus on providing the best advice and support. At the same time, we aim to achieve consistent prices across each sales channel.

By enabling smooth transitions between physical and digital channels and launching direct sales, the BMW Group is improving direct customer connections – an essential step for providing the best customer experience [↗ Automotive segment](#). In the Financial Services segment, we are also continually expanding our services to include digital and modular services. The aim is for our products to be accessible to all customer groups across all channels within our strategic orientation in the Financial Services segment. [↗ Financial Services segment](#). This ensures that our customers receive personalised offers designed to meet their specific needs.

Circularity is a key focus for the BMW Group in the drive towards more resource-efficient mobility. The concept revolves around recycling materials to the fullest extent, ensuring that resources are utilised sustainably and retain their value over time. This approach opens up a range of opportunities across the entire value chain. Reusing valuable resources reduces our reliance on primary raw materials and their fluctuating prices. Furthermore, the use of high-quality secondary materials significantly reduces the carbon footprint of our vehicles. [↗ Circular Economy, Resource Efficiency and Renewable Energy](#). We aim to progress gradually towards a circular economy, from designing for circularity through to increasing the use of secondary materials for parts and components and ultimately advancing to the recycling of end-of-life vehicles.



Collaboration – How does the BMW Group achieve this?

The BMW Group constantly strives for the best results, supporting its employees with the discovery and development of their potential so they are able to remain productive. We support and challenge strong teams with complementary strengths who work together to achieve the best solutions in a complex environment. We see diversity as an important element 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 and Performance Management](#)

BMW Group employees not only work closely together within the Company, but also with external partners. The stable relationships that have grown in our partner networks over time are based on the same values as those at the BMW Group. They allow us to maximise our effectiveness and work together to lead the Company to success. Experiences from the crisis years have further strengthened these relationships, as exemplified by our supply chains. [↗ Purchasing and Supplier Network](#)

Together with our cooperation partners, we realise potential by accessing more expertise and improving our profitability and technology footprint. In addition to the collaboration with Qualcomm in the advancement of assisted and automated driving, the development partnership between the BMW Group and Solid Power, for instance, presents advantages for both companies. Examples include our Cell Manufacturing Competence Centre (CMCC) in Parsdorf near Munich, where our expertise in designing and manufacturing solid-state cells is continuously expanded through a dedicated prototype line, bringing significant value to our partnership with Solid Power. We continuously expand our collaborations to unlock additional potential for value creation in the Group. [↗ Innovation, Digitalisation and Customer Orientation](#)

The BMW Group invests in the development of employee skills, with the view that continuous training guarantees jobs worldwide. [↗ Employees and Society](#) The restructuring of our Munich headquarters is an example of this commitment. The complete restructuring of an entire plant, including combustion engine vehicle production, to 100% electromobility, will be implemented by 2027 while production is ongoing. The BMW Group is already designing and producing electrified drive components for its existing electric vehicles at German facilities in Munich, Dingolfing, Leipzig and Regensburg, as well as in China at the Shenyang location. For the next generation of high-voltage batteries, new assembly sites will be established in Debrecen (Hungary), San Luis Potosí (Mexico), Woodruff near Spartanburg (USA) and in Germany at the planned new facility in Irlbach-Straßkirchen, accompanied by the development of corresponding expertise. In this

context, the BMW Group is making considerable investments to also drive this continuous transformation in all aspects of sustainability (ESG criteria). [↗ Production and Supplier Network](#), [↗ Employees and Society](#)

Beginning in 2025, we will take the next step in our transformation process with the NEUE KLASSE, which is expected to set standards in electrification, digitalisation and circularity. The concept vehicle, unveiled at the IAA Mobility 2023 International Motor Show in Munich, offered a glimpse into the future of the NEUE KLASSE. The NEUE KLASSE is distinguished by its new cluster architecture (NCAR), which is entirely focused on BEVs (battery electric vehicles). The sixth-generation BMW e-drive technology will significantly improve driving pleasure and efficiency. In the interior, the next generation of BMW iDrive delivers a completely fresh digital user experience, seamlessly blending real and virtual worlds. Key components include BMW Panoramic Vision, a revolutionary new head-up technology, the new BMW 3D Head-up Display for presenting 3D animated and highly accurate driving information, the multifunctional steering wheel for personalised control of display content and the central display with intuitive touch functionality. Another aim of the NEUE KLASSE is to achieve a new level of sustainability across the entire vehicle life cycle. To accomplish this, the BMW Group is increasingly integrating secondary materials and implementing resource-efficient production methods. [↗ Circular Economy, Resource Efficiency and Renewable Energies](#)

Production of vehicles for the NEUE KLASSE will get underway in 2025 at the newly constructed BMW Group plant in Debrecen and then be expanded to other locations. [↗ Production Network](#)

PERFORMANCE INDICATORS AND PERFORMANCE MANAGEMENT

The BMW Group's strategic targets are derived from the findings of the [↗ Environmental analysis](#) in an ongoing strategic process and subsequently translated into a system for measuring performance [↗ Cornerstones of the strategy](#). The resulting 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.

Once approved by the Board of Management and the Supervisory Board, the target amounts decided upon within the strategic target system become the basis of planning for the current reporting year and for the target agreements with BMW Group managers. [↗ Remuneration Report](#). The following summarises the key performance indicators defined in DRS 20, which also form the basis for performance management in the BMW Group.

Group

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

Automotive segment

- Profit before financial result as a percentage of segment revenues (EBIT margin; in %)
- Return on capital employed (RoCE; in %)
- Deliveries (in units)
- Share of all-electric automobiles in deliveries (in %)
- Carbon emissions of the EU new vehicle fleet (in g/km)
- Carbon emissions per vehicle produced (in tonnes)

Motorcycles segment

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

Financial Services segment

- Return on equity (RoE; in %)

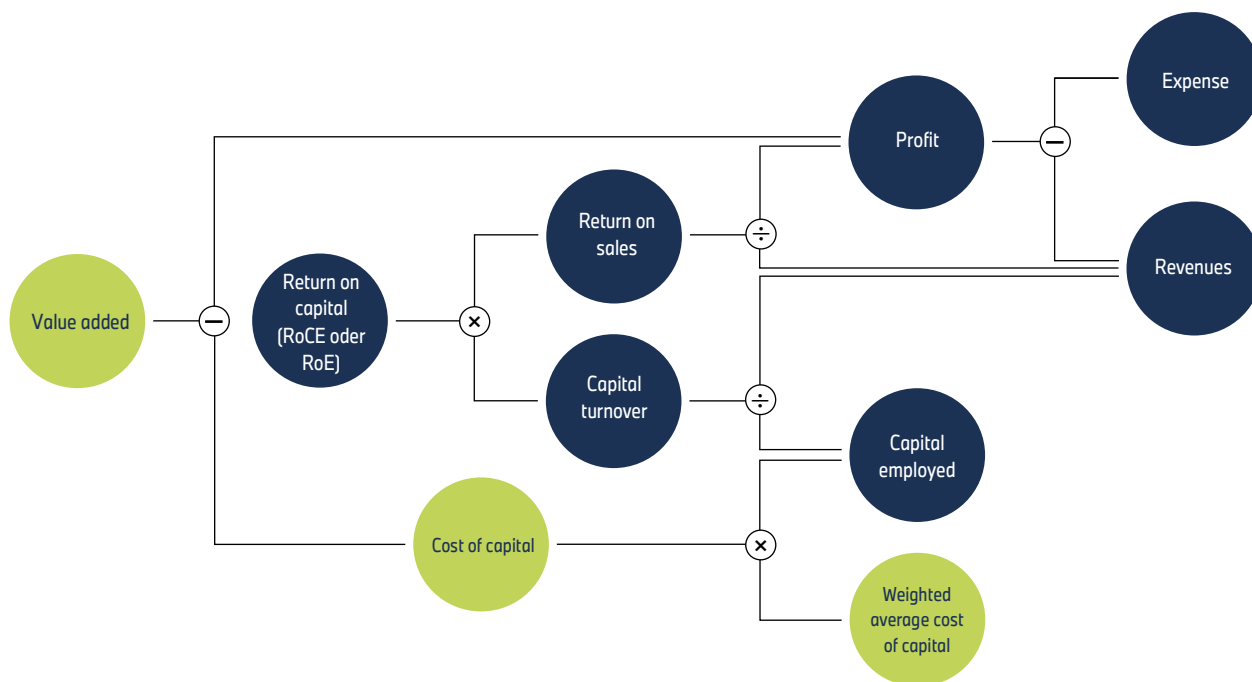
Performance management

The BMW Group's performance management system follows a value-based approach that focuses on profitability, consistent Company growth, value enhancement for capital providers, sustainability, climate change mitigation 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 multilayered structure. Operational performance is managed primarily at segment level. In order to influence long-term corporate performance, additional performance indicators 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 performance indicators. The link between value added and the relevant value drivers is presented in a simplified form below.

BMW Group – Value drivers



Managing sustainability

The BMW Group's long-term corporate strategy is determined by the Board of Management. Responsibility for implementing the Group's sustainability goals also lies with the full Board. Significant decisions are therefore evaluated from the point of view of sustainability. This ensures that sustainability issues are systematically integrated in decision-making processes and to compensation at top management levels. As part of the procedures for managing sustainability on an integrated basis at corporate level, a Group target system has been created, which applies to specific departments.

The BMW Group has set itself the target of decarbonising its vehicle fleet by at least 40% over the entire life cycle by 2030, based on the reference year 2019. In this context, specific targets have been set for the scopes of the vehicle's use phase, production and supply chain (↗ Position, ↗ Carbon Emissions). This entails setting specific carbon targets for each vehicle project, managing them through digital processes and tracking their attainment.

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. Furthermore, the BMW Group will consistently increase its use of secondary raw materials. The Group intends to already have made significant progress by 2025 with the introduction of the first X model of the NEUE KLASSE. Non-financial performance indicators such as carbon emissions and, in future, secondary raw materials quotas are therefore key performance indicators for all new vehicle projects. It is also ensured that financial aspects are taken into consideration and the most effective measures are prioritised for implementation in all areas. The overall result is a cohesive management model across all aspects of the business. ↗ GRI Index: 2-13

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 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.

The capital employed items taken into account reflect the focus of operational segment management. Capital employed is

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 amount of capital employed increased in light of the full consolidation of BMW Brilliance in the BMW Group Financial Statements as at 11 February 2022. The increase arose primarily due to the takeover of property, plant and equipment and intangible assets, as well as 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 strategic target for RoCE is 18%.

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 performance. These value drivers include deliveries and the operating return on sales (EBIT margin: segment profit before financial result as a percentage of segment revenues) as a key figure for profitability in the segment.

Furthermore, the Automotive segment manages its compliance with fleet carbon emissions requirements in regulated markets. This also includes the share of all-electric automobiles in deliveries reported since the 2023 financial year. The proportion of electrified automobiles, including PHEV models, was reported as a performance indicator until 2022. [↗ 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](#)

$$\text{RoCE Automotive or Motorcycles} = \frac{\text{Profit before Financial result}}{\text{Average capital employed}}$$

Return on capital employed (Automotive segment)

	Profit before financial result in € million		Average capital employed in € million		Return on capital employed in %	
	2023	2022	2023	2022	2023	2022
Automotive	12,981	10,635	64,412	58,728	20.2	18.1

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 strategic RoCE target set for the Motorcycles segment is 18%.

The main value drivers are the 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.

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 %	
	2023	2022	2023	2022	2023	2022
Motorcycles	259	257	1,171	1,031	22.1	24.9

Return on equity (Financial Services segment)

	Profit before tax in € million		Average equity capital in € million		Return on equity in %	
	2023	2022	2023	2022	2023	2022
Financial Services	2,962	3,205	17,176	17,891	17.2	17.9

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. Group profit/loss before tax 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 as well as the share of women in management positions. By 2025, the BMW Group aims to increase the share of women in management positions to 22%. [↗ Strategy Process](#)

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.

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 provisions 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 2023 was 12%, unchanged from the previous year.

Value added Group

in € million	Earnings amount		Cost of capital (equity + debt capital)		Value added Group	
	2023	2022	2023	2022	2023	2022
BMW Group	17,257	23,730	11,615	11,194	5,642	12,536

$$\begin{aligned} \text{Value added Group} &= \text{Earnings amount} - \text{Cost of capital} \\ &= \text{Earnings amount} - (\text{cost of capital rate} \times \text{capital employed}) \end{aligned}$$

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 %	2023	2022
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 variable remuneration paid to members of the Board of Management are based on the key strategic targets and performance indicators. More information can be found in the [↗ Remuneration Report](#).

FINANCIAL PERFORMANCE

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FINANCIAL PERFORMANCE

GENERAL AND SECTOR-SPECIFIC ENVIRONMENT

The global economy performed better in 2023 than expected at the beginning of the year. According to calculations of the International Monetary Fund (IMF), global gross domestic product (GDP) grew by 3.1% in 2023. While the US and China recorded stronger growth than in the previous year, economic growth in Europe weakened.

In the eurozone, growth in 2023 was 0.5% due to high inflation rates and the resulting fall in demand. In Germany, GDP contracted by 0.3% as a result of rising prices, declining export demand and the low level of investments in light of higher interest rates. In France (+0.9%), Italy (+0.7%) and Spain (+2.5%), economic growth was more robust. The UK experienced a significant slowdown in growth to 0.1%.

In the USA, the economy proved very resilient in the face of rising interest rates and grew by 2.5% in the reporting period. A sustained low level of unemployment in combination with rising wages helped boost consumption. In China, the growth rate in 2023 stood at 5.2%, slightly higher than the target set by the government. The momentum resulted in particular from catch-up effects following the end of coronavirus lockdowns.

The Japanese economy recovered well during the reporting period with a growth rate of 1.8%, benefiting from stronger export demand on the back of the depreciated currency.

Higher benchmark interest rates in many markets and a strong euro

At the beginning of 2023, inflation remained relatively high in a number of countries. Only in the second half of the year did the inflation rate gradually begin to decline. Therefore, many central banks continued to pursue their restrictive monetary policies and raise benchmark interest rates.

During the year, the US dollar fluctuated between 1.05 and 1.13 US dollars to the euro, culminating in an average annual exchange rate of 1.08 US dollars to the euro. In 2023, the British pound was slightly weaker compared to the previous year, fluctuating between 0.89 and 0.85 pounds to the euro, with an average annual exchange rate of 0.87 pounds to the euro.

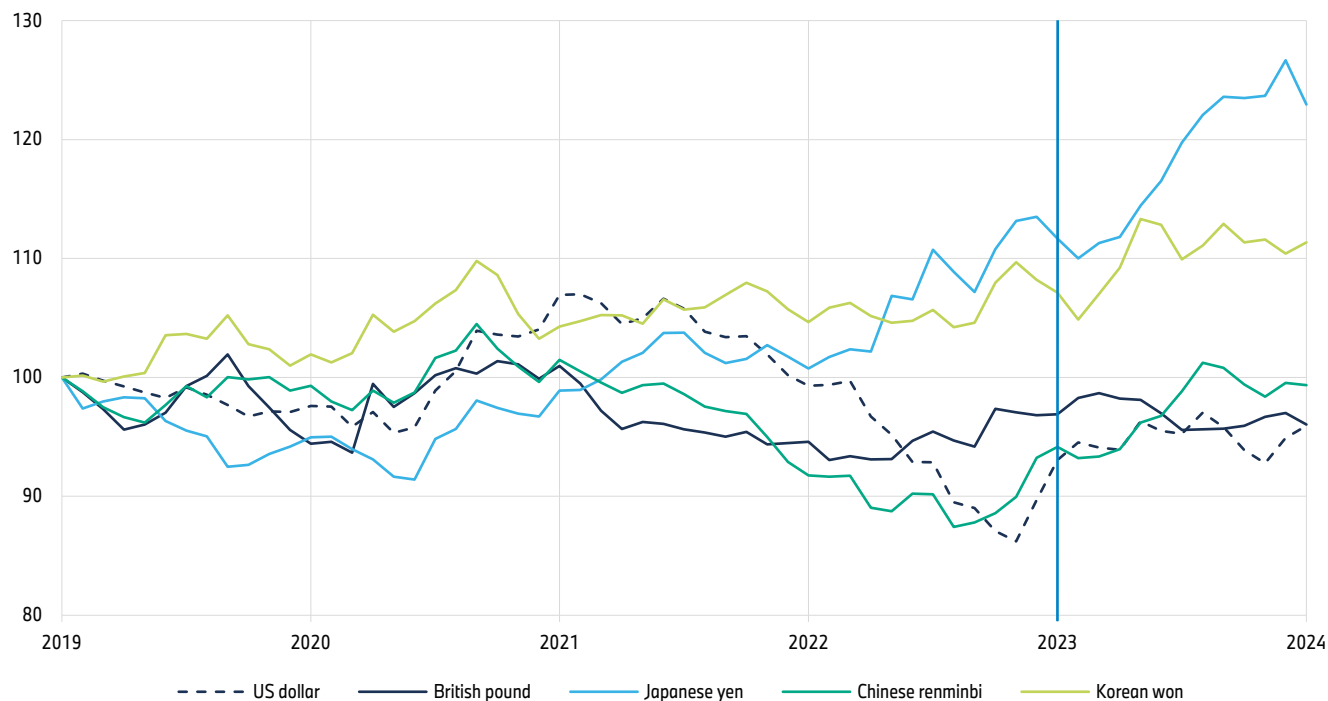
In China, inflation was low during 2023, enabling the country's central bank to pursue a newly evolving monetary policy, which contributed to a depreciation of the Chinese renminbi. For the year as a whole, the average exchange rate for the Chinese currency was 7.66 renminbi to the euro.

The Japanese currency fluctuated between 138 and 164 yen to the euro during 2023. Based on an average exchange rate of 152 yen, the Japanese currency fell in value against the euro compared to the previous year.

The currencies of major emerging markets mostly depreciated against the euro. While the Indian rupee depreciated by approximately 8% on average, the South African rand declined by 16%. On the other hand, the Brazilian real remained largely stable against the euro, depreciating by less than 1% on average. Conversely, the Russian rouble depreciated markedly by 25% due to the normalisation of energy prices and increasingly stringent sanctions.

Exchange rates compared to the euro

Index: December 2018 = 100



Decrease in energy and raw materials prices over course of year

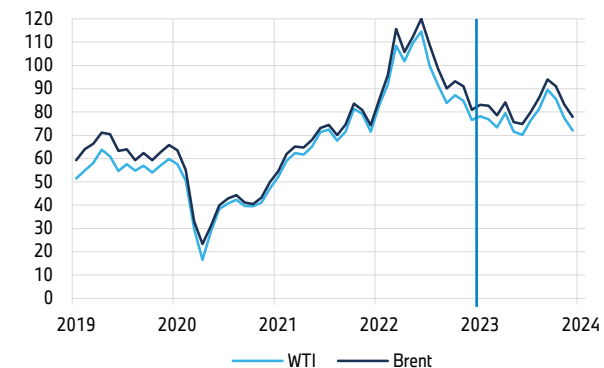
Energy and raw materials prices decreased again in 2023. Throughout the year, the prices of aluminium and steel declined, ending the year at approximately the same level as at the beginning of 2021. Precious and non-ferrous metals exhibited a similar trend, with prices lower on average in 2023 compared to the previous year. This development was partly due to the significant price declines in metals such as rhodium (approximately -60%) and palladium (approximately -40%).

Prices for battery-related raw materials also fell again. For the majority of 2023, cobalt was once again below the long-term average, while lithium prices fell by up to 80% over the course of the year.

Energy prices also fell over the course of the year, as Germany in particular adapted to the changed availability of natural gas. By the end of 2023, natural gas prices in Europe had returned to the levels seen in autumn 2021, significantly lower than the levels before the start of the conflict in Ukraine.

Oil price trend

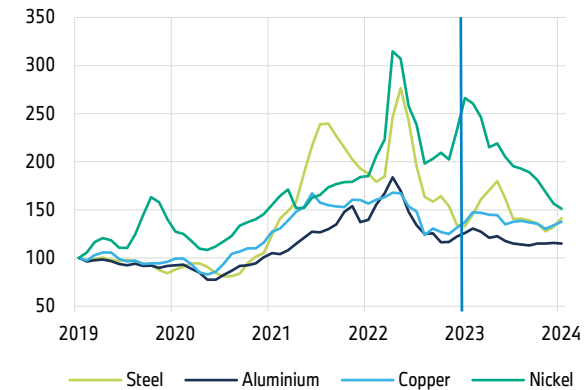
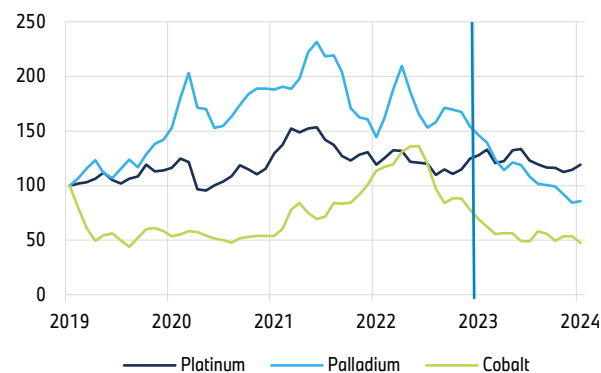
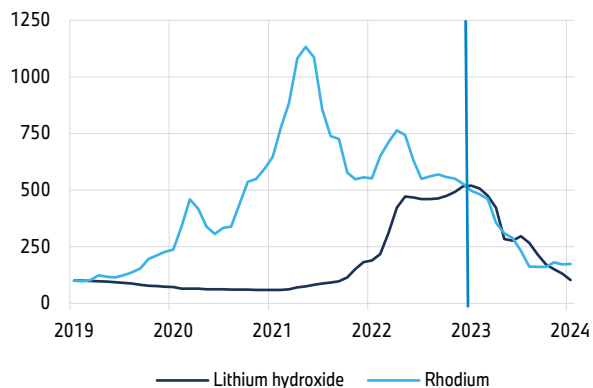
Price per barrel Brent and WTI in US dollar



Source: Weltbank via Macrobond

Development of raw material prices

Index: December 2018 = 100



Sources: CRU, LME, Fastmarkets, Bloomberg

International automobile markets achieve solid growth

Against the backdrop of economic developments described above, international automobile markets also performed well during the 2023 reporting year. Worldwide, the number of new registrations rose by 8.3% to 77.1 million units.

International automobile markets

	Change compared to previous year in %
Europe	+ 14.1
thereof Germany	+ 7.3
thereof France	+ 16.1
thereof Italy	+ 19.1
thereof Spain	+ 20.8
thereof UK	+ 17.9
USA	+ 12.1
China	+ 5.6
Japan	+ 14.4
South Korea	+ 3.8
Total	+ 8.3

International motorcycle markets (250 cc plus) mostly showing significant increases

International motorcycle markets in the 250 cc plus class developed positively in 2023 (+11.7%). Overall, European markets recorded growth of 18.6%. Among the major motorcycle markets, Italy (+21.7%), Spain (+20.9%) and France (+13.4%) contributed significantly to this trend. Germany also recorded a sharp year-on-year increase of 14.3%. The US market remained stable, growing by 0.4%. In China, the downward trend in the motorcycle market continued (-22.9%), influenced by the lingering effects of the pandemic. In Brazil, however, motorcycle registrations were significantly higher than one year earlier, with an increase of 50.4%. Registration figures for international motorcycle markets developed as follows in the 2023 reporting year:

International motorcycle markets

	Change compared to previous year in %
Europe	+ 18.6
thereof Germany	+ 14.3
thereof France	+ 13.4
thereof Italy	+ 21.7
thereof Spain	+ 20.9
Americas	+ 12.6
thereof USA	+ 0.4
thereof Brazil	+ 50.4
Asia	- 11.4
thereof China	- 22.9
Total	+ 11.7

OVERALL ASSESSMENT BY MANAGEMENT OF THE FINANCIAL YEAR

2023 was characterised by a volatile business environment overshadowed by escalating geopolitical tensions. In many markets, higher inflation rates, accompanied by increased interest rates, also weighed on consumer sentiment. Despite these factors, the BMW Group can look back on an overall positive course of business in the financial year 2023. Deliveries of premium segment automobiles, motorcycles and scooters were all at record-high levels. In particular, sales of all-electric premium vehicles provided significant impetus for growth.

BMW AG's solid financial condition is reflected in the results of operations, financial position and net assets reported for the financial year 2023. Performance was in line with management expectations and the targets set for 2023. This assessment also takes into account events after the end of the reporting period.

COMPARISON OF FORECASTS WITH ACTUAL OUTCOMES

The 2023 reporting year saw improved availability of vehicles, high levels of orders on hand, and volume growth. Compared to expectations at the beginning of the year, the BMW Group's performance was bolstered by the easing of the supply situation as well as by favourable pricing conditions in both new and pre-owned vehicle markets, despite higher cost pressures.

Carbon emissions per vehicle produced decreased more than expected at BMW Group sites. This was due to reduced gas and heating oil usage on the one hand and a simultaneous increase in production volume on the other.

The following table summarises the development of the BMW Group's key performance indicators as a whole as well as those of the Automotive, Motorcycles and Financial Services segments in the financial year 2023 compared to the forecasts made in the BMW Group Report 2022.

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. The development of the most significant performance indicators is described in the respective chapters on the Automotive, Motorcycles, and Financial Services segments. An explanation of the development of other non-financial performance indicators is provided in the chapters on Products as well as Employees and Society.

BMW Group: Comparison of the forecast for 2023 with actual outcomes in 2023

	Forecast for 2023 in 2022 Group Report	Forecast revision during the year		Actual outcome in 2023
GROUP				
Profit before tax	Significant decrease		in € million	17,069 (-27.3%) Significant decrease
Workforce at year-end	Slight increase			154,950 (+3.7%) Slight increase
Share of women in management positions in the BMW Group	Slight increase		in %	20.8 (+3.0%) Slight increase
AUTOMOTIVE SEGMENT				
EBIT margin	Between 8 and 10	Q2: 9 to 10.5	in %	9.8 (+1.2% points)
Return on capital employed (RoCE)	Between 15 and 20	Q2: 18 to 22	in %	20.2 (+2.1% points)
Deliveries	Slight increase	Q2: solid increase	in units	2,554,183 (+6.4%) Solid increase
Share of all-electric cars in deliveries	Significant increase		in %	14.7% (+63.3%) Significant increase
CO ₂ emissions EU new vehicle fleet ^{1,2,3}	Slight reduction		in g/km	102.1 (-2.8%) Slight reduction
CO ₂ emissions BMW Group locations per vehicle produced ⁴	Slight reduction		in t	0.28 (-12.5%) Significant reduction
MOTORCYCLES SEGMENT				
EBIT margin	Between 8 and 10		in %	8.1 (+0.0% points)
Return on capital employed (RoCE)	Between 21 and 26		in %	22.1 (-2.8% points)
Deliveries	Slight increase		in units	209,066 (+3.3%) Slight increase
FINANCIAL SERVICES SEGMENT				
Return on equity (RoE)	Between 14 and 17	Q2: 16 to 19	in %	17.2 (-0.7% points)

¹ 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).

² 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 for all EU states. Figures officially published by the EU Commission are not expected to be available until November of the following year.

³ Including an allowance for eco-innovations (amounts of minor significance).

⁴ Efficiency ratio calculated on the basis of Scope 1 and Scope 2 carbon emissions (i.e. a market-based method in accordance with GHG Protocol Scope 2 guidance; mainly based on the emissions factors for electricity, district heating and fuels reported by the VDA (each in the latest version dated 12/2023) and occasionally using local emissions factors; excluding climate-changing gases other than carbon dioxide generated during vehicle production (BMW Group manufacturing sites including Motorrad, but excluding partner plants and contract manufacturers), as well as BMW Group non-manufacturing sites (e.g. research centres, sales centres, office buildings) divided by the number of vehicles produced (BMW Group manufacturing sites and partner plants, excluding contract manufacturers).

FINANCIAL POSITION

EARNINGS PERFORMANCE OF THE BMW GROUP

BMW Group Condensed Income Statement

in € million	2023	2022	Change in %
Revenues	155,498	142,610	9.0
Cost of sales	- 125,809	- 118,042	- 6.6
Gross profit	29,689	24,568	20.8
Selling and administrative expenses	- 11,025	- 10,616	- 3.9
Other operating income and expenses	- 182	47	-
Profit before financial result	18,482	13,999	32.0
Financial result	- 1,386	9,510	-
Profit before tax	17,096	23,509	- 27.3
Income taxes	- 4,931	- 4,927	- 0.1
Net profit	12,165	18,582	- 34.5
Earnings per share of common stock in €	17.67	27.31	- 35.3
Earnings per share of preferred stock in €	17.69	27.33	- 35.3
in %	2023	2022	Change in % points
Gross profit margin ¹	19.1	17.2	1.9
Pre-tax return on sales ²	11.0	16.5	- 5.5
Post-tax return on sales ³	7.8	13.0	- 5.2
Effective tax rate ⁴	28.8	21.0	7.8

¹ Gross profit as a percentage of Group revenues.

² Group profit before tax as a percentage of Group revenues.

³ Group net profit as a percentage of Group revenues.

⁴ Income taxes as a percentage of Group profit before tax.

Group revenues by region were as follows:

BMW Group revenues by region

in %	2023	2022
Europe	37.7	36.1
Asia	36.4	38.3
Americas	23.9	23.6
Other regions	2.0	2.0
Group	100.0	100.0

Solid increase in Group revenues

When comparing figures with the previous financial year, it should be noted that BMW Brilliance Automotive Ltd. (BMW Brilliance) has been fully consolidated as a subsidiary since 11 February 2022, whereas up to that date, it had been accounted for using the equity method. Consequently, BMW Brilliance is included for the whole of 2023, but only for a proportionate period of the previous year.

Group revenues totalled € 155,498 million in the reporting year (2022: € 142,610 million), representing a solid increase over the previous year (+9.0%). The main reason for revenue growth was the higher number of vehicles delivered. Furthermore, favourable product mix effects and the aforementioned full consolidation of BMW Brilliance contributed to the year-on-year increase in revenues. Additionally, higher interest rates and income from dealership financing further increased revenues in 2023, mainly reflecting the impact of higher inventory levels held by dealerships in light of improved vehicle availability, model changes and a higher average financing volume per vehicle.

Reduced intersegment eliminations associated with leasing business had a positive impact on revenues.

BMW Group cost of sales

in € million	2023	2022	Change in %
Manufacturing costs	82,549	76,760	7.5
Cost of sales relating to financial services business	27,764	27,517	0.9
thereof interest expense relating to financial services business	3,554	2,114	68.1
Research and development expenses	7,538	6,624	13.8
thereof amortisation of capitalised development costs	2,387	2,265	5.4
Expenses for service contracts, telematics and roadside assistance	2,780	2,775	0.2
Warranty expenditure	3,782	3,209	17.9
Other cost of sales	1,396	1,157	20.7
Cost of sales	125,809	118,042	6.6

These favourable factors were offset by unfavourable exchange rate effects from the Chinese renminbi and the US dollar which held down Group revenues.

The year-on-year increase in cost of sales reflected sales volume growth as well as higher expenses for materials and warranty obligations. Similarly, cost of sales recorded by BMW Brilliance also contributed to an increase compared to 2022. Cost of sales in the previous financial year were also additionally negatively impacted by the first-time full consolidation of BMW Brilliance. Rising interest rates increased interest expenses for the Financial Services segment.

Group research and development expenses increased significantly by 13.8% year on year. Research and development expenditure related primarily to the digitalisation and electrification of the vehicle fleet across all model series, as well as the development of automated driving functions. Further expenditure was incurred for the development of new models, such as the all-electric BMW i5*, the X3 and X5 and the Rolls-Royce Spectre and NEUE KLASSE models.

Due to revenue growth, the research and development expenditure ratio remained at the same level as one year earlier.

Selling and administrative expenses went up slightly by 3.9% year on year. The rise was due to higher administrative expenses, primarily influenced by higher costs for IT projects, notably in connection with the planned switch to direct sales in Europe. The ratio of selling and administrative expenses to revenues fell to 7.1% (2022: 7.4%).

Depreciation and amortisation on property, plant and equipment and intangible assets recorded in cost of sales as well as in selling and administrative expenses totalled € 8,974 million (2022: € 8,566 million).

The net amount of other operating income and expenses deteriorated year on year. In 2022, other operating income was increased by income arising on the reversal of provisions.

Due to the various factors affecting gross profit, as described above, profit before financial result climbed to € 18,482 million (2022: € 13,999 million; +32.0%). The impact of the previous year's first-time full consolidation of BMW Brilliance and lower intersegment eliminations related to leasing business had a particularly positive effect on the year-on-year change in gross profit.

The financial result deteriorated significantly to a net negative amount of € 1,386 million (2022: net positive amount of € 9,510 million). In the previous year, other financial result benefitted primarily from the gain of approximately € 7.7 billion arising on the remeasurement of the shares already held by the BMW Group prior to the business combination with BMW Brilliance.

Additionally, the other financial result was adversely impacted by the fair value measurement of interest rate hedging transactions, reflecting falling interest rates in the USA, the UK and the eurozone during the twelve-month period under report. In the previous year, the increase in interest rates resulted in favourable measurement effects on interest rate hedging transactions.

* ↗ Consumption and Carbon Disclosures

BMW Group research and development expenses

in € million	2023	2022
Research and development expenditure	7,755	7,178
Capitalised development costs	- 2,604	- 2,819
Amortisation	2,387	2,265
Research and development expenses	7,538	6,624

BMW Group performance indicators relating to research and development expenses

in %	2023	2022	Change in % points
Research and development expenditure ratio ¹	5.0	5.0	-
Capitalisation rate ²	33.6	39.3	- 5.7

¹ Research and development expenditure as a percentage of Group revenues.

² Capitalised development costs as a percentage of research and development expenditure.

Similarly, the net interest result deteriorated year on year. In the previous year, interest and similar expenses included income arising on the change in interest rates in connection with the measurement of provisions. By contrast, falling interest rates in 2023 had a negative impact.

Accordingly, Group profit before tax amounting to € 17,096 million – as forecast – was significantly lower than one year earlier (2022: € 23,509 million).

At € 4,931 million (2022: € 4,927 million; +0.1%), income tax expense in the reporting year was at a similar level to the previous year.

The effective tax rate was 28.8% (2022: 21.0%). In the previous financial year, the primary factor reducing the effective tax rate was the tax-neutral gain resulting from the remeasurement of the shares held prior to the business combination with BMW Brilliance.

In the reporting year, the size of the workforce was slightly higher at 154,950 employees, which was in line with expectations (2022: 149,475 employees; +3.7%).

Share buyback programme continued – share redemption completed

At the Annual General Meeting of BMW AG held on 11 May 2022, the shareholders authorised the Board of Management to acquire treasury shares via the stock exchange, up to a maximum of 10% of the share capital in place at the date of the resolution and to redeem those shares without any further action required by the Annual General Meeting. The buyback authorisation remains valid until 10 May 2027. In July 2022, on the basis of this authorisation, BMW AG resolved an initial share buyback programme, with a volume of up to € 2.0 billion (total purchase price excluding incidental acquisition costs), comprising up to € 1.85 billion for shares of common stock and up to € 0.15 billion for shares of preferred stock. The programme was launched on 1 July 2022 and ended on 30 June 2023. BMW AG repurchased a total of 22,199,529 shares of common stock for € 1,850 million and 1,923,871 shares of preferred stock for € 150 million. On 18 July 2023, the Board of Management resolved to redeem all of the shares repurchased in conjunction with the initial buyback programme. The process of redeeming the shares was completed during the third quarter 2023.

On 3 May 2023, on the basis of the authorisation granted by the Annual General Meeting on 11 May 2022, the Management Board resolved to initiate a second share buyback programme, which duly began on 3 July 2023. The programme, with a volume of up to € 2 billion (total purchase price excluding incidental acquisition costs) pertains to common and preferred stock, the latter of which is limited to a maximum volume of € 350 million.

The first tranche of the second share buyback programme was successfully completed on 1 December 2023. As part of this first tranche, a total of 4,218,363 shares of common stock and 942,892 shares of preferred stock were acquired between 3 July 2023 and 1 December 2023. A total purchase price (excluding incidental acquisition costs) of around € 500 million was paid for the shares repurchased as part of this tranche.

The second tranche of the second share buyback programme will be carried out with a volume of up to € 410 million for common stock and up to € 90 million for preferred stock in the period from 2 January 2024 to 28 June 2024, at the latest.

The second share buyback programme will be concluded by 31 December 2025, at the latest.

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 2023 and 2022 reporting years, 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 lower net cash inflow from operating activities was primarily due to changes in leased products and receivables from sales financing, particularly credit financing for dealerships. The year-on-year increase in credit financing for dealerships was driven by improved vehicle availability, model changes and a higher average financing volume per vehicle.

A further factor for the decrease in cash inflow from operating activities was the higher level of inventories held with a view to servicing markets and fulfilling customer demand. A lower increase in receivables and higher payables had a positive impact on the cash inflow from operating activities.

The cash outflow from investing activities was higher than one year earlier. In 2022, the first-time full consolidation of BMW Brilliance resulted in a positive impact of € 3,587 million to cash outflow from investing activities, resulting from cash acquired on the business combination and the purchase price paid. Moreover, increased investments in property, plant and equipment, particularly for introducing new vehicle models, digitalising the fleet as well as pressing ahead with automated driving and the NEUE KLASSE, resulted in a higher net cash outflow than one year earlier.

In contrast, the net cash inflow arising on the sale of marketable securities had a positive impact on cash flows from investing activities.

The decrease in the net cash outflow from financing activities was mainly the result of higher borrowings and lower repayments.

Higher dividend payments to shareholders of BMW AG (2023: € 5,430 million; 2022: € 3,827 million) increased the net cash outflow from financing activities.

BMW Group cash flows

in € million	2023	2022	Change
Cash inflow (+) / outflow (-) from operating activities	17,542	23,523	- 5,981
Cash inflow (+) / outflow (-) from investing activities	- 9,548	- 4,772	- 4,776
Cash inflow (+) / outflow (-) from financing activities	- 6,859	- 17,984	11,125
Effects of exchange rate and changes in composition of segment	- 678	94	- 772
Change in cash and cash equivalents	457	861	- 404

Free cash flow for the Automotive segment was as follows:

Free cash flow Automotive segment

in € million	2023	2022	Change
Cash inflow (+) / outflow (-) from operating activities	17,675	14,782	2,893
Cash inflow (+) / outflow (-) from investing activities	- 9,373	- 3,179	- 6,194
Adjustment for net investment in marketable securities and investment funds	- 1,360	- 532	- 828
Free cash flow Automotive segment	6,942	11,071	- 4,129

The Automotive segment generated a free cash flow in 2023 totalling € 6,942 million.

The main factor for the year-on-year decrease was the net cash outflow from investing activities, which, in 2022, had included a positive impact of € 5,011 million in connection with the full consolidation of BMW Brilliance. Excluding that impact, the segment's free cash flow would have amounted to € 6,060 million in 2022.

Automotive segment cash inflow from operating activities improved year on year, with the change in trade receivables and trade payables contributing to the increase. In contrast, the build-up of inventories to service the markets had a negative impact. Liabilities for bonus payments to dealerships went up, partly due to the higher sales volume, and had a positive impact on the cash flow. In addition, the net cash inflow from operating activities rose due to lower income tax payments.

Net financial assets of the Automotive segment decreased year on year due to dividend payments and the share buyback programme.

In the Automotive segment, net financial assets comprised the following:

Net financial assets Automotive segment

in € million	2023	2022	Change
Cash and cash equivalents	13,590	13,109	481
Marketable securities and investment funds	1,782	3,031	- 1,249
Intercompany net financial assets	4,406	11,197	- 6,791
Financial assets	19,778	27,337	- 7,559
Less: external financial liabilities*	- 2,775	- 2,734	- 41
Net financial assets Automotive segment	17,003	24,603	- 7,600

* Excluding derivative financial instruments.

Cash and cash equivalents held by the Financial Services segment changed as follows:

Cash flows Financial Services segment

in € million	2023	2022	Change
Cash inflow (+) / outflow (-) from operating activities	488	9,145	- 8,657
Cash inflow (+) / outflow (-) from investing activities	6	- 50	56
Cash inflow (+) / outflow (-) from financing activities	- 750	- 9,042	8,292
Effects of exchange rate and changes in composition of segment	- 184	6	- 190
Change in cash and cash equivalents	- 440	59	- 499

The lower cash inflow from operating activities of the Financial Services segment was primarily due to changes in leased products and receivables from sales financing, particularly credit financing for dealerships. The year-on-year increase in credit financing for dealerships was driven by improved vehicle availability, model changes, and a higher average financing volume per vehicle.

The change in the net cash outflow from financing activities was attributable to lower cash outflows relating to intragroup refinancing on the one hand and the decreased repayment of external financial liabilities on the other.

FINANCING ACTIVITIES

A broad range of instruments on international money and capital markets is used to finance worldwide operations. The 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. A 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 [↗ Risks and Opportunities](#).

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 12-month period under report. In addition to bonds, the BMW Group also issued commercial paper.

Furthermore, retail customer and dealership financing receivables, rights and obligations from leasing contracts, as well as collateral interests in the financed vehicles, were transferred to structured entities that securitise them and place them as collateralised securities on the capital market as part of the Group's asset-backed securities financing arrangements (ABS financing).

Specific banking instruments, such as the customer deposits used by the Group's own banks in Germany and the USA, were also deployed for financing purposes. In addition, loans were taken from international banks.

During the reporting period, the BMW Group issued bonds totalling approximately € 9.2 billion. The Group refinanced itself by means of 144A transactions with a total volume of 3 billion US dollars on the US capital market and by means of so-called Panda bonds with a volume of 3 billion Chinese renminbi on the Chinese capital market. Furthermore, the BMW Group issued, among others, two euro benchmark bonds totalling € 3.0 billion, as well as a pound sterling benchmark bond of 0.4 billion British pounds and a Canadian bond of 0.5 billion Canadian dollars on the international capital markets. ABS transactions with a total financing volume equivalent to € 16.0 billion were executed in 2023, including both new and rolled-over ABS transactions. During the reporting period, ABS financing transactions were carried out in the following markets: Australia, China, Germany, Japan, Canada, Switzerland, South Korea, the USA and the UK.

The following table provides an overview of amounts utilised at 31 December 2023 in connection with the BMW Group's money and capital market programmes:

Programmes	Programme volume	Amount utilised*
in € billion		
Euro medium-term notes	50.0	22.9
Commercial paper	13.0	3.3

* Measured at the year-end exchange rate.

The BMW Group continued to deploy robust liquidity-related measures throughout 2023 to ensure its ability to act flexibly and independently at all times.

As at 31 December 2023, liquidity on hand amounted to € 19.5 billion, slightly below the previous year's level (2022: € 20.3 billion).

The BMW Group also has access to a syndicated credit line, which was renewed in June 2023. The syndicated credit line amounting to € 8 billion has a term without exercising extension options until June 2028 and is provided by a consortium of 43 international banks.

The credit line was not being utilised at 31 December 2023. Further information with respect to financial liabilities is provided in [↗ note 36](#) to the Group Financial Statements.

NET ASSETS POSITION OF THE BMW GROUP

BMW Group Condensed Balance Sheet at 31 December

in € million	2023	2022	Change in %	Currency-adjusted change ¹ in %	Proportion of balance sheet total in % 2023
ASSETS					
Intangible assets	20,022	21,776	- 8.1	- 5.7	8.0
Property, plant and equipment	35,266	32,126	9.8	12.2	14.1
Leased products	43,118	42,820	0.7	1.8	17.2
Investments accounted for using the equity method	443	420	5.5	5.4	0.2
Other investments	1,197	1,351	- 11.4	- 9.4	0.5
Receivables from sales financing	87,355	85,708	1.9	4.3	34.8
Financial assets	5,518	8,237	- 33.0	- 32.2	2.2
Deferred and current tax	3,630	2,854	27.2	31.2	1.4
Other assets	9,133	10,632	- 14.1	- 12.7	3.6
Inventories	23,719	20,005	18.6	21.8	9.5
Trade receivables	4,162	4,127	0.8	4.5	1.7
Cash and cash equivalents	17,327	16,870	2.7	6.7	6.9
Total assets	250,890	246,926	1.6	3.9	100.0
EQUITY AND LIABILITIES					
Equity	92,923	91,288	1.8	4.3	37.0
Pension provisions	427	339	26.0	26.0	0.2
Other provisions	17,037	15,761	8.1	10.1	6.8
Deferred and current tax	4,198	3,989	5.2	6.2	1.7
Financial liabilities	95,010	94,196	0.9	2.8	37.9
Trade payables	15,547	14,120	10.1	12.3	6.2
Other liabilities	25,748	27,233	- 5.5	- 2.7	10.3
Total equity and liabilities	250,890	246,926	1.6	3.9	100.0

¹ The adjustment for exchange rate factors is calculated by applying the relevant current exchange rates to the prior-year figures.

² ↗ Consumption and carbon emissions data.

The Group's balance sheet total is slightly higher than one year earlier. Currency effects from the Chinese renminbi and the US dollar had a dampening effect on the balance sheet total.¹

Intangible assets decreased moderately compared to 31 December 2022 on a currency-adjusted basis. The main reason for the decrease was the amortisation recognised on reacquired rights and dealership relationships from the acquisition of BMW Brilliance.

Adjusted for currency effects, property, plant and equipment was up by 12.2% year on year. This increase was driven in particular by additions to land, buildings and production facilities of the newly fully consolidated entity, BMW Manufacturing Hungary Kft. Higher investments in the sixth generation of electric drives, as well as for new vehicle projects such as the new BMW 5 Series, also had an impact. The capital expenditure ratio stood at 5.7% (2022: 5.5%) whereas the capital expenditure ratio excluding right-of-use assets increased to 4.9% (2022: 4.3%).

Leased products were slightly up on a currency-adjusted basis. The increase was driven by the higher level of new leasing business and a higher average financing volume. In contrast, the managed contract portfolio decreased to 1,712,330 contracts (2022: 1,807,904 contracts; -5.3%).

Receivables from sales financing increased slightly compared to 31. Dezember 2022 on a currency-adjusted basis. An increase in dealership financing, especially in the USA and Germany, had an impact at 31 December 2023. The year-on-year increase in dealership financing was due to better availability of vehicles, the introduction of new models such as the BMW 7 Series and the BMW i5², and a higher average financing volume per vehicle. The increase was offset by a decrease in customer financing, particularly in China. The decrease in China was due to strong competition from local banks.

The managed contract portfolio with retail customers and dealerships fell by 2.8% to 3,600,359 contracts.

The increase in inventories was mainly due to the build-up of finished goods to service the markets and as a result of model changes.

Group equity climbed to € 92,923 million, driven primarily by the Group net profit amounting to € 12,165 million (2022: € 18,582 million).

Equity attributable to shareholders of BMW AG rose to € 89,596 million mainly due to the net profit for the year attributable to shareholders of BMW AG amounting to € 11,290 million. The dividend payout amounting to € 5,430 million reduced Group equity and, to an equal extent, equity attributable to BMW AG shareholders. The continued share buy-back programme also reduced equity attributable to shareholders of the BMW Group.

Pension obligations stood at € 427 million, surpassing the previous year's figure of € 339 million. The increase in the provision for pensions resulted mainly from the application of lower discount rates.

Other provisions increased significantly on a currency-adjusted basis, largely due to higher provisions for statutory and non-statutory warranty obligations, as well as product guarantees.

Currency-adjusted financial liabilities went up, primarily due to increased volume of ABS financing and higher liabilities from customer deposits. These increases took place against the backdrop of rising financing requirements in light of the growth of Financial Services business.

BMW Group equity ratio*

in %	31.12.2023	31.12.2022	Change in % points
Group	37.0	37.0	–
Automotive segment	43.1	45.7	– 2.6
Financial Services segment	11.0	11.9	– 0.9

* Equity in each case as a percentage of corresponding balance sheet total.

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 net 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 portion 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 declined in 2023 due to lower earnings compared to the previous year.

BMW Group value added statement

	2023 in € million	2023 in %	2022 in € million	2022 in %	Change in %
WORK PERFORMED					
Revenues	155,498	100.1	142,610	92.7	9.0
Financial income	- 1,227	- 0.8	9,783	6.4	-
Other income	1,045	0.7	1,377	0.9	- 24.1
Total output	155,316	100.0	153,770	100.0	1.0
Cost of materials*	82,527	53.1	80,181	52.1	2.9
Other expenses	22,609	14.6	19,479	12.7	16.1
Bought-in costs	105,136	67.7	99,660	64.9	5.5
Gross value added	50,180	32.3	54,110	35.2	- 7.3
Depreciation and amortisation of total tangible, intangible and investment assets	14,565	9.4	14,456	9.4	0.8
Net value added	35,615	22.9	39,654	25.8	- 10.2
ALLOCATION					
Employees	14,721	41.3	13,932	35.1	5.7
Providers of finance	3,665	10.3	2,274	5.7	61.2
Government/public sector	5,064	14.2	4,866	12.3	4.1
Shareholders	3,802	10.7	5,480	13.8	- 30.6
Group	7,488	21.0	12,461	31.4	- 39.9
Non-controlling interests	875	2.5	641	1.6	-
Net value added	35,615	100.0	39,654	100.0	- 10.2

* Cost of materials comprises all primary material costs incurred for vehicle production plus ancillary material costs (such as customs duties, insurance premiums and freight).

COURSE OF BUSINESS AND SEGMENTS



AUTOMOTIVE SEGMENT

BMW Group finishes reporting year with new sales volume record

The BMW Group can look back on a positive course of business in the financial year 2023. Customers worldwide responded positively to the appealing and contemporary product portfolios of the BMW, MINI and Rolls-Royce brands. The BMW Group offers a diverse range of drive systems, encompassing all-electric models (BEV), state-of-the-art plug-in hybrids (PHEV) and highly efficient combustion engines, to meet a wide range of customer requirements. The ramp-up of electric mobility was also a significant driver of growth in 2023.

In total, during the reporting year, the BMW Group delivered 2,554,183 automobiles across the BMW, MINI and Rolls-Royce brands, setting a new record high. In line with expectations, a solid year-on-year increase in deliveries¹ was therefore achieved in the reporting year (2022: 2,399,632² units; +6.4%).

The BMW brand set a new record with deliveries totalling 2,252,793 units (2022: 2,100,689² units; +7.2%). MINI delivered 295,358 units, similar to one year earlier (2022: 292,922 units; +0.8%). Rolls-Royce, the renowned luxury marque, delivered 6,032 units to customers, achieving a new all-time high (2022: 6,021 units; +0.2%).

Electric mobility maintains momentum

The BMW Group's sales growth in the reporting year was significantly influenced by the systematic electrification of its product range. This was borne out by continued strong growth in deliveries of all-electric vehicles. Market demand for all-electric vehicles from the BMW, MINI and Rolls-Royce brands resulted in deliveries rising to 375,716 units (2022: 215,752³ units; +74.1%). Overall, the BMW Group delivered more than half a million electrified vehicles (BEV and PHEV) to customers for the first time with a total of 565,875 units (2022: 433,792³ units; +30.4%).

The share of all-electric vehicles in deliveries increased to 14.7% in 2023 (2022: 9.0%; +63.3%). The significant increase also had a positive effect on the development of fleet carbon emissions. [↗ Carbon Emissions](#)

The success of the BMW i4⁴ and BMW iX1⁴ models had a major impact on sales growth. The BMW iX3⁴ and the BMW iX⁴ also continued to enjoy great popularity. Furthermore, electrification made its debut in its top model series in the form of the BMW i7⁴ Luxury Sedan. The new BMW i5⁴ Business Sedan was also added to the range of all-electric automobiles. This means that the BMW Group now has an all-electric model in each of its core segments.

BMW Group deliveries of electrified models

in units	2023	2022	Change in %
BEV	375,716	215,752	74.1
BMW	330,197	172,008	92.0
MINI	45,193	43,744	3.3
Rolls-Royce	326	-	-
PHEV	190,159	218,040	- 12.8
BMW	173,878	200,945	- 13.5
MINI	16,281	17,095	- 4.8
Total³	565,875	433,792	30.4

¹See [↗ Glossary](#) for definition of deliveries. Retail vehicle deliveries during a given reporting period do not correlate directly to the revenues that BMW Group recognizes in respect of such reporting period.

²Deliveries include BMW Brilliance Automotive Ltd., also for the period prior to that entity's full consolidation in the BMW Group Financial Statements (1 January to 10 February 2022: 96,133 units).

³Including BMW Brilliance Automotive Ltd., also for the period before full consolidation in the BMW Group Financial Statements.

⁴[↗ Consumption and Carbon Disclosures](#).

Solid growth in Europe and America, new record high in Asia

A look at the international markets also confirms the successful development of sales during the reporting year. All key regions contributed to growth. Vehicle sales in Europe totalled 942,958 units (2022: 878,515 units; +7.3%). Solid growth was also recorded in Germany, where deliveries totalled 272,589 units (2022: 254,292 units; +7.2%). In the UK, sales rose to 159,202 units (2022: 157,329 units; +1.2%). Significant growth was recorded in France, with sales up to 86,606 units (2022: 75,805 units; +14.2%), while Italy also saw strong growth with 78,763 units delivered (2022: 67,025 units; +17.5%).

In the Americas, the BMW Group recorded solid growth, with sales up to 482,048 units (2022: 441,471 units; +9.2%). The positive trend also continued in the USA, with deliveries up by 9.3% to 397,325 units (2022: 363,541 units).

Sales markets in Asia recovered slightly from the downturns that had arisen in the previous year due to general pandemic-related restrictions. In the reporting year, deliveries in this region totalled 1,073,115 units (2022: 1,030,987¹ units; +4.1%). The sales situation in China also improved, with deliveries up slightly by 4.1% to 826,257 units (2022: 793,520¹ units).

BMW retains top spot in global premium segment

The core BMW brand set a new sales record in 2023 with 2,252,793 units (2022: 2,100,689¹ units; +7.2%) delivered. This performance confirms the brand's top position in the global premium segment. The key driver of growth was sales of all-electric models, which nearly doubled in 2023 to 330,197 units (2022: 172,008² units; +92.0%). Models from the X family, especially the BMW X1, continued to enjoy great popularity. Almost every fifth vehicle (19%) of this highly successful model was sold in the all-electric BMW iX1³ version.



BMW Group deliveries of vehicles by region and market

in 1,000 units	2023	2022	2021	2020	2019
Europe	943.0	878.5	949.1	913.6	1,081.6
thereof Germany	272.6	254.3	266.8	285.0	330.5
thereof UK	159.2	157.3	164.3	163.2	233.8
Americas	482.0	441.5	451.7	379.7	472.9
thereof USA	397.3	363.5	368.0	307.9	375.7
Asia ¹	1,073.1	1,031.0	1,067.9	986.5	930.8
thereof China ¹	826.3	793.5	847.9	778.4	724.7
Other markets	56.1	48.6	52.8	45.4	52.2
Total¹	2,554.2	2,399.6	2,521.5	2,325.2	2,537.5

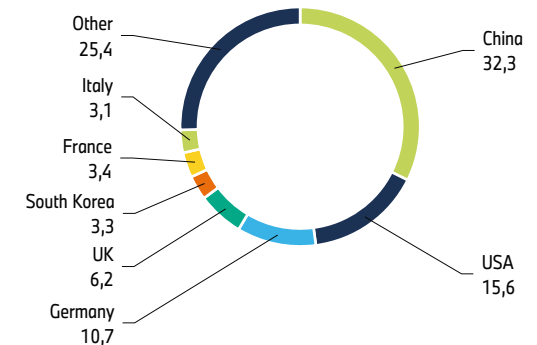
¹ Deliveries including BMW Brilliance Automotive Ltd., also for the period prior to that entity's full consolidation in the Group Financial Statements of the BMW Group (1 January to 10 February 2022: 96,133 units, 2021: 651,236 units, 2020: 602,247 units, 2019: 538,612 units).

² Including BMW Brilliance Automotive Ltd., also for the period before full consolidation in the BMW Group Financial Statements.

³ [Consumption and Carbon Disclosures](#).

BMW Group – largest automobile markets in 2023

in % of sales



New BMW brand products

The focus of product innovations in 2023 was predominantly aimed at the business class. The new BMW X5 and BMW X6 flagship models were launched in the spring. The new BMW 5 Series Sedan followed in autumn. At market launch, all drivetrain variants were available for this model, including the first all-electric BMW i5¹, the two PHEV models BMW 530e¹ and BMW 550e xDrive¹, as well as models powered by conventional combustion engines. The globally popular Business Sedan, which received an overwhelmingly positive response from the international trade press shortly after its launch, will be available on the Chinese market from early 2024. In October 2023, the BMW X2 also celebrated its world premiere with its first all-electric BMW iX2¹ model. The market launch will start in spring 2024.

BMW M sets new record

BMW M is also on course for growth. With a significant increase of 14.2% to a total of 202,431 units, sales of high-performance automobiles surpassed the 200,000-mark for the first time (2022: 177,258 units). The positive development is also a result of the electrification of the BMW M model range: the highest-volume model was once again the Sports Coupé BMW i4 M50¹.

The focus on the electrification of drive systems was also evident in market launches in 2023. Right at the beginning of the year, the BMW XM¹ was launched worldwide as BMW M's first high-performance class PHEV. The BMW i7 M70 xDrive¹ and BMW i5 M60 xDrive¹ models expanded the BMW M portfolio of all-electric high-performance vehicles.

The 2024 model year looks highly promising. Following the success of the BMW M3 CS¹, another special model in the high-performance class, the BMW M4 CS, is on the verge of being launched. Further updates to the BMW M3, BMW M4 and BMW M2 have already been announced and will be introduced during the year. Alongside the new BMW M5, the lineup of BMW M in the luxury segment has been complemented by the new BMW i5 M60 xDrive Touring¹.

Deliveries of BMW vehicles by model series²

in units	2023	2022	Change in %	Share of BMW deliveries 2023 in %
BMW 1 Series/BMW 2 Series	225,827	205,971	9.6	10.0
BMW 3 Series/BMW 4 Series	558,462	478,932	16.6	24.8
BMW 5 Series/BMW 6 Series	273,877	315,590	- 13.2	12.2
BMW 7 Series/BMW 8 Series	59,763	48,708	22.7	2.7
BMW Z4	10,957	12,029	- 8.9	0.5
BMW X1/X2	318,051	242,189	31.3	14.1
BMW X3/X4	405,562	400,898	1.2	18.0
BMW X5/X6	280,684	277,057	1.3	12.5
BMW X7	61,117	57,905	5.5	2.7
BMW iX	50,989	39,130	30.3	2.3
BMW XM	6,749	-	-	0.3
BMW i3/i8	755	22,280	- 96.6	-
BMW total	2,252,793	2,100,689	7.2	100.0
thereof BEV	330,197	172,008	92.0	14.7
thereof PHEV	173,878	200,945	- 13.5	7.7



¹ Consumption and Carbon Disclosures.

² Deliveries including BMW Brilliance Automotive Ltd, also for the period prior to that entity's full consolidation in the BMW Group Financial Statements (1 January to 10 February 2022: 96,133 units).

MINI electrifies driving pleasure

In 2023, the MINI brand delivered a total of 295,358 units to customers (2022: 292,922 units; +0.8%), similar to the previous year's level. Electrification also had a highly perceptible impact in the premium compact segment, with the MINI Cooper SE* once again finishing the year as the brand's best-selling model. The MINI Cooper SE Convertible* was also launched during the reporting year, providing electrified driving pleasure in combination with an open-air experience. The limited edition of 999 vehicles was quickly sold out. Overall, electrified MINI models (BEV and PHEV models) accounted for 20.8% of the brand's deliveries (2022: 20.8%; +0.0%).

All-electric vehicles accounted for 15.3% of deliveries (2022: 14.9%; +2.7%). The new MINI family will be launched in the course of 2024. In addition to the completely new MINI Cooper E*, an all-electric version of the MINI Countryman* is also available for the first time. The new MINI Aceman, the brand's first crossover model, will make its debut as a purely electrically powered model in spring 2024.

Record high for Rolls-Royce

The year 2023 was an extremely successful one for Rolls-Royce. The luxury brand delivered a total of 6,032 units to customers in the reporting year (2022: 6,021 units; +0.2%).

With this performance, Rolls-Royce achieved a new record high in terms of deliveries of ultra-luxury class automobiles. Once again, the most sought-after model was the Luxury Offroader Rolls-Royce Cullinan. The Bespoke programme, which allows for custom-made Rolls-Royce models tailored to individual customer preferences, also enjoyed great success worldwide. Towards the end of 2023, the first all-electric Rolls-Royce Spectre* made its market debut. The luxurious Supercoupe marks a milestone in the history of the prestigious marque and already has a backlog of orders stretching through to 2025.

Deliveries of MINI vehicles by model variant

in units	2023	2022	Change in %	Share of MINI deliveries 2023 in %
MINI Hatch (3- and 5-door)	155,607	163,929	- 5.1	52.7
MINI Convertible	32,141	24,423	31.6	10.9
MINI Clubman	24,207	27,870	- 13.1	8.2
MINI Countryman	83,403	76,700	8.7	28.2
MINI total	295,358	292,922	0.8	100.0

Deliveries of Rolls-Royce automobiles by model variant

in units	2023	2022	Change in %
Phantom	505	418	20.8
Ghost	1,510	2,015	- 25.1
Wraith/Dawn	168	328	- 48.8
Cullinan	3,523	3,260	8.1
Spectre	326	-	-
Rolls-Royce total	6,032	6,021	0.2



* ↗ Consumption and Carbon Disclosures.

Automotive segment earnings performance in line with expectations

As in the analysis of the Group's earnings performance, it should be noted that BMW Brilliance has been fully consolidated since 11 February 2022, and therefore for only part of the financial year 2022. In 2023, it has been included for the full year.

At € 132,277 million (2022: € 123,602 million; +7.0%, currency-adjusted: +11.3%), the Automotive segment recorded a solid year-on-year increase in revenues on the back of higher vehicle sales. In the previous year, vehicle sales fell due to production cutbacks caused by the limited availability of semiconductors and wiring harnesses as well as pandemic-related lockdowns in China. Furthermore, the increased volume of high-revenue models sold, such as the BMW 7 Series and the BMW X5, as well as growth in spare parts and accessories business, also contributed to the year-on-year increase in revenues. The full consolidation of BMW Brilliance also increased revenues. Unfavourable currency translation effects, primarily from the Chinese renminbi and the US dollar, held down the increase in revenues.

The segment's cost of sales amounted to € 109,920 million and was therefore moderately higher than the previous year (2022: € 104,324 million; +5.4%). Similar to revenue, higher vehicle sales and full consolidation of BMW Brilliance also had an impact in this regard. The segment's cost of sales was also negatively impacted by increased expenses for warranties. A higher proportion of electrified, especially all-electric, vehicles also contributed to increased costs.

In the previous year, the impact of the full consolidation of BMW Brilliance, including approximately € 1.8 billion in depreciation from purchase price allocation and the elimination of approximately € 1.3 billion in intra-group profits, had a negative effect on the cost of sales. Depreciation from the purchase price allocation amounted to approximately € 1.4 billion in 2023.

The increased research and development expenditure is primarily related to the cross-series digitalisation and electrification of the vehicle fleet, as well as the development of automated driving functions. Furthermore, the expenditure resulted from the

development of new models, such as the BMW 5 Series and NEUE KLASSE models, for example.

Selling and administrative expenses rose to € 9,195 million in the reporting period (2022: € 8,801 million; +4.5%). A significant reason for the increase is higher costs for IT projects.

The net amount of other operating income and expenses decreased year-on-year. Among other factors, other operating income in the previous year included higher reversals of provisions.

At € 12,981 million, profit before financial result in the 2023 financial year was significantly higher than in the same period of the previous year (2022: € 10,635 million; +22.1%). The full consolidation of BMW Brilliance had a dampening impact in 2022 in the year-on-year comparison.

The EBIT margin for the segment was at 9.8% for the reporting year (2022: 8.6%; +1.2 percentage points). As forecasted in the quarterly report for 30 September 2023, the EBIT margin was within the range of 9.0 to 10.5%.

The financial result of the Automotive segment was a net negative amount of € 339 million and therefore significantly down on the previous year's corresponding figure (2022: net positive

amount of € 8,283 million). The main reason for the year-on-year deterioration was the gain of € 7.7 billion recognised in 2022 in other financial result arising on the remeasurement of the segment's previous at-equity interest in BMW Brilliance.

In the year under report, the interest result was primarily impacted by higher expenses arising from the unwinding of interest on discounted provisions, while interest income from bank deposits had an offsetting effect. In the previous year, interest income arising from the change in interest rates in connection with the unwinding of interest on discounted provisions was reported within interest and similar expenses.

At € 12,642 million, profit before tax for the financial year 2023 was significantly down on the previous year (2022: € 18,918 million), whereby the decrease was primarily due to the gain of € 7.7 billion recognised in other financial result in 2022 arising on the remeasurement of the segment's previous at-equity interest in BMW Brilliance.

The Automotive segment's return on capital employed (RoCE) for 2023 finished at 20.2%, and was therefore within the predicted target range of 18 to 22% (2022: 18.1%; +2.1 percentage points). The improvement was primarily due to the higher profit before financial result.

BMW Group margins by segment

in %	2023	2022	Change in % points
AUTOMOTIVE			
Gross profit margin ¹	16.9	15.6	1.3
EBIT margin ²	9.8	8.6	1.2
MOTORCYCLES			
Gross profit margin ¹	17.4	17.3	0.1
EBIT margin ²	8.1	8.1	-

¹ Gross profit as a percentage of segment revenues.

² Profit before financial result as a percentage of segment revenues.

MOTORCYCLES SEGMENT

BMW Motorrad achieves record sales in centenary year

In 2023, BMW Motorrad celebrated its 100th anniversary and achieved a new record, with a total of 209,066 motorcycles and scooters* delivered to customers (2022: 202,895 units). This represents a slight increase of 3.0%, in line expectations for the financial year.

Sales growth in all key regions

All major regions worldwide contributed to the successful sales result in 2023. In Europe, deliveries increased slightly to 116,011 units (2022: 110,788 units; +4.7%). Germany remained at the previous year's level with 24,176 units (2022: 24,129 units; +0.2%). France achieved a slight increase with 21,668 units (2022: 21,223 units; +2.1%). Slight growth was also recorded in Italy with 16,179 units (2022: 15,668 units; +3.3%). Deliveries in Spain totalled 12,716 units (2022: 12,506 units; +1.7%).

In the Americas, deliveries totalled 46,184 units, maintaining the previous year's level (2022: 45,775 units; +0.9%). Solid growth was recorded in Brazil with 14,106 units delivered to customers (2022: 13,051 units; +8.1%). The USA saw a total of 17,017

units sold, slightly down on the high number achieved in the previous year (2022: 17,690 units; -3.8%). Sales in China increased slightly to 15,832 units (2022: 15,404 units; +2.8%).

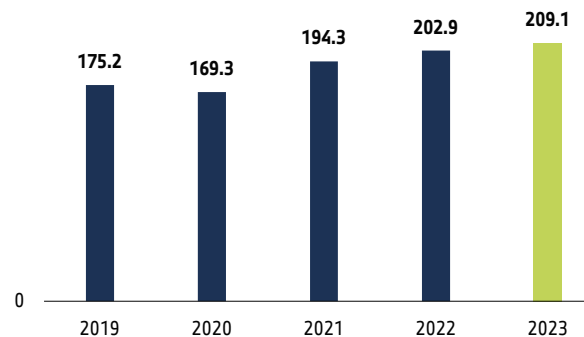
Market launches in the reporting year

In 2023, BMW Motorrad celebrated its centenary and took the opportunity not only to renew but also expand its product portfolio in the premium segment. The BMW R 1300 GS was introduced as the highlight and start of the renewal of the legendary GS Boxer family and has been available to customers since November 2023.

In the first half of the year, three model updates were introduced in the Sport and Super Sport segment with the R 1250 RS, the S 1000 RR and their high-performance M variant – the M 1000 RR. The R 1250 R was updated within the Roadster lineup. The M 1000 R, the first M Roadster, took to the roads as a completely new model. The centenary celebrations were complemented in the Heritage segment by two exclusive edition models: the BMW R 18 100 Years and the BMW R nineT 100 Years. Another highlight of the year was the opening of BMW Motorrad Welt in Berlin as the "Home of the Brand". Fans and other interested parties can enjoy a world of experience centred around the BMW Motorrad brand.

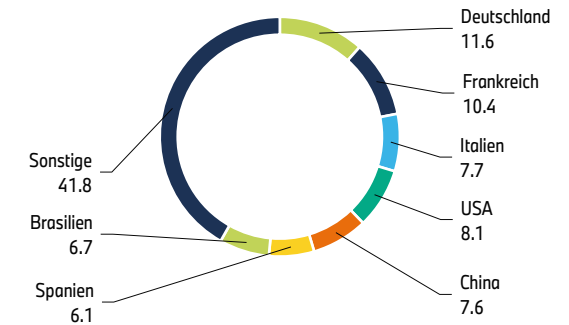
Deliveries of BMW motorcycles

in 1,000 units



BMW Group – largest motorcycle markets 2023

in % of sales



New products unveiled by BMW Motorrad

For BMW Motorrad, the 2023 reporting year was dominated by the centenary celebrations. Four new models and four model updates were presented for market launches in 2024. BMW Motorrad presented the new BMW CE 02 at the BMW Motorrad Days in July 2023. One year after the launch of the BMW CE 04, BMW Motorrad announced a further electric vehicle for urban centres and is systematically pursuing its electric mobility strategy. The BMW CE 02 eParkourer opens up a new vehicle segment in urban mobility.

As model updates, the F 800 GS, F 900 GS and GS Adventure revive the BMW Motorrad 2-cylinder family in the Adventure segment.

In parallel to the presentation of the model update of the S 1000 XR in October, the M variant – the M 1000 XR – was announced as a new model and will provide new impetus in the sports segment. The R nineT family received a refreshed look with the world debuts of the new R 12 nineT and R 12 boxer models towards the end of the year.

* For a definition of deliveries see [Glossary](#). Retail vehicle deliveries during a given reporting period do not correlate directly to the revenues that BMW Group recognizes in respect of such reporting period.

Motorcycles segment earnings performance within target forecast

The EBIT margin of the Motorcycles segment came in at 8.1% (2022: 8.1%) and therefore within the forecast target range of 8 to 10%.

At € 258 million, profit before tax in the financial year 2023 was down slightly (2022: € 269 million; - 4.1%), whereby sales volume growth and positive pricing effects were offset by unfavourable product mix effects and higher material costs. In a year-on-year comparison, net interest expense of € 1 million in 2023 had a negative impact on the financial result (2022: net interest income of € 12 million). In the previous year, interest income arising from the change in interest rates in connection with the unwinding of interest on discounted provisions was reported within interest and similar expenses. In contrast, decreasing interest rates had a negative impact in 2023.

The return on capital employed (RoCE) in the Motorcycles segment for the reporting year came in at 22.1%, and was therefore within the expected target range of 21 to 26% (2022: 24.9%; - 2.8 percentage points). The primary factor for the year-on-year change was the rise in net working capital, driven by a number of factors, including the model update in 2023 and a moderate increase in inventory levels.

FINANCIAL SERVICES SEGMENT

Financial Services segment earnings down on previous year

Profit before tax reported by the Financial Services segment for the financial year 2023 amounted to € 2,962 million (2022: € 3,205 million; -7.6%) and was therefore moderately down on the previous year. Key reasons for the decrease were higher re-financing costs due to rising interest rates and a decrease in the contract portfolio. Remarketing revenues from lease returns remained at a high level, but were nevertheless below the previous year's figure. This also had a negative impact on earnings compared to the previous year. On the other hand, a lower expense for credit risk provisioning had a positive effect on earnings. In the previous year, the level of expense recognised in connection with credit risk provisioning was heavily influenced by geopolitical uncertainties and a weaker macroeconomic outlook.

The credit loss ratio for the entire credit portfolio remained at a low level in 2023, finishing at 0.18% for the year (2022: 0.13%). In balance sheet terms, business volume increased slightly to stand at € 137,910 million (2022: € 135,689 million; +1.6%).

Stable earnings performance by Financial Services segment

Return on equity for the Financial Services segment remained at a similar level to the previous year, finishing at 17.2% for the financial year 2023 (2022: 17.9%; -0.7 percentage points). Return on equity for 2023 was therefore within the revised target range of between 16 and 19%.

New business with retail customers in line with last year's level

Credit financing and leasing business with retail customers remained at the same level in 2023, with a total of 1,542,514 new contracts concluded (2022: 1,545,490 contracts; -0.2%). Out of the new contracts concluded in 2023, 325,320 contracts (2022: 321,535 contracts; +1.2%) related to credit financing and leasing of pre-owned BMW Group vehicles.

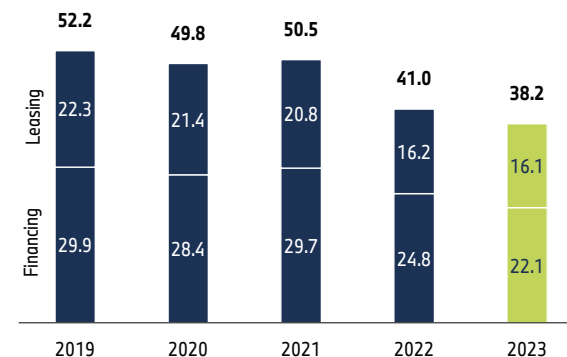
New lease business grew by 8.5% increase in 2023, whereas credit financing business contracted by 4.1%. Leasing accounted for 33.6% of total new business, credit financing for 66.4%.

The total volume new credit financing and leasing contracts with retail customers rose by 3.4% to € 57,333 million (2022: € 55,449 million), mainly due to a higher average financing volume per vehicle as a result of an improved product mix in the Automotive segment.

The share of new BMW Group vehicles either leased or financed by the Financial Services segment stood at 38.2%* in 2023 (2022: 41.0%; -2.8 percentage points).

New BMW Group vehicles leased or financed by the Financial Services segment*

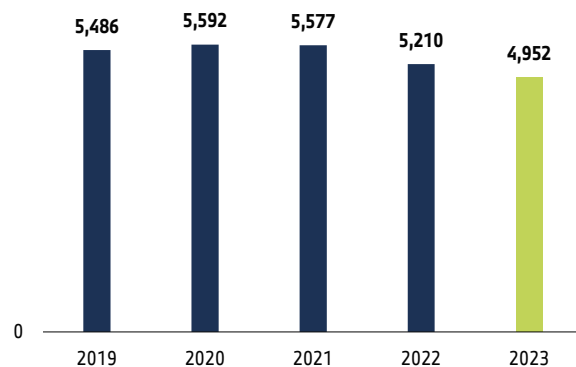
in %



*The calculation only includes automobile markets in which the Financial Services segment is represented by a consolidated entity.

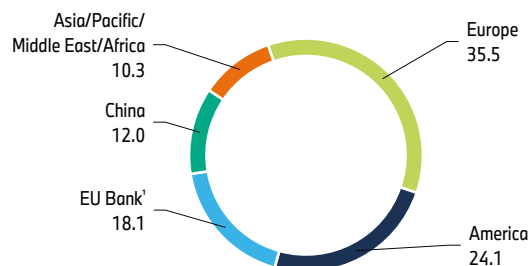
Retail customer contract portfolio in the Financial Services segment in 2023

in 1,000 units



Retail customer contract portfolio in the Financial Services segment in 2023

in 1,000 units



At 31 December 2023, a total of 4,952,318 credit financing and leasing contracts were in place with retail customers (31 December 2022: 5,210,246 contracts; -5.0%), with a declining trend arising in all regions (EU Bank¹ -6.0%; Europe -2.8%; Americas -2.8%; Asia/Pacific/Middle East/Africa -1.2%; China -15.5%).

Fleet business at previous year's level

Under the brand name Alphabet, the Financial Services segment primarily offers credit financing and leasing contracts, as well as related services, mainly to commercial customers as part of its fleet management business. Out of the total portfolio of credit financing and leasing contracts with retail customers, this line of business accounted for 720,094 contracts at the end of the reporting period (31 December 2022: 714,630 contracts²; +0.8%).

Dealership financing up on previous year

At 31 December 2023, the total business volume of dealership financing stood at € 18,941 million, up sharply compared to the end of the previous financial year (2022: € 15,209 million; +24.5%). The increase was mainly due to improved vehicle availability, model changes and a higher average financing volume per vehicle.

OTHER ENTITIES SEGMENT / ELIMINATIONS

The Other Entities segment recorded a loss before tax of € 100 million (2022: profit before tax of € 995 million). The main reason for the deterioration was the level of fair value measurement losses recognised on interest rate hedging transactions in the line item "Other financial result" as a result of falling interest rates in the USA, the UK and the eurozone during the reporting year. In the previous year, sharply rising interest rates led to fair value measurement gains on interest rate hedging transactions reported by the Other Entities segment.

At the level of profit before tax, eliminations increased to a positive amount of € 1,334 million (2022: € 122 million). In comparison to the previous year, lower eliminations in 2023 for leasing and credit financing business had a positive impact on the result reported.

¹ EU Bank comprises BMW Bank GmbH with its branches in Italy, Spain and Portugal.

² Previous year's value adjusted due to a change in brands for contracts with third-party branded vehicles.

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 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 requirements contained in the German Stock Corporation Act (AktG).

The key financial performance indicator for BMW AG is the dividend payout ratio. This is defined as the 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. 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 carried out primarily through branches, subsidiaries, independent dealerships and importers. Automobile deliveries increased by 235,621 to 2,620,920 units in the financial year 2023. This figure includes 692,267 units relating to series sets supplied to BMW Brilliance Automotive Ltd., Shenyang, an increase of 50,473 units compared with the previous year.

As of 31 December 2023, BMW AG had 85,168 employees, plus 5,733 apprentices, interns and thesis students (31 December 2022 81,683 employees, plus 5,500 apprentices, interns and thesis students).

The year 2023 was characterised by a volatile business environment marked by increasing (geo-)political tensions. In addition, in many markets higher inflation rates accompanied by increased interest rates had a negative impact on the consumer climate. Despite these factors, BMW AG overall looks back on a positive business performance in the reporting year.

BMW AG's solid financial condition is reflected in the results of operations, financial position and net assets reported for the financial year 2023. 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	2023	2022
Revenues	107,874	98,807
Cost of sales	- 90,865	- 81,653
Gross profit	17,009	17,154
Selling expenses	- 4,123	- 4,058
Administrative expenses	- 3,824	- 3,624
Research and development expenses	- 6,924	- 6,782
Other operating income	1,872	2,529
Other operating expenses	- 2,067	- 2,889
Result on investments	3,592	8,520
Financial result	- 84	- 2,926
Income taxes	- 1,067	- 1,594
Profit after income tax	4,384	6,330
Other taxes	- 18	- 19
Net profit	4,366	6,311
Transfer to revenue reserves	- 564	- 830
Profit from the reduction of the share capital	24	-
Transfer to capital reserves according to § 237 V AktG	- 24	-
Unappropriated profit available for distribution	3,802	5,481

Revenues increased by € 9,067 million compared to the previous year. Price and product mix effects, along with increased sales volume, had a positive impact on revenue growth. Exchange rate factors also had a positive effect on revenues. Geographically, the increase in revenues was mainly attributable to Europe and Asia. Revenues totalled € 107,874 million (2022: € 98,807 million), of which Group internal revenues accounted for € 83,231 million (2022: € 77,843 million) or 77.2% (2022: 78.8%).

Production costs went up by € 9,212 million to € 90,865 million, mostly due to higher costs for materials and logistics.

Gross profit decreased by € 145 million to € 17,009 million.

Overall, selling expenses increased slightly, while general administrative costs increased substantially.

A large proportion of research and development expenses was related to new vehicle models, including the all-electric BMW i5* and Rolls Royce Spectre* models and the electrified BMW 5 Series, BMW X3 and BMW X5 models, as well as the development of digital products, automated driving and the NEUE KLASSE. In line with the ramp-up of vehicles and the expenses for platforms related to the transformation towards electromobility, research and development costs increased by 2.1% compared to the previous year.

Other operating income was reduced to € 1,872 million (2022: € 2,529 million). The change was mainly due to lower reversals of other provisions and lower income from financial transactions.

Other operating expenses decreased to € 2,067 million (2022: € 2,889 million) and, as in the previous year, mainly included expenses from financial transactions and additions to other provisions.

Income from profit and loss transfer agreements with Group companies, reported in the line item Result on investments, decreased significantly. This was essentially due to the decrease in the profit of BMW INTEC Beteiligungs GmbH, Munich, which, among other things, received lower distributions.

The financial result improved by € 2,842 million compared to the previous year. The previous year mainly included higher expenses from the fair value measurement of plan assets offset against pension obligations.

Taxes on income resulted primarily from the current tax calculation for the financial year.

After deducting the expense for taxes, the Company reported a net profit of € 4,366 million, compared to € 6,311 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 € 3,802 million (2022: € 5,481 million). This translates to a payout ratio of 33.7% calculated based on the BMW AG shareholders' portion of the

BMW Group's consolidated net profit in accordance with IFRS. The payout ratio thus remains within the forecasted corridor of 30% to 40%, as in 2022 (30.6%).

The payout ratio takes into account the number of shares entitled to dividends at 31 December 2023 and may change prior to the Annual General Meeting due to the ongoing share buyback programme.

Financial and net assets position

BMW AG Balance Sheet at 31 December

in € million	2023	2022	in € million	2023	2022
ASSETS			EQUITY AND LIABILITIES		
Intangible assets	1,823	1,444	Subscribed capital	639	663
Property, plant and equipment	15,560	14,004	Nominal amount of own shares	- 5	- 17
Investments	12,077	12,093	Capital reserves	2,450	2,426
Tangible, intangible and investment assets	29,460	27,541	Revenue reserves	11,046	11,665
Inventories	8,505	7,523	Unappropriated profit available for distribution	3,802	5,481
Trade receivables	1,349	1,161	Equity	17,932	20,218
Receivables from subsidiaries	16,398	24,510	Registered profit-sharing certificates	24	25
Other receivables and other assets	3,120	2,281	Pension provisions	2,231	2,871
Marketable securities	2,705	2,904	Other provisions	11,537	11,686
Cash and cash equivalents	6,145	6,207	Provisions	13,768	14,557
Current assets	38,222	44,586	Liabilities to banks	35	1
Prepaid expenses	142	116	Trade payables	7,552	6,786
			Liabilities to subsidiaries	22,648	25,703
			Other liabilities	1,364	902
			Liabilities	31,599	33,392
			Deferred income	4,501	4,051
Total assets	67,824	72,243	Total equity and liabilities	67,824	72,243

Capital expenditure on intangible assets and property, plant and equipment in the year under report totalled € 4,571 million (2022: € 4,498 million). Depreciation and amortisation amounted to € 2,607 million (2022: € 2,452 million).

Investment assets remained in line with last year's level and totalled € 12,077 million (2022: € 12,093 million). Inventories increased to € 8,505 million (2022: € 7,523 million), primarily due to higher levels of finished goods and goods for resale.

Receivables from subsidiaries declined to € 16,398 million (2022: € 24,510 million). Specifically, there was a decrease in financial receivables from BMW INTEC Beteiligungs GmbH, Munich.

The increase in other receivables and other assets to € 3,120 million (2022: € 2,281 million) was due in particular to an increase in other assets.

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.

Cash and cash equivalents decreased slightly by € 62 million to € 6,145 million due to outflows from investing and financing activities. This was offset by the surplus from operating activities.

Equity fell by € 2,286 million to € 17,932 million, mainly due to lower unappropriated profit and lower retained earnings as a result of the share buyback programmes. The equity ratio changed from 28.0% to 26.4%.

In order to secure pension obligations, cash funds totalling € 430 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.

After offsetting pension plan assets against pension obligations, provisions for pensions decreased from € 2,871 million to € 2,231 million.

Other provisions decreased from € 11,686 million to € 11,537 million mainly due to a decline in provisions for taxes and provisions for liability risks. Conversely, the provision for statutory and non-statutory warranty and product guarantee obligations increased.

The decrease in liabilities to subsidiaries to € 22,648 million (2022: € 25,703 million) was mainly due to the decline in financial liabilities.

Deferred income went up by € 450 million to € 4,501 million and included primarily amounts for services still to be performed relating to service and maintenance contracts.

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 [Risks and Opportunities](#) 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 2024, 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), and therefore within the targeted range of between 30 and 40% (2023: 33.7%).

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](#) chapter of the Combined Management Report.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich branch, has issued an unqualified audit opinion on the Company Financial Statements of BMW AG, of which the balance sheet and the income statement are presented here. For the purposes of their inclusion in Company Register, the Company Financial Statements of BMW AG for the financial year 2023 will be submitted electronically to the body that maintains the Company Register, and may be obtained via the Company Register website. The financial statements are also available on the BMW Group website at www.bmwgroup.com/ir.

EU TAXONOMY

As part of the implementation of the European 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. It aims to channel capital flows towards environmentally sustainable economic activities.

The EU Taxonomy is a classification system that defines economic activities as environmentally sustainable based on fulfilment of predetermined technical screening criteria.

Essentially, an economic activity can only be classified as sustainable if it substantially contributes to one of the following six environmental objectives:

- I. Climate change mitigation
- II. Climate change adaptation
- III. Sustainable use and protection of water and marine resources
- IV. Transition to a circular economy
- V. Pollution prevention and control
- VI. Protection and restoration of biodiversity and ecosystems

This contribution is based on fulfilment of specific predetermined requirements. Moreover, no other environmental objective may be significantly harmed during performance of the activity and the company involved must observe minimum safeguards, among them compliance with human rights.

In the previous year, the BMW Group reported on the Taxonomy-eligible and Taxonomy-aligned proportion of its revenues, capital expenditure and operating expenditure for Environmental Objectives I and II.¹ From reporting year 2023 on, the BMW Group is also required to report on the proportion of Taxonomy-eligible revenues, capital expenditure and operating expenditure for

Environmental Objectives III to VI for the first time, following the new Delegated Regulation 2023/2486. New activities for Environmental Objectives I and II are set out by Delegated Regulation 2023/2485. The BMW Group will be required to report on Taxonomy alignment for all environmental objectives from reporting year 2024 onwards.

Our holistic understanding of sustainability

The BMW Group supports the overarching goal of the EU Taxonomy to promote the private financing of environmentally sustainable economic activities in order to make Europe the world's first climate-neutral continent by 2050. As a company aspiring to achieve [Net zero](#) across its entire value chain² by no later than 2050, the BMW Group had already set ambitious, science-based targets for all three scopes in 2020, which it aims to achieve by 2030 (base year 2019). These goals were validated by the Science Based Targets initiative (SBTi). Each year, the BMW Group informs about the actual level of progress. [The BMW Group Strategy](#)

In the coming years, as a result of the significant increase in electric mobility, the majority of carbon emissions will no longer be generated primarily in the use phase, but in the upstream value chain. Without the planned set of measures to reduce carbon emissions generated within the BMW Group supply chain, these emissions (Scope 3 upstream) would already exceed actual carbon emissions in the use phase prior to 2030 (Scope 3 downstream) [The BMW Group Strategy](#), [Production and 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. Among other things, the BMW Group's measures include a further reduction in energy demand, increased use of renewable energy (Scope 1 and 2), the use of new, efficiency-increasing

technologies (Scope 3 downstream), the use of green electricity as a criterion when awarding contracts to suppliers and a continuously increasing secondary raw material quota (Scope 3 upstream). However, for the economic activities that are relevant to the BMW Group, the EU Taxonomy focuses exclusively on reducing carbon emissions during the use phase that are attributable to low-emissions (until 2025) and emissions-free drivetrains. Indirect carbon emissions, for instance those produced when generating charging current or during the energy-intensive production of high-voltage batteries, are not taken into account in the context of these economic activities. Moreover, the EU Taxonomy only reflects the impact of decarbonisation measures on in-house production to the extent that they serve to manufacture Taxonomy-aligned products or to the extent that they are explicitly included in the description of an activity. For example, increasing the energy efficiency of paint shop processes also reduces carbon emissions in in-house production when an internal combustion engine vehicle is painted. The BMW Group's sustainability efforts in this regard is not or only partially taken into account as part of currently defined economic activities in the EU Taxonomy. [Carbon Emissions 1](#)

¹The definition of the three performance indicators and their differentiation from IFRS can be found in the [Glossary](#).

²In this context the entire value chain is to be understood as Scope 1 and 2 as well as the Scope 3 categories applicable to the BMW Group (categories 1, 4 and 11) in accordance with the Greenhouse Gas Protocol.

[[Explanatory comments on reporting procedures

For the reporting year 2023, we are continuing to report on Taxonomy eligibility and Taxonomy alignment in relation to Environmental Objective I "Climate change mitigation" and Environmental Objective II "Climate change adaptation". We will also be reporting on Taxonomy eligibility in relation to Environmental Objective IV "Transition to a circular economy" for the first time. There are, at present, no economic activities relevant to the BMW Group relating to Environmental Objective III "Sustainable use and protection of water and marine resources", Environmental Objective V "Pollution prevention and control" or Environmental Objective VI "Protection and restoration of biodiversity and ecosystems". Taxonomy eligibility is an initial indicator of the maximum environmental sustainability potential of economic activities as defined by the EU Taxonomy. Taxonomy alignment, on the other hand, serves as an indicator of an organisation's transformation towards environmentally sustainable economic activities.

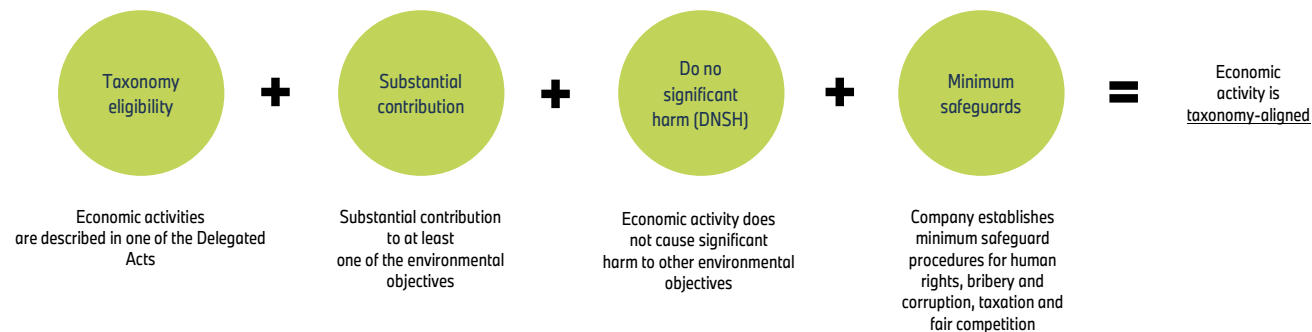
An economic activity is considered as Taxonomy-eligible if it is described in the Delegated Acts relating to one of the six environmental objectives, regardless of whether that economic activity meets the technical screening criteria stipulated in those Delegated Acts. Following an analysis, the BMW Group's business activities can be summarised under the following economic activities*:]

[[Overview of economic activities

Economic activities	Code(s)	Description	Environmental objectives	Reporting 2023	Comments
Manufacture of low carbon technologies for transport	CCM 3.3, CCA 3.3	The production of automobiles and motorcycles, excluding - the sale of parts and components, such as after-sales business excluding the provision of repair services, - the supply of components for production to third parties	I „Climate change mitigation“ II „Climate change adaptation“	Taxonomy alignment	Contribution to Environmental Objective II is subsumed under Environmental Objective I
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5, CCA 6.5	The acquisition, financing, lease and operation of automobiles and motorcycles, excluding banking and insurance services performed by our non-automotive Financial Services segment	I „Climate change mitigation“ II „Climate change adaptation“	Taxonomy alignment	Contribution to Environmental Objective II is subsumed under Environmental Objective I
Sale of second-hand goods	CE 5.4	Sale of second-hand automobiles that have been used for their intended purpose before by a customer	IV „Transition to a circular economy“	Taxonomy eligibility	

*The additional economic activities specified in Delegated Regulation (EU) 2022/1214 of 9 March 2022 (in particular with regard to nuclear energy and gaseous fossil fuels) are not relevant to the BMW Group. Accordingly, specific reporting tables for these activities are not included.

[[Explanatory comments on reporting procedures



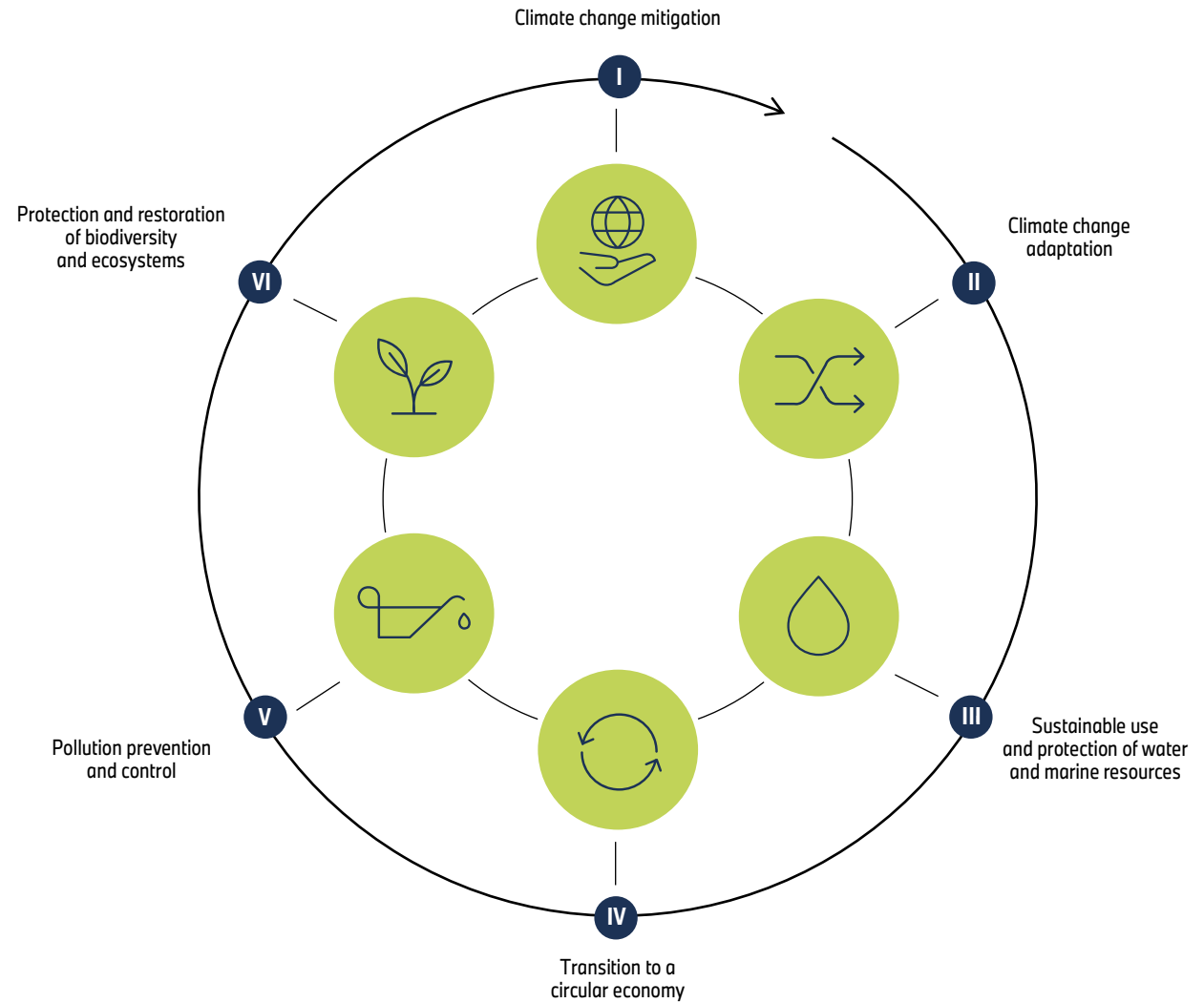
[[The BMW Group examined the relevance of economic activity CCM 3.18 "Manufacture of automotive and mobility components" following the publication of the new Delegated Regulation 2023/2485. This economic activity may become increasingly important in the next few years as the electrification of the vehicle portfolio increases, but is not included in the reporting of the current year.

In order to determine the Taxonomy alignment of economic activities CCM 3.3 and CCM 6.5 in the reporting year, they must be reviewed against the technical screening criteria relevant to them:

1. They make a substantial contribution to the fulfilment of the environmental objective based on the specific carbon emissions for the respective vehicles ("Substantial contribution").
2. They do not cause any significant harm to other environmental objectives based on the specific requirements for each relevant economic activity ("Do no significant harm" or "DNSH").

It must also be ensured that the organisation carrying out the economic activities has established minimum safeguards.]]

[[Environmental objectives of EU Taxonomy



Substantial contribution

The BMW Group has reviewed its contribution to the environmental objectives "Climate change mitigation" and "Climate change adaptation" for the reporting year. Economic activity CCM 3.3 and economic activity CCM 6.5 both make a substantial contribution to Environmental Objective I "Climate change mitigation" due to the manufacture as well as financing and leasing of low-emission (PHEV < 50 g CO₂/km WLTP by 2025) and zero-emission vehicles (BEV and motorcycles with 0 g CO₂/km). Economic activity CCM 3.3 and economic activity CCM 6.5 as undertaken by the BMW Group are also described under Environmental Objective II "Climate change adaptation". There are, however, no identifiable values that can be separated from Environmental Objective I "Climate change mitigation".¹

In order to identify the specific carbon emissions of PHEV that are not determined in line with Regulation (EU) 2019/631 (among others, USA and China), assumptions were made based on the worst-case value for that vehicle model, even though these emissions may have been lower in reality.

Do no significant harm

Compliance with the DNSH criteria was reviewed in the reporting year for the five additional environmental objectives, based in each case on the specific requirements for economic activity CCM 3.3 "Manufacture of low carbon technologies for transport" and economic activity CCM 6.5 "Transport by motorbikes, passenger cars and light commercial vehicles".

The vehicle portfolio for economic activity CCM 6.5 includes BMW Group vehicles and vehicles from other manufacturers. As no data are available regarding the relevant attributes of these third-party products, it is currently not possible to make a comprehensive assessment in relation to the DNSH criteria. For this reason, these vehicles are currently not reported as Taxonomy-aligned.



Climate change adaptation

A robust climate risk and vulnerability assessment is required for both economic activity CCM 3.3 and economic activity CCM 6.5 to determine that they do not cause significant harm to Environmental Objective II. To satisfy this requirement, the physical climate risks at all key BMW Group production sites are considered and an assessment of any damage that may occur as a result of climate change is being carried out based on long-term climate projection scenarios² up to 2035 and 2050. Moreover, we consider potential natural hazards at all of our direct supplier locations in order to adequately take supply risks into account when selecting and evaluating suppliers. Adaptive solutions to mitigate risks are drawn up and implemented as appropriate based on the results of this risk analysis and in consultation with site representatives. For further information, see [Climate-related Risks and Opportunities](#).

The DNSH requirements for Environmental Objective II are fulfilled for economic activities CCM 3.3 and CCM 6.5.



Sustainable use and protection of water and marine resources and protection and restoration of biodiversity and ecosystems

In order to establish that no significant harm is caused to Environmental Objectives III and VI, it is necessary to perform a comprehensive risk analysis that looks at the preservation and protection of environmental, water and marine resources for economic activity CCM 3.3 (in both cases, not relevant for economic activity CCM 6.5).

In this context, the BMW Group carries out environmental impact assessments in accordance with Directive 2011/92/EU during the construction of new and expansion of existing sites within the EU that also take account of water and biodiversity. At locations outside the EU, the BMW Group carries out an environmental impact assessment based on EU requirements. Moreover, a certified environmental management system pursuant to ISO 14001 has been implemented at all BMW Group production sites and all local statutory requirements are met. [Resource Management at all locations](#)

The DNSH requirements for Environmental Objectives III and VI are fulfilled for economic activity CCM 3.3.



Transition to a circular economy

The requirements for both economic activities of the BMW Group to do no significant harm to Environmental Objective IV differ for each stage of the value chain. We fulfil these requirements during the manufacturing process for BMW Group vehicles (economic activity CCM 3.3) by, for example, using secondary raw materials in our products, designing products to facilitate their recycling, managing waste at our production sites in a way that prioritises recycling over disposal, and systematically registering substances of concern along the entire supply chain. With regard to the use phase and recycling of BMW Group vehicles (economic activity CCM 6.5), we have set up appropriate processes to comply with recycling requirements and established measures for managing waste during maintenance and at the end of the life cycle. All these criteria also form part of our comprehensive approach to the [Transition to a circular economy](#).

The DNSH requirements for Environmental Objective IV are fulfilled for economic activities CCM 3.3 and CCM 6.5.^{1]}

¹ The end-of-lease business for BEV previously included in economic activity CCM 6.5 is now reported under economic activity CE 5.4 following the redefinition of this activity.

² SSP1-2.6, SSP2-4.5, SSP5-8.5.



Pollution prevention and control

The requirements to do no significant harm to Environmental Objective V differ considerably for economic activity CCM 3.3 and economic activity CCM 6.5.

With regard to economic activity CCM 3.3, the BMW Group has established corresponding processes which aim to monitor and ensure legal compliance with any prohibitions and limits relating to the use of chemical substances at vehicle level. All substances used by the BMW Group are in compliance with national and European laws. Substitutes are sought for hazardous substances that are categorised as being of very high concern in accordance with Article 57 and 59 of the REACH Regulation, if they are used directly or in a proportion exceeding 0.1% weight by weight in a mixture in the production processes of the BMW Group and are consequently contained in the products of the BMW Group, while taking factors such as economic and technical requirements into account. If the use of these hazardous substances cannot be avoided, the BMW Group uses them under controlled conditions in accordance with hazardous material regulations.

On the other hand, it is not possible to meet all criteria to do no significant harm to Environmental Objective V in the case of economic activity CCM 6.5. Current PHEV models with air pollutant emissions under 50 g CO₂/km WLTP offered by the BMW Group and other manufacturers may make a substantial contribution as defined by the EU Taxonomy. However, manufacturer specifications for air pollutant emissions in real driving conditions (real driving emissions, RDE) can only be reduced for selected models to 80% of the limit as required by the EU Taxonomy with reference to table 2 in the annex to the Clean Vehicles Directive, due to potentially extreme driving situations. The vast majority of PHEV in the vehicle portfolio for economic activity CCM 6.5 must therefore be considered not Taxonomy-aligned, even if they meet these values in everyday driving situations.

For the remaining PHEV and BEV models in the BMW Group's vehicle portfolio, further deductions have to be made for individual models in the context of economic activity CCM 6.5 in light of

the requirements for rolling resistance coefficients for tyres and in particular the external rolling noise of tyres. Owing to the limited availability of data, the eligibility of the models concerned is calculated in a simplified manner based on the tyres approved for these models, weighted by their purchase volumes and take rates.

The DNSH requirements for Environmental Objective V are fulfilled for economic activity CCM 3.3; however, not all are fulfilled for economic activity CCM 6.5, owing to the RDE and tyre label requirements described.

Minimum safeguards

Additionally, companies that carry out economic activities as defined by the EU Taxonomy are required to establish minimum safeguards. These require the implementation of processes to ensure compliance with due diligence obligations both within an organisation and in stages of the upstream and downstream value chain that have been outsourced. Specifically, this refers to compliance with human rights and topics like bribery, corruption, taxation and fair competition. In its [Policy statement on respect for human rights and corresponding environmental standards](#), the BMW Group has, among other things, committed to compliance with the following standards for minimum safeguards as defined in Article 18 of the Taxonomy Regulation: Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, the UN Guiding Principles on Business and Human Rights and the Ten Principles of the UN Global Compact, which we signed back in 2001. [Purchasing and Supplier Network](#), [Compliance and Human Rights](#)

The minimum safeguard requirements are met.

EU Taxonomy performance indicators

Please refer to the remarks in the glossary for the definition and calculation of the Taxonomy-specific performance indicators revenues, capital expenditure and operating expenditure and their differentiation from IFRS. [Glossary](#)

The proportion of total revenues, capital expenditure and operating expenditure relating to eligible and non-eligible economic activities are shown in each case as an aggregate percentage for

the BMW Group. All Taxonomy-eligible revenues, capital expenditure and operating expenditure for economic activities CCM 3.3 and CCM 6.5 are disclosed under Environmental Objective I "Climate change mitigation", given that there are no identifiable values for Environmental Objective II "Climate change adaptation" that can be separated from Environmental Objective I "Climate change mitigation". This approach avoids double counting of revenues, capital expenditure and operating expenditure when determining the KPI in the numerator across multiple economic activities.

In the case of capital expenditure and operating expenditure, all Taxonomy-eligible expenditure is allocated to the two economic activities CCM 3.3 and CCM 6.5. There is no separable Taxonomy-eligible capital expenditure and operating expenditure for economic activity CE 5.4.

In most cases, values from financial data were allocated directly to the economic activities for all three performance indicators, based for example on the drivetrain or the vehicle model. In the remaining cases, an allocation mechanism was used for each economic activity and each performance indicator. For Taxonomy-eligible and Taxonomy-aligned capital expenditure for economic activity CCM 3.3, the allocator is based on long-term Taxonomy-aligned revenues generated from the Automotive and Motorcycles segment:

— Allocator for economic activity CCM 3.3: Proportion (BEV + PHEV [$<50 \text{ g CO}_2$]) x Automotive segment revenues (2024–2029)*

The allocator is based on detailed long-term corporate planning for the next six years, as approved each year by the Board of Management and Supervisory Board. It is used for capital expenditure on property, plant and equipment (including right-of-use assets from lessee relationships), intangible assets and expenditure on research and development for economic activity CCM 3.3. For operating expenditure, the allocator is only applied to non-capitalised development costs.]]

* PHEV volumes are only taken into account in the allocator until reporting year 2025 inclusive.

For other operating expenditure (non-capitalised right-of-use assets (lessee), maintenance/repair expenses) relating to economic activity CCM 3.3, the allocator is based on the Taxonomy-aligned revenues generated from the Automotive and Motorcycles segment in the reporting period.

For Taxonomy-eligible and Taxonomy-aligned capital expenditure for economic activity CCM 6.5, the allocator is based on the Taxonomy-aligned financing volume for new customers in the current financial year:

- Allocator for economic activity CCM 6.5: DNSH alignment factor x BEV proportion x financing volume attributable to new customer contracts (2023)

It refers to capital expenditure on leased products.

Improvement in all three performance indicators for reporting year 2023

The following overview tables summarise the performance indicators revenues, capital expenditure and operating expenditure from Taxonomy-eligible and Taxonomy-aligned economic activities of the BMW Group. Regardless of the Taxonomy requirements, the BMW Group regularly and comprehensively addresses risks arising from climate change and their potential impact on its sites and supply chains. [↗ DNSH adaptation to climate change](#), [↗ TCFD climate risks](#)

— BMW Group perspective

All three performance indicators have grown markedly on the previous year at BMW Group level, highlighting that the BMW Group is on the right track with its sustainable economic activities relating to the EU Taxonomy.

Taxonomy-aligned revenues of the BMW Group amounted to € 23,690 million (2022: € 15,705 million), corresponding to 15% of total Group revenues and an increase on the previous year of four percentage points. The Taxonomy-aligned share of capital expenditure was 26% (€ 7,926 million), which corresponds to an increase of almost five percentage points on 2022. Taxonomy-aligned capital expenditure as a proportion of the BMW Group's total capital expenditure is impacted significantly by additions related to

leased products. Consequently, an examination of the proportion of Taxonomy-aligned capital expenditure at BMW Group level does not reflect the huge investment in sustainable economic activities and products. Operating expenditure incurred for Taxonomy-aligned economic activities amounted to € 2,051 million, corresponding to over 31% of Taxonomy-eligible operating expenditure (2022: 29%). [↗ Voluntary additional information on the Taxonomy-aligned share per economic activity](#)

— Economic activity CCM 3.3, "Manufacture of low-carbon technologies for transport"

The Taxonomy-aligned share of revenues generated by the Automotive and Motorcycles segment corresponded to 15.0% (economic activity CCM 3.3 "Manufacture of low-carbon technologies for transport") of total Group revenues (2022: 10.7%). As a percentage of third-party revenues of the two segments, the Taxonomy-aligned share rose to 22.1% (2022: 15.7%). As a result, revenues from the Automotive and Motorcycles segment that are associated with the manufacture of low-carbon technologies for transport (CCM 3.3) increased by approximately 41%. In contrast to the previous year, revenues from pre-owned vehicles in the Automotive segment are reported under the new economic activity CE 5.4, somewhat dampening the rise in Taxonomy-aligned revenues. [↗ Segment information](#)

The Taxonomy-aligned proportion of capital expenditure in the Automotive and Motorcycles segment rose to 22.7% from 19.1% in the previous year. Looking only at the Taxonomy-aligned additions to intangible assets and property, plant and equipment in the context of additions recorded by the Automotive and Motorcycles segment, however, gives rise to a considerably higher proportion of Taxonomy-aligned capital expenditure of more than 60%. Segment-specific capital expenditure is thus around 17 percentage points higher than in the previous year. This was driven by increased investment in sustainable products and plant infrastructure as part of electrification. This underscores the BMW Group's extensive capital expenditure on sustainable products and technologies. [↗ Voluntary additional information on the Taxonomy-aligned share per economic activity](#)

— Economic activity CCM 6.5, "Transport by motorbikes, passenger cars and light commercial vehicles"

The Taxonomy-aligned shares for the three performance indicators are at a low single-digit level for the Financial Services segment. This is due to the fact that there is a time lag before the effects of the vehicle fleet electrification ramp-up are reflected in the financing and leasing lines of business. A further reason is the varied, stricter DNSH requirements for economic activity CCM 6.5, in particular those relating to Environmental Objective V "Pollution prevention and control", which lead to the exclusion of almost all PHEV and a significant restriction in the recognition of BEV (for details see section [↗ Do no significant harm](#)). Third-party brands are not included in the vehicle portfolio in the reporting on Taxonomy alignment for economic activity CCM 6.5. A lack of available data regarding the tyre categories or WLTP emissions values of third-party products makes it impossible to review compliance with the DNSH criteria in full. Moreover, revenues from the sale of lease returns are reported under the new economic activity CE 5.4, differently from the previous year. The Financial Services segment recorded a decline in revenues for 2023 in absolute terms following the reallocation of revenue components to the new economic activity CE 5.4. The Taxonomy-aligned proportion of capital expenditure in the Financial Services segment rose by more than 50% on the previous year to 3.3% (€ 1,018 million). Based on total capital expenditure in the Financial Services segment, the Taxonomy-aligned proportion rose by significantly more than 40% to 5.4%. [↗ Voluntary additional information on the Taxonomy-aligned share per economic activity](#)

— Economic activity CE 5.4, "Sale of second-hand goods"

As stipulated by Delegated Regulation 2023/2486, the BMW Group only reports on the Taxonomy-eligible proportion of revenues for economic activity CE 5.4. This economic activity includes revenues from pre-owned vehicles in the Automotive segment and revenues from the sale of used cars after their intended use by clients in the Financial Services segment, but does not include revenues from the sale of used motorcycles. Around 12% of total revenues are Taxonomy-eligible in reporting year 2023.]]

[As the overview tables from Delegated Regulation (EU) 2023/2486 do not provide a detailed picture of the BMW Group's business model per economic activity, the following table provides detailed information about the three performance indicators as regards Taxonomy alignment, reported separately for economic activities CCM 3.3 and CCM 6.5.]

[Voluntary additional information on the Taxonomy-aligned share per economic activity

	2023 in € million	2023 in € million	2023 in %	2022 in %
Revenues¹	by activity	of which Taxonomy-aligned	Proportion	Proportion
Manufacture of low carbon technologies for transport (CCM 3.3)	105,573	23,340	22.1	15.7 ⁴
Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5)	18,465	350	1.9	1.4 ⁴
Sale of second-hand goods (CE 5.4)	18,799	n/a	n/a	n/a
Taxonomy-non-eligible revenues	12,661	n/a	n/a	n/a
Total revenues BMW Group	155,498	23,690	15.2	11.0
Capital expenditures²	by activity	of which Taxonomy-aligned	Proportion	Proportion
Manufacture of low carbon technologies for transport (CCM 3.3)	11,431	6,908	60.4	43.2 ⁴
Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5)	18,942	1,018	5.4	3.7 ⁴
Taxonomy-non-eligible capital expenditures	76	n/a	n/a	n/a
Total CapEx BMW Group	30,449	7,926	26.0	21.2
Operating expenditures	by activity	of which Taxonomy-aligned	Proportion	Proportion
Manufacture of low carbon technologies for transport (CCM 3.3)	6,373	2,051	32.2	29.6
Transport by motorbikes, passenger cars and light commercial vehicles (CCM 6.5)	261	11	4.2	2.5
Total OpEx BMW Group³	6,634	2,062	31.1	28.6]

¹ Taxonomy-aligned share calculated with denominator as third-party revenue from Taxonomy-eligible values of the respective economic activity.

² Taxonomy-aligned share calculated with denominator as the Taxonomy-eligible value of the respective economic activity. See [Note \[20\]](#) to the Group Financial Statements for details on the BMW Group's capital expenditure.

³ Only includes the operating expenditure defined in the EU Taxonomy.

⁴ Prior-year figures adjusted due to change in calculation basis.

Contextual KPI information related to Taxonomy-aligned economic activities

in € million	2023	2022
Revenues		
Sales of products, related goods and revenue of service contracts	23,340	15,264
Revenues related to financial services	350	441
Total	23,690	15,705
Capital expenditure		
Economic activity CCM 3.3		
Property, plant and equipment ¹	5,391	3,554
Development costs	1,516	1,042
Leased products	-	-
Total	6,908	4,596
Economic activity CCM 6.5		
Property, plant and equipment ¹	1	1
Development costs	-	-
Leased products	1,018	503
Total	1,018	504
Total	7,926	5,100
Operating expenditure		
Economic activity CCM 3.3		
Development costs – not capitalised ²	1,843	1,485
Right-of-use assets (lessee) – not capitalised	17	14
Maintenance/repair expenses	191	156
Total	2,051	1,655
Economic activity CCM 6.5		
Development costs – not capitalised ²	9	3
Right-of-use assets (lessee) – not capitalised	-	-
Maintenance/repair expenses	2	3
Total	11	6
Total	2,062	1,661]]

Revenues for economy activity CCM 3.3 include small amounts from Taxonomy-aligned activities related to the BMW Group's Company car programme. These Company cars are generally transferred to the BMW Group's external sales programme within 12 months after a short period of in-house use.]]

¹ Including intangible assets and right-of-use assets from lessee relationships.

² Including Spotlight Automotive Ltd.

CapEx plan for Environmental Objective I "Climate change mitigation"

A CapEx plan is required to be drawn up for capital expenditure and operating expenditure that expand Taxonomy-aligned economic activities or allow Taxonomy-eligible economic activities to become Taxonomy-aligned. This plan has been approved by the Board of Management of BMW AG and covers a seven-year period (2023–2029). The CapEx plan covers capital expenditure and operating expenditure for the reporting year and planned capital expenditure and operating expenditure (only non-capitalised development costs) for 2023–2029 for economic activities CCM 3.3 and CCM 6.5. The selected future period corresponds to the detailed long-term corporate planning of the BMW Group

and contains various investment measures with different implementation times (e.g. electrification of the vehicle fleet, model revisions, structural investments in production sites). The CapEx plan earmarks € 68,473 million for economic activity CCM 3.3 and € 24,847 million for economic activity CCM 6.5. The increase in Taxonomy-aligned capital expenditure and operating expenditure as compared to the previous year's plan can largely be attributed to the anticipated faster electrification of the vehicle portfolio in the Automotive and Motorcycles segments and, with a time delay, in the financing and leasing lines of business, and generally higher capital expenditure and operating expenditure associated with electrification until the end of the decade.1]

CapEx plan for expansion of or transformation into Taxonomy-aligned economic activities

in € million	Code(s)	2023	2022
		2023-2029	2022-2028
Economic activities			
Manufacture of low carbon technologies for transport	CCM 3.3	68,473	55,989
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5	24,847	16,520
Total		93,320	72,509 1]

Revenues

Financial year 2023	2023		Substantial contribution criteria								DNSH criteria ("Does not significantly harm")							2022	
	Code(s) ¹	Revenues	Proportion of Revenues ³	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) revenues	Category enabling activity	Category transitional activity
Economic activities	in € million	in %	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	in %	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies for transport	CCM 3.3; CCA 3.3	23,340	15.0	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	10.7	E	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5; CCA 6.5	350	0.2	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.3		T
Revenues of environmentally sustainable activities (Taxonomy-aligned) (A.1)		23,690	15.2	15.2%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	11.0		
Of which enabling		23,340	15.0	15.0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	11.0	E	
Of which transitional		19	0.0	0%						Y	Y	Y	Y	Y	Y	Y	0.0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of low carbon technologies for transport	CCM 3.3; CCA 3.3	82,233	52.9	EL	EL	N/EL	N/EL	N/EL	N/EL								57.5		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5; CCA 6.5	18,115	11.6	EL	EL	N/EL	N/EL	N/EL	N/EL								22.9		
Sale of second-hand goods ²	CE 5.4	18,799	12.1	N/EL	N/EL	N/EL	N/EL	EL	N/EL								n/a		
Revenues of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		119,147	76.6														80.3		
A. Revenues of Taxonomy-eligible activities (A.1+A.2)		142,837	91.9														91.3		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
Revenues of Taxonomy-non-eligible activities		12,661	8.1																
Total		155,498	100.0																

¹ With reference to ANNEX II of Delegated Regulation (EU) of 27 June 2023 (EU 2023/2486).

² For economic activity CE 5.4, only the taxonomy eligibility is reported in accordance with Article 5 of Delegated Regulation (EU) of 27 June 2023 (EU 2023/2486).

³ Taxonomy-aligned share of revenues per economic activity is 22.1% for CCM 3.3 and 1.9% for CCM 6.5, ^a Voluntary additional information on the Taxonomy-aligned share per economic activity.

Capital expenditure

Financial year 2023	2023		Substantial contribution criteria										DNSH criteria ("Does not significantly harm")					2022	
	Code(s) ¹	CapEx	Proportion of CapEx ²	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) CapEx	Category enabling activity	Category transitional activity
Economic activities	in € million	in %	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	in %	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies for transport	CCM 3.3; CCA 3.3	6,908	22.7	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	19.1	E	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5; CCA 6.5	1,018	3.3	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	2.1		T
CapEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		7,926	26.0	26.0%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	21.2		
Of which enabling		6,908	22.7	22.7%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	19.1	E	
Of which transitional		168	0.6	0.6%						Y	Y	Y	Y	Y	Y	Y	0.0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of low carbon technologies for transport	CCM 3.3; CCA 3.3	4,524	14.9	EL	EL	N/EL	N/EL	N/EL	N/EL								25.0		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5; CCA 6.5	17,924	58.9	EL	EL	N/EL	N/EL	N/EL	N/EL								53.7		
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		22,448	73.7														78.7		
A. CapEx of Taxonomy-eligible activities (A.1+A.2)		30,374	99.8														99.9		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
CapEx of Taxonomy-non-eligible activities		76	0.2																
Total		30,449	100.0																

¹ With reference to ANNEX II of Delegated Regulation (EU) of 27 June 2023 (EU 2023/2486).

² Taxonomy-aligned share of capital expenditure per economic activity is 60.4% for CCM 3.3 and 5.4% for CCM 6.5, ² Voluntary additional information on the Taxonomy-aligned share per economic activity.

Operating expenditure

Financial year 2023	2023		Substantial contribution criteria								DNSH criteria ("Does not significantly harm")						2022		
	Code(s) ¹	OpEx	Proportion of OpEx ²	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Climate change mitigation	Climate change adaptation	Water	Pollution	Circular economy	Biodiversity	Minimum safeguards	Proportion of Taxonomy aligned (A.1) or eligible (A.2) OpEx	Category enabling activity	Category transitional activity
Economic activities		in € million	in %	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N;N/EL	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	Y;N	in %	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of low carbon technologies for transport	CCM 3.3; CCA 3.3	2,051	30.9	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	28.5	E	
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5; CCA 6.5	11	0.2	Y	N	N/EL	N/EL	N/EL	N/EL	Y	Y	Y	Y	Y	Y	Y	0.1		T
OpEx of environmentally sustainable activities (Taxonomy-aligned) (A.1)		2,062	31.1	31.1%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	28.6		
Of which enabling		2,051	30.9	30.9%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	28.5	E	
Of which transitional		0	0.0	0%						Y	Y	Y	Y	Y	Y	Y	0.0		T
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL	EL; N/EL										
Manufacture of low carbon technologies for transport	CCM 3.3; CCA 3.3	4,322	65.1	EL	EL	N/EL	N/EL	N/EL	N/EL								67.6		
Transport by motorbikes, passenger cars and light commercial vehicles	CCM 6.5; CCA 6.5	250	3.8	EL	EL	N/EL	N/EL	N/EL	N/EL								3.9		
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		4,572	68.9														71.4		
A. OpEx of Taxonomy-eligible activities (A.1+A.2)		6,634	100.0														100.0		
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES																			
OpEx of Taxonomy-non-eligible activities		0	0.0																
Total		6,634	100.0																

¹ With reference to ANNEX II of Delegated Regulation (EU) of 27 June 2023 (EU 2023/2486).

² Taxonomy-aligned share of operating expenditure per economic activity is 32.2% for CCM 3.3 and 4.2% for CCM 6.5, ² Voluntary additional information on the Taxonomy-aligned share per economic activity.

PRODUCTS

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PRODUCTS

INNOVATION, DIGITALISATION AND CUSTOMER ORIENTATION

When developing innovations, the BMW Group attaches great importance to rigorous customer orientation and the use of digital solutions. Innovations help to optimise processes, improve products and introduce new technologies.

Remaining consistently one step ahead while keeping a firm eye on the future is a core aspect of our philosophy as a company and an expression of our firm commitment to innovation. The BMW Group works tirelessly to provide our customers with forward-thinking solutions today to simplify their daily lives. The new BMW 5 series, for example, achieves a new level of digital connectivity with its completely novel assistance systems. The BMW VISION Neue Klasse offers a first glimpse at our next product generation.

BMW VISION Neue Klasse

With the BMW VISION Neue Klasse, the BMW Group is demonstrating what the next generation of core BMW brand vehicles will look like. The Vision Vehicle, which was unveiled to the public for the first time at the International Motor Show IAA Mobility 2023 in Munich, features a clear design language that is reduced to the essentials with spacious surfaces and a small number of striking lines. This approach focuses on signature features like the BMW kidney grille and the Hofmeister kink in the side windows. The design radiates more of the essence of BMW than ever.



In the interior, the next generation of the BMW iDrive provides a unique digital user experience: analogue controls are reduced to a minimum in the BMW VISION Neue Klasse. The driver interacts with the vehicle via the BMW Panoramic Vision, the central display unit and multifunctional buttons on the steering wheel. The user experience is complemented by the tried-and-tested voice control system via the BMW Intelligent Personal Assistant. The next generation of the BMW iDrive thus offers a modern interpretation of the brand's typical driver-oriented focus. Similar to the BMW iDrive controller that was formerly on the centre console or the BMW head-up display, the brand is setting new standards with the BMW Panoramic Vision, which will be available for the first time in the NEUE KLASSE. It projects information at a height ideally aligned with the driver's line of sight and, for the first time, across the entire width of the windscreen. This innovation will complement the enhanced BMW head-up display in the NEUE KLASSE series models.

The BMW VISION Neue Klasse is also characterised by the increased use of secondary raw materials, resource-friendly production methods and an electric drive system featuring sixth-generation BMW eDrive technology.

The BMW VISION Neue Klasse represents the entire range of technological innovations with which the BMW Group is underlining its future entrepreneurial viability. It stands for the dawn of a new era of individual mobility: electric, digital and circular.

Digitalisation stands for innovation and customer focus

Digitalisation is a key element in keeping the vehicle constantly up to date for customers long after they have taken delivery of their new automobile. Since the launch of Operating System 7 in 2018, remote software upgrades¹ have been available for BMW vehicles. Apart from these software upgrades, the BMW Group also releases new functions and features on an ongoing basis. At the end of 2023, over six million BMW vehicles worldwide were already fully updatable. In other words, these vehicles can be updated in every respect, including infotainment, the drive system, driver assistance, convenience and safety. The BMW Group can currently update over 30 derivatives of all its drive variants remotely over the air.

BMW ConnectedDrive upgrades also allow additional functions to be either bought or simply booked for a specific period after the vehicle has been initially purchased.

The vehicle as a digital experience

The latest generation of BMW Group vehicles offers customers a maximum of interaction, infotainment and connectivity. State-of-the-art on- and off-board technologies such as 5G connectivity and cloud services make the latest BMW vehicles an integral part of their users' digital ecosystems. The comprehensive connectivity enables a whole host of digital services and functions, from smart and learning navigation to in-car gaming and video streaming. The vehicle is thus becoming the "next living space" for its users.

With the further development of the BMW iDrive in 2023 and the "QuickSelect" fast access concept, an improved menu structure based on devices from the consumer electronics sector is being added to the system. With the right information in the right place, the new BMW iDrive provides users with a concentrated, confident driving experience. The latest BMW iDrive generation is based on the BMW Operating System 8.5 and BMW Operating System 9.²

The latest MINI vehicles in the "New MINI Family" also incorporate these technology modules and, with the MINI Operating System 9, offer their customers an unmistakable digital user experience typical for the MINI brand. The iconic, round OLED display takes centre stage in this concept.

Software expertise at the BMW Group

More than twenty years ago, with the founding of BMW Car IT the BMW Group began developing its own software. Since then, the company has continued to expand its teams of developers to form a global network. Beginning with the Ulm site in southern Germany, its software expertise has been bolstered by the joint ventures Critical TechWorks in Portugal and BA TechWorks in China.

Digital connectivity and automation

Automated functions and digitally connected vehicles can help cut emissions, reduce the risk of accidents and ease traffic congestion. That's why the BMW Group is consistently driving this issue forward – with a sharp focus on customer convenience and safety.

To ensure the safety of automated systems, the BMW Group is promoting the development of industry-wide ISO standards for partially, highly and fully automated driving functions. The work on classifying the standardisation of SAE³ Level 3 and Level 4 functions has resulted in an ISO technical report that is due to be published as an ISO technical specification in 2024. Furthermore, in 2023 an ISO PAS standard was published that supports the introduction of Level 2 systems with innovative driver integration. The documents define uniform technical standards for safe assisted and automated driving.^{4]}



¹ The availability and contents of remote software upgrades depends on the country, model, equipment and software version installed.

² The use of OS 8.5 and OS 9 depends on the vehicle class and the production period.

³ SAE (Society of Automotive Engineers) levels categorise the degree of automation from manual to autonomous driving in five stages.

⁴ [Consumption and Carbon Disclosures](#).

[[BMW Highway Assistant and Active Lane Change

In the new BMW 5 Series Sedan, customers can use the BMW Highway Assistant and Active Lane Change feature for the first time. The BMW Highway Assistant enables drivers to take their hands off the steering wheel and place them in a comfortable position when driving for prolonged distances. The function is also supplemented by a new feature: the Active Lane Change assistant with driver's gaze confirmation, which enables the vehicle to change lanes automatically without the driver having to touch the steering wheel. All the driver needs to do is glance at the wing mirrors to confirm the lane change. The prerequisites for this technology include high-precision sensors, a powerful computing platform and connection to the BMW Cloud.

Take your hands off the steering wheel and temporarily turn your attention away from the traffic situation – this is highly automated driving at Level 3 and can be experienced in new BMW 7 Series models as of March 2024. BMW Personal Pilot L3 is the name of the new function that relieves customers of the task of driving in defined traffic situations and regulates speed, distance and lane guidance for them. The innovative system enables drivers to engage in secondary activities (such as writing messages or watching video streaming) on highways with structurally separated lanes and at speeds of up to 60 km/h.]]



[[During the year under report, the BMW Group opened a new test site, the Future Mobility Development Centre in Sokolov, Czech Republic, where we are currently testing automated driving and parking functions and even fully automated driving (Level 4) on an area of 600 hectares. With the help of virtual simulations and real-life testing, all driving situations are covered, whether in the city, in the country, on the highway or when parking. We are thus creating the basis for meeting our customers' high safety standards when it comes to automated driving. We also operate research facilities in Munich, where we were involved in the [TEMPUS](#)* research project in collaboration with the city authorities. Between 2021 and 2023, we gathered practical experience on a wide range of use cases relating to automated driving functions and innovative mobility services in urban areas. The BMW Group also has research facilities located in China and the USA, enabling it to integrate its two largest markets with regard to road- and traffic law-related issues right from the outset.

The new BMW 5 Series sets new standards in terms of digital connectivity and automation. Among other things, the vehicle can be optionally equipped with a highway assistant, which permanently takes over distance control and steering tasks and, for the first time, actively changes lanes when confirmed by the driver's gaze.

Following recent approval by the Federal Motor Transport Authority, the new BMW 7 Series will be equipped with Level 3 functions for the first time. The option will be available as of March 2024, making the BMW Group one of the leading automobile manufacturers in the field of highly automated driving.

Drivetrain technologies of the future

When developing drive system technologies, the BMW Group considers the needs of its customers worldwide. For this reason we are constantly developing existing drivetrain technologies in the interests of efficiency, decarbonisation and resource conservation. At the same time, we continue to research new drivetrain technologies with the ultimate aim of developing them for series production.

New generation of battery cells

High-performance, innovative and sustainably produced battery cells are the key to success for individual electric mobility. With its NEUE KLASSE models, as of 2025 the BMW Group will be using newly developed, round battery cells for the first time, which are optimally coordinated to suit the new architecture. The sixth generation of our lithium-ion cells represents a giant technological leap forward compared with the previous generation, effectively increasing energy density by more than 20%, charging speed by up to 30% and range by around 30%. The carbon emissions generated by cell production will be reduced by up to 60%.

Electrified vehicles as part of the power grid

The BMW Group is conducting its own research and development work with the aim of integrating electrified vehicles in the power grid. The focus is on technologies such as smart charging, a key component of the [BMW ChargeForward](#) service, which enables customers to synchronise their charging behaviour with the current grid load and the use of renewable energy. The technology has been available to all drivers of electrified vehicles in the USA since November 2023. Another cross-sectoral project known as [Bidirectional Charging Management \(BCM\)](#) was successfully completed at the end of 2022. Over a period of three years, the BMW Group, together with grid operators and universities, tested how electric vehicles can become mobile energy storage units and thus part of the power grid system. The results of the project underline the great potential of bidirectional charging and were incorporated in an initial customer offering, Connected Home Charging, in 2023. The project is a strategic cooperation with the grid operator E.ON, which aims to establish a Europe-wide ecosystem for smart charging at home. The innovation enables customers to connect their electrified BMW or MINI vehicle with their smart home and the power grid. The service has been available in an initial expansion stage in several European countries since late 2023. In the coming years, it is to be expanded and extended to include additional scope with the ultimate aim of enabling bidirectional charging as well.]]

* Munich test site – pilot test of automated driving in urban traffic.

Virtualisation

For the BMW Group, the virtualisation of products, processes and interaction spaces are a catalyst for digitalisation, reflecting the fact that the combination of rapidly developing technologies such as Web 3.0, artificial intelligence, X-reality (virtual reality, augmented reality, mixed reality) and spatial computing generates benefits across all areas of the value chain. Our holistic activities comprise the following three pillars and underline the BMW Group's commitment to innovation:

- Corporate: The virtualisation of internal processes, methods and products with real-time collaboration, regardless of location

For example, as part of the iFactory, planners can use virtual reality to virtually assess buildings, systems, logistics and the assembly of new production areas and test processes in 3D, long before construction is scheduled to begin.

- Commercial: Interaction with both new and existing tech-savvy target groups in virtual spaces and virtual worlds.

Engagement on digital platforms enables experience-oriented interaction with young target groups (Gen Z) within their digital ecosystems with the aim of enhancing brand image and developing long-term customer loyalty. In dedicated virtual worlds such as the BMW Motorrad MetaRide, innovative products can be experienced in a new way and supported throughout the entire customer journey.

- In-car experiences: Enhancing the quality of experience with a focus on infotainment, productivity and gaming.

With the M Mixed Reality approach, for example, a team of engineers at BMW M GmbH has developed an immersive driving experience for the BMW M2 and M4, which is now being made available to Driving Experience customers for the first time. Wearing VR goggles, drivers can be immersed in a virtual world while driving the real vehicle. In addition, the BMW Group has made further inroads into the gaming scene with the launch of Air Console, i.e. casual gaming in numerous current BMW and MINI models.

Artificial intelligence

In recent years, artificial intelligence (AI) has been increasingly developed and performs ever more comprehensive tasks. GPTs (Generative Pretrained Transformers) support and accelerate operational processes, including creative tasks. The technology holds considerable potential for the way we work, collaborate, develop, share knowledge and interact with our customers and how the future experience within our vehicles will be designed.

The development of generative AI is still in its infancy and industrialisation has only just begun. We are already using the first tools based on this technology or investigating its potential for specific applications, such as:

- Image-generating AI for end-to-end support of our design and vehicle construction processes
- Large language models, such as those on which ChatGPT is based, for voice applications within the vehicle
- Text and image generation applications, as well as knowledge management based on large language models for exploration for all employees
- Application of generative AI in various processes at the BMW Group, such as:
 - Market and sales communication, e.g. generated marketing texts

- Knowledge management for customer interaction in call centres
- Knowledge management or comparison of offers in purchasing
- Testing and comparison of vehicle specifications
- Coding support for IT and vehicle development

Shaping the future of mobility

The BMW Group is involved in numerous research and implementation projects for developing new mobility concepts. The main focus is on [pilot projects](#) that improve the quality of life and promote more sustainable urban mobility. In Munich, we are co-initiators of the new [Mobile Future Alliance Munich](#). Together with policymakers, the Technical University of Munich and the Munich Transport and Tariff Association, a strategy for sustainable mobility in the greater Munich area is to be developed. Specifically, it is about using street space more efficiently, creating open spaces for liveable urban areas, establishing new mobility solutions and promoting parking space management, among other things.

In Rotterdam, we are working with the city authorities, Erasmus University and other local partners on various pilot projects, including the improved interconnectedness of different modes of transport (intermodality), visionary urban vehicle concepts and the more efficient use of charging infrastructure. The BMW Group also held a [stakeholder dialogue](#) together with the City of Rotterdam in the reporting year. Over 100 participants from city administrations, the scientific community, industry and start-ups from Europe, the USA and China discussed the urban mobility of the future. The findings are now being incorporated into other projects.]]

[[Inspiration and a culture of innovation

Good ideas often emerge when different partners work together. According to this principle, we focus on collaborations in which the BMW Group complements its strengths with those of established partners and innovation drivers such as start-ups, enabling us to continue developing our innovative strengths. The global network of BMW Group Technology Offices is also making an essential contribution to maintaining the Group's leading role in terms of innovation.

These offices are strategically positioned worldwide and focus on key hotspots of technology and innovation. The potential of new technologies is therefore being explored in pilot projects and transferred to the Group's centralised teams. Whether manufacturing, developing smart city solutions or the mobility of the future, these Technology Offices are driving forward innovations that benefit the Group in all its lines of business.

Global dialogue with start-ups is an important means for the BMW Group to gain impetus. This is based on three pillars, comprising [BMW i Ventures](#) (through which we invest in technology start-ups), the start-up [Platform URBAN-X](#) (a MINI brand-initiated start-up that focuses primarily on urban living) and the [BMW Startup Garage](#). The latter serves as the BMW Group's venture client unit and is tasked with searching for innovations that represent a significant benefit for products, services, systems and processes. The aim of the programme is to evaluate and empower start-ups to become suppliers and partners.

The trend research conducted by the technology offices enables the BMW Group to anticipate the technological developments of tomorrow. The results are made publicly available in the [Trend Radar](#) where scientific institutions, start-ups, but also potential partners can make use of them.

When it opened in Silicon Valley in 1998, the BMW Group Technology Office USA was the Group's first research and development facility to be established outside of Munich. Originally

based in Palo Alto, the BMW tech office moved to its current location in Mountain View in 2011. Today, the Mountain View team is part of a global network of BMW tech offices strategically located in key technology hotspots around the world. They all play a crucial role in the BMW Group's open approach to innovation. Apart from the locations in Silicon Valley and Munich, the worldwide network also includes Seoul, Shanghai, Tel Aviv and Tokyo.

Worldwide cooperations and partnerships

To ensure its long-term success, the BMW Group enters into targeted cooperations and partnerships with companies from various industries. Several of the Group's largest collaborations and investments are listed below:

Since 2022, the BMW Group and Qualcomm Technologies have been working together to develop solutions for the next generation of automated driving. The three companies aim to develop technologies ranging from New Car Assessment Program (NCAP) solutions and advanced Level 2 driving assistance systems to the Level 3 functionalities of highly automated driving. The joint development of software functions is based on BMW's current software toolkit for automated driving. Within the terms of the cooperation, ultimately some 1,300 specialists will work together at various locations worldwide, including sites in Germany, the USA, Sweden, China, Romania and the BMW Test Centre in Sokolov in the Czech Republic.

The HERE mapping service was acquired by BMW, Mercedes-Benz and Audi in 2015. Continental, Intel, Mitsubishi, Nippon Telegraph and Telephone, and Pioneer are also current shareholders. The participation in HERE ensures long-term access to scalable, high-resolution maps. The development of a centralised, more efficient geo-database, from which all HERE products (including the currently used SD navigation map and HD maps) can be fed and continuously updated, was completed in 2023.

In collaboration with Amazon Web Services (AWS), the BMW Group is developing innovative cloud technologies for processing vehicle data. The two companies are also working together to develop commercial standard cloud solutions for the secure handling of vehicle data. The agreement is a continuation of the partnership in the field of vehicle data that began back in 2015. As in all previous collaborations with AWS, the BMW Group retains full and exclusive control over the data and complies with the data protection regulations applicable in its respective markets.

Since the launch of the first BMW voice assistant (BMW Intelligent Personal Assistant) in 2018, voice interaction has become an increasingly important part of the BMW iDrive display and operating concept. The next generation of the voice assistant will be based on Amazon's Alexa technology, thus enabling an even more natural dialogue between driver and vehicle.

The BMW Group is continuously building on its various cooperation arrangements aimed at expanding charging infrastructure in general. In addition to the BMW Group, Mercedes-Benz, Ford, Porsche, Volkswagen, Audi, Hyundai/Kia and BlackRock are all involved in the long-established IONITY joint venture. The aim is to set up an efficient, high-power charging network for electric vehicles right across Europe.

On 19 October 2023, the BMW Group jointly founded a company together with General Motors, Honda, Hyundai, Kia, Mercedes-Benz and Stellantis. The partners are working together with the aim of establishing a public charging network in the USA and Canada.

On 6 November 2023, the BMW Group signed an agreement with Mercedes-Benz to establish a company based in China with the objective of building charging infrastructure in that market. The approval by the antitrust authorities has already been given. The BMW Group holds a 50% stake in the recently founded company. [Reliable and comprehensive charging opportunities](#)]

[[Mobility services offered by the BMW Group

Together with Mercedes-Benz, the BMW Group offers innovative mobility services via the YOUR NOW joint venture. The range of services provides customers with access to various modes of transport other than their own vehicle.

As Europe's largest multimodal mobility platform, FREE NOW combines the entire range of various forms of mobility in one app. Apart from taxi cabs and private ride services, various types of e-scooters as well as car-sharing vehicles can also be booked via the FREE NOW app. By 2025, the share of electrically powered trips is projected to increase to 50% and users are set to travel fully electrically as of 2030.

The BMW Group offers a range of additional mobility services in the MyBMW app. It provides customers with access to exclusive FREE NOW services and, in cooperation with SIXT, to rental cars with exclusive specialised services. This BMW add-on mobility offering is currently available to BMW and MINI customers in a growing number of markets. For business customers and fleet operators, among other services the BMW Group offers keyless vehicle use for flexible fleet concepts or digital and efficient vehicle management options. The BMW Group's range of services also includes comprehensive charging solutions for the home, the workplace and on the road. [↗ Reliable and comprehensive charging opportunities \]\]](#)

PRODUCT QUALITY AND SAFETY

[[All BMW Group products and services are required to meet the highest standards in terms of quality and safety, People's safety has top priority, right from the product development stage. With this point in mind, optimum chassis tuning, highly effective braking systems and stable passenger compartments are key factors. Moreover, BMW Group vehicles are equipped with state-of-the-art safety systems that reduce the risk of accidents and injuries (active safety systems such as collision warning or lane departure warning systems) as well as mitigate the consequences in the event of an accident (passive safety systems such as airbags or seat belts).

We are also working continuously to further improve the safety of our vehicles. In 2023, the new BMW 5 Series achieved top marks in the European New Car Assessment Programme (Euro NCAP). The new BMW i5* was also named "Safest car of the year" by the Korean New Car Assessment Programme (KNCAP). Further awards gained in 2023 included the "Top Safety Pick+" from the Insurance Institute for Highway Safety (IIHS, USA) for the new BMW 5 Series, the BMW X3 and the BMW X1, as well as a triple "Good" rating in the China Insurance Automotive Safety Index (C-IASI) for the BMW X1. [↗ GRI Index: 416-1](#) [↗ SASB Index](#)

Quality management

In addition to its high quality and compliance with statutory regulations and standards, the BMW Group's comprehensive quality management system also focuses on ensuring the safety of its products. From the development stage to manufacturing, they are therefore subject to rigorous testing procedures. Furthermore, any information received from customers regarding potential deviations from quality standards are systematically followed up.

If a safety risk or a compliance-related defect is found, the BMW Group implements all the measures required to remedy the issue following detailed discussions with the relevant authorities. In 2023, safety- and compliance-related technical campaigns affected around 1.8 million vehicles (2022: 3.4 million vehicles). All these actions were voluntary and carried out in coordination with the authorities concerned. The BMW Group works according to the principle of prevention. To avoid technical campaigns of this type going forward, the BMW Group has also developed a comprehensive programme that has been in place since 2023.

Pollutants management

To the extent possible, the BMW Group excludes the use of problematic substances right from the vehicle design stage and sets out corresponding stipulations for its suppliers. Guidance is provided in the form of the [↗ Global Automotive Declarable Substance List \(GADSL\)](#). At the same time, we are working to reduce pollutant emissions in the interior of our vehicles to an absolute minimum. All BMW, MINI and Rolls-Royce brand vehicles are equipped as standard with interior air filters that prevent exterior pollutants and particles such as dust or pollen from entering the vehicle. Since 2020, the BMW Group has been using air filters equipped with nanofibre technology that are specially designed to prevent certain microbial particles and allergens as well as ultra-fine particulate matter from entering the vehicle.]]

* [↗ Consumption and Carbon Disclosures](#).

[[Sensitising and empowering customers to drive safely

The BMW Group provides its customers with a broad range of information regarding the proper use of its products and services. Information on safety, the correct operation of vehicles, and health protection is available in both printed and digital form. The information is supplemented by detailed notes and background information on the services, accessories and components pertaining to each individual vehicle.

With the [BMW M Driving Experience](#), the BMW Group offers driver and rider safety training for BMW, MINI and BMW Motorrad brand vehicles in 25 countries. Participants learn how to handle their vehicles in a safe manner and are sensitised to recognise dangerous situations in road traffic. In 2023, more than 110,000 customers worldwide took part in these training courses.

Customer data protection

Right from the early stages of developing its functions and services, the BMW Group sets out strict requirements for data protection due to the growing IT risks. Any personal data required in the course of contact with our customers are only collected, processed or used to the extent legally permitted and with the active consent of the data subject.

In order to ensure the protection of customer data, despite the challenge posed by the growing number of digitalised services, we are constantly developing our data management systems and respond promptly to any information received regarding data protection risks. If customers have any queries regarding the processing of their personal data, they can contact the Customer Interaction Centre or the Data Protection Officer in their respective market. With the aim of maintaining our high level of data protection, we regularly check all applications that process customer data to ensure full implementation of all current and appropriate IT security measures. Teams of experts also search specifically for any vulnerabilities in existing applications. We also translate any new findings into binding, Group-wide standards.

The BMW Group collaborates closely with the relevant data protection supervisory authorities – particularly regarding fundamental data protection issues such as those arising from the increasing connectivity of vehicles. [GRI Index: 3-3, 418-1](#)

Secure connectivity

The BMW Group's responsibility for its products includes the secure transmission of vehicle data to third parties. For example, Group vehicles are not directly connected to the Internet, but communicate directly and exclusively with the BMW ConnectedDrive back-end facilities via a secure connection within a virtual private network. The strategy enables the BMW Group to minimise the risk of unauthorised third parties accessing either the vehicle itself or any of its sensitive data. The access point to the Internet is controlled via a gateway. We currently see this extended vehicle approach in accordance with ISO 20078 as the best solution for offering an outstanding level of data security and data protection and meeting the statutory cybersecurity requirements (e.g. UN R155).

[CarData](#) provides BMW and MINI customers with transparency and sovereignty over the transfer of data to authorised third parties. With the introduction of the service in Germany and Europe in 2017 and the USA in 2020, the BMW Group is fully implementing the current requirements of the EU General Data Protection Regulation (EU GDPR) and the California Consumer Privacy Act (CCPA). The BMW Group deploys state-of-the-art technologies to prevent vehicle theft. The new BMW 5 Series and 7 Series also feature the latest ultrawide-band technology, which further raises the level of vehicle safety.^{1]}

CARBON EMISSIONS

[[The BMW Group is fully committed to the climate protection targets set out in the Paris Agreement. We are taking ambitious steps to contribute to progressive decarbonisation, and have therefore developed a carbon reduction strategy based on a holistic approach.

For the BMW Group, holistic means decarbonising the emissions generated by its vehicles over their entire life cycle. Although the gradual electrification of the Group's fleet is contributing towards decarbonisation during the use phase, emissions are also increasing at the same time, particularly in the supply chain. The main reason for this is the carbon-intensive production of components such as high-voltage batteries. Reducing carbon emissions within the supply chain is therefore one of our main selection criteria when awarding contracts to suppliers. With this strategy, the BMW Group is making a vital contribution to decarbonising the entire life cycle of its products, including energy-intensive raw materials such as steel, light metals and plastics. The approach also helps reduce carbon emissions across various sectors. [↗ Carbon emissions in the supply chain](#)

The BMW Group's decarbonisation targets are part of its integrated corporate target system and validated by the Science Based Targets initiative (SBTi). They are being implemented under the responsibility of the Board of Management in the BMW Group's various departments and thus throughout the organisation [↗ Performance Indicators and Performance Management](#). Specific decarbonisation targets are derived from the overarching objectives for each vehicle project, with the aim of achieving substantial improvements from one vehicle generation to the next. The responsibility for achieving these goals lies with specialist units in the management areas of Development, Purchasing, Supplier Network, Production and Logistics. Internal control and reporting systems take into account the various stages in the value chain, comprising the supply chain, development, production and the use phase. Among other factors, our decarbonisation measures are based on emissions specifications at material and component level. Target management and the monitoring of target

achievement are performed at vehicle level and subsequently aggregated for reporting at Group level.

We explain how the BMW Group manages the topic of sustainability across the organisation in the chapter [↗ The BMW Group Strategy](#). We also report on the management of climate-related opportunities and risks in the chapters [↗ Outlook](#) and [↗ Risks and Opportunities](#).

Reducing carbon emissions across the entire value chain

The BMW Group aims to achieve [↗ Net zero](#) carbon emissions across the entire value chain¹ by no later than 2050. This objective is based on decarbonisation targets up to 2030 that were validated in 2021 by the SBTi and are in line with the climate targets set out in the Paris Agreement to limit global warming. Based on this commitment, we are part of the SBTi and the international [↗ Race to Zero Campaign](#) led by the United Nations.]]

We have set ourselves the following decarbonisation targets² to be achieved by 2030 (base year 2019 for each scope):

- Decarbonisation by an average of 80% per vehicle produced at our own plants and sites (Scope 1 and 2)³. These targets can be achieved, for example, by reducing our energy requirements and simultaneously increasing the use of renewable energy.⁴ [↗ Carbon emissions of BMW Group locations](#)
- Decarbonisation in the use phase⁵ of the vehicle (Scope 3 downstream⁶) by an average of more than 50% per kilometre driven. To accomplish this target, we are driving the electrification of the entire product portfolio forward and using new, efficiency-enhancing technologies. [↗ Efficient Dynamics technologies](#)
- Decarbonisation by an average of more than 20%⁷ per vehicle produced in the supply chain (Scope 3 upstream⁸). Thus we also have a scientifically approved and confirmed target for reducing carbon emissions in the supply chain. The use of green electricity⁴ as a criterion when awarding contracts to suppliers, a continuously increasing secondary raw materials quota as well as innovations in the production of primary raw materials contribute in particular to achieving the target. [↗ Carbon emissions in the supply chain](#)

¹ In this context the entire value chain is to be understood as Scope 1 and 2 as well as the Scope 3 categories applicable to the BMW Group (categories 1, 4 and 11) in accordance with the Greenhouse Gas Protocol.

² Scope 3 emissions (upstream) in the supply chain and transport logistics, as well as well-to-tank emissions from the supply of fuel in the use phase, take into account not only carbon dioxide but also other climate-impacting greenhouse gases such as methane and are stated in carbon equivalents (CO₂e). The measurement of Scope 1 and Scope 2 emissions, as well as the additional Scope 3 emissions, does not include climate-impacting gases other than carbon dioxide.

[↗ Glossary](#).

³ In addition to production emissions, Scope 1 and 2 carbon emissions also include those generated at non-manufacturing sites.

⁴ In-house generation, direct purchase or Energy Attributes Certificates (e.g. guarantees of origin).

⁵ Takes into account an additional 10% in line with SBTi to cover possible differences between WLTP figures and real driving emissions. The upstream supply chain emissions generated by various energy sources (fossil fuels and electricity) according to the well-to-wheel approach are also included. The assumed average mileage is 200,000 km (in accordance with VDA 900-100). For definition and further information, see [↗ Glossary](#).

⁶ Categories included under Scope 3 downstream according to the Greenhouse Gas Protocol: Category 11: Use phase. [↗ Further GRI Information](#).

⁷ This figure has been rounded. The target validated under SBTi is 22 %.

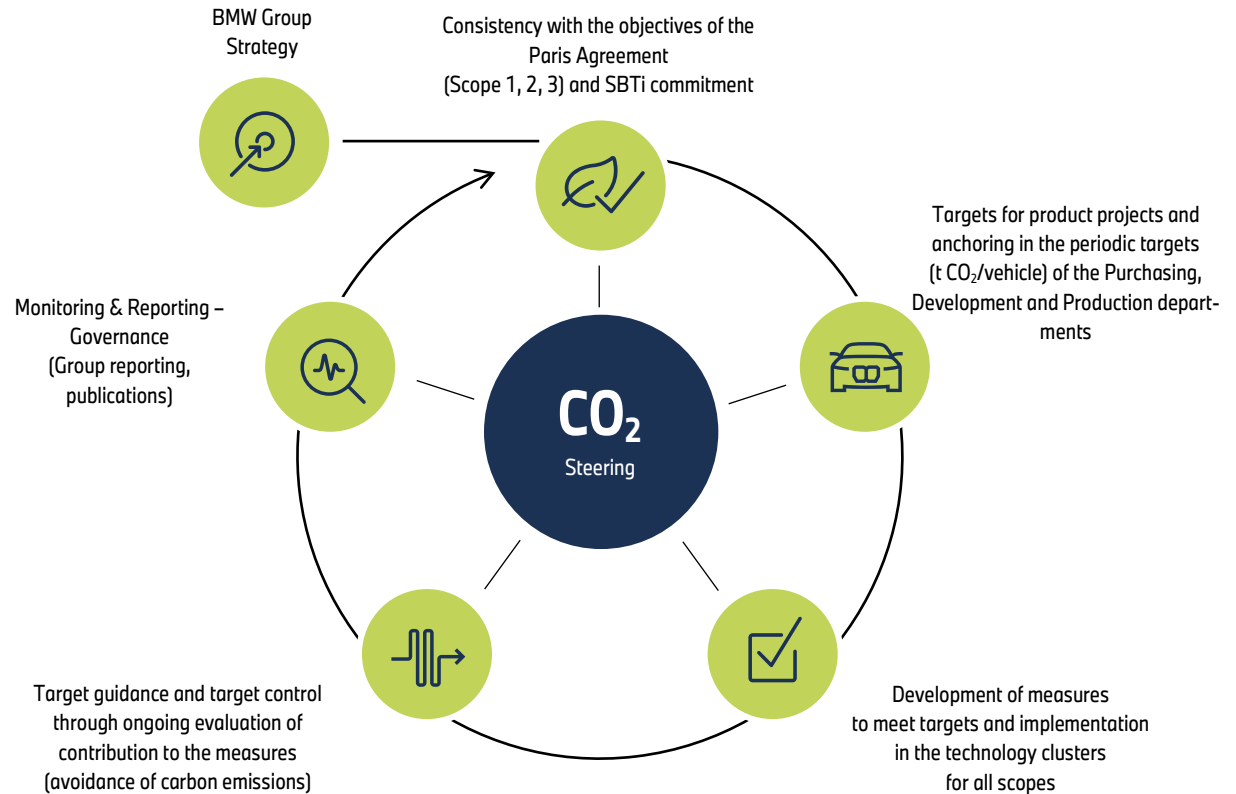
⁸ Categories included under Scope 3 upstream according to the Greenhouse Gas Protocol: Category 1: Purchased goods and services; Category 4: Transportation and distribution. [↗ Further GRI Information](#).

Across the entire the life cycle¹ of a vehicle, the above-mentioned individual targets will result in an average carbon reduction of at least 40% by 2030 compared to 2019. In order to achieve this target, we are committed to promoting decarbonisation measures such as the use of green electricity² in our own operations and those of our suppliers, without compensation measures being taken into account. The combination of a significant increase in the sale of electrified vehicles, efficiency improvements in all drivetrain technologies and effective measures to reduce carbon emissions in the supply chain are expected to help achieve the targets that have been set.

[We reviewed our carbon targets in 2023, as previously announced. The aim of this process was to set absolute targets for reducing carbon emissions by 2030. The targets are expected to be revalidated in the course of 2024. At the same time, we also improved the quality of carbon-emissions-related data in our supply chain (Scope 3 upstream) in 2023. In addition, greater transparency was achieved with the first-time publication of a [Vehicle Footprint](#) for the new BMW i5³, providing stakeholders with useful information, including the greenhouse gas potential of the vehicle over its entire life cycle. [New level of transparency achieved for vehicle data](#)

Absolute carbon emissions rose by 3.0% to around 134.7 million t CO₂ during the year under report (2022: around 130.7 million t CO₂⁴), driven mainly by increased vehicle volumes and a rise in emissions in the supply chain due to the increasing electrification of the BMW Group's product portfolio. On the other hand, electrification had a proportionate positive effect in the use phase. Comprehensive information on the BMW Group's carbon footprint is provided in the chapter [Further GRI Information.](#)]

Carbon steering



¹ Not including carbon emissions generated through waste disposal.
² In-house generation, direct purchase or Energy Attributes Certificates (e.g. guarantees of origin).
³ [Consumption and Carbon Disclosures](#).
⁴ The methodology used to calculate carbon emissions changed in the 2023 reporting year for the items "Purchased Goods and Services" and "Logistics – material supply of the plants and distribution of vehicles". The prior-year figure has been retrospectively adjusted. Figure before change in methodology: 117.4 million t CO₂.

As in previous years, statutory carbon emissions limits during the use phase are met again

Carbon emissions generated in the use phase are not only an important metric in our life cycle assessment, but also subject to numerous regulatory requirements. Average fleet carbon emissions within the EU¹, taking into account regulatory requirements² and in accordance with WLTP³, were 102.1 g CO₂/km⁴. We have thus further reduced the carbon emissions generated by our new vehicles within the EU⁵ fleet by 2.9 g year on year (2022: 105.0 g CO₂/km⁴). In the year under report, we remained significantly below the legal limit applicable to the BMW Group (128.6 g CO₂/km⁴) by 26.5 g CO₂/km, thus continuing the trend seen in recent decades, driven by the electrification of the vehicle fleet and the fleet-wide use of innovative [Efficient Dynamics technologies](#).

Regulatory GHG-based fleet consumption targets were met in the US market during the year under report.⁶ In the USA, fleet GHG emissions⁷ averaged 116.5 g CO₂/km for model year (MY) 2023 in the Passenger Cars category (MY 2022: 137.3 g CO₂/km) and 137.6 g CO₂/km (MY 2022: 154.9 g CO₂/km) in the Light Trucks category. Volume-weighted fleet-wide carbon emissions came to 126.5 g CO₂/km on average in the USA (MY 2022: 145.9 g CO₂/km).⁸ The significant year on year reduction in fleet-wide carbon emissions in the US market was driven by an upturn in all-electric vehicle sales in MY 2023. In China, average fleet carbon emissions were 146.4 g CO₂/km⁹ in accordance with the WLTC test cycle (2022: 150.6 g CO₂/km WLTC). Thus, we also met the regulatory CAFC fleet-wide consumption requirements applicable during the year under report.¹⁰

The BMW Group's global fleet-wide carbon emissions¹¹ averaged 185.4 g CO₂/km¹² (2022: 193.7 g CO₂/km) in the year under report. These figures correspond to a decrease of 15.1% compared to the base year 2019 (2019: 218.5 g CO₂/km). As in previous years, when calculating the emissions figure, the BMW Group takes into account average fleet-wide carbon emissions (including upstream emissions for fuel and electric charging) in the EU, the USA and China and standardises them in accordance with the WLTP. With a share of more than 80% of BMW Group deliveries, these three core markets and regions form a reliable basis for calculating global carbon fleet emissions.

The BMW Group pays close attention to carbon emissions legislation in its various markets. Current developments in the year under report included the adoption of fleet-wide carbon emissions limits in the EU for the years 2030 and 2035 and the publication of draft legislation for GHG fleet-wide consumption targets in the USA for the period from 2027 to 2032. The statutory framework for China's Zero Emission Vehicle (ZEV) mandate was amended in the year under review. The amendment covers the years 2024 to 2025 and increased the quota set for the number of zero emissions vehicles. The BMW Group supports the development of harmonised regulations – both nationally and internationally. Comparable specifications in large markets create reliable and predictable framework conditions and make a vital contribution to combating climate change effectively. We provide information on the BMW Group's most important climate policy positions and activities in our [Climate Commitment Report](#).

Making conventional drivetrains more efficient and lowering their emissions

Vehicles powered by modern, efficient internal combustion engines continue to play a major role for our customers. This fact is particularly true in regions where unrestricted access to charging infrastructure is not yet available nationwide. For this reason, the BMW Group will continue to work on improving the already high efficiency of its conventional drivetrains going forward through the use of innovative technologies as part of the Efficient Dynamics technology package. A key component in this respect is the broader use of 48-volt technology. 48-volt recuperation systems use the energy recovered when braking to supply the vehicle's electrical system and generate additional propulsion, thereby reducing fuel consumption and carbon emissions. In Europe, in addition to our all-electric models and plug-in hybrids, we offer numerous new model series that feature a 48-volt recuperation system. Since 2022, our modular engines have been fitted with the second, even more efficient generation of 48-volt technology. The further development of energy management in BMW Group vehicles, alongside other measures such as switching to highly efficient tyres, is designed to ensure additional efficiency and optimised consumption figures.]]

¹ EU-27 countries including Norway and Iceland.

² Including an allowance for eco-innovations (with minor significance).

³ Average carbon emissions fleet-wide within the EU (including Norway and Iceland) are required to be reported in accordance with the new Worldwide Harmonised Light Vehicles Test Procedure (WLTP) type test cycle as of 2021. Since 2021, this metric has been used by the EU Commission as the basis for calculating carbon fleet emissions.

⁴ 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 for all EU states. Figures officially published by the EU Commission are not expected to be available until November of the following year. Prior-year figures have not been retrospectively adjusted.

⁵ For a definition, see [Glossary](#).

⁶ In the US market, manufacturers receive positive credits for undercutting regulatory GHG (Greenhouse Gas) fleet limits. Failure to remain below the regulatory limits results in negative credits. At the end of a model year, a positive GHG credit balance must be achieved in order to meet regulatory requirements. As GHG credits are valid for five years on the US market, a short-term failure to meet fleet-wide limit targets in one year can be compensated by undercutting them in a previous year. Moreover, it is possible to purchase credits from other manufacturers. In 2023, the BMW Group drew on existing credits from previous years. However, it did not purchase any external credits from other manufacturers. The requirements were therefore met without exception by using self-generated and existing credits.

⁷ Converted from g/mi to g/km for comparison purposes.

⁸ Average volume-weighted fleet-wide emissions, including regulatory allowable crediting factors (EV multipliers, credits for advanced technologies) in accordance with USC (United States Combined). Preliminary internal calculation.

⁹ Average volume-weighted fleet-wide emissions, including regulatory allowable crediting factors (off-cycle technologies, NEV multipliers, phase-in) in accordance with WLTC (Worldwide Harmonised Test Cycle under China-specific test boundary conditions). Preliminary internal calculation.

¹⁰ On the Chinese market, manufacturers receive positive credits for undercutting regulatory CAFC (Corporate Average Fuel Consumption) fleet limits. Failure to remain below the regulatory limits results in negative credits. In addition, manufacturers receive positive credits for meeting or undercutting the ZEV quota specifications (Zero Emissions Vehicle quota). At the end of a calendar year, a positive CAFC/ZEV credit balance must be achieved in order to meet regulatory requirements. As CAFC/ZEV credits are valid for five years on the Chinese market, a short-term failure to meet fleet limit targets in one year can be compensated by undercutting them in a previous year. Moreover, it is possible to purchase credits from other manufacturers. In 2023, the BMW Group drew on existing credits from previous years. However, it did not purchase any external credits from other manufacturers. The requirements were therefore met without exception by using self-generated and existing credits. A settlement between CAFC and ZEV remains in place.

¹¹ For a definition, see [Glossary](#).

¹² Takes into account an additional 10 % in line with SBTi to cover possible differences between WLTP figures and real driving emissions. The upstream supply chain emissions generated by various energy sources (fossil fuels and electricity) according to the well-to-wheel approach are also included. The assumed average mileage is 200,000 km (in accordance with VDA 900-100). For definition and further information, see [Glossary](#).

[[Further reduction in pollutant emissions

All type-approved BMW Group internal combustion engine vehicles currently on sale in the EU comply with the latest Euro 6d or Euro 6e emissions standards. The same applies to non-EU countries as for example Switzerland, Norway, the UK and Iceland, where comparable regulations apply.¹ At the same time, the BMW Group is already preparing for the introduction of the upcoming Euro 7 emissions standard, which is currently undergoing the legislative process and will include for the first time limits for brake particle emissions and tyre abrasion amongst other things.

The level of nitrogen oxides is a crucial factor for air quality in cities. For this reason, since mid-2018 the BMW Group has been using a highly effective combination of nitrogen oxide storage catalytic converters (NSCs) and selective catalytic reduction (SCR) systems that include urea injection (AdBlue) in all BMW vehicles as well as in the larger diesel-powered MINI models. The efficiency of exhaust gas aftertreatment has been further increased by the use of an improved oxidation catalyst in combination 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 currently being rolled out to other models. There have already been signs of a reduction in NOx pollution in German cities over the last few years. Apart from various measures taken to reduce pollutants, the ongoing renewal of the vehicle fleets of all automobile manufacturers has also contributed to the improvement. [↗ GRI Index: 305-7](#)]]

ELECTROMOBILITY

[[The BMW Group sees the electrification of its model range as a key component of its product strategy to reduce fleet emissions and thus achieve its ambitious strategic [↗ decarbonisation targets.](#)]]

We already provide our customers with an extensive range of all-electric, battery-powered vehicles (BEV). In 2023, another high-volume model, the all-electric BMW i5² business sedan, went on sale. MINI presented the new all-electric MINI Cooper SE² to the public during the year under report. The Rolls-Royce brand launched its first all-electric model, the Rolls-Royce Spectre², in 2023. The BMW Group therefore has at least one all-electric model in its range for all three premium brands and in all segments. At the end of the reporting period, a total of 20 all-electric models in ten different series were available to order from the BMW Group.

Demand for all-electric vehicles rising

With our growing range of all-electric models, we are serving a rapidly increasing level of demand. Deliveries of all-electric cars increased significantly again year on year to 375,716 units (2022: 215,752 units/+74.1%). The share of all-electric vehicles to total deliveries was 14.7%, also significantly higher than in the previous year (2022: 9.0%/+63.3%). Since the 2023 financial year, this key figure has replaced the proportion of electrified vehicles, including PHEV vehicles, which was reported as a key performance indicator up to 2022.

As of 2025, the Group will take its core BMW brand into a new, consistently all-electric era with the NEUE KLASSE. By the early 2030s, the MINI and Rolls-Royce brands will have an exclusively all-electric product portfolio. The strategy will help to achieve a share of more than 50% of the BMW Group's global sales with all-electric vehicles – depending on certain framework conditions such as the development of a comprehensive charging infrastructure by 2030. The BMW Group aims to have delivered more than 10 million all-electric vehicles to customers by 2030.



¹ The other non-EU countries to which this statement applies are Albania, Andorra, Bosnia and Herzegovina, Liechtenstein, Macau, North Macedonia, Montenegro and Turkey.

² [↗ Consumption and Carbon Disclosures.](#)

[[Offering with consistently dedicated customer focus

Our product portfolio serves the growing level of demand for electrified models and at the same time takes into account the varying framework conditions and customer needs in each individual market. In addition to all-electric vehicles, our customers can therefore choose from a wide range of plug-in hybrids and vehicles powered by efficient combustion engines. Our [flexible production systems](#) and scalable modular vehicle system reflect our rigorous focus on customer needs. With the launch of the new BMW i5¹, a further model series is now available with all three types of drive system, which previously applied to the BMW X1, BMW X3, BMW 3 Series and the BMW 7 Series.

At the BMW Group, customer-oriented technological diversity also includes the ongoing development of fuel cell technology. Depending on the segment, we see hydrogen-powered electric vehicles as a potentially key alternative to battery-powered electric mobility and thus as an opportunity to reduce carbon emissions even more quickly. [Hydrogen-powered pilot fleet operating successfully](#)

Designing electric vehicle ranges to match user behaviour

The BMW Group assesses the increase in the electric ranges of its vehicles from various points of view. Our main approach is to optimally adapt vehicle ranges to the respective purpose of use and user behaviour. With this strategy we also take into account the environmental impact, as greater range also means deploying larger and therefore heavier high-voltage batteries. This relationship has an effect on resource consumption and the carbon footprint of the supply chain as well as the vehicle's weight and therefore its electricity consumption.

The new all-electric MINI Cooper SE¹, which is mainly designed for urban use, has a customer-focused range of around 400 kilometres (WLTP²). The new BMW i5¹ can achieve a range of up to 582 km in the statutory WLTP test cycle, depending on factors such as equipment and type of motor. With offers such as the BMW eDrive Zone, attractive electricity tariffs for driving, charging equipment, the integration of charging in the vehicle app and increased ranges, we are helping drivers of plug-in hybrids to drive electrically as frequently and over as long a distance as possible. For instance, the BMW X5 Plug-in-Hybrid¹ from the

compact segment can cover up to 110 kilometres (WLTP²) solely on battery power.

Thinking holistically about electric mobility

The BMW Group's electrified vehicles are characterised by their high efficiency and low consumption. However, the BMW Group has greater aspirations: its vehicles need to be as eco-friendly as possible, not only during their locally carbon-free use phase, but also in terms of their overall footprint, including the supply chain and production. [Carbon Emissions](#) Unlike conventional combustion engine-powered vehicles, the environmental impact of battery-powered automobiles lies predominantly in the upstream value chain. Where the use of natural raw materials to manufacture battery cells and the carbon-intensive production of batteries make a significant impact.

It is therefore particularly important to the BMW Group to include environmental and social aspects in the production of components such as electric motors, high-voltage storage systems and battery cells. [Carbon emissions in the supply chain](#), [Social and ecological responsibility](#). Other approaches to mitigating the environmental impacts include increasing the use of recycling and reusing high-voltage storage units from our BEV and PHEV models in an appropriate manner. The BMW Group offers customers who purchase its battery-powered vehicles the option to take back their high-voltage batteries free of charge. The offer also applies to markets where take-back is not mandatory by law.

Reliable, comprehensive charging opportunities

An expanded, customer-friendly charging infrastructure will pave the way for the rapid and widespread use of electric mobility. With the adoption of the Alternative Fuels Infrastructure Regulation (AFIR) in 2023, the EU resolved to set up a basic network of both electric charging stations and hydrogen filling stations by the end of 2030. From the BMW Group's point of view, this is a first key step towards providing a customer-friendly charging infrastructure. The BMW Group remains committed to achieving standardised framework conditions and encourages offers that enable customer-friendly charging on a broad basis. An expanded, customer-friendly charging infrastructure will pave the way for the rapid and widespread use of electric mobility.

With BMW and MINI Charging, we offer attractive electricity tariffs and convenient charging solutions – whether on the road, at home or at work. Customers can use a large number of public charging points via their BMW or MINI charging card and the My BMW and/or MINI app. Digital Charging Solutions GmbH (DCS) provides broad access to various charging networks throughout Europe. DCS is one of Europe's leading providers of digital charging solutions and a joint venture between the BMW Group, Mercedes-Benz and bp.]]

¹ [Consumption and Carbon Disclosures](#).

² Range calculated based on the new WLTP test cycle (Worldwide Harmonised Light Vehicles Test Procedure). However, the actual range possible depends on a variety of factors, particularly variables such as personal driving style, route conditions, outside temperatures, heating, air conditioning and pre-heating. Preliminary figure.

[[BMW and MINI customers have access to over two million charging points worldwide¹ through the navigation system or the relevant vehicle app. In Europe alone, we provide easy access to a network with over 588,000 charging points¹ through the public BMW/MINI Charging service. These also include fast-charging stations from IONITY, a company launched by the BMW Group, with a charging capacity of up to 350 kilowatts (kW). IONITY currently operates 590 stations with more than 3,300 charging points in a total of 24 countries, which are publicly accessible, brand-independent and designed in accordance with the European Combined Charging System (CCS) charging standard. Furthermore, they are all powered by 100% green electricity².

In the year under report, the BMW Group also announced the establishment of a charging network in the USA and Canada together with six other manufacturers. The aim is to install at least 30,000 charging points in cities, towns and along major transport routes. The first charging stations are scheduled to open in summer 2024.

With the new charging infrastructure under the terms of a cooperation with Mercedes-Benz in China, the BMW Group is meeting its charging commitment in its three most important markets. With this aim in mind, at least 1,000 charging stations with around 7,000 charging points are to be installed by the end of 2026. The network will be open to drivers of all brands. The first charging stations will go into operation as early as 2024 in regions with a high density of electrified vehicles.

BMW and MINI Charging provide the Flexible Fast Charger and other charging products for use both on the move and at home. We also offer charging solutions for corporate customers in cooperation with our partners. The BMW Group itself operates one of the largest company charging networks in Germany.]]

[[New level of transparency achieved for vehicle data

With the publication of the [Vehicle Footprint](#) for the BMW i5³, the BMW Group is further enhancing transparency at product level. The innovation provides customers and other interested parties with comprehensive information on the vehicle's key sustainability-related performance data. These data include the four core CO₂e emissions indicators over the vehicle's entire life cycle, including raw materials procurement, production, the supply chain, recycling, energy consumption in the use phase, the secondary raw material quota and key aspects of social sustainability in the supply chain. The vehicle footprint includes a life cycle assessment performed in accordance with DIN EN ISO 14040:2021 and DIN EN ISO 14044:2021 and audited by TÜV Rheinland Energy. Going forward, the BMW Group will publish analogous reports for vehicle start-ups based on a representative model per drivetrain type.]]



3

¹ Total number of charging points displayed on BMW front-ends (vehicle & app). The network can be accessed by registered customers wherever a local partner is available.

² Primarily via direct purchase and Energy Attributes Certificates (e.g. certificates of origin).

³ [Consumption and Carbon Disclosures](#).

[[Solutions for simple, eco-friendly charging

Charging should be as easy as conventional refuelling and we are working on digital solutions in particular to meet this demand. Via the Connected Charging app, drivers not only receive up-to-date charging information, they can also control the charging process at the touch of a button. Customers can use the eRoute function to plan charging stops on long journeys. In 2023, the first BMW models, such as the BMW i7* and the BMW iX1*, were equipped with a Plug&Charge function in which both authentication and billing are carried out automatically by connecting the vehicle to the charging system. Using the so-called multi-contract functionality, individual driving electricity tariff contracts from various providers can also be stored digitally within the vehicle to facilitate the use of charging stations from different operators.

The BMW Group also promotes the use of renewable energy. Since 2022, for each charging process conducted via BMW and MINI Charging, the equivalent amount of energy consumed is fed into the power grid as green electricity, which is certified via Energy Attribute Certificates (EACs) as recognised proofs of origin. Moreover, we are working continuously on integrating electric vehicles with their high-voltage storage systems in the public power grid. In 2023, we launched Connected Home Charging, the first customer-oriented solution on the European market in collaboration with E.ON. ↗ [Electrified vehicles as part of the power grid](#)

Hydrogen-powered pilot fleet operating successfully

Since the beginning of 2023, a pilot fleet of the hydrogen-powered BMW iX5 Hydrogen has been driven on roads worldwide. The aim is to ascertain whether the product is ready for series production and to obtain initial customer feedback. On the one hand, we are focusing on countries where the hydrogen industry is developing positively, for example with the establishment of a filling station network. On the other hand, we are also active in areas where the production of preferably green hydrogen and its distribution and use in various applications are gaining in importance. These areas currently include parts of Europe, Japan, South Korea, China, the USA and the Middle East.

Firstly, the findings from the pilot project are being incorporated into the development of a potential series product. Secondly, we are using them to promote initiatives for the construction of hydrogen filling stations worldwide. In this context, the Alternative Fuel and Infrastructure Regulation (AFIR) will provide new impetus at EU level. Among other things, it provides for the establishment of a basic network of hydrogen filling stations along the main European transport routes.

The BMW Group is also committed to promoting hydrogen technology at a higher level, including involvement in global organisations and associations such as the ↗ [Hydrogen Council](#). As an associated partner of ↗ [H2 Mobility Deutschland GmbH](#), the BMW Group is also supporting the development of hydrogen infrastructure in Germany.]]



* ↗ [Consumption and Carbon Disclosures](#).

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PRODUCTION AND SUPPLIER NETWORK

PRODUCTION NETWORK

With its flexible production network, the BMW Group is capable of manufacturing vehicles with both all-electric and plug-in hybrid drive systems as well as conventional combustion engines on one single line, making it far easier to tailor the product range to suit a wide variety of customer wishes and needs.

The production system is based on the strategic vision of the BMW iFACTORY, with a keen focus on sustainability, electrification, digitalisation and profitability. The BMW iFACTORY utilises innovative technologies that facilitate flexible, efficient production with the aim of minimising the use of resources and promoting digital solutions in the fields of data science, AI, virtual planning and development.

Integrated component production for electrified vehicles

The competence centre in Dingolfing plays a leading role in the production of electrified drive systems, as battery modules, high-voltage batteries and fifth-generation electric motors are all produced at the site. At the same time, we are preparing the BMW Group's network to produce next-generation electrified drive systems. For this reason, the Steyr engine manufacturing plant in Austria is to be expanded and the new drive systems will be produced there alongside diesel and petrol engines. Production is scheduled to begin in the course of 2025.

In line with the "local for local" principle, the BMW Group's high-voltage battery assembly facilities worldwide are set up close to the Group's vehicle plants with a view to **increasing the resilience of supply chains**. Production facilities for the sixth generation of the high-voltage battery are being established in Debrecen (Hungary), Woodruff near Spartanburg (USA), San Luis Potosí (Mexico) and Shenyang (China). The BMW Group is also planning to produce sixth-generation high-voltage batteries in Germany at the Irlbach-Straßkirchen site to supply German vehicle plants.

The new Cell Manufacturing Competence Centre (CMCC) in Parsdorf near Munich plays a key role for the BMW Group. Using a pilot production approach, the CMCC's experts can accurately replicate the value-added processes involved in manufacturing battery cells. The BMW Group will take the findings of this pilot scheme and apply them in close collaboration with its mass production partners for battery cells at a later stage. The strategy enables the BMW Group to set new standards regarding the quality, performance, cost and ecological sustainability of battery cells.

Electric mobility globally integrated

Electric mobility has been growing in importance for the BMW Group for many years. With the start of production of the BMW i5¹ at the Dingolfing plant and the BMW iX2¹ at the Regensburg plant, the BMW Group has continued to expand the production of all-electric models at its German plants. Production has also started in Zhangjiagang at the Spotlight plant, a joint venture with Great Wall Motors. The site has been manufacturing the all-electric MINI for the global market since November 2023. We are therefore currently producing automobiles and motorcycles with electrified drive systems at 15 [BMW Group locations](#) and at two partner plants within our global production network. In 2023, all-electric cars rolled off production lines in Dingolfing, Goodwood, Munich, Regensburg, Oxford, Shenyang, at VDL Nedcar² in Born, and in Zhangjiagang. Moreover, all-electric motorcycles were manufactured both in Berlin and at our partner plant in Hosur (India).

From 2025, the NCAR will feature a vehicle architecture systematically geared to suit electric drive systems. The vehicle is due to be manufactured initially at the new Debrecen plant in Hungary as well as in Munich as of 2026. We aim to gradually transfer the new vehicle architecture to the global production network in the years that follow. We also plan to produce all-electric vehicles at our plant in Spartanburg (USA), and at least six all-electric X models are scheduled to be manufactured there by 2030.

BMW Group vehicle plants

Location	Country	Production programme 2023	Electrification portfolio
Araquari	Brazil	BMW Series, BMW X1, BMW X3, BMW X4	
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 X5, BMW X7, MINI Countryman	
Dingolfing	Germany	BMW 4 Series, BMW 5 Series, BMW i5 ¹ , BMW 6 Series, BMW 7 Series, BMW i7 ¹ , BMW 8 Series, BMW M, BMW iX ¹	BEV, PHEV
Goodwood (Rolls-Royce Manufacturing)	UK	Rolls-Royce Cullinan ¹ , Dawn ¹ , Ghost ¹ , Phantom ¹ , Wraith ¹ , Spectre ¹	BEV
Leipzig	Germany	BMW 1 Series, BMW 2 Series, MINI Countryman	PHEV
Manaus	Brazil	BMW motorcycles	
Munich	Germany	BMW 3 Series, BMW 4 Series, BMW i4 ¹ , BMW M	BEV, PHEV
Oxford	UK	MINI, MINI Clubman, MINI Cooper SE ¹	BEV
Rayong	Thailand	BMW 2 Series, BMW 3 Series, BMW 5 Series, BMW 7 Series, BMW X1, BMW X3, BMW X5, BMW X6, BMW X7 BMW motorcycles	PHEV
Regensburg	Germany	BMW 1 Series, BMW X1, BMW iX1 ¹ , BMW X2, BMW iX2 ¹	BEV, PHEV
Rossllyn	South Africa	BMW X3	
San Luis Potosí	Mexico	BMW 2 Series, BMW 3 Series, BMW M	PHEV
Shenyang (Dadong)	China	BMW 5 Series, BMW X3, BMW iX3 ¹ , BMW X5	BEV, PHEV
Shenyang (Tiexi) ³	China	BMW 1 Series, BMW 3 Series, BMW X1, BMW iX1 ¹ , BMW X2, BMW i3 (extended-wheelbase version of BMW 3 Series),	BEV
Spartanburg	USA	BMW X3, BMW X4, BMW X5, BMW X6, BMW X7, BMW XM ¹ , BMW M	PHEV

Jointly controlled vehicle plants

Location	Country	Production programme 2023	Electrification portfolio
Zhangjiagang (Spotlight)	China	MINI Cooper	BEV

¹ [Consumption and Carbon Disclosures](#).

² Contract manufacturing.

³ Including Lydia extension since June 2022.

Production sites in key markets

The BMW Group plants in Europe, South Africa, the USA and Mexico manufacture for the global market. Production of the all-electric MINI for the global market also began at the Spotlight joint venture plant in China in November 2023. The BMW Brilliance plants in China mainly manufacture for the local market. The BMW Group plants in Araquari (Brazil), Rayong (Thailand) and Chennai (India) primarily serve their respective regional markets and produce BMW and MINI brand models. The same applies to the BMW Group's automotive partner plants in Jakarta (Indonesia), Cairo (Egypt), Kulim (Malaysia) and Chu Lai (Vietnam). The Group also awards contracts for the series production of automobiles and motorcycles to external partners (contract manufacturers). During the period under report, Magna Steyr Fahrzeugtechnik produced both the BMW 5 Series Sedan (up to May 2023) and the BMW Z4¹ in Graz (Austria). VDL Nedcar² in Born (the Netherlands) has continued to produce the MINI Convertible and the MINI Countryman until the beginning of 2024.

The BMW Group manufactures BMW motorcycles, components and scooters at its Berlin plant and also at international locations in Ma-naus (Brazil) and Rayong (Thailand), where motorcycle components are also produced. Components for motorcycles are also produced in Rayong. BMW motorcycles and scooters are also produced by the partner companies TVS Motor Company in Hosur (India) and Loncin Motor Co., Ltd in Chongqing (China).

The BMW Group's production network also includes engine plants in Hams Hall (UK), Steyr (Austria) and Shenyang (China), as well as component plants at sites in Eisenach, Landshut and Wackersdorf (all in Germany) and Swindon (UK). Engine production in Munich (Germany) was discontinued in 2023. The production network currently comprises a total of 32 plants in 15 countries.

Production volume record despite challenging environment

The BMW Group manufactured a total of 2,661,922 BMW, MINI and Rolls-Royce brand vehicles in the year under report (2022: 2,382,305 units; +11.7%). BMW brand models accounted for 2,340,547 units (2022: 2,089,801 units; +12.0%), MINI for 315,196 units (2022: 286,265 units; +10.1%), and Rolls-Royce Motor Cars for 6,179 units (2022: 6,239 units; -1.0%). Production of electrified vehicles increased to a new

high level of 613,640 units (2022: 462,396 units; +32.7%) in the 2023 reporting year, of which 415,692 were all-electric (2022: 252,077 units; +64.9%). The number of motorcycles produced by BMW Motorrad rose by 2.8% to 221,988 units (2022: 215,932 units) over the 12-month period.

BMW Group automobile production by plant

in units	2023	2022	Change in %
Dadong	420,586	395,021	6.5
Spartanburg	410,793	416,301	- 1.3
Tiexi	307,972	279,645	10.1
Dingolfing	291,907	282,661	3.3
Regensburg	238,301	143,654	65.9
Munich	217,480	201,323	8.0
Leipzig	188,199	151,949	23.9
Oxford	185,400	186,301	- 0.5
San Luis Potosí	117,576	63,600	84.9
Rossllyn	68,238	61,609	10.8
Chennai	15,264	9,960	53.3
Rayong	13,044	12,912	1.0
Araquari	10,608	8,208	29.2
Goodwood	6,179	6,239	- 1.0
Zhangjiagang (Spotlight)	2,871	-	-
Born (VDL Nedcar)	120,235	99,126	21.3
Graz (Magna Steyr)	26,461	45,184	- 41.4
Partner plants	20,808	18,612	11.8
Total	2,661,922	2,382,305	11.7

¹ ↗ Consumption and Carbon Disclosures.

² Contract manufacturing.

CIRCULAR ECONOMY, RESOURCE EFFICIENCY AND RENEWABLE ENERGY

[[The significance of the circular economy concept continues to grow against a backdrop of increasingly scarce resources, upward price trends on raw materials markets, geopolitical tensions and the need to meet sustainability targets. For these reasons, the BMW Group is taking further steps to increase the proportion of recycled materials in its products and thus reduce its dependence on primary raw materials. The BMW Group is also continually enhancing its local supply chains in line with the "local for local" principle. At all levels of in-house production, we remain committed to consistently conserving resources, continuously improving energy efficiency and further reducing carbon emissions.

Closing material loops

The BMW Group pursues the strategic aim of reducing the proportion of primary materials in its value chain. An important starting point in this endeavour is to close cycles for certain materials and components. With this objective in mind, the BMW Group returns selected production residues to the supplier, enabling those materials to be recovered and reused in a new production process. At the BMW Group, the circular economy principle ("Design for Circularity") is already being implemented as an operational concept in the design of the NEUE KLASSE by the corporate function "Total Vehicle Development" and systematically applied in the development of new vehicle models.

The BMW Group already uses a certain extent, depending on the vehicle, of recycled and reused materials to manufacture its vehicles. In line with the "Secondary First" approach, we aim to increase the use of secondary materials going forward, taking both technical feasibility and market availability into account. Within the framework of selected product, material and supplier requirements, we have therefore decided to give preference to secondary materials in our future vehicles. All secondary and primary

materials used by the BMW Group must meet the same high standards of quality, safety and reliability. [↗ GRI Index: 3-3](#) [↗ Average distribution of materials in BMW Group vehicles](#)

The BMW i Vision Circular vehicle is emblematic of our ambitions and made entirely from recycled or renewable raw materials. The NEUE KLASSE is also consistent with this vision in that the components cobalt, lithium and nickel used to produce battery cells will in future contain a certain percentage of secondary materials, thus reducing the volume of primary materials needed and mitigating the associated negative environmental impacts. The NEUE KLASSE will also contain a higher proportion of secondary materials in other material groups such as steel and aluminium.

At the same time, we promote the recovery of end-of-life vehicles, components and materials in order to retain them in various material cycles as a source of secondary raw material. Together with its national sales companies and importers, the BMW Group has already organised the return of end-of-life vehicles in 32 countries and offers environmentally friendly recycling at more than 2,800 points of return. [↗ GRI Index: 301-1, 301-3](#), [↗ SASB Index](#)

Compared to primary raw materials, the use of secondary materials also helps reduce carbon emissions – by up to 80% for aluminium and up to 70% for steel to name two examples. At the same time, potential risks associated with the extraction of primary materials, such as high levels of energy consumption and therefore carbon emissions, long transportation routes, environmental damage and risks arising due to a lack of social standards are being mitigated. As a result, the increased use of secondary materials also promotes resilience throughout the value chain. [↗ Purchasing and Supplier Network](#)

[[From scrap to raw material: the Car2Car funding project

The Car2Car project focuses on the recycling of aluminium, steel, glass, copper and plastic. Together with representatives of the recycling industry, raw materials processors and the scientific community, the BMW Group is leading a project to improve the quality of secondary raw materials obtained from the recycling of end-of-life vehicles. Innovative dismantling and automated sorting processes will enable reusable materials to be extracted to a far greater extent than previously. As part of the funding project, the BMW Group is providing 433 end-of-life vehicles. In order to cover a representative range, various models out of the Company's own inventories are being used – from MINI to Rolls-Royce – with combustion engines, plug-in hybrid systems and all-electric drives.]]

Investments in resource-friendly technologies

Via the [↗ BMW i Ventures](#) venture capital fund, the BMW Group invests in fast-growing technology start-ups. One focus of the investment activity is on businesses that can make a strong contribution to achieving carbon neutrality and conserving resources. One example is the Swiss company Bcomp, which the BMW Group has held a share in since 2022. Bcomp uses flax to create structural components made from natural fibre composites as an alternative to plastic composites. By increasing our stake in the US start-up Boston Metal in April 2023, we are scaling up our investment in innovative processes for the manufacture of carbon-reduced steel. In April 2023, BMW i Ventures also acquired a stake in Cyclic Materials, a company developing a recycling technology that extracts rare earths and base metals from end-of-life products.

The BMW Group is also investing in research and innovation projects such as Circular Republic to implement closed material cycles for certain product groups. The joint initiative of the organisation "UnternehmerTUM" and the BMW Group focuses on the transfer of knowledge between the world of science and companies to promote the circular economy.]]

[[Resource management at all BMW Group locations

Within the BMW Group's global production network, resource efficiency and the control of resource consumption have been integral parts in the environmental management system for decades. Alongside [↗ Carbon Emissions](#), the other key indicators for managing resource efficiency and controlling resource consumption within the BMW Group are [↗ energy consumption](#), [↗ potable water consumption](#), the amount of [↗ waste](#) generated and the use of [↗ VOC solvents](#). The BMW Group intends to reduce its energy and potable water consumption, waste for disposal, and the amount of solvents used per vehicle produced by 25% in each category by 2030 (base year: 2016).

A steering committee manages the international environmental protection network within the BMW Group. Each individual facility, area and building is assigned to an internal operator, who, within their area, is responsible for the technical systems, the smooth running of processes and workflows and their environmental impacts.¹

A certified environmental management system in accordance with ISO 14001 has been implemented at all BMW Group production sites. Moreover, all the Group's German plants are certified under the EMAS environmental management system. The BMW Group coordinates its worldwide environmental protection measures relating to imissions, water, waste, qualification standards, environmental management system in a total of five centralised competence centres. Environmental improvements that have proven effective at one location are then implemented at other locations to the extent possible. Regular further training courses and the exchange of experiences within the workforce ensure that relevant knowledge is effectively applied throughout the organisation. During the year under report, our proactive environmental management system again made a major contribution to ensuring that there were no significant environmental incidents involving the payment of fines throughout the global production network.

Water

The BMW Group also aims to continuously reduce water consumption at its production plants in order to prevent potential water supply risks. With this point in mind, wastewater from the

paint shops and washing facilities at the assembly plants is recycled. Moreover, slightly contaminated water (so-called "grey water") is used as process water at the BMW Group's Dadong vehicle plant (Shenyang, China). In regions where water is scarce, the BMW Group ensures that it is used as sparingly as possible. At the BMW manufacturing plant in Chennai, India, for example, rainwater is collected during the monsoon season that covers up to 100% of its water demand. vAt 1.78 m³ per vehicle produced, [↗ specific potable water consumption](#)^{2,3} in automobile production was moderately below the previous year's level due to the higher production volume (2022: 1.90 m³/-6.3%). [↗ Water consumption in detail](#)

Waste

To minimise the total volume of waste generated, the BMW Group utilises coordinated recycling and processing concepts that are adapted to the specific waste streams at its various plants, regionally applicable statutory regulations and local waste management structures. In 2023, a total of 99.4% ⁴ (2022: 99.3%) of the waste generated by production was either recycled or recovered. The amount of [↗ waste for disposal per vehicle produced](#)⁵ in the automobile production fell significantly by 22.6% year on year to 2.12 kg (2022: 2.74 kg). The BMW Group intends to maintain its high rates of recycling and recovery as it gradually transitions to electric mobility. [↗ GRI Index: 306-4, 306-5, ↗ Waste generation in detail, ↗ SASB Index](#)

VOC solvent emissions

The [↗ VOC solvent emissions per vehicle produced](#)^{6,7} fell again significantly by 14.8% to 0.52 kg (2022: 0.61 kg) during the year under report. Due to the progress made in the use of solvent-free substances and the constant optimisation of painting processes, we expect to see a further slight decrease in emissions levels in the coming year. [↗ GRI Index: 305-7](#)

Biodiversity

The BMW Group also takes biodiversity into account at its various locations worldwide. It assesses biodiversity in the context of its plants, using a biodiversity indicator as an example within the framework of ecological verification procedures. Based on this assessment, measures to improve these habitats are then proposed accordingly. We are also committed to protecting

biodiversity in countries where our renewable raw materials are grown. In Indonesia, for instance, we therefore support local nature conservation initiatives that are dedicated to preserving natural biodiversity via the "Living Rubber" project. We are also currently analysing biodiversity-related impacts as well as the opportunities and risks in order to develop corresponding targets and the next steps moving forward. [↗ GRI Index: 304-2](#)]]

¹ In accordance with the 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 Efficiency indicator calculated from the potable water consumption measured for automobile production (BMW Group plants, excluding partner plants and contract manufacturing) divided by the number of vehicles produced in automobile production (BMW Group plants and partner plants, excluding contract manufacturing).

³ Potable water consumption refers to water purchased from external water suppliers. If a BMW Group site does not purchase water from an external supplier, the primary source of supply is counted as potable water. This method of measurement applies to the BMW Group plants in San Luis Potosí (Mexico) and Araquari (Brazil) where groundwater is the main source of supply.

⁴ Waste for disposal in relation to the total weight of waste.

⁵ Efficiency indicator calculated from the waste for disposal in automobile production (BMW Group plants, excluding partner plants and contract manufacturing) divided by the number of vehicles produced in automobile production (BMW Group plants and partner plants, excluding contract manufacturing).

⁶ Solvent emissions (volatile organic compounds = VOC) are especially generated during the painting process and can be reduced by deploying new painting technologies.

⁷ Efficiency indicator calculated from solvent emissions generated in automobile production (BMW Group plants, excluding partner plants and contract manufacturing) divided by the number of vehicles produced in automobile production (BMW Group plants and partner plants, excluding contract manufacturing).

Energy use and carbon emissions

The BMW Group intends to reduce carbon emissions per vehicle produced (Scope 1 and Scope 2) by an average of 80% by 2030 compared to the base year 2019. Production accounts for the majority of [Scope 1 and Scope 2 emissions](#) within the BMW Group. As in the past, we remain committed to energy efficiency measures, electricity generated in-house from renewable sources, the purchase of green electricity from Power Purchase Agreements and the use of Energy Attribute Certificates (e.g. guarantees of origin).

The remaining emissions¹ are largely attributable to the use of natural gas. In this respect, the BMW Group faces the challenge of replacing natural gas with non-fossil energy sources such as biogas, green hydrogen or green electricity. However, the transition to alternative energy sources depends largely on their availability, the technical retrofitting of the systems and the political framework conditions.

As a further contribution to protecting the climate, the BMW Group finances various climate protection projects outside its own value chain, equivalent to the amount of Scope 1 and Scope 2 emissions remaining in 2023 as well as Scope 3 emissions from the category "business travel".²

[Contribution to climate protection outside the BMW Group's own value chain](#)

Energy management and efficiency

The BMW Group continuously invests in improving the energy efficiency of its worldwide production network. In this context, clear roles – in each case with corresponding responsibilities, targets and reporting obligations – are assigned to central strategy departments, regional management units and plants at local level.

After the persistent restrictions put in place due to the coronavirus pandemic and the impact of the war in Ukraine, production volumes increased again significantly in 2023. Due to the associated improvement in plant capacity utilisation, specific energy consumption in automobile production fell to 1.97 MWh per vehicle produced (2022: 2.13 MWh; -7.5%) for the year under report. At 6,380,652 MWh, the total amount of energy consumed by the BMW Group during the period under report was higher than the previous year due to production volume factors (2022:

6,295,990 MWh; +1.3%). [Energy consumption in detail](#), [GRI Index: 302-1, 302-4](#)

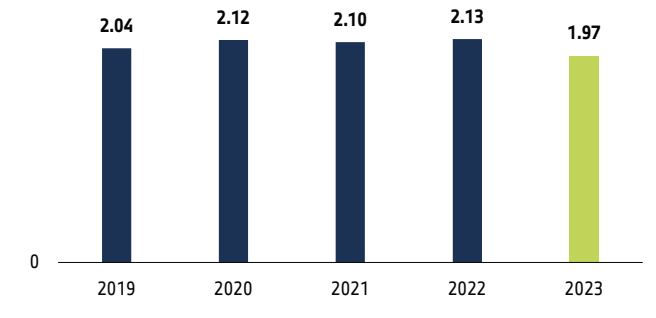
Renewable energy

All BMW Group production sites worldwide and the majority of other BMW Group locations use green electricity, which is either generated in-house, procured directly or using Energy Attribute Certificates (e.g. guarantees of origin).

At present, the BMW Group is unable to entirely cover its energy needs by generating its own renewable energy and therefore purchases from renewable sources, for example via power purchase agreements (PPAs). The directly sourced green electricity from defined generation plants is used, for example, to produce the BMW iX³ and BMW i4³ models.

Energy consumption per vehicle produced^{4,5}

in MWh



The BMW Group is pursuing the goal of reducing its dependence on fossil energy sources. With this aim in mind, we are currently in the process of investigating all our production sites to ascertain whether natural gas can be fully dispensed with and replaced by sources such as electricity, biogas, hydrogen or geothermal energy.

¹To the degree recordable within the carbon footprint; market-based method in accordance with the GHG Protocol.

²For a definition of beyond value chain mitigation (contribution to climate protection outside the BMW Group's own value chain), see the [Glossary](#).

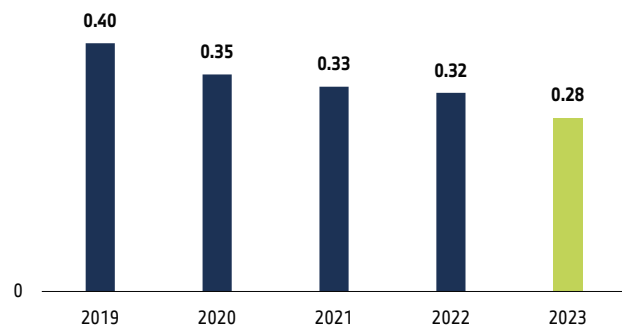
³[Consumption and Carbon Disclosure](#).

⁴Efficiency indicator calculated on the basis of total energy consumption (adjusted for CHP losses) of automobile production (BMW Group plants, excluding partner plants and contract manufacturing) divided by the number of vehicles produced in automobile production (BMW Group plants and partner plants, excluding contract manufacturing).

⁵Value of the base year 2016 to the target reduction of -25% by 2030: 2.21 These figures have been subjected to a limited assurance review.

Carbon emissions from the BMW Group locations per vehicle produced¹

in tonnes



Carbon emissions generated at BMW Group locations

By reducing energy consumption while simultaneously increasing production volumes, carbon emissions generated per vehicle produced¹ at BMW Group locations fell by 12.5% to 0.28 t CO₂ (2022: 0.32 t CO₂). The figure corresponds to a reduction of 30.0% compared to the base year 2019.

At 705,398 t CO₂, total carbon emissions generated at BMW Group locations were on a par with the previous year (2022: 705,417 t CO₂). In a contrasting trend, the mild temperatures led to a reduction in the use of natural gas for heating purposes.

➤ [Carbon footprint](#), ➤ [GRI Index: 305-1, 305-2, 305-3, 305-5](#)

Contribution to climate protection outside the BMW Group's own value chain

The carbon emissions generated directly and indirectly by BMW Group locations are already within the 1.5°C pathway calculated for the enterprise as a whole. ➤ [Reducing carbon emissions across the entire value chain](#)

The BMW Group is committed to achieve a technically feasible, substantial reduction in Scope 1 and Scope 2 emissions in order to continue meeting this target for each financial year. Furthermore, the BMW Group also supports projects dedicated to decarbonisation outside its own value chain. We voluntarily back

these initiatives without them counting towards the the BMW Group's CO₂ reduction targets.

In collaboration with partners such as atmosfair and First Climate, we support climate protection projects operating in the voluntary market for the full extent of our Scope 1 and Scope 2 carbon footprint² and our Scope 3 category "business travel" emissions. These projects are certified by independent institutions in line with international standards and have to meet a set of strict criteria such as additionality, permanence and other factors. It is also important to us that the projects in the global South generate social benefits in line with applicable sustainable development goals (SDGs). These include, for example, initiatives that enable people to earn an income or programmes that prevent illness. ➤ [GRI Index: 305-5](#)

Carbon emissions generated by transport logistics

[[With its Green Transport Logistics project, the BMW Group has been pursuing the aim of continuing emissions-reduced transportation within its global production and sales network since 2015. In addition to second-generation biofuels (e.g. HVO 100, produced from residual and waste materials), battery-powered, heavy-duty commercial vehicles have been increasingly deployed for transporting goods at the Group's main plant in Munich since 2023. For the first time, the use of bio-LNG on public roads was tested in Germany to supply production. Moreover, the BMW Group has been involved in the "H2Haul" research project since 2019 and the "HyCET" research project since 2022 in order to gain early experience in the use of hydrogen trucks.

About half of the vehicles produced by the BMW Group leave its plants by rail. In Germany, a significant volume of rail transport relating to production and the sale of spare parts is already powered by green electricity.]]

¹ Efficiency indicator calculated on the basis of Scope 1 and Scope 2 carbon emissions (market-based method according to GHG Protocol Scope 2 guidance; mainly based on the use of emission factors for electricity, district heating and fuels of the VDA, each in the most current valid version: 12/2023) and occasionally using local emissions factors; excluding climate-impacting gases other than carbon dioxide from vehicle production (BMW Group plants including Motorcycle, but excluding partner plants and contract manufacturing), as well as BMW Group non-manufacturing sites (e.g. research centres, sales centres, offices) divided by the number of vehicles produced (BMW Group plants and partner plants, but excluding contract manufacturing). ➤ [Glossary](#).

² Using the market-based method in accordance with the GHG Protocol Scope 2 guidance.

PURCHASING AND SUPPLIER NETWORK

Supply chains and supplier network

The BMW Group's Purchasing and Supplier Network is responsible for the global procurement and quality assurance of production materials, raw materials, components, capital goods and services as well as the in-house production of vehicle components.

When it comes to purchasing and the supplier network, the main focus areas are:

- Ensuring security of supply to the production plants
- Expanding resilient supply chains within a highly challenging geopolitical environment
- Procuring high-quality components at competitive prices
- Recognising innovative solutions at an early stage
- Further digitalising processes within the supplier network
- Integrating social and ecological standards within the supplier network

Supply security

The year 2023 was characterised by improved supply chain stability on the one hand, but also by rising material prices driven by rampant worldwide inflation on the other. The latter resulted in higher costs for the BMW Group, primarily for raw materials, semiconductors, energy and transportation. The overall supply situation also remained challenging in 2023. The supply situation for semiconductors in particular will remain challenging for certain technologies in the current financial year. [↗ Outlook](#), [↗ Risks and Opportunities](#)

Natural disasters pose an additional risk. Extensive flooding in Slovenia led to delivery difficulties during the year under report. The prospect of climate change and the increasing number of extreme weather events are likely to make planning more difficult going forward. However, the BMW Group is able to mitigate the

effects of these unexpected events through its flexible supply network and thus largely ensure its ability to deliver vehicles.

To lessen the impact of the war in Ukraine on its European plants, since 2022 extensive measures have been in place, and therefore continues to source components from western Ukraine. At the same time, our partners have established additional production sites outside Ukraine. As a result of these various measures the supply of wiring harnesses to our plants has largely returned to normal. The situation is, however, being monitored continually.

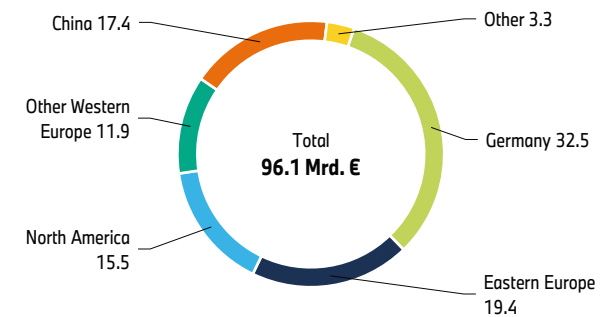
Expanding resilient supply chains

During the year under report, the BMW Group was generally able to rely on the stability of its supply chains, despite the problems caused by geopolitical crises and the availability of critical raw materials. Price increases on global markets also tended to intensify the tense purchasing situation. The BMW Group RiskHub plays a key role in making our global supply chains more resilient. For example, it helps to identify risks at an earlier stage through the use of artificial intelligence (AI). We see the development of the Catena-X digital ecosystem as the key to standardised data transfers throughout our supplier network.

The BMW Group follows the principle of procuring vehicle components close to its production sites, wherever possible. We are therefore represented by local purchasing teams in all key markets in order to quickly identify local risks and opportunities and respond flexibly to the respective market conditions. In the face of geostrategic aspects, a resilient strategy for the Group's supply chains is also becoming increasingly important and the BMW Group takes this fact increasingly into account when selecting its partners.

Regional distribution of the BMW Group's purchased volumes*

in %



*Direct and indirect purchasing.

Risk management in purchasing

An interconnected risk management system is fundamental for managing the supplier network. It takes preventative action when nominating suppliers, while also reacting quickly in order to identify and analyse impending supply bottlenecks. The BMW Group's RiskHub analyses information from external, publicly available data sources with regard to potential risks such as natural disasters or financial risks. We also employ state-of-the-art methods derived from the fields of AI and big data analytics. For selected topics such as the reliable supply of semiconductor components, we also take the locations of sub-suppliers into account when assessing overall risk.

In order to avoid cyber risks and deal effectively with an increasing number of supplier-related incidents, the BMW Group continues to rely on supplier certification in accordance with the TISAX automotive standard. When it comes to purchasing materials both directly and indirectly, TISAX is an integral part of the procurement process and an inherent component of contracts with suppliers that meet the specific relevance criteria. The initiative for joint IT security analyses and the regular exchange of information via a B2B portal also enable us to make the supplier network more resilient.]]

[[An increasing number of training courses and informational events are being organised both internally and externally to raise awareness of the rapidly growing level of cyber risk.

Raw materials security and strategy

The volatile situation on energy and raw materials markets had a major impact on purchasing over the course of 2023. The long-term supply of critical raw materials required for electric mobility remains a strategic challenge. Measures taken by the BMW Group to increase supply security and promote the procurement of raw materials from responsible sources include, among other things, sourcing lithium and cobalt directly. Furthermore, the BMW Group analyses the development of raw materials prices and hedges against price fluctuations – provided the capital market offers the opportunity to do so. [↗ Raw materials price risks and opportunities](#)

For the BMW Group, the responsible procurement of raw materials is the result of a holistic approach that takes economic, ecological and social aspects equally into account. Our commitment to upholding environmental and social standards as well as human rights throughout our raw materials supply chains is set out in, among other places, the [↗ BMW Group Supplier Code of Conduct](#) in which we oblige our Tier 1 suppliers to pass on our requirements to their upstream sub-suppliers. There are also raw-materials-specific statements such as the [↗ High Level Commitment for sustainable natural rubber](#).

Annual risk analyses form the basis for implementing raw-materials-related preventive and remedial measures to reduce environmental and human rights risks. Key levers in this respect are to forgo, substitute or reduce the use of primary raw materials that entail a high level of risk. The BMW Group's secondary raw materials strategy is of vital significance in this context: [↗ Circular economy, resource efficiency and renewable energy](#). We also focus in particular on collaborating closely with our partners in the supplier network as well as in multistakeholder initiatives and projects. We use scientific findings to gain an even better understanding of the extraction processes of raw materials and take them into account accordingly when analysing the level of risk. [↗ Lithium Study](#)

Among other things, the BMW Group focuses on the conflict minerals tin, tantalum, tungsten and gold (3TG) and uses standardised tools of the Responsible Minerals Initiative (RMI) to trace raw materials back to the smelter. We use existing certifications for other raw materials. The BMW Group is also involved in developing certified standards for critical stages of the value chain, for example as part of the Initiative for Responsible Mining Assurance (IRMA), and is engaged in their implementation by suppliers. Further details and raw materials profiles are available [↗ online](#), [↗ SASB Index](#)

Moreover, the BMW Group has set itself the goal of generating a positive impact for selected raw materials through our involvement in local development projects. This currently applies to the raw materials lithium, mica, cobalt and natural rubber.

Purchasing battery cells

As of 2025, the BMW Group plans to deploy a new generation of battery cells. Against this backdrop, we have concluded contracts with our partners that guarantee us annual production capacities in Europe, China and the USA. We are strategically establishing supply chains for battery cells close to our production sites, thereby underpinning the "local for local" approach. During the year under report, we entered into a new partnership in North America to make the battery cell supply chain more resilient.

To strengthen this resilience even further, we plan to anchor the upstream value chain for critical components in the respective regions while accounting for geopolitical risks and economic efficiency. Through this, the BMW Group also aims to improve its resilience in the face of external events while reducing its dependence on geopolitical factors and its exposure to related risks.

Secondary raw materials will be increasingly deployed to cover the BMW Group's cobalt, lithium and nickel requirements, together with purchased green electricity for the latest generation of battery cells. Contracts and framework agreements have already been concluded with suppliers to this end. This will help further reduce our carbon footprint from the new battery cell in the supply chain compared to the previous generation. [↗ Carbon emissions in the supply chain](#)

In-house production as a strategic competitive advantage

The BMW Group regularly examines its range of products in terms of their profitability and strategic significance. The main focus is being directed at electric mobility, digitalisation and sustainability. In these key areas of transformation, the BMW Group is expanding its in-house expertise on a targeted and long-term basis on matters relating to strategically important components. At the same time, in-house production aims to improve both security of supply and the ability to innovate. The benefits of this approach have already been seen, for example, with the control unit of the high-voltage storage system and scopes of the electric drive equipment. At the same time, we are looking to strengthen our process competencies in technologies relevant for quality management and enablement within the supplier network.

Quality assurance

Quality is a promise we make to our customers as well as a decisive competitive advantage and an essential factor for the enduring success of the BMW Group. The quality management system is the basis for continuously improving the quality of our products, processes and services. It consists of an interconnected, comprehensive system that encompasses the entire product development process, industrialisation and series production with respect to both in-house production and the supplier network. The various steps are supported based on need by our teams of quality experts when necessary. The ultimate aim is to ensure – both preventatively and systematically – that all quality requirements are met at all times.

Innovations

Collaboration with technology partners and the establishment of new networks enables us to implement innovations in our vehicles within a very short time. In this context, we work closely with the [↗ BMW Startup Garage](#) and [↗ BMW i Ventures](#).

The specialist teams cooperate in technology clusters to sharpen the focus on innovation screening, which is implemented through strategic supplier dialogue formats (Future Vision DeepDive) and other means. Findings from the supplier network are systematically processed within the technology clusters. **11**

[[Digitalisation in the supply chain

For the BMW Group, a digital flow of information throughout the supply chain is an essential prerequisite for establishing more resilient and flexible supply chain management.

Catena-X is the pioneering initiative within the automotive industry for digitalising the supply and value chains between automobile manufacturers, suppliers, sub-suppliers and, in the future, recycling companies. The digital platform enables partners within value chains to tackle key challenges facing the industry, such as enhancing resilience, meeting sustainability goals and regulatory matters through digital collaboration. After two years of development work, including a significant contribution from the BMW Group as consortium leader, a beta test phase was successfully conducted in 2023. Among other things, pilot projects were carried out in conjunction with BMW component production, providing valuable insights that will serve to promote innovative data processing methods in a production environment. Catena-X has been in the rollout phase since October 2023.

The BMW Group is focusing mainly on component traceability along multistage supply chains, cooperative root cause analysis to combat any potential quality problems and the collection of carbon-emissions-related data in the supply chains. In 2024, efforts will be scaled up with suppliers with the aim of further implementing and developing additional "use cases" as well as scaling these for strategic relevant components through the industry network. Another key advancement is the provision of digital product passports, which contain product-specific data for components such as batteries or even for entire vehicles. Based on information from the n-tier supply chain via Catena-X, data are available in particular regarding origin, material composition and recycling.

Social and environmental responsibility

The BMW Group views responsible supply chain management as an integral part of good corporate governance. The development of established processes was continued throughout the year under report. The BMW Group's requirements and the expectations it places on its suppliers are set out in the [BMW Group Supplier Code of Conduct](#) and contractually enshrined as an integral part of the BMW Group's Terms and Conditions of Purchase. [GRI Index: 2-23, 3-3, 407-1, 408-1](#)

The BMW Group's overarching approach to respecting human rights and upholding social standards along the entire value chain is provided in the chapter on [Compliance and Human Rights](#).

Due diligence in the supplier network

Our corporate responsibility for environmental and social standards in the supply chain is institutionalised as part of a multistage due diligence process. We mainly use standardised control procedures to carry out the due diligence obligations incorporated in our business processes. The BMW Group also cooperates with initiatives and associations such as the Responsible Business Alliance (RBA) and Drive Sustainability. In this context, we follow the guidelines developed by the German Automotive Industry Dialogue. We also remain committed to establishing an industry-wide complaints mechanism, among other things.

— Risk analysis

The BMW Group monitors and assesses the sustainability risks in its supplier network in business relationships at both potential and active supplier locations. In order to identify and assess abstract environmental and human rights risks, various internal and external data sources such as country- and product-group-specific indicators as well as media analyses at Group and location level are drawn upon. The BMW Group uses standardised sustainability surveys and commissions external on-site audits (assessments) to conduct in-depth risk analyses for its Tier 1 suppliers. Supply chain mapping forms the basis for analysing risks at n-Tier suppliers. The BMW Group continuously endeavours to increase transparency along the entire supply chain. [GRI Index: 2-24, 308-1, 414-1](#)

— Prevention and remediation

Prior to signing a contract with the BMW Group, if any risks are identified in the course of the specific risk analysis, our suppliers are required to implement or expand the necessary preventive or remediation and control measures by an agreed target date. Our suppliers are also required to request these from their subcontractors based on their respective risks. The measures, which are queried, validated and evaluated as part of the sourcing process using the industry-wide questionnaire from [Drive Sustainability](#), serve to minimise potential risks or eliminate existing deficiencies. [Further GRI information](#), [Sustainability assessment of relevant supplier locations](#) This online assessment is performed for suppliers of production-related goods and services with a contract volume over a certain threshold. Different modules are used depending on the size of the company being assessed. Implementation must be successfully completed prior to the start of production. For suppliers of non-production-related goods and services, this procedure is also carried out depending on country- and product-group-specific risks. The extent of the preventive measures is based on the potential risks, the nature and scope of the business activity and the size of the supplier. In addition, we offer training courses on sustainability in the supply chain, some of which are mandatory for internal purchasers. These trainings also address process partners and suppliers on a voluntary basis.

The BMW Group has put additional control mechanisms in place for suppliers in high-risk regions or high-risk product groups. Key instruments in this respect are audits of environmental and social standards at supplier locations using cross-industry assessment programmes provided by the Responsible Business Alliance (RBA) and the Responsible Supply Chain Initiative (RSCI) of the VDA. The BMW Group reviewed a total of 95 potential and active supplier locations using this method during the reporting year (2022: 49). The BMW Group has set itself the goal that all Tier 1 supplier sites that have been assessed meet the locally applicable statutory requirements for sustainability as well as international human rights standards (BMW Group minimum requirements). In 2023, 17 of the 19 closure assessments confirmed that all cases of non-compliance with minimum requirements (priority non-conformities) that were identified in initial **1]**

assessments had been redressed. In two cases, the closure assessment carried out was not immediately able to confirm that the agreed measures had been implemented. However, together with the suppliers the BMW Group has now implemented these measures, which will be reviewed by means of a new assessment in 2024. [↗ GRI Index: 2-24, 308-2, 414-2](#)

— Effectiveness and complaint mechanisms

Information on possible violations of the BMW Group's sustainability requirements in the supplier network can be submitted via the BMW Group Human Rights Contact Supply Chain, among other options. We also use the standardised RBA Voices complaint mechanism as a complementary measure. Moreover, whistle-blower systems are in place to detect and report possible statutory violations. Our aim is to ensure that all substantiated reports of environmental or human rights violations are rectified by agreeing on remediation measures. Further information on whistle-blower systems at the BMW Group can be found in the chapter [↗ Compliance and Human Rights](#) and on the [↗ website](#).

If necessary, the BMW Group temporarily suspends a given business relationship during efforts to mitigate the detected risk. However, the business relationship will only be terminated if no other effective means are available and we are unable to further leverage our ability to exert influence. We endeavour to avoid this latter situation by carefully selecting our suppliers and empowering and working with them to improve their sustainability performance. No existing supplier relationships needed to be terminated due to serious sustainability violations during the year under report. [↗ GRI Index: 2-24, 3-3, 308-1, 414-1](#)

Carbon emissions in the supply chain

The BMW Group aims to actively promote decarbonisation in its own supply chain and [↗ reduce carbon emissions along the entire value chain](#). For this reason, one of our sourcing criteria requires that suppliers commit to undertaking decarbonisation measures.¹ We specifically enable our suppliers with online training via the BMW Group Partner Academy and additionally provide face-to-face formats for partner workshops at the BMW Group plant in Landshut (Germany) as well as other locations. [↗ GRI Index: 3-3](#)

In 2023, the number of contractual agreements with suppliers that specified decarbonisation measures rose to 707 (2022: 468), including those specifying the use of secondary raw materials, biomaterials and carbon-reduced steel. In our view, however, the use of green electricity has the greatest impact on decarbonising the supply chain². Accordingly, the BMW Group specifies its use by direct suppliers (Tier 1) and for energy-intensive processes in the upstream supply chain (n-Tier) as a criterion for awarding new contracts to supply carbon-intensive components and materials. During the year under report, we concluded agreements of this kind for 676 contracts (2022: 343 contracts). In addition, since mid-2021 the BMW Group has concluded numerous framework agreements with suppliers regarding the use of green electricity.² In 2023, the BMW Group had 72 valid green electricity framework agreements in place with its largest suppliers (2022: 46). During the year under report, we developed an approach to review suppliers' concepts for the use of green electricity even prior to series production.^{1]}

Furthermore, we continue to engage an external service provider to carry out annual reviews relating to decarbonisation measures in series production. In the course of 2023, the BMW Group reviewed compliance with contractually agreed decarbonisation measures in the supply chain at 72 suppliers (2022: 23). As a result, the BMW Group reduced the volume of carbon emissions generated in the supply chain by around 1.7 million t CO₂e during the reporting period. In 2023, carbon emissions generated in the supply chain and via logistics on behalf of the BMW Group worldwide averaged 13.9 t CO₂e per vehicle produced (t CO₂e)³. As expected, the gradual electrification of the fleet leads to a rise in emissions generated in the supply chain. We assume that the

current upward trend will reverse by 2026 at the latest thanks to the implementation of carbon-reducing measures.

[1] We continue to rely on the Carbon Disclosure Project (CDP) Supply Chain Programme to assess the performance of the supply chain in terms of its decarbonisation. This helps suppliers to define their decarbonisation targets, integrate these into their business processes and report on the actual reductions achieved. Their efforts are linked to a rating from which we derive measures for supplier development and empowerment. In 2023, 282 suppliers took part in the rating (84% of the production-relevant purchasing volume).^{1]}

¹ The BMW Group includes measures that reduce carbon emissions, such as the use of green electricity, the use of secondary raw materials, new manufacturing processes for raw materials, and product and material innovations such as biomaterials. Accordingly, compensation measures are not included.

² In-house generation, direct purchase or Energy Attribute Certificates (e.g. guarantees of origin).

³ The procedure for determining the key figures is explained in the glossary. The methodology used to calculate carbon emissions in the supply chain and related to logistics changed in the 2023 reporting year. [↗ Glossary](#).

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EMPLOYEES AND SOCIETY

EMPLOYER ATTRACTIVENESS AND EMPLOYEE DEVELOPMENT

[[Sustainable employment with appealing general conditions is a cornerstone for individuals who decide to join the BMW Group. We aim to provide a stable outlook, fostering personal growth opportunities and empowering individuals to contribute to shaping the Company's future. This forms the basis for the BMW Group's long-term success when competing for talented professionals.]]

At 31 December 2023, the BMW Group employed a total workforce of 154,950 people worldwide. This represents a slight increase compared to the previous year (2022: 149,475/+3.7%). [↗ Further GRI information](#) We are, therefore, continuing to build up employment, particularly in Development and IT, as well as in our global production network. [↗ GRI Index: 2-7, 2-8](#)

Developing expertise for the future

[[The transformation shaping the automotive industry, particularly with regard to electrification and digitalisation, is associated with far-reaching changes. The BMW Group is adopting a forward-looking approach to the associated challenges facing its employment structure, by systematically building up and transforming expertise. As part of our integrative "Just Transition" approach, we actively facilitate a socially responsible transformation of our employees through comprehensive qualification and training measures.

In 2023, the BMW Group accelerated the comprehensive development of digital skills across the Company with the "Digital Boost" training campaign. Further training measures in the reporting year also focused on the future-oriented fields of electrics and electronics, data analytics, artificial intelligence, innovative production technologies and new working methods.

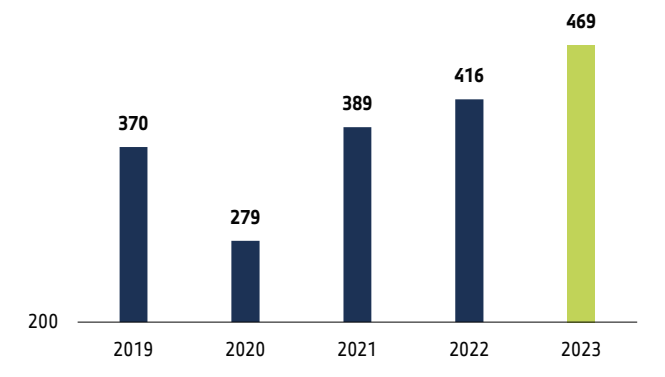
The progress of our Company-wide qualification measures is also reflected in the number of participants* which, at around 1.4 million, was significantly higher than the previous year (2022: 1 million). The number of training hours per employee also increased in 2023 to an average of 23.7 hours (2022: 21.6). [↗ Further GRI information 1\]](#) Standing at a total of € 469 million, investments in training and further education for employees were once again higher than the previous year (2022: € 416 million). [↗ GRI Index: 404-1, 404-2](#)



* The number of participants takes into account the fact that there are employees who attended several training events within the reporting year.

Spending on employee training and development¹

in € million



Recruiting and supporting new staff

The BMW Group offers a comprehensive programme with a variety of entry opportunities to attract and promote young talent and ensure the development of skills within the BMW Group. The basis for this is the vocational training approach that has grown over the years, the opportunities to pursue a dual study programme and other student development programmes.^{1]}

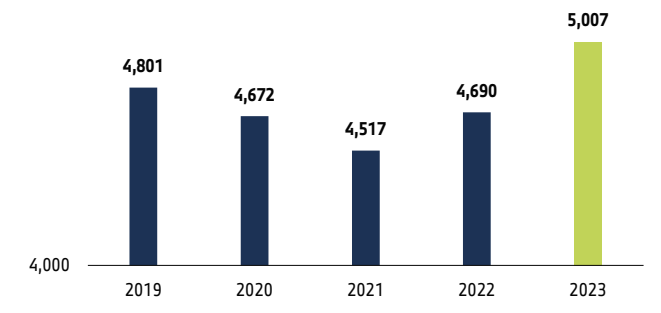
Specifically, we offer young people approximately 30 apprenticeships and 20 dual study programmes at 20 training locations and 20 branches worldwide, in order to prepare them for their future career at the BMW Group. The focus is on the future topics of electrification, digitalisation, automation and sustainability. The total number of apprentices, dual study students and participants in the young talent programmes² rose solidly to 5,007³ during the reporting year (2022: 4,690/+6.8%). In 2023, the training cohort started at the new production site in Debrecen in Hungary. The BMW Group has now established the successful model of dual vocational training and instruction in nine countries outside of Germany. We promote cross-location networking through the MOVE exchange programme. Apprentices and dual students are given the opportunity to gain practical experience both in Germany and abroad.

In 2023, a total of 1,200 young people started an apprenticeship or dual study programme at BMW AG (2022: 1,200). The same number of vocational training and study places were advertised for the coming year. In the reporting year, the apprenticeships on offer were expanded to include dual study programmes in Cyber Security and Environmental Protection. BMW AG continues to offer its apprentices and dual study students permanent employment at the BMW plants and headquarters after they have completed their vocational training. ⁴ **GRI Index: 401-1**

In addition to the wide range of vocational training options, the BMW Group also offers programmes for top talents: participants in the "ProMotion" doctoral programme go on to write their doctoral dissertations in cooperation with the BMW Group and thus contribute valuable innovations to the Company. Our trainee programme AcceleratiON⁴ aims to prepare future managers for the tasks that await them in the future.

Apprentices and participants in future talent programmes⁵

Number

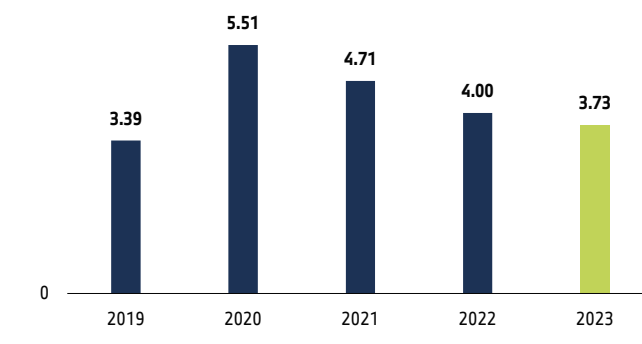


Attractive employment conditions

The BMW Group is one of the most attractive employers worldwide. A positive perception of the Company, challenging and future-oriented tasks, individual opportunities for personal development, attractive remuneration and additional benefits, and a modern working environment contribute to this.^{1]}

Employee attrition rate BMW AG⁶

in % of workforce size



¹ The key figure "Spending on employee training and development" includes the BMW Group's investments in vocational training, instruction and further education (for definition see ² Glossary), limited to consolidated BMW Group subsidiaries.

² Includes the programmes "SpeedUp" (an undergraduate programme) and "Fastlane" (a master's programme). These programmes vary by country, and are adapted to local market requirements and university curricula.

³ Including the BMW Group plant in Debrecen, Hungary, for the first time in 2023.

⁴ The trainee programme was launched in April 2023 under its new name "AcceleratiON" (formerly the Global Leader Development Programme, GLDP).

⁵ Since 2022 including BMW Brilliance.

⁶ Departures of employees with permanent employment contracts.

In terms of total remuneration, we aim to ensure that our employees earn above average for the respective labour market. To confirm this, we conduct remuneration studies each year on a worldwide basis. The BMW Group also consistently applies the principles of performance-related compensation. The total salary package consists of a monthly remuneration and a variable component dependent on the Company's overall performance. We also offer additional benefits such as Company pension schemes and an attractive range of mobility benefits, including subsidised tickets for local public transport. For example, the BMW Group subsidises the purchase of the "Deutschlandticket" for the majority of its scale-wage employees in Germany. Apprentices and dual study students receive the ticket free of charge. [↗ GRI Index: 2-21, 401-1, 401-2](#)

The BMW Group offers its employees an individual scope of freedom to organise their work and their working hours. The tools used include flexible working times, remote work, additional leave with corresponding reductions in pay, sabbaticals, and temporary or permanent part-time solutions. [↗ Further GRI information](#) As part of our "ConnectedWorks" initiative, we advanced the methodological, technical and spatial foundations for flexible and collaborative work in the reporting year.

Involving employees

The employees of the BMW Group are one of the most important stakeholder groups for the Company, and are actively involved in shaping the future direction of the Company. [↗ Dialogue with Stakeholders](#)

The BMW Group measures the general mood in the workforce and the performance of the organisation every two years as part of a Company-wide employee survey*. This is measured using the "High Performance Organisation Index" (HPO-I). In the survey in autumn 2023, the participation rate was higher than ever before at 84%. At the same time, the HPO-I improved again when compared to the last survey in 2021. 88% of the workforce would recommend the BMW Group as an employer. 86% of employees 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. This contributes significantly to the fact that approximately 85% of respondents are optimistic about the future of the BMW Group. The topic of Compliance also scores well among the workforce, with 88% approval. Despite progress compared to the last survey, employees identified room for improvement in the optimisation of processes. The results of the survey will form the basis for concrete measures that are scheduled for implementation by mid-2024.

Employees also have a central opportunity to participate through idea management, which allows employees to contribute ideas outside of their area of responsibility. If the proposals have a positive impact on the BMW Group in terms of efficiency or sustainability, they will be honoured accordingly. In 2023, numerous employees submitted a total of 5,470 ideas (2022: 5,028). At the same time, a total of 1,267 ideas (2022: 1,188) were implemented, resulting in first-year benefits totalling € 52.0 million (2022: € 20.5 million). More than a fifth of these had their primary impact in the area of sustainability. [↗ GRI Index: 2-29.1](#)

Excellent results in employer rankings

Also, in 2023, highly regarded employer ratings once again ranked the BMW Group as one of the world's most attractive employers: the BMW Group again achieved the top spot in the Trendence Professionals Barometer for Germany in 2023 for the 12th time in a row. In the current ranking of the [↗ World's Most Attractive Employers 2023](#) of the study provider Universum, the BMW Group moved up to third place worldwide among prospective engineers, directly behind the technology companies Google and Microsoft. The BMW Group is one of the top 15 employers globally among students in the fields of IT and business.

* All BMW Group employees on permanent contracts at 1 August 2023 were surveyed. In 2023, this included the employees of BMW Brilliance Automotive Ltd. for the first time.

HEALTH AND PERFORMANCE

The health and performance of people employed by the BMW Group enjoys top priority. The different activities at the operating sites result in extensive requirements for occupational health and safety. The Company is committed to complying with applicable occupational health and safety laws worldwide. The right to health and safety in the workplace is also enshrined in the [BMW Group's Code on Human Rights and Working Conditions](#).

The BMW Group also applies additional safety standards that go beyond the legal obligations. The digital safety and ergonomic risk analysis (SERA) records threats and sources of stress for production workplaces and production-related areas worldwide. The SERA takes into account the stricter US regulations and requirements in addition to the German legal regulations. In production, the use of laser scanners for presence monitoring in small robot cells serves as another example of increased safety measures.

The use of management systems and certifications (e.g. Occupational Health and Safety Assessment Series, OHSAS 18001) is aimed at continuously developing internal guidelines for occupational safety and the ergonomic design of the workplace.

Responsibility for the topics of health and occupational safety is enshrined in the Work Environment, Group Safety and Group Data Protection division. [GRI Index: 403-1](#)

Health management on a holistic basis

The BMW Group bundles all measures to maintain health and performance in the "Health Initiative". In the reporting year, the focus of health management was on psychological and mental health. We discussed various mental health topics in expert panels in the new "Health Talks" format. Our "Health and Leadership" programme also focuses on managers' responsibility for the mental health of our employees.

We use regular action days, dialogue events and training courses to inform our employees and raise awareness of current health-related topics such as nutrition, exercise and fitness, behavioural ergonomics and cancer prevention.

To help promote a balanced diet, BMW AG runs company canteens in Germany. We focus on regional and sustainably produced food. The sustainability criteria used in supplier audits include sustainable water management during production, the use of renewable energy and compliance with product-group-specific regulations. Since 2023, the "Sustainable Catering" guidelines have also been in place at most international locations, aimed at further improving the environmental impact of BMW's catering services.

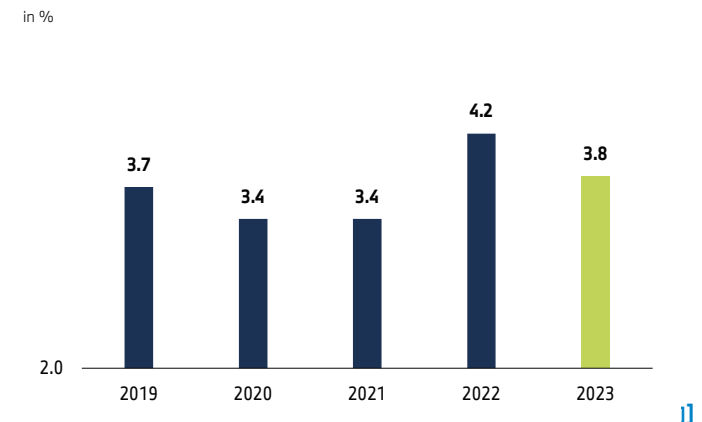
It is important to the BMW Group that all employees have access to the Company's own health services. In Germany, these services focus on providing acute care to employees and temporary employees during working times. At some locations – such as South Africa, Thailand, India and Mexico – health management also involves the provision of basic healthcare. The BMW Group's occupational physicians advise employees on individual preventive measures on request. They also help to organise the respective working environment in such a way that health and performance can be maintained over the long term. The provision of occupational healthcare and medical advice helps to prevent work-related health problems at an early stage and avoid accidents at work. [GRI Index: 3-3, 401-2, 403-3, 403-6](#)

One of the ways in which the Company measures the success of health management is by its sickness rate, which at 3.8% at BMW AG was below the previous year (2022: 4.2%). The

sickness rate in Germany remained at a high level until the middle of 2023 and normalised over the course of the year.

Nevertheless, we aim to reduce this level, for example, with targeted measures in accordance with our "Attendance Management Works Agreement" (BAM) and the relevant health management initiatives. BAM is a service provided by the BMW Group to promote the health of employees and increase their attendance. Health-preserving and health-promoting measures and offers from the Company are also suggested to employees. The discussions are conducted by managers regularly or as needed. [GRI Index: 403-10 1](#)

Sickness rate BMW AG*



* Number of hours of absence due to paid sick leave divided by the contractually agreed number of working hours.

[[Regular training for employees

BMW Group employees at all locations are trained in occupational health and safety as part of qualification programmes. The necessary qualification requirements for occupational safety are determined in coordination with the specialist department for occupational safety and ergonomics. The seminar curriculum is drawn up in collaboration with safety specialists, Company doctors and the BMW Group Academy.

Certified occupational health and safety management system

The BMW Group follows the globally recognised ISO 45001 standard for occupational health and safety. Occupational health and safety management systems are in place at all production sites, and 29 of the 32 plants are certified in accordance with this standard or OHRIS¹, which is based on ISO 45001. This means that 99.80%² (2022: 99.79 %) of employees and 100% (2022: 99.98%) of temporary employees at BMW Group plants work at a site covered by an international occupational health and safety management system. The BMW Group plant in Manaus (Brazil, certification planned for 2024), the contract manufacturing facilities in Born (the Netherlands, production will end in 2024) and the jointly managed Spotlight plant in Zhangjiagang (certification planned for 2024) are not currently certified.

The BMW Group has set the goal of obtaining certification to one of the aforementioned international standards for all of its plants by 2025. 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, 403-8](#)

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. With the Digital Workplace Stress Management (DWSM) project – a fully automated ergonomics assessment – the BMW Group continues to set standards in the automotive industry. Over the last two years, ergonomics specialists from the BMW Group have been training employees in the use of DWSM at all assembly locations in Germany. Preparations have also been made at the locations in Mexico, the UK, the USA and South Africa for the implementation of DWSM.

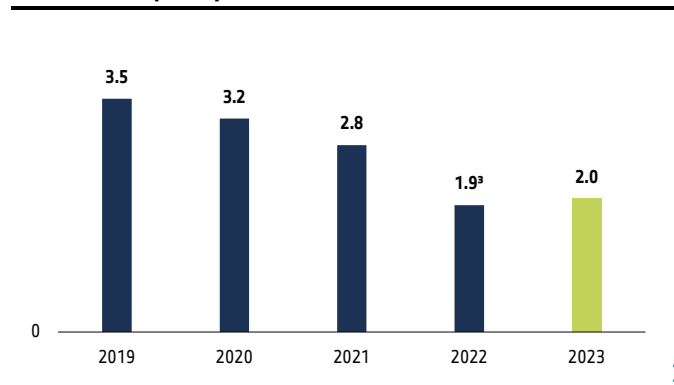
The BMW Group regularly assesses all methods and instruments used within the Company. The results of the assessments are subsequently used to enhance internal norms. The Works Council and, if necessary, the representatives of severely disabled employees and HR management are involved.

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 2023. The results and resulting measures are made available to all BMW Group locations. [↗ GRI Index: 403-2, 403-7](#)

Accident frequency at a low level

The BMW Group's preventive measures continue to have an impact. In 2023, these also meant that the accident frequency rate remained at a low level of 2.0 (2022: 1.9³). There were no fatal accidents during the reporting year (2022: no fatal accidents). [↗ Further GRI Information, ↗ GRI -Index: 403-9](#)

[[Accident frequency rate⁴



Occupational safety along the value chain

Cooperation with contractual partners on safety-related aspects at the sites is regulated by way of a separate contractor declaration. At major BMW Group construction sites, all employees of partner companies receive safety briefings from BMW Group experts. In the case of smaller orders, the contractor is responsible for the process of familiarisation. The commissioning specialist department monitors compliance with the occupational health and safety requirements, and is supported by the relevant specialist department for occupational safety and ergonomics.

Suppliers to the BMW Group are obligated to comply with internationally recognised occupational health and safety requirements via the Purchasing Terms and Conditions.⁵

[↗ GRI Index: 403-7 \]\]](#)

¹ Occupational Health and Risk Management System.

² The calculation takes into account apprentices, interns, temporary staff, doctoral students, long-term sick-leave and people on sabbatical.

³ Previous year's value adjusted due to a correction in working hours.

⁴ Number of workplace accidents resulting in at least 1 lost day per million working hours.

⁵ Management systems in accordance with ISO 45001 and derived from the International Labour Organization (ILO) or United Nations Global Compact (UNGC).

DIVERSITY, EQUAL OPPORTUNITY AND INCLUSION

[[An appreciative, unprejudiced and inclusive working environment for all employees is a fundamental prerequisite for successful collaboration at the BMW Group. People from over 110 nations bring different perspectives, experiences and competencies to their daily work at the BMW Group, thereby strengthening the Company's innovative power and competitive ability. Key principles such as protection against discrimination, equal treatment of all employees and respect at all times are firmly embedded in the [BMW Group Code of Conduct](#) and the [BMW Group Code of Human Rights and Working Conditions](#).

Equal opportunities at the BMW Group are also expressed in a remuneration system that is designed to be independent of gender, religious denomination, origin, age, disability, sexual orientation or country-specific characteristics. In the reporting year, BMW AG was the first German company to be certified as a Fair Pay Leader by the Fair Pay Innovation Lab (FPI). The certification is evidence that BMW AG's remuneration structures are effective in ensuring equal salaries between women and men. This is supported by annual, science-based equal pay analyses, a practice which the BMW Group also aims to expand to international locations in the future. [GRI Index: 405-2](#)

All employees can contact their managers, the relevant specialist departments, the HR department, the Works council and the representative body for employees with disabilities with concerns relating to diversity, equal opportunities and inclusion. 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. [Compliance and Whistleblower Systems Controls](#) Employees in Germany also have access to the "Zero Tolerance" hotline, a free,

anonymous and professional advice centre for discrimination, bullying and sexual harassment in the workplace.

[GRI Index: 406-1](#)

Promoting diversity

Our Company-wide concept for diversity, equal opportunities and inclusion forms the basis of our holistic commitment. The HR department manages the content and implementation together with Diversity Officers and disciplinary managers. The concept contains aims and measures that focus on five key dimensions:

- Gender
- Age and experience
- Physical and mental ability
- Cultural background
- Sexual orientation and identity

The BMW Group provides information about its commitment to these categories on our [website](#).

[[BMW AG employees by age group divided into functions and gender

in %	< 30 years	30-50 years	> 50 years
2021 in total	9.8	59.9	30.3
2022 in total	10.8	59.8	29.4
2023 in total	11.3	60.0	28.7
direct ¹	14.4	54.6	30.9
indirect ²	9.5	63.2	27.3
male	10.4	59.2	30.4
female	15.6	64.0	20.3]]

The aim of diversity management is to anchor the importance of diversity in thought and action. A key component is web-based training against discrimination in the workplace. This training has been mandatory for all employees in Germany since 2023. From 2024, all BMW Group employees will be offered anti-discrimination training. We have also introduced measures such as the [Senior Expert Programme](#) and the Joint Leadership Programme, which were used with increasing frequency in 2023. The BMW Group also commissioned an external analysis of its existing commitments, with a focus on the dimensions of sexual orientation and identity. This took place within the framework of our membership with "PROUT AT WORK", a leading foundation and consultancy in Germany focusing on LGBTIQ+3 issues in the workplace, aimed at promoting equality for individuals within the queer community. We will use this as the basis for specific measures in the next step.

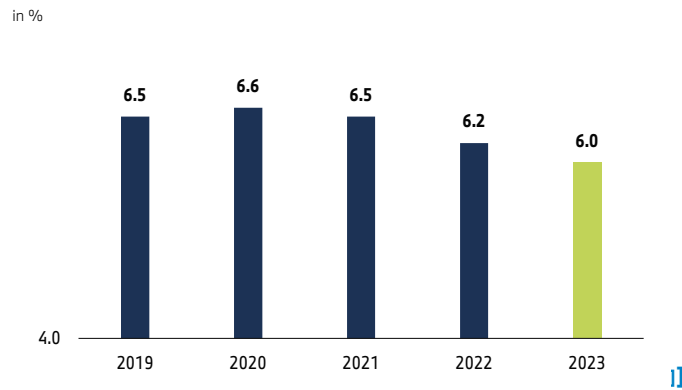
The established "Diversity Week" was expanded in 2023 to become the international "Days of Diversity" for the first time. Throughout the year, numerous activities – such as lectures, workshops and interactive events for employees – took place at our locations worldwide, including special events on International Women's Day and the International Days of Cultural Diversity and Tolerance. In the reporting year, we also implemented measures that were adopted in 2022 as part of the revised version of BMW AG's general operating and inclusion agreement for employees with disabilities. Examples of this include our requirements for barrier-free access in the areas of Manufacture and IT. As in previous years, BMW AG in Germany awarded contracts amounting to around € 42.7 million (2022: € 41.1 million) in 2023 to workshops staffed by people with disabilities.]]

¹ Direct: Clock-controlled and production employees.

² Indirect: All employees not engaged in clock-controlled work.

³ Abbreviation for all sexual orientations and forms of identity.

Share of employees with severe disabilities at BMW AG¹



Our employees play a key role in ensuring that diversity, equal opportunity and inclusion are actively practised. To this end, many are involved and networked via internal networks. These include family and women's networks at numerous locations, and the BMW Group PRIDE association. This association advocates for the interests of the LGBTIQ+ community across countries. The spirit of cooperation and dialogue with the internal networks provides the BMW Group with important impetus and support for the further development of its commitment.]

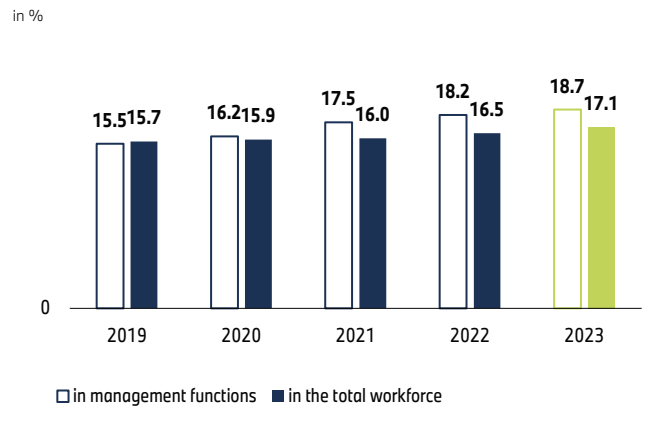
Increasing the share of women

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. 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 BMW AG. We aim to boost the share of women holding management positions in the BMW Group to 22% by 2025, and to 20% for BMW AG.

The share of women in the BMW Group workforce as a whole reached 19.2% (2022: 18.6%). For BMW AG, the share was 17.1% (2022: 16.5%). The share of women in management positions² within the BMW Group has been rising steadily for many years. Globally, the share of female managers in the BMW Group stood at 20.8% at the end of the reporting year (2022: 20.2%). In the last ten years, the number of women in management positions in BMW AG has almost doubled. When expressed as a percentage, the share of female managers at BMW AG was 18.7% at the end of 2023 (2022: 18.2%). [Further GRI Information](#)

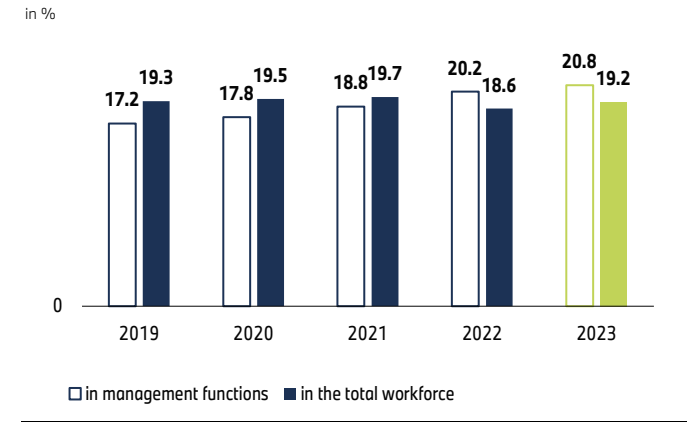
Share of women in management positions and in the total workforce (BMW AG)²



The BMW Group is also aware of the need to achieve a high percentage of women in our future talents programmes. By doing so, we aim to ensure that the share of women in the total workforce and in management positions continues to rise in the future. The proportion remained high in the trainee programme AcceleratiON⁴ in 2023 at 41% (2022: 45%). The same applied to the student support programmes (Fastlane, SpeedUp), with a proportion of around 28% (2022: 31%). For our regular vocational training and instruction⁵, the share of women at BMW AG in 2023 was 21.9%, and 22.1% in the BMW Group⁶.

Concepts to promote diversity, equal opportunity and inclusion have also been developed by the BMW Group 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: 3-3, 405-1\]](#)

Share of women in management positions and in the total workforce (BMW Group)²



¹ The share of employees with severe disabilities is based on the statutory requirements in accordance with the German Social Code (SGB IX).
² For a definition of the term management positions, please refer to the [Glossary](#).
³ For a definition of the term employee, please refer to the [Glossary](#).
⁴ The trainee programme was launched in April 2023 under its new name "AcceleratiON".
⁵ Up to and including the reporting year 2022, only the proportion of women in technical vocational training and instruction (MINT areas) was reported.
⁶ Excluding sales companies.

CORPORATE CITIZENSHIP

As part of its social commitment, the BMW Group is committed to environmental, economic and social issues outside its core business. As such, we not only live up to our own aspirations but also the expectations of society and our stakeholders worldwide. The BMW Group aims to act in a targeted, long-term and effective manner. We also provide quick and unbureaucratic assistance in the event of a crisis. We have defined four key topics that are reflected in our projects on the basis of our core business and skill sets:

— Inclusion for equal opportunities

The BMW Group is a partner of the [Intercultural Innovation Hub \(IIH\)](#). This platform has emerged from our long-standing partnership with the UN Alliance of Civilizations and supports selected organisations around the world that are engaged in concrete projects promoting intercultural dialogue, peace and diversity, among other initiatives. For this purpose, they receive support for over a year in the form of expertise, networking opportunities and financial resources. The [currently funded projects](#) were honoured at an event in Berlin in May 2023.

We also contribute, for example, by supporting the [JOBLINGE](#) programme. The initiative helps people with a difficult start in life to begin their professional lives.

— Responsible Leadership for sustainable development

The BMW Group wants to support and bring together people who are committed to societal needs. The annual One Young World Summit represents an international networking opportunity. The BMW Group has been sending a delegation of young managers to the global forum for sustainable development since 2016, including in 2023. Selected IIH organisations also had the opportunity to take part in the international event.

To support young talent, the BMW Group awards full-time scholarships for the Global Online Master in Business Administration (MBA) at the [European School of Management and Technology \(ESMT\) Berlin](#) as part of the [BMW Group Change Maker Fellowships](#). In addition,

the [BMW Foundation Herbert Quandt](#) expands our network with more than 2,300 Responsible Leaders from over 100 countries on all continents. As an important partner, the independent corporate foundation contributes with its activities to the perception of social responsibility at the BMW Group.

— Education for future generations

The BMW Group has been supporting educational projects at its locations worldwide for many years. With [BRIDGE. We are taking the next step with Educating young people for tomorrow, today](#) – a global and long-term collaboration with UNICEF that started in 2023. The collaboration aims to qualify young people in Brazil, China, India, Mexico and South Africa for careers in the mathematical and technical fields, while also collecting donations for the education of children and adolescents in crisis areas within existing platforms, and with the involvement of international subsidiaries and stakeholders. The BMW Group is thereby making a long-term contribution to UNICEF's goal of reaching more than ten million children and adolescents through education. By undertaking this commitment, we are simultaneously implementing our corporate citizenship strategy at the local level, for example, through mentoring and internship opportunities directly at our locations.

— Culture and Sports for a united world

The BMW Group supports numerous sports and cultural activities worldwide. For example, the "Opera for All" initiative provides free access to opera and classical music in Munich, Berlin, Melbourne and London. In the context of our sports sponsorships, we also contribute, for example, through the scholarship programme of the [Evans Scholars Foundation](#) in conjunction with the BMW Championships golf tournament.

Valuing and supporting employee commitment

The BMW Group promotes and encourages employees to support social issues around the world in various ways through its SOCIAL DRIVE initiative. The first pillar is the annual BMW Group AWARD for social commitment, which has recognised the outstanding commitment of individual employees for 12 years. Of the ten finalists in 2023, four emerged as winners – one of whom also won the special Doppelfeld Foundation prize. The prize money of € 10,000 each will be used to fund the relevant charity projects. The second pillar is the SOCIAL DRIVE IT platform, which informs employees about specific support needs. The platform launched in Germany in 2022 and is currently being rolled out internationally. With our employees' help, we can also provide more comprehensive support for existing projects, for example through volunteer work and monetary donations. The third pillar is the SOCIAL DRIVE DAYS, which are intended to strengthen our employees' interest in social commitment.

Corporate citizenship with impact

The BMW Group's expenditure within the strategic focus areas in 2023 totalled € 44.2 million (2022: € 38.7 million). This includes donations for those affected by earthquakes in Turkey, Syria and China, as well as fires in Hawaii and the floods in Italy. Beyond financial support, the BMW Group also provides assistance in the form of knowledge transfer, networking opportunities, projects to promote public infrastructure, and the engagement of its own workforce. We also generate additional societal impact through memberships in associations and institutions, the provision of vehicles, including for vocational schools, and participation in projects aimed at promoting more sustainable mobility in cities. [Shaping the future of mobility](#) In doing so, we aim to contribute as corporate citizens and play our part in addressing major future questions and challenges. **1]**

OUTLOOK

The outlook and [↗ Risks and opportunities](#) of the BMW Group presented in this report reflect the expected development in 2024 from the perspective of Group management. In line with the Group's performance management, the outlook covers a period of one year. Short-term risks and opportunities are managed on the basis of a two-year assessment period. In addition, we report on medium- and long-term risks and opportunities arising in connection with climate change.

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 section of the same name and concern all performance indicators. Actual outcomes may, however, deviate from the outlook due to unexpected events.

Economic outlook

The International Monetary Fund anticipates global growth of 3.1% in 2024. Geopolitical conflicts and the effects of tighter monetary policy in many countries will be the greatest burdens on the global economy in 2024. Higher interest rates are affecting consumer spending and investment, with a corresponding effect on the economy. Further information on political and global economic risks is also available in the [↗ Risks and Opportunities](#) section.

Forecasts for the eurozone as a whole indicate slight growth (+0.6%). France (+0.7%), Italy (+0.5%) and Spain (+1.6%) are expected to meet or outstrip the average for the eurozone. Germany is expected to record at least a slight increase in economic output in 2024 (+0.3%), although the continued modest growth in the global economy is dampening the country's export economy.

A slight uptick in economic output (+0.4%) is forecast for the UK, where higher interest rates and continued higher inflation are slowing growth.

The growth rate in the USA is expected to slow to 1.8% in 2024. Higher interest rates are burdening companies and private households in that country as well, while continually low unemployment levels are supporting the economy.

Growth is expected to reach 4.6% in China, where continued upheaval in the real estate sector and the resulting drop in consumer confidence are dampening expectations.

The Japanese economy is expected to see slower growth in 2024 than in the previous year (+0.8%).

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, the Japanese yen and the South Korean won.

It is expected that inflation in the US and in Europe will continue to fall, and the BMW Group therefore does not expect any further interest rate hikes from central banks. Accordingly, the US dollar is expected to move sideways against the euro in 2024, with the pound/euro exchange rate also expected to remain stable.

It is possible that Japan's highly expansionary monetary policy may come to an end in 2024. If it does, the yen would appreciate somewhat against the euro compared to its current very low level.

Low inflation in China could lead to a more expansionary monetary policy on the part of the central bank of China, potentially resulting in a depreciation of the renminbi against the euro.

The currencies of emerging countries such as India and Brazil may benefit from the monetary policies of the EU and USA stabilising in 2024. No further devaluations against the euro and US dollar are therefore expected at present.

International automobile markets

The generally stable macroeconomic conditions should allow for slight growth on international automobile markets in 2024 (+ 3.9%). Growth is expected to be spread across many markets, particularly the US and China. A higher global supply of new vehicles is, however, expected to give rise to increasing price competition, which will also have an effect on prices for pre-owned vehicles.

International motorcycle markets

The BMW Group expects the world's motorcycle markets in the 500 cc plus class to remain in line with the previous year overall in 2024. In Europe, market growth is also expected to be in line with last year's level, with a slight decrease forecast in the USA. Economic expectations will influence the motorcycle market in China, while the motorcycle market in Brazil is expected to remain in a stable condition in 2024, as in the previous year.

Expected consequences for the BMW Group

Future developments on international automobile markets have a direct impact on the BMW Group. A challenging competitive environment and macroeconomic and geopolitical developments could all have a significant impact on business performance. The close cooperation between our sales network and our production network and our flexible vehicle architecture allow us to respond to even unforeseeable developments effectively. [↗ Risks and Opportunities](#)

Assumptions used in the outlook

The outlook contains 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.

The following outlook covers a forecast period of one year and is based on the composition of the BMW Group during that time. The outlook takes account of all information available at the time of reporting that could have an impact on the BMW Group's performance.

The expectations contained in the outlook are based on the BMW Group's forecast for 2024 and reflect its status at the time of preparation of the Group Financial Statements. 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.

It is expected that a fall in inflation and stabilised interest rates in many countries will allow for a slight increase in demand in 2024. The number of vehicle deliveries is set to increase slightly against this backdrop and in light of the full availability of new models such as the BMW 7 Series and the BMW 5 Series, model launches such as the BMW X2 and BMW X3, and the renewal of the MINI product range. Pricing across the product portfolio is expected to remain at prior year's level.

The BMW Group anticipates an improved situation on the commodity markets in 2024 in light of the downward price trend for precious metals and battery materials in the second half of 2023. The continued rise in all-electric and electrified vehicle numbers does, however, mean that expenditure will remain at a high level. Higher costs for employees are expected in 2024, along with higher costs from the supply chain, owing to high inflation in previous years.

In addition, the continued implementation of the electrification and digitalisation strategy will lead to greater research and development costs in 2024. Expenditure related to the NEUE KLASSE, such as the further development of the sixth generation of battery technology and manufacturing preparations in the production network, will also impact the Group's earnings and result in greater capital expenditure.

The situation in the Middle East became increasingly volatile at the end of 2023. The conflict between Israel and Palestine is not having a significant effect on the BMW Group's business at present as the Group does not operate directly in that region. However, it must be assumed that the threat posed in the Red Sea by the Houthi militia will cause some logistical challenges in 2024. Our outlook does not account for any further escalation of the situation. The BMW Group is monitoring developments.

The war in Ukraine and its potential implications for the BMW Group's course of business are also being closely monitored. All applicable restrictions resulting from sanctions have been factored into the outlook.

In view of the growing unpredictability of political developments, actual macroeconomic and geopolitical developments in some regions may deviate from expected trends and outcomes. Potential sources of political uncertainty include policies affecting trade and customs tariffs, security developments and a possible worsening of international trade conflicts.

Outlook for the BMW Group – key performance indicators

Deliveries of BMW, MINI and Rolls-Royce brand vehicles in the Automotive segment are expected to rise slightly year-on-year due to a slight increase in demand, full availability of new models and model launches. In this context, the share of all-electric vehicles relative to total deliveries is expected to increase significantly compared to 2023.

An EBIT margin of between 8 and 10% is forecast for the Automotive segment in 2024. The RoCE for the Automotive segment is also being affected by the increasing investment in electrification and digitalisation, and expected to be between 15 and 20%.

The BMW Group expects to achieve its target of slightly reducing the carbon emissions generated by its EU new vehicle fleet by further improving the overall fuel consumption of its products and deploying an increasing number of vehicles with electric drivetrain systems. It is therefore expected that we will continue to remain significantly under the legal limits.

A moderate reduction is expected in carbon emissions from BMW Group plants per vehicle produced (Scope 1 and 2) due to increased production volumes and BMW making greater use of green energy.

The stable demand situation can also be seen in the Motorcycles segment, where deliveries are predicted to increase slightly owing to the full availability of models, including the BMW R 1300 GS. The EBIT margin is expected to be between 8% and 10% and the segment RoCE between 21% and 26%.

The RoE in the Financial Services segment is predicted to finish between 14% and 17%. As expected, the supply of and demand for pre-owned vehicles is continuing to stabilise. It is therefore to be expected that revenues from remarketing lease returns will fall further as compared to 2023.

Group profit before tax will decrease slightly. As the BMW Group continues to take a leading role among its competitors in the digitalisation and electrification of the vehicle fleet and intends to strengthen this position, expenses associated with future projects will remain high in the Automotive segment in 2024. The production network will also be expanded in 2024 in connection with the NEUE KLASSE. The decrease in the financial services business will also contribute to the fall in Group profit before tax.

The aforementioned targets are to be met with a slight growth in the size of the workforce. Likewise, the share of women in management positions in the BMW Group is expected to increase slightly.

The BMW Group's actual business performance may also deviate from current expectations due to the risks and opportunities discussed below in the [Risks and Opportunities](#) section.

BMW Group key performance indicators

		2023 Reported	2024 Outlook
GROUP			
Profit before tax	€ million	17,096	Slight decrease
Workforce at year-end		154,950	Slight increase
Share of women in management positions in the BMW Group	%	20.8	Slight increase
AUTOMOTIVE SEGMENT			
EBIT margin	%	9.8	Between 8 and 10
Return on capital employed (RoCE)	%	20.2	Between 15 and 20
Deliveries	units	2,554,183	Slight increase
Share of all-electric vehicles in deliveries	%	14.7	Significant increase
CO ₂ emissions EU new vehicle fleet ^{1,2}	g/km	102.1	Slight reduction
CO ₂ emissions BMW Group locations per vehicle produced ³	tons	0.28	Moderate reduction
MOTORCYCLES SEGMENT			
EBIT margin	%	8.1	Between 8 and 10
Return on capital employed (RoCE)	%	22.1	Between 21 and 26
Deliveries	units	209,066	Slight increase
FINANCIAL SERVICES SEGMENT			
Return on equity (RoE)	%	17.2	Between 14 and 17

¹ 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).

² Including an allowance for eco-innovations (amounts of minor significance).

³ Efficiency ratio calculated on the basis of Scope 1 and Scope 2 carbon emissions (i.e. a market-based method according to GHG Protocol Scope 2 guidance; mainly based on the use of emissions factors for electricity, district heating and fuels of the VDA, each in the most current valid version: 12/2023) and occasionally using local emissions factors; excluding climate-changing gases other than carbon dioxide from vehicle production (BMW Group manufacturing sites and Motorrad, but excluding partner plants and contract manufacturers), as well as BMW Group non-manufacturing sites (e.g. research centres, sales centres, offices) divided by the number of vehicles produced (BMW Group manufacturing sites and partner plants, but excluding contract manufacturers).

APPROPRIATENESS AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM*

The BMW Group complies with recommendation A.5 of the German Corporate Governance Code and accordingly provided its statement in accordance with § 161 of the Stock Corporation Act www.bmwgroup.com/ezu in December 2023 on the following basis:

The BMW Group has set up an internal control system and a risk management system in accordance with the German Corporate Governance Code.

The internal control system includes all the principles, instructions and measures introduced by the Board of Management to ensure:

- the effectiveness and efficiency of business operations
- the propriety of accounting and financial reporting
- compliance with the statutory regulations relevant to the BMW Group

The BMW Group's internal control system comprises the following: the internal control system for accounting and financial reporting, the internal control system for reporting selected non-financial key figures [Internal Control System](#) (ICS in the narrower sense), the Compliance Management System [Compliance Management System](#) (CMS) and the Internal Audit Function (IAF).

The Risk Management System (RMS) comprises the entire set of organisational rules and measures in place to identify, assess, manage and communicate risks, including system monitoring. [Risk and Opportunity Management](#)

The ICS (in the narrower sense), the RMS and the CMS are audited independently on a risk-oriented basis by Internal Audit as part of the "Three Lines" model, with all systems interconnected by overarching structural elements. Internal Audit's findings are reported to the Board of Management and the Supervisory Board on a regular basis.

The design and implementation of the internal control system and the risk management system take into account the size, structure and complexity of the BMW Group in particular. These systems are intended to detect, manage and mitigate significant risks. However, despite the comprehensive analysis of risks in general, any control and risk management system has inherent limitations. For this reason, the occurrence of risks cannot be ruled out in all circumstances.

Taking this into account, the Board of Management is not aware of any circumstances that give rise to doubts regarding the appropriateness and effectiveness of the systems. In particular, no material cases of non-compliance or systemic weakness were identified that preclude such appropriateness and effectiveness.

* The information provided in this section is extraneous to management reports which are not covered by PwC's audit.

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RISKS AND OPPORTUNITIES

RISK AND OPPORTUNITY MANAGEMENT

The foundation of BMW Group's business success lies in effectively managing risks and making use of any opportunities. This is based on an effective risk and opportunity management strategy, which puts us in a position to be able to react quickly and flexibly to changes in political, economic, environmental, social, technical or legal conditions. The general risk situation is regularly evaluated as part of this.

The aim of our risk management system (RMS) is to identify, measure and actively manage risks, both individual and cumulative, that could pose a threat to the success of the business.

Risks and opportunities (including risks to reputation and climate-related risks) are considered for the current and subsequent financial year. [↗ Material Short-Term Risks and Opportunities](#) In addition, medium-term and long-term risks and opportunities are also presented in connection with climate change. [↗ Climate-Related Risks and Opportunities](#)

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. We draw on the expertise of climate experts in order to evaluate climate-related risks and opportunities. The responsibilities and tasks of the centralised risk management function, Network Representatives and climate experts are documented and accepted. All material risks are firstly presented for review to the Risk Management Steering Committee, which is chaired by Group Controlling. Any material risks are then reported to both the Board of Management and the Supervisory Board's Audit Committee.

Other functions such as Group Compliance and the Internal Control System (ICS) form key interfaces to the risk management system. In its capacity as an independent control body, Corporate Audit reviews the RMS established by the Board of Management on an annual basis.

According to our Group-wide guidelines, all employees and managers have a duty to report risks through the designated reporting channels. The key elements of the risk management processes and an appropriate risk culture are embedded in the BMW Group's core values, the Group's extensive rules and regulations on risk management and in its overall risk strategy. Furthermore, the BMW Group's risk management strategy is continually being refined in order to reflect new findings and requirements. 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 evaluation of risks, the use of appropriate risk management tools and the monitoring and assessment of the measures taken. If no specific reference is made, risks and opportunities relate to the Automotive segment.

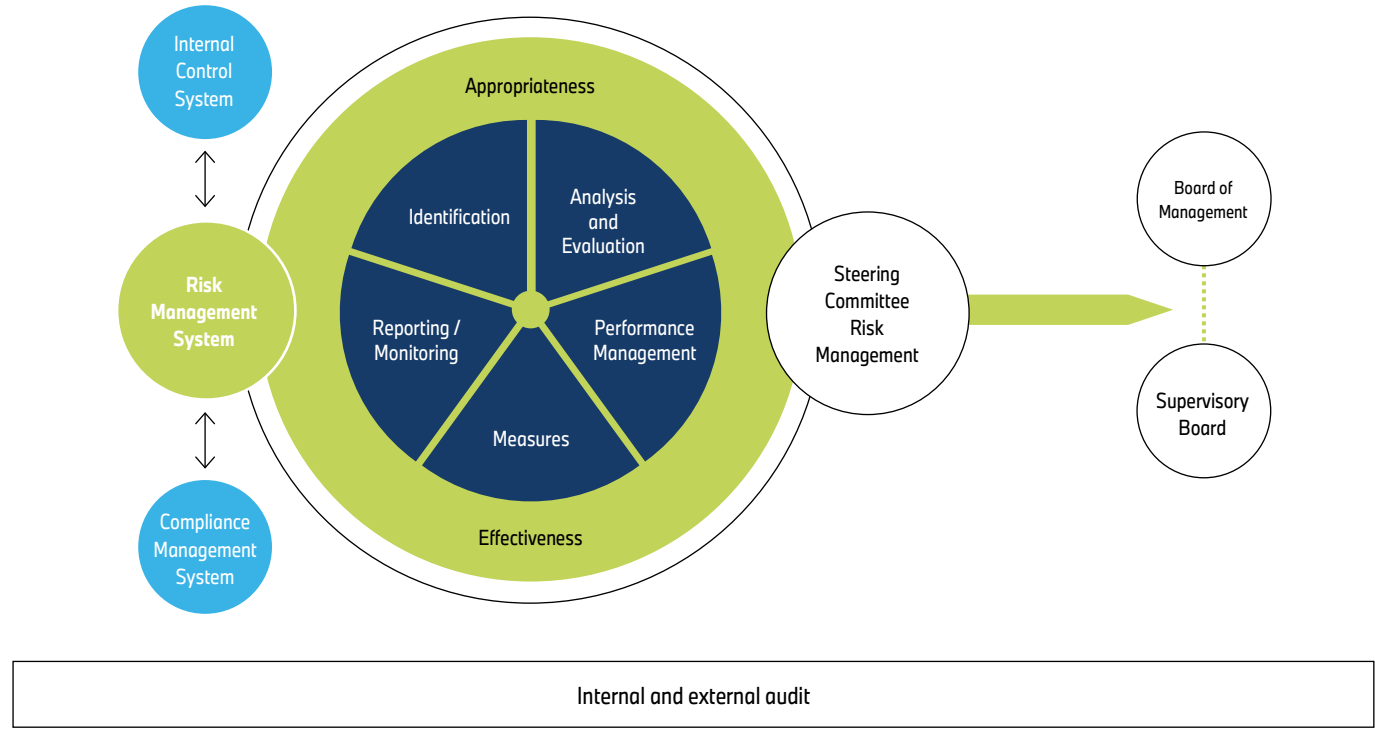
Risk Evaluation

The BMW Group uses standardised, suitable methods for measuring all short-term risks, reputational risks and medium to long-term climate-related risks.

Short-term risks

Risks relating to the current and subsequent financial year are shown in the section [Material Short-Term Risks and Opportunities](#). These risks are evaluated 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. Risks are evaluated net of any effective risk mitigation measures (net basis).

Risk Management in the BMW Group



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, confidence level: 99%).

The impact of risks and opportunities is presented separately without offsetting against each other.

Group-wide effects and trends can be identified by aggregating all material short-term risks at Group level. For this purpose, the potential earnings impact of the risks 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 (the equity of the BMW Group recognised for accounting purposes). A limit system for various risks helps monitor the risk-bearing capacity.

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 material 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 material reputational repercussions are described in the section [↗ Material Short-Term Risks and Opportunities](#).

Climate-related risks

Risks associated with climate change are presented in the section [↗ Climate-Related Risks and Opportunities](#). Climate-related risks are evaluated as physical and transitory risks in accordance with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD). Transitory risks arise from the transition to a low-carbon economy and are evaluated with the help of climate-related risk drivers and qualitative expert assessments. Physical risks arise due to climate change and are evaluated using external data on potential natural hazards. Potential short-term impacts of climate change are already included in the short-term risks. All short-term risks are evaluated for their climate impact. If a risk is categorised as climate-relevant, the climate-related portion of the risk is determined. The potential development of climate-related risks is evaluated for two reporting periods (medium-term until 2035 and long-term until 2050) and for three global warming scenarios.

Non-financial risks as reported in the non-financial statement (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. Material 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 material non-financial risks were identified during the reporting year.

Opportunity management

Identifying 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 returns on capital employed.

The importance of short-term opportunities for the BMW Group is classified on a qualitative basis in the categories "material" and "immaterial". Probable measures aimed at increasing profitability are already incorporated in the outlook.

Climate-related opportunities are identified progressively as part of the strategy development process and described in the section [↗ Climate-Related Risks and Opportunities](#).

MATERIAL SHORT-TERM RISKS AND OPPORTUNITIES

The overall risk situation for the BMW Group deteriorated moderately year-on-year.

Consistently high inflation with high interest rates and lower real incomes along with a corresponding widespread drop in demand may have a negative impact on sales volumes and result in unfavourable price and product mix effects. A prolonged war between Russia and Ukraine as well as further escalation of the conflict in the Middle East could also significantly strain the global economy. The present fragility of the Chinese economy poses an extra risk to sales.

On balance, neither the Board of Management nor the Supervisory Board see any threat to the BMW Group's status as a going concern at the balance sheet date or at the date on which the Group Financial Statements were drawn up. As in the previous year, the current set of risks to the BMW Group are considered to be manageable. All risks and opportunities that are expected to materialise have already been addressed in the Outlook Report as well as in the long-term corporate planning and are accordingly not included in the risk and opportunity assessment below. Liquidity requirements are currently covered by existing liquidity as well as the various financing instruments available.

The following sections illustrate potential future developments or events that could result in a negative (risk) or a positive (opportunity) deviation from the outlook for 2024 and 2025 and indicate their significance to the BMW Group.

In addition, unforeseen events could affect business operations and hence the BMW Group's results of operations, financial position and net assets as well as its reputation.

The following overview provides a summary of the material short-term risks and opportunities:

	Risks		Opportunities	
	Classification of the risk level	Change compared to prior year	Classification	Change compared to prior year
Macroeconomic risks and opportunities	High	-	Immaterial	-
Strategic and sector-specific risks and opportunities				
Changes in legislation and regulatory requirements	High	-	Immaterial	-
Market developments	High	-	Immaterial	-
Risks and opportunities relating to operations				
Production and technology	High	-	Immaterial	-
Purchasing	High	-	Immaterial	-
Sales network	Low	-	Immaterial	-
Information security, data protection and IT	High	-	Immaterial	-
Financial risks and opportunities				
Foreign currencies	High	Increased	Material	-
Raw materials	Medium	Decreased	Material	-
Liquidity	Low	-	-	-
Other financial risks	Medium	-	Immaterial	-
Pension obligations	Medium	-	Material	-
Legal risks	Medium	-	-	-

The following ranges apply for the purpose of classifying the risk amount for material short-term risks:

Class	Risk amount
Low	€ 0–200 million
Medium	> € 200–1,000 million
High	> € 1,000 million

Due to the particular features of the business model, material risks and opportunities relating to the Financial Services segment are presented separately in the section [Risk management system in the Financial Services](#) segment.

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 level of risk continues to be classified as high.

With regard to the war in Ukraine, there is a risk of a further escalation of the conflict and therefore of further sanctions imposed by Western countries on Russia as well as possible counter-sanctions and/or retaliatory measures by Russia. Withdrawal of US support for Ukraine could have major ramifications for the course of the war.

Further escalation of the conflict in the Middle East could negatively impact the price of oil, which in turn could lead to rising inflation rates.

In the trade war between the US and China, the focus is currently shifting 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. With the recent anti-dumping and anti-subsidy probe launched against China (the EU is examining, among other things, whether subsidies for electric vehicles produced in China lead to distorted competition), the EU is also considering imposing punitive tariffs on the People's Republic, which in turn increases the risk of a trade war between the two parties. An escalation of the conflict

could have negative consequences for trade between Europe and China, resulting in both sales risks and risks in the supply chain.

Another risk is of recession in Europe and the United States. In both regions, interest rates were raised considerably in order to curb inflation. Inflation rates have significantly decreased by this point and the majority of economies have continued to grow despite the interest rate hikes – labour markets have shown particular resilience. However, monetary policy measures such as interest rate hikes often take effect with some delay and could therefore slow down the economy in 2024, posing a risk to sales. The present fragility of the Chinese economy also represents a risk to sales. If the situation in the real estate sector were to deteriorate further, the potential impacts on the economy would be significantly felt.

To mitigate the effects, sales markets are being monitored on an ongoing basis, and individual measures are being defined by standardised processes and committees.

At the moment, macroeconomic opportunities that could influence the earnings situation of the BMW Group positively in the long term are rather unlikely to materialise. If significantly more positive economic development were to occur in a market due to stronger fiscal or monetary policy measures, this could certainly have a positive impact.

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 tightening up of regulations could necessitate significantly increased investments and costs, influence customer behaviour, and lead to interruptions in supply. The risk is categorised as high.

The BMW Group is seeing increasingly stringent vehicle emissions regulations for conventional drive systems. In December 2023, a political deal was reached in the EU on the Euro 7 regulation. Risks may arise from the details of the regulation still to be finalised by the European Commission. In addition to pollutant emissions, brake particle emissions, tyre abrasion and high-voltage battery durability (BEV, PHEV) are also being regulated for the first time. Following the implementation of Euro 7, additional targeted tightening measures are anticipated around 2030.

The legally required fleet-wide carbon emissions target in the EU has been reduced to 0 g/km for 2035, thus requiring complete electrification of the passenger car new vehicle fleet by 2035. Moreover, the European Commission is working on a proposal to determine if and how vehicles powered exclusively by e-fuels can be recognised as zero-emission vehicles. In 2026, a review will take place during which the necessary framework conditions to achieve the zero emissions target in 2035 will be analysed. Risks can arise from the availability of renewable energies, inadequate private and public charging infrastructure as well as limited access to resources for the construction of electric drives. A discussion of consumption values and carbon emissions may have an impact on the Company's reputation.

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. Opportunities potentially arising from changes in legislation and regulations are classified as immaterial.

Market developments

The constant change in consumer preferences or an altered brand perception pose both risks and opportunities. For instance, the BMW Group could be confronted with short-term disruptions in both supply and demand during the transition from conventionally powered vehicles to alternative drive systems. The likelihood of market risks occurring may be categorised as high.

The sales markets of the BMW Group are constantly monitored in order to minimise risks, meet customer requirements and, at

the same time, capitalise on opportunities in terms of sales growth and pricing. Opportunities arising as a result are classified as immaterial.

Risks and opportunities relating to production and technologies

Plant downtime is the main risk affecting production. Disruptions to production can have various causes, including equipment and tool shortages, supplier bottlenecks, scarcity or shortages of production resources such as gas or electricity, as well as problems with logistics. Furthermore, IT disruptions caused by cyberattacks, for example, are playing an increasingly significant role in disruptions to the supply chain and production. Damage to the factory infrastructure, caused by fire or natural events such as hail, storms or heavy rainfall, can lead to production downtime. The risk level for the occurrence of such risks is assessed as high.

All BMW Group plants have implemented measures for risk avoidance and reduction. These include, for example, predictive maintenance. The risk of production downtime due to parts supply is reduced via measures related to logistics, purchasing and the use of the production network.

A variety of measures are also being taken to prevent and counteract longer downtimes of manufacturing equipment due to targeted cyberattacks.

Potential natural hazards are already taken into account when selecting a site and through the implementation of measures during construction. The risk posed by natural hazards or fire is reduced by the use of on-site fire services and employee training.

Risks resulting from property-related damage and damage due to downtime, as well as transport damage to vehicles already manufactured, are transferred to highly solvent insurance companies. Due to the volatility of the international insurance markets, the BMW Group itself bears significant risks today. This solution may become increasingly relevant if premiums and deductibles continue to rise.

Potential short-term changes to the relevant legislation and regulations or changes in their national interpretation by the authorities may jeopardise our ability to receive type approvals in good

time and, in extreme cases, may lead to the non-admission of a vehicle derivative, sub-market or even a complete market. This, along with a delayed start of production for new models, could lead to sales losses. Numerous control points have been implemented as part of the homologation process in order to identify and mitigate risks.

Product recalls can lead to additional costs. The BMW Group establishes appropriate provisions for statutory and non-statutory warranty obligations. It cannot be ruled out, however, that additional costs could be incurred that are either not covered or not fully covered by these provisions. Despite the deployment of 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 \[34\]](#) to the Group Financial Statements.

The BMW Group sees opportunities relating to production processes primarily in the competitive edge gained from mastering new and complex technologies. Given the long lead times involved in developing new products, additional opportunities are not expected to have a significant earnings impact on the BMW Group.

Risks and opportunities relating to purchasing

The greatest risk relating to purchasing comes from supply shortages due to supplier bottlenecks. Production problems at the 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. Supply bottlenecks may also have a negative impact on the reputation of the BMW Group if customer demand cannot be met as expected.

Potential reasons for the failure of suppliers to deliver include the lack of availability of raw materials, energy and other input materials, the occurrence of natural hazards and/or fires, developments in the security situation of a country, IT-related risks and

non-compliance with sustainability or quality standards. The risk is categorised as high.

During the selection of suppliers a standardised assessment of risk criteria is part of the sourcing process.

An increasing complexity within the supplier network, particularly with sub-suppliers over which the BMW Group has only an indirect influence, as well as a lack of solvency on the part of suppliers, may influence the delivery of supplies to plants. A prevention programme was put in place in order to identify relevant developments early on and define individual measures.

Additional risks arise from the inflation-related price increases of recent years and the resulting demands from suppliers, which can have a negative impact on earnings. In addition to price risks, the number of suppliers at risk of insolvency which the BMW Group must support to maintain supplier operations is increasing.

The rising threat of cyberattacks along the entire value chain affects both the security of supply and the protection of expertise relevant to the BMW Group. In order to optimise the level of information security throughout the entire value and supply chain, the BMW Group requires its suppliers to provide proof of adequate information security certification. [Purchasing and Supplier Network](#)

Cost advantages gained by developing local supplier structures near BMW plants in addition to innovative manufacturing technologies could lead to lower material expenses for the BMW Group. Opportunities arising as a result are classified as immaterial.

Risks and opportunities relating to the sales network

In order to sell its products and services, the BMW Group operates a global sales network comprising subsidiaries, importers, branches and independent dealerships. The insolvency of dealerships may have a negative impact on global vehicle sales and the range of services available to our customers.

Overall, the risks arising from the sales network can be categorised as low.

The BMW Group continuously strives to align its sales strategies with future trends, prioritising the needs of both prospective and current customers as the focal point of its operations. Opportunities arising as a result are classified as immaterial.

Information security, data protection and IT

Digitalisation and automation across all areas of the business and its products offer a wide range of opportunities for the BMW Group. Especially in the field of artificial intelligence, potential uses as well as risks are evaluated on a continuous basis. At the same time, information technology (IT) requirements regarding the confidentiality, integrity and availability of information are becoming increasingly strict. The threat level has continued to rise over recent years. Increasing geopolitical conflicts also contribute to the rise in cyberattacks. Moreover, legal and regulatory requirements are becoming ever stricter worldwide, which could also necessitate higher investments in hardware and software.

In view of the higher incidence of observed attacks, the risk amount – despite extensive security measures – is still classified as high.

In order to protect vehicle functions from manipulation, we have introduced processes such as standardised safety assessments and regular penetration tests. However, risks in this regard can never be fully ruled out due to the high complexity and increasing connectivity.

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 Group revenues, disruption in production, or reputational damage. For this reason, the BMW Group has launched an interactive programme to provide regular training for every employee on the correct way to handle dangerous emails.

Protecting information, for example from unauthorised access or misuse, has the highest priority. 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 the current situation, coupled with regular communication, awareness-raising and training measures, form the basis for a high level of security and risk awareness in general.

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.

The BMW Group manages currency risks at both the strategic (medium to long term) and operational level (short to medium term). Over the medium and long term, it is possible to ramp up production or purchase volumes in foreign currency regions (natural hedging). Currency risks are managed in the short to medium term and for operational purposes by means of hedging on financial markets, the primary objective of which is to improve planning reliability for the BMW Group as a whole. Regularly updated cash-flow-at-risk models are used to limit currency risks and identify opportunities. The risk amount associated with currency risks is classified as high. The strengthening of the euro in 2023 has led to an increased level of risk compared to the previous year.

Depending on exchange rate fluctuations, opportunities may also arise, which means they can be considered material.

Risks and opportunities relating to raw materials prices

As a manufacturing company, the BMW Group is subject to price risks, particularly in relation to the raw materials used in vehicle production.

The analysis of raw materials price risks is based on planned purchases of raw materials and components containing those products. A cash-flow-at-risk model is deployed to measure risks relating to raw materials prices. Price fluctuations for raw materials such as precious metals, non-ferrous metals, raw materials for batteries and steel, and also energy, are hedged using financial derivatives and supply contracts with fixed pricing arrangements.

The prices of many raw materials continue to be subject to uncertainty on commodity markets. Accordingly, the risk amount associated with raw materials prices is classified as medium, but there are also material opportunities. This risk is lower than in the previous year due to the decline in prices of raw materials.

Liquidity risks

The major part of the Financial Services segment's credit financing and leasing business is refinanced on capital markets. The risk of restricted access to funds is deemed low.

The liquidity concept, based on the experience gained during the global financial crisis, 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.

The liquidity position is monitored continuously and managed through the Group-wide planning of financial requirements and funding. Further information on risks in conjunction with financial instruments is provided in [Note \[40\]](#) 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 instruments 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. A value-at-risk model is employed to measure counterparty risk, taking into account the creditworthiness 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. The recoverability of these investments is monitored on an ongoing basis as part of a standardised process. However, risks from impairment losses could still arise.

The risk associated with other financial risks is classified as medium. Potential opportunities resulting from the revaluation of investments are evaluated as immaterial.

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. Fluctuations in pension provisions and the related pension assets give rise to risks that may have varying effects due to the differences in accounting standards between IFRS and HGB.

The risk associated with pension provisions based on IFRS valuations is categorised as medium. Material opportunities can

arise if the value of pension assets on the capital markets develops favourably or if pension provisions decreased at a more pronounced rate than the related assets.

Pension obligations are chiefly measured by projecting future payouts, gauged with a current discount rate derived from market yields from top-rated corporate bonds. This discount rate is subject to market fluctuations and therefore influences the level of pension obligations in terms of present value. Changes in other parameters, such as inflation rates and life expectancy, also impact the amount as well as the duration of future pension payments. Regulatory requirements may also affect the amount of pension obligations.

The fluctuation of pension assets reflects the volatility of various asset classes on capital markets. Investments are broadly diversified (interest-bearing securities, equities, real estate and other asset classes).

Revaluations 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 \[33\]](#) to the Group Financial Statements.

Legal risks

Like all entities with international operations, the BMW Group is confronted with legal disputes, alleged claims relating in particular to warranty and product liability or intellectual property rights infringements and proceedings initiated by government agencies. Any of these could, amongst other consequences, have an adverse impact on the Group's reputation. Such proceedings are 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 Group's reputation. More rigorous application, interpretation of, or changes to, existing regulations could result in a greater number of recalls.

The level of risk from legal risks is classified as medium.

The potential financial impact of the matters covered under contingent liabilities, including those related to legal and warranty risks, cannot be conclusively 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.

BMW Group companies are subject to governmental tax and customs audits in each country where they operate, potentially resulting in back taxes, retrospective customs duties, interest, penalties and similar payments. Payments of this nature may, for instance, result from the non-recognition of inter-company transfer prices in the countries concerned. Further substantial legal risks may emerge from contested interpretations of tax or customs legislation. The findings of the tax audit in the countries are effective for the audit period and, if applicable, in subsequent years. Risk management relating to tax and customs legislation is enshrined in the BMW Group's RMS. In order to minimise material procedural tax and customs risks, the BMW Group has set up a comprehensive Tax Compliance Management System (Tax CMS) that is already being applied in its major entities in Germany, China and, since the end of 2023, Austria, and will be rolled out successively in other major 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 \[39\]](#) to the Group Financial Statements.

A Compliance Management System is in place across the BMW Group to, among other things, encourage its representative bodies, executives and staff members worldwide to consistently act in a lawful manner. Further information on this can be found in the chapter [↗ Compliance and Human Rights](#).

Risk management system in the Financial Services segment

Risk management in the Financial Services segment is based on various pillars; namely, the prevailing risk culture, the risk strategy and the defined risk appetite for the various types of risk. In addition to this, there are a wide range of guidelines in place worldwide that are implemented by the individual companies in the Group.

The central goal of risk management in the Financial Services segment is the continuous assurance of risk-bearing capacity. Limits are assigned depending on the type of risk. Various value-at-risk models are used for this purpose, which are validated at regular intervals. The confidence level used in this model is conservative. Care is always taken to ensure that the coverage amounts based on the equity of the Financial Services segment are sufficient.

Regular stress tests are carried out to support this model. These are another indicator of potential risk management measures and create a high degree of transparency with regard to extreme, realistic events, particularly in volatile times.

Risk management in the Financial Services segment is based on the requirements of the supervisory authorities, which are implemented consistently worldwide. Climate-related risks are also taken into account and analysed at regular intervals, thereby considering a medium-term period in the future. [↗ Climate-Related Risks and Opportunities](#)

The following table provides an overview of the material short-term risks and opportunities in the Financial Services segment:

	Risks		Opportunities	
	Classification of the risk level	Change compared to prior year	Classification	Change compared to prior year
Credit risk	Medium	-	Immaterial	-
Residual value	High	-	Material	-
Interest rate changes	Low	-	Material	-
Operational risks	Medium	-	-	-

Credit risks and opportunities

In the Financial Services segment, the risk of default is factored into the interest rate when concluding an agreement. Furthermore, the credit portfolio is evaluated on an ongoing basis with the aim of determining if any impairment allowances need to be made for financial receivables. This evaluation is based on statistical methods and takes into account the following aspects, among others: the creditworthiness of the customer, the customer's payment history and the economic context in the customer's region. The amount allocated to credit risks remains categorised as medium.

There may be positive effects in the ongoing assessment of the portfolio's creditworthiness that lead to a reduction of the overall risk and therefore constitute an opportunity. The BMW Group continues to classify potential opportunities in this area as immaterial. In order to take account of the volatile economic environment, parameters within the credit awarding process were reviewed and adjusted to factor in or not accept declining credit ratings.

Residual value risks and opportunities

Residual value risks are classified as high in terms of their risk level, while residual value opportunities are deemed significant.

They arise primarily when leased vehicles are sold after they are returned at the end of the leasing period. A negative deviation from the residual value forecast results in a residual value risk, while a positive deviation represents a residual value opportunity.

Each lease contract is assigned a forecasted sales value for the vehicle at the end of the lease term. Current market trends are taken into consideration within the routine portfolio evaluation. In addition, the portfolio composition (e.g. by drivetrain type) is analysed on an ongoing basis. Relevant changes and their impacts are incorporated into the portfolio evaluation. The residual value calculation models, as well as the portfolio evaluation models, are continually being refined.

Interest rate risks

To a limited degree, interest rate risks are deliberately accepted in order to make use of the associated return potential. Risks thereby result when there is a partial mismatch between fixed interest rate periods, which means they are rated as low. The associated opportunities are classed as material.

Operational risks

Operational risks result from any form of ineffective or defective internal processes, systems, external events or human error. The aim is to systematically record and quantify all risks except for those listed in the paragraphs above. Because the risks arise in a wide range of areas of the Company, such as IT security or supplier management, the close dovetailing of these areas is essential and ensures that there is adequate transparency regarding the current risk situation of the entire division. All individual operational risks are recorded in a system and appropriate mitigation measures are implemented. The risk amount is categorised as medium.

CLIMATE-RELATED RISKS AND OPPORTUNITIES

Climate changes may have an impact on the BMW Group business model. Consequently, the company analyses a range of climate scenarios, identifies and evaluates climate-related risks and opportunities and takes the relevant measures. [↗ GRI Index: 201-2](#)

The BMW Group follows the recommendations of the TCFD by continuously refining processes for reporting and the internal steering of climate-related risks and opportunities.

During the 2023 reporting year, all material risks and opportunities for the BMW Group were analysed in terms of their sensitivity regarding three different climate scenarios in accordance with the TCFD. For the medium-term period until 2035, we distinguish between transitory and physical climate risks. For the long-term period until 2050, the evaluation focuses on the physical climate risks.

Climate scenarios

The BMW Group uses three scenarios to identify and evaluate climate-related risks, which are based on the scenarios of the Shared Socioeconomic Pathways (SSP) of the Intergovernmental Panel on Climate Change (IPCC).

These climate scenarios range from a low-emissions scenario with global warming of $<+1.5$ °C (Paris Agreement, SSP1-2.6), a medium scenario with warming of an average of $+2.5$ °C (middle of the road, SSP2-4.5) to $>+4$ °C (fossil-fuelled development, SSP5-8.5).

The BMW Group has committed to aligning its business activities with the low-emissions scenario of the Paris Agreement and has consistently based its long-term corporate planning on this. [↗ Carbon Emissions](#)

Transitory climate risks

Transitory climate risks arise from the transition to a low-emissions economy across all sectors that is necessary in order to mitigate climate change. These risks become particularly apparent when conditions change more quickly and/or differently than expected. The transitory climate risks were identified and evaluated along five different risk dimensions. [1\]](#)

The following table illustrates the transitory climate risks for the BMW Group:

RISK DIMENSION

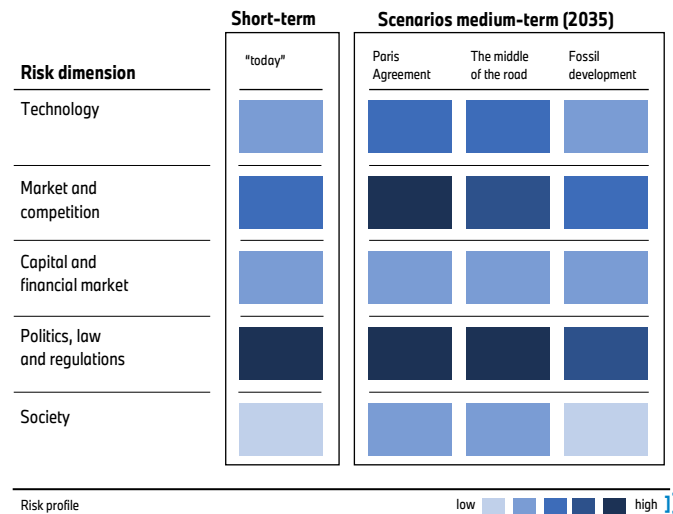
Transitory climate risks

RISK DIMENSION	Transitory climate risks
Technology	<ul style="list-style-type: none"> — Innovations in sustainable technologies are fostered, accelerating the prevalence of electromobility. For the BMW Group, this may have a negative impact on deliveries and the residual value of existing products. In the areas of Production and Purchasing, remanence costs and impairment risks may result from changing processes and equipment. — The digital connectivity between companies and products to support decarbonisation is increasing in order to streamline processes and better manage emissions. Risks for the BMW Group result from the time delay until such technologies can be used if, for example, some areas of the supply chain cannot provide the relevant standards and interfaces quickly enough. — Significant technological innovations may make product and production technologies, which are in use or in the pipeline today (from energy storage to recycling), as well as investments in these innovations, obsolete or challenge their efficiency. In terms of infrastructure (such as new fuel options, charging technologies for electric vehicles), they may jeopardise the availability and acceptance of planned or expected conditions for the customer.
Market and competition	<ul style="list-style-type: none"> — Due to a global focus on sustainable products, energy prices and commodities costs are rising. This has a direct impact on manufacturing costs for the BMW Group and may go on to affect deliveries. Furthermore, credit and residual value risks in the Financial Services segment may also be impacted. — Existing and new competitors are accelerating the production of electrified vehicles. If products and business models are perceived as being more attractive by customers, this may have the corresponding impact on deliveries by the BMW Group. — Any serious failure to comply with sustainability or quality standards and providing incorrect information accordingly, could cause disruptions in the supply chain or a shortfall of individual suppliers to deliver.
Capital and financial market	<ul style="list-style-type: none"> — A good ranking in the ESG ratings has a positive effect on the perception of a company on the capital market and has a favourable effect on investment decisions. Investment and financing decisions by investors or lenders depend on a good ESG rating. Short-term and unforeseeable regulatory changes may reduce the appeal of a company on the capital market and increase refinancing costs if it is not possible to react to the changes in the regulatory framework in time. This may impact the credit rating and refinancing costs of the BMW Group. — The short-notice termination of government subsidies to promote low-carbon mobility may reduce the demand for electrified vehicles. — Uneven adjustments of prices for carbon emissions could have a negative impact on the macro- and microeconomic situation of a national economy, causing distortions in the credit risk, for example.
Politics, legal affairs and regulatory framework	<ul style="list-style-type: none"> — Any short-notice tightening of legislation or regulations in the BMW Group's main markets (EU, US, China) may exceed the speed at which BMW Group and its suppliers can respond and pose risks in terms of delivery volume, costs and residual values. — Production processes must quickly be changed to green energy sources and resource-friendly facilities. The BMW Group already consistently implements known requirements. However, additional costs may result if additional requirements are announced at short notice. — For suppliers, stricter requirements regarding circular economy, recycling and avoiding the use of resources may lead to higher costs in the short term. — Fast rising and/or selectively discriminating regional vehicle-related purchase and usage taxes may lead to higher costs or a decrease in deliveries.
Society	<ul style="list-style-type: none"> — Around the world, people's environmental awareness is increasing. Social discussions arising from a perceived worsening of the climate's health may lead to changes in mobility patterns and/or customer preferences that may vary by region. This may require us to adapt the product portfolio, which may impact deliveries and residual values for vehicles.

The following graphic juxtaposes the risk dimensions of the transitory risks with the global warming scenarios. Potential impacts are grouped into five different levels.

In the Paris Agreement global warming scenario, the potential transitory risks are deemed the highest over the medium term as a result of the fast-paced, sometimes unforeseeable developments. It cannot be ruled out that more decisive measures will have to be taken globally in the next few years in order to achieve the < +1.5°C target. For the BMW Group, this is reflected primarily in the risk dimensions of "Politics, legal affairs and regulatory framework", as well as "Market and competition". Regulatory requirements introduced at short notice may enter into force, which could have an impact on products, production and supply chains. In the "Market and competition" risk dimension, risks may also increase due to higher demand and the resulting higher prices for select (scarce) raw materials on the one hand and due to rising energy prices on the other.

Transitory climate risks



Physical climate risks

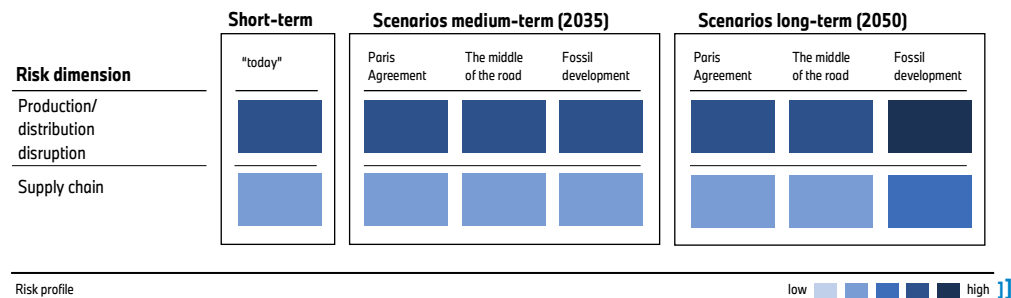
In addition to the transitory risks, the BMW Group also evaluates physical risks. In doing so, the increasing frequency and intensity of acute extreme weather events, such as heatwaves, storms and floods, are taken into account, along with longer-term changes such as in terms of temperature and rainfall.

In order to measure such risks, we draw on external data that evaluate the development of acute and persistent natural phenomena across the global warming scenarios and across time.

For the BMW Group, this may result in damage to assets such as buildings, vehicles or parts on the one hand, and on the other hand, such events may lead to downtime at BMW Group sites or at suppliers' sites.

Physical climate risks also increase for the BMW Group particularly in the long-term >+4 °C scenario. This leads to a higher risk both for the BMW Group's production sites and also for suppliers' sites. The risks regarding interruptions to production and distribution as well as risks in the supply chain are shown in the context of global warming scenarios over a medium-term (2035) and long-term (2050) period:]

Physical climate risks



Climate-related opportunities

The BMW Group also sees economic opportunities on the 1.5°C trajectory arising from adjustments to products, production processes and the value chain required to reach this goal. The opportunities identified are also distributed across the five dimensions.]]

DIMENSION

Transitory opportunities

Technology	<ul style="list-style-type: none"> — By expanding the portfolio of electrified products and developing and producing our own electric drivetrains, batteries and battery cell prototypes, we will be able to safeguard know-how and system expertise early on. This may result in competitive advantages. — By embracing the circular economy, the BMW Group is contributing towards achieving its decarbonisation target within the supply chain and reducing its dependence on primary materials, also in terms of their availability, costs and ESG risks. — Mitigation measures (Scope 1 and 2) can help to reduce energy consumption and operating costs.
Market and competition	<ul style="list-style-type: none"> — With its flexible vehicle architectures and production systems, opportunities arise for the BMW Group in terms of its ability to respond quickly and flexibly to fluctuating customer demand as well as regulatory and infrastructural differences in its markets. — Due to the convincing sustainability performance of its offered products and the acceleration towards a circular economy, the BMW Group may experience advantages arising from higher customer demand. — Differentiation through the consistent reduction of carbon emissions in the vehicle portfolio by means of the electrification and highly efficient combustion engines can further increase the BMW Group's market share. — Leveraging BMW tools and other offers to manage carbon emission reduction efforts among Tier 1 suppliers has the potential to be a distinguishing feature for both investors and customers, raising brand reputation in the process.
Capital and financial market	<ul style="list-style-type: none"> — Further diversification of the investor base by proactively managing the risks posed by climate change. — An excellent ESG rating for the BMW Group could further enhance the Group's appeal to investors. — An above-average performance compared to industry benchmarks in terms of ESG indicators could lead to heightened appeal to investors. — Improvements in the tax environment and incentives for customers, along with investment grants and easements for climate protection measures in production may accelerate progress in terms of reducing carbon emissions.
Politics, legal affairs and regulatory framework	<ul style="list-style-type: none"> — Significantly higher investments in charging infrastructure and in the generation and distribution of hydrogen may give the demand for low-emission vehicles a significant boost and make it easier to replace the fossil source in production. — Eligibility to participate in global government initiatives and grants which facilitate the continued acceleration of climate change adaptation efforts (Scope 1 and 2), encompassing tax reforms, green and digital stimulus packages as well as research and development incentives. — Implementing early-stage adjustments to the supply chain to address climate change enhances its long-term resilience, thereby ensuring business continuity. — Subsidy programmes for alternative drivetrain technologies are helping to increase sales.
Society	<ul style="list-style-type: none"> — Together with its suppliers, the BMW Group helps to reduce carbon emissions along the value chain and to work towards implementing decarbonisation measures. By taking action at an early stage, the BMW Group will be prepared and also will benefit from a business perspective. — Thanks to its focus on sustainability, the BMW Group can make a valuable social contribution to the prevention of global warming.

SUMMARY AND OUTLOOK

[The material short-term risks, reputational risks and climate-related risks may point towards potential challenges for the BMW Group. The BMW Group actively considers the risks and corresponding opportunities and takes them into account in decision-making and planning processes. Drawing on internal and external momentum, the risk management system is being continuously refined.]

COMPLIANCE AND HUMAN RIGHTS

Compliance lays the foundation for the long-term success of the BMW Group. Compliance builds trust in our products and brands and shapes our public image. Compliance means much more to the BMW Group than simply complying with applicable laws and BMW Group directives around the globe. It forms part of our identity, our understanding of leadership and our living culture of integrity. Compliance creates a binding framework for all our business activities worldwide.

Compliance as a corporate function

Compliance is the managerial responsibility of the Board of Management of BMW AG, executed by creating an appropriate regulatory and supervisory framework, as well as through regular and ad hoc reporting, accompanied by clear communications. This approach is based on the core belief that compliance with applicable laws and related internal regulations is the responsibility of all employees. As role models, managers are tasked with anchoring compliance culture in their area of responsibility and ensuring compliance requirements and processes are implemented accordingly. [↗ GRI Index: 2-23](#)

In addition to being responsible for the Company-wide Compliance Management System, the Chief Compliance Officer also manages the Group Compliance division and briefs the Board of Management and Supervisory Board of BMW AG at regular intervals.

Compliance Management System (CMS)

The BMW Group's Company-wide Compliance Management System (CMS) reinforces the culture of compliance and integrity and helps reduce sanction and liability risks, as well as risks arising from other (non-)financial disadvantages, such as reputational risks. The CMS focuses on adequacy and effectiveness and is based on the Prevent, Detect, Respond model, which defines specific preventive, monitoring, control and response measures. Clear assignment of roles and responsibilities is also essential.

The CMS is tailored to the BMW Group's risk situation and addresses all relevant compliance topics. Group-wide, these include anti corruption and fraud prevention, anti-money-laundering, antitrust and human rights compliance, export control compliance, data privacy protection and product compliance. In the reporting year, the already established compliance programmes External Workforce Compliance and Compliance for regulated Financial Services Units were incorporated into the CMS. Responsibility for Data Privacy Protection, Product Compliance, External Workforce Compliance and Compliance for Regulated Financial Services Units outside Group Compliance lies with independent departments. [↗ GRI Index: 2-27, 205-1, 205-3, 206-1](#)

Further development of CMS

The CMS is reviewed on a regular basis and refined as needed. This primarily involves evaluating strategic focus topics, legal and regulatory requirements and trends, best practices as well as industry standards, all of which are taken into account from a risk perspective. The objective is to consistently improve the CMS. The BMW Group is an active member of various associations and interest groups, including the German Institute for Compliance e. V. (DICO), at Board level.

During the reporting period, a key area of focus was the updating and further development of the compliance regulatory landscape. This included an update of the [↗ BMW Group Code of Conduct](#) as the central policy for the BMW Group's expectations of its employees in terms of compliance with applicable legal provisions and internal regulations. An analysis of the BMW Group's activities to further improve antitrust compliance was also carried out. Further priority areas emerged in the context of export control, due to the war in Ukraine, and in anti-money-laundering efforts, due to the increase in legislative initiatives as well as in anticipation of changes to the business model aiming to intensify direct sales.

One component of the CMS is the compliance programme Data Privacy Protection, which is the responsibility of the department Group Data Privacy Protection. This is based on the directive Privacy Corporate Rules and the so-called Binding Corporate Rules, which contractually protect the transfer of employee data within the BMW Group. Implementation of the programme is validated through regular reporting by affiliated companies and independent audits carried out by Group Data Privacy Protection.

The Quality Management department is responsible for Product Compliance as part of the CMS with a focus on preventing infringements of product-related laws and official regulations as well as ensuring compliance with directly associated requirements for products within the BMW Group's Automotive and Motorcycles segments. During the reporting year, there was an expansion of the Detect processes in particular, aimed at enhancing preventive activities. This expansion was accompanied by the implementation of new training and communication formats.

As part of the CMS, the Group's HR department oversees the External Workforce Compliance programme, which is designed to safeguard the BMW Group from the repercussions of collaborations with employees from external entities that are not compliant with labour law. In the reporting period, External Workforce Compliance was restructured to ensure that the requirements for

compliant contracts for work and labour are even more firmly rooted in the procurement of services and cooperation with service providers.

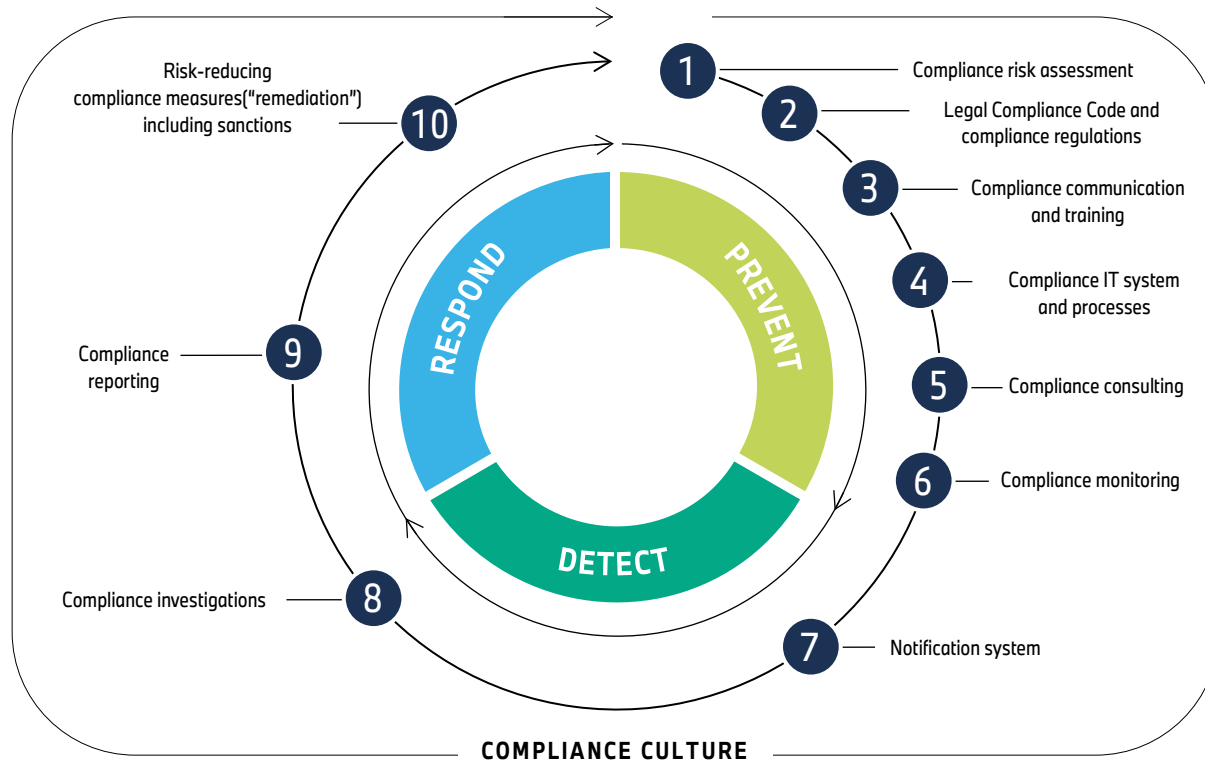
The compliance programme Compliance for Regulated Financial Services Units takes into account the particularities of the

financial services business and the risks and regulations involved. The specific focus of the programme – in addition to the proper implementation of other compliance topics – is on legislative and regulatory monitoring, consumer protection and the implementation of financial services supervisory requirements.

The Financial Services segment has established its own dedicated risk management unit, which works closely with the central Group Compliance function as part of the CMS. On the basis of an annual analysis, it identifies the possible need for adjustments and defines appropriate measures. Group-wide implementation by the BMW Group's financial services companies is continuously reviewed and reported on to the management of the Financial Services segment on a quarterly basis.

In the Financial Services segment, compliance is incorporated into the target management process. Integration of specific targets into strategic steering helps monitor implementation. A management system also supports the process of identifying risks arising from non-compliance with internal and external regulations at an early stage. [GRI Index: 3-3](#)

Three-Stage Approach of the Compliance Management System



Company-wide compliance network

Relevant compliance risks are identified in the business departments on the basis of internal guidelines; an initial assessment is then made and measures taken to mitigate them. Around 200 managers Group-wide perform these tasks for their area of responsibility as operational Compliance Responsibles.

Specialist departments worldwide are supported in their work by the central Group Compliance function, as well as the network of business unit and division Compliance Officers (heads of relevant compliance functions), supplemented by around 80 local Compliance Officers (heads of local compliance functions) at BMW AG's international subsidiaries. Every Compliance Officer is tasked with implementing the CMS and compliance programmes for defined topics in their area of activity, as well as identifying and realising division-specific compliance measures.

Compliance training

Compliance training opportunities are continuously refined for specific target groups. The online training courses with case studies and test questions, repeated every two years, strengthens the compliance culture and reinforces compliant behaviour. More than 95,500 staff and managers worldwide have so far completed the Compliance Essentials training and 51,500 have received the Antitrust Compliance training. This offering is supplemented by target-group-specific classroom training on anti-trust compliance as well as online training courses on data privacy and product compliance. [↗ GRI Index: 205-2](#)

Digitalisation supports compliance

IT-based compliance systems are used for transparent and efficient documentation, assessment and approval of compliance-relevant matters Group-wide. This includes topics such as money laundering and sanctions lists, exchange activities with competitors, business partner due diligence and verifying the legal admissibility of benefits in kind. The data collected in this way forms the basis for the compliance risk assessment.

Compliance and notification systems

Employees with questions or concerns relating to compliance can discuss these matters with their managers or relevant departments and, specifically, with the Compliance functions. The

Compliance contact serves as a further point of contact for both employees and external parties.

Reports regarding potential compliance violations can also be submitted anonymously and confidentially in several languages via the BMW Group SpeakUP Line notification system or via the ombudsperson. [↗ Checking effectiveness](#)

The BMW Group protects information providers in two ways: first, individuals may provide information without disclosing their identity; second, no one providing information faces retaliatory action. All queries and concerns relating to compliance are documented and processed using a Group-wide electronic case management system. If necessary, Corporate Audit, Corporate Security, the legal departments or the Works Council may be brought in. [↗ GRI Index: 2-16](#)

CMS monitoring and controls

The CMS provides differentiated monitoring levels for reviewing observance and implementation of compliance rules and processes at regular intervals. In addition to the direct checks performed by Compliance Responsibles as business managers, risks are further reduced by additional measures integrated into business processes, which generally form part of the [↗ Internal Control System](#).

Compliance investigations are carried out when the need arises or ad hoc as part of the Detect function of central Group Compliance. These include internal investigations in connection with official investigations, which serve to clarify the facts internally. Risk-based compliance audits aimed at identifying specific compliance risks are focused on antitrust law. In 2023, export control and anti-money-laundering efforts were incorporated as new topics. Corporate Audit also monitors adherence to compliance requirements by business managers, as well as selected elements of the CMS.

All control checks are geared towards reducing compliance risks. Any infringements are immediately remedied, with an emphasis on reducing the risk of repeat offences as far as possible. Where infringements can be traced to an individual, that person will be

appropriately sanctioned, in accordance with the processes defined for this purpose.

As part of the annual review of the BMW Group CMS, its appropriateness and effectiveness are assessed on the basis of defined criteria. In addition to the assessment of the Compliance Responsibles, the measurement also takes into account the assessment of compliance and other governance functions. Our overall statement on the adequacy and effectiveness of the Internal Control and Risk Management System, including the CMS, can be found in the section [↗ Appropriateness and Effectiveness of the Internal Control System and Risk Management System](#).

Regular compliance reporting to the Board of Management and Supervisory Board

The Board of Management and Supervisory Board of BMW AG, the Audit Committee (a committee of the Supervisory Board) and the Company's other executive committees are briefed regularly (at least twice a year), as well as on a case-by-case basis, by the CCO.

Respect for human rights

The BMW Group fulfils its social responsibility to protect human rights. Our [Group-wide approach](#), which is subject to continuous improvement, is based on established due diligence processes that encompass our own business operations, our [supply chains](#) as well as other business partners. The individual steps include a risk analysis, prevention, control and mitigation measures, [Complaint mechanisms](#), review of effectiveness and reporting.

The focus is on topics where the BMW Group has identified high risks in terms of human rights and environmental aspects and where it has a certain level of influence. We place particular emphasis on our global, extensive and highly complex supply chain. We offer comprehensive details about the multistage due diligence process for upholding human rights within the supplier network in the section [Purchasing and Supplier Network](#).

Internationally recognised guidelines for the protection of human rights set the benchmark for the BMW Group's entire value chain. We regard them as specific demands placed on ourselves, our supply chain and other business partners. They are closely interlinked with the [Human rights compliance programme](#) and the [BMW Group Code of Conduct](#) and anchored in the following specific Company-wide policies:

- [Joint Declaration on Human Rights and Working Conditions](#): Commitment to value-driven corporate governance, formulated in collaboration with employee representatives and the trade union.
- [BMW Group Code on Human Rights and Working Conditions](#): Guidance for employees, suppliers and authorised sales partners regarding the BMW Group's efforts to safeguard human rights and ensure fair working conditions.
- [Declaration of Principles on Respect for Human Rights and Related Environmental Standards](#): Approach and processes regarding the implementation of the German Supply Chain Due Diligence Act (LkSG).
- [BMW Group Supplier Code of Conduct](#): The BMW Group's requirements and expectations for its global supplier network in accordance with internationally recognised sustainability standards and guidelines.

The BMW Group has established clear responsibilities across the organization for implementing and monitoring due diligence obligations. Within the BMW Group, responsibility rests with the respective departments and the management of the Group entities, while outside the BMW Group it lies with the relevant business partners and suppliers. Central functions such as Group Compliance and Sustainability in the Supply Chain oversee and monitor compliance with due diligence obligations in the relevant area. The BMW Group Human Rights Officer, who was appointed by the Board of Management of BMW AG at the end of 2021 as one of the requirements of the LkSG, also assumes a support and monitoring function.

In the reporting period, we focused on further developing the existing due diligence processes following the first-time application of the LkSG. In addition to the policy statement published at the end of 2022, this includes the further development of the risk analysis for our own business operations. In 2023, we have also updated the Human Rights Code and integrated the topic of human rights into the [BMW Group Code of Conduct](#).
[GRI Index: 2-23, 2-24 1\]](#)

INTERNAL CONTROL SYSTEM

The Internal Control System¹ (ICS) is part of the BMW Group's overall system of internal governance and based on a set of monitoring 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 significant accounting and financial reporting processes deployed within the BMW Group 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 the non-financial performance indicators disclosed in the BMW Group Report.

The ICS is based on the "three lines" model, including a clear definition of how the various functions are required to interact with one another in order to manage risks. As a component of the second line, the ICS serves as the link between the operating units (first line) and Corporate Audit (third line).

In principle, the aim of every appropriate and effective ICS is to prevent potential risks in external financial and non-financial reporting or reduce the likelihood of potential risks materialising.

Internationally acknowledged standards for internal control systems were taken into account when designing the various elements of the ICS deployed by the BMW Group (e.g. COSO model²).

The principal features of the BMW Group's ICS are a role-based approach embedded throughout the organisation, a clearly defined control environment that is underpinned by a combination of risk assessment procedures, control activities, information and communication, and monitoring activities.

Both the system itself and the methods applied are subject to continuous improvement, with its functionality being assessed on a regular basis. Notwithstanding the measures taken, every control system is subject to inherent limitations, given that it is not possible to prevent all incorrect disclosures or detect them in a timely manner.

Relevant BMW Group working instructions and guidelines for recognising, measuring and allocating items to accounts as well as definitions of non-financial performance indicators are available to all employees via the BMW Group's intranet system. New reporting standards are assessed for their potential impact on the BMW Group's reporting.

The principle of segregation of duties is taken into account for all IT systems that are relevant for accounting and financial reporting. ICS requirements are also embedded in the ongoing development of all IT systems used in these areas. Furthermore, the BMW Group deploys data analysis tools to identify and subsequently eliminate any weaknesses detected in its processes and/or control systems.

Responsibilities for ensuring the appropriateness and effectiveness of ICS procedures for accounting and financial reporting processes as well as those relating to non-financial performance indicators are clearly defined in a role-based model and allocated to the relevant line and process managers. They report annually on their assessment of the ICS for accounting and financial reporting processes and the processes for non-financial performance indicators. The assessment takes into account the results of internal and external audits as well as the results of continuous monitoring. The results of the assessment are gathered and documented in a centralised IT system. Both the Board of Management and the Audit Committee are informed about the status 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.

¹ Disclosures pursuant to § 289 and § 315 HGB.

² Committee of Sponsoring Organizations of the Treadway Commission.

DISCLOSURES RELEVANT FOR TAKEOVERS* AND EXPLANATORY COMMENTS

Composition of subscribed capital

As of 31 December 2023, the subscribed capital (share capital) of BMW AG amounted to € 638,716,075 (2022: € 662,839,475) and, in accordance with § 5 of the Articles of Incorporation, is subdivided into 579,795,667 ordinary shares (90.78%) (2022: 601,995,196/90.82%), each with a par value of € 1 and 58,920,408 (9.22%) (2022: 60,844,279/9.18%) non-voting preferred shares, each with a par value of € 1. The Company's shares are issued to the bearer.

The rights and duties of shareholders derive from the German Stock Corporation Act (AktG) in conjunction with the Group's Articles of Incorporation, the full text of which is available at www.bmwgroup.com. The right of shareholders to have their shares individually certified 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 (§ 19 no. 1 of the Articles of Incorporation).

The Company's non-voting preferred shares are shares as defined in §§ 139 et seq. 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 preferred shares are entitled to the same rights as holders of ordinary shares. In addition, § 25 (3) of the Articles of Incorporation confers preferential treatment to the non-voting preferred shares 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 preferred shares in the order of accrument,
- (b) payment of an advance dividend of € 0.02 per € 1 par value on non-voting preferred shares, and
- (c) uniform payment of any other dividends on ordinary and preferred shares, provided the shareholders do not resolve otherwise at the Annual General Meeting.

Restrictions affecting voting rights or the transfer of shares

In addition to ordinary shares, the Company has also issued non-voting preferred shares. Further information can be found in the section [Composition of subscribed capital](#).

As of 31 December 2023, the Company owned a total of 5,161,255 ordinary and preferred treasury shares (2022: 16,760,957), from which the Company has no rights pursuant to § 71 b AktG. The Company regularly provides information about the current status of the share buyback on its website.

When the Company issues non-voting preferred shares or ordinary shares to employees in conjunction with its Employee Share Programme, these shares are generally subject to a Company-imposed blocking period of four years in compliance with private law, calculated from the beginning of the calendar year in which the shares were issued.

Contractual holding period arrangements also apply to ordinary shares acquired by Board of Management members and certain senior vice presidents in conjunction with share-based remuneration programmes. [Remuneration Report \(on shareholding periods for members of the Board of Managers\)](#)

Direct or indirect investments in capital exceeding 10% of voting rights

Based on the information available to the Company, the following direct or indirect shareholdings exceeded 10% of the voting rights at the end of the reporting period:¹

in %	Direct share of voting rights	Indirect share of voting rights
Stefan Quandt, Germany	0.2	26.6 ²
AQTON SE, Bad Homburg v. d. Höhe, Germany	9.4	17.2 ³
AQTON Verwaltung GmbH, Bad Homburg v. d. Höhe, Germany	-	17.2 ⁴
AQTON GmbH & Co. KG für Automobilwerte, Bad Homburg v. d. Höhe, Germany	17.2	-
Susanne Klatten, Germany	0.2	21.5 ⁵
Susanne Klatten Beteiligungs GmbH, Bad Homburg v. d. Höhe, Germany	21.5	-

¹ Based on voluntary notifications provided by the listed shareholders as at 31 December 2023.

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 percentages of the shareholdings with voting rights 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 aware of changes in shareholdings only if such changes are subject to mandatory notification requirements.

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 any 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 seq. AktG in conjunction with § 31 of the German Co-Determination Act (MitbestG).

Amendments to the Articles of Incorporation must comply with §§ 179 et seq. AktG. Amendments must be decided upon by the shareholders at the Annual General Meeting (§ 119 (1) no. 6, § 179 (1) sentence 2 AktG). The Supervisory Board is authorised to adopt amendments to the Articles of Incorporation that only concern the wording (§ 179 (1) sentence 2 in conjunction with § 15 (3) of the Articles of Incorporation). Resolutions are passed at the Annual General Meeting by a simple majority of shares cast unless otherwise explicitly required by binding provisions of law or, if a majority of share capital is required, by a simple majority of shares represented in the vote (§ 21 (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 the resolution taken at the Annual General Meeting on 11 May 2022, the Board of Management is authorised until 10 May 2027 to acquire treasury shares (ordinary and/or non-voting preferred shares) representing a total of up to 10% of the share capital in place at the date on which the resolution was adopted or – if lower – at the date on which the authorisation is exercised.

According to § 5 (5) of the Articles of Incorporation, the Board of Management is authorised, with the approval of the Supervisory Board, to increase the share capital during the period up to and including 15 May 2024 by up to € 282,625 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 which are subject to a change of control provision 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 of 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.
- BMW AG is the guarantor for all obligations under the agreement regarding the joint venture BMW Brilliance Automotive Ltd. in China. This agreement generally grants an extraordinary right of termination to either joint venture partner in the event of a change of 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 AG (or the partner) to acquire the shares of the other partner or to the liquidation of the joint venture company.
- BMW AG has entered into framework agreements with credit institutions for trading in derivative financial instruments (ISDA Master Agreements). In the event of a significant deterioration in creditworthiness, the contracting parties are entitled to terminate the agreement with immediate effect if the deterioration in creditworthiness results from a direct or indirect acquisition of the majority of the capital in a contracting party, which confers the right to elect the majority of the Supervisory Board members (or a

comparable body) on a contracting party, from any other transaction that enables control over a contracting party or from a merger or transfer of assets. In the event of extraordinary termination, all current transactions will be settled.

- BMW AG and Mercedes-Benz Group AG have entered into a joint venture agreement relating to mobility services, which includes the areas of ride-hailing and vehicle 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 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 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 if 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).
- 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 contracting 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 of control. A change of 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 the share capital or voting rights 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.

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.

- 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 contracting 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 underlying joint venture agreement generally 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.
- The software licence agreements concluded between BMW AG and Google LLC for the use of "Projected Mode" in BMW vehicles' head units grant both parties the right to extraordinary termination in the event of a change of control (not further defined in the agreement).

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53



99%

03

GROUP FINANCIAL STATEMENTS

STATEMENT OF COMPREHENSIVE INCOME FOR GROUP

in € million	Note	2023	2022
Net profit/loss		12,165	18,582
Remeasurement of the net liability for defined benefit pension plans	33	- 142	1,077
Income taxes		24	- 332
Items not expected to be reclassified to the income statement in the future		- 118	745
Marketable securities (at fair value through other comprehensive income)		113	- 154
Derivative financial instruments		- 1,808	2,801
Costs of hedging		766	- 1,557
Other comprehensive income from equity accounted investments		26	22
Income taxes		281	- 458
Currency translation foreign operations		- 1,772	199
Items that can be reclassified to the income statement in the future		- 2,394	853
Other comprehensive income for the period after tax	19	- 2,512	1,598
Total comprehensive income		9,653	20,180
Total comprehensive income attributable to non-controlling interests		607	679
Total comprehensive income attributable to shareholders of BMW AG		9,046	19,501

BALANCE SHEET FOR GROUP AND SEGMENTS AT 31 DECEMBER 2023

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)	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
ASSETS													
Intangible assets	21	20,022	21,776	19,439	21,220	216	185	366	370	1	1	-	-
Property, plant and equipment	22	35,266	32,126	34,639	31,514	533	491	94	121	-	-	-	-
Leased products	23	43,118	42,820	-	-	-	-	50,415	49,867	-	-	-7,297	-7,047
Investments accounted for using the equity method	24	443	420	443	420	-	-	-	-	-	-	-	-
Other investments		1,197	1,351	14,697	14,775	-	-	28	28	23,084	23,020	-36,612	-36,472
Receivables from sales financing	25	50,517	50,368	-	-	-	-	50,657	50,482	-	-	-140	-114
Financial assets	26	1,387	3,073	588	1,522	-	-	256	481	643	1,191	-100	-121
Deferred tax	13	2,431	1,758	3,216	3,340	-	-	506	517	22	23	-1,313	-2,122
Other assets	28	1,537	1,030	2,296	2,612	18	25	2,852	2,325	35,249	38,315	-38,878	-42,247
Non-current assets		155,918	154,722	75,318	75,403	767	701	105,174	104,191	58,999	62,550	-84,340	-88,123
Inventories	29	23,719	20,005	22,121	18,679	905	802	693	524	-	-	-	-
Trade receivables	30	4,162	4,127	3,875	3,869	102	143	184	114	1	1	-	-
Receivables from sales financing	25	36,838	35,340	-	-	-	-	36,838	35,340	-	-	-	-
Financial assets	26	4,131	5,164	2,888	3,841	-	-	558	560	692	766	-7	-3
Current tax	27	1,199	1,096	911	547	-	-	102	134	186	415	-	-
Other assets	28	7,596	9,602	24,925	31,576	7	4	3,753	5,020	57,638	54,857	-78,727	-81,855
Cash and cash equivalents		17,327	16,870	13,590	13,109	36	21	3,090	3,530	611	210	-	-
Current assets		94,972	92,204	68,310	71,621	1,050	970	45,218	45,222	59,128	56,249	-78,734	-81,858
Total assets		250,890	246,926	143,628	147,024	1,817	1,671	150,392	149,413	118,127	118,799	-163,074	-169,981

BALANCE SHEET FOR GROUP AND SEGMENTS AT 31 DECEMBER 2023

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)	
		2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
EQUITY AND LIABILITIES													
Subscribed capital	31	639	663	-	-	-	-	-	-	-	-	-	-
Capital reserves	31	2,456	2,432	-	-	-	-	-	-	-	-	-	-
Revenue reserves	31	89,072	85,425	-	-	-	-	-	-	-	-	-	-
Accumulated other equity	31	-2,071	-117	-	-	-	-	-	-	-	-	-	-
Treasury shares	31	-500	-1,278	-	-	-	-	-	-	-	-	-	-
Equity attributable to shareholders of BMW AG	31	89,596	87,125	-	-	-	-	-	-	-	-	-	-
Non-controlling interests		3,327	4,163	-	-	-	-	-	-	-	-	-	-
Equity		92,923	91,288	61,971	67,234	-	-	16,573	17,737	56,031	48,894	-41,652	-42,577
Pension provisions	33	427	339	326	233	7	9	17	20	77	77	-	-
Other provisions	34	7,797	8,445	7,559	8,206	80	83	158	156	-	-	-	-
Deferred tax	13	2,797	2,765	2,601	2,786	-	-	2,603	3,447	226	315	-2,633	-3,783
Financial liabilities	36	52,880	53,469	2,726	2,730	2	2	18,003	16,343	32,249	34,515	-100	-121
Other liabilities	37	7,065	6,199	8,041	6,840	808	721	36,848	39,654	485	1,185	-39,117	-42,201
Non-current provisions and liabilities		70,966	71,217	21,253	20,795	897	815	57,629	59,620	33,037	36,092	-41,850	-46,105
Other provisions	34	9,240	7,316	8,547	6,668	128	123	558	519	7	6	-	-
Current tax	35	1,401	1,224	1,045	886	-	-	141	123	215	215	-	-
Financial liabilities	36	42,130	40,727	1,680	1,646	-	-	25,392	25,718	15,065	13,366	-7	-3
Trade payables	38	15,547	14,120	13,906	12,763	566	494	1,071	852	4	11	-	-
Other liabilities	37	18,683	21,034	35,226	37,032	226	239	49,028	44,844	13,768	20,215	-79,565	-81,296
Current provisions and liabilities		87,001	84,421	60,404	58,995	920	856	76,190	72,056	29,059	33,813	-79,572	-81,299
Total equity and liabilities		250,890	246,926	143,628	147,024	1,817	1,671	150,392	149,413	118,127	118,799	-163,074	-169,981

CASH FLOW STATEMENT FOR GROUP AND SEGMENTS

in € million	Group		Automotive (unaudited supplementary information)		Financial Services (unaudited supplementary information)	
	2023	2022	2023	2022	2023	2022
Profit/loss before tax	17,096	23,509	12,642	18,918	2,962	3,205
Income taxes paid	- 5,049	- 4,512	- 3,472	- 4,229	- 698	- 487
Interest received ¹	683	453	1,417	718	3	6
Other interest and similar income/expenses ¹	- 515	- 206	- 350	- 228	5	2
Depreciation and amortisation of tangible and intangible assets	8,974	8,566	8,826	8,433	32	32
Other non-cash income and expense items ²	179	- 7,392	103	- 7,433	- 11	8
Result from equity accounted investments	159	100	159	100	-	-
Change in leased products	- 999	2,794	-	-	- 1,346	3,236
Change in receivables from sales financing	- 3,622	1,888	-	-	- 3,649	1,870
Changes in working capital	- 2,715	- 523	- 2,674	- 310	- 31	- 130
Change in inventories	- 4,135	- 115	- 3,835	156	- 179	- 125
Change in trade receivables	- 187	- 939	- 154	- 866	- 70	- 20
Change in trade payables	1,607	531	1,315	400	218	15
Change in provisions	1,616	816	1,471	854	53	47
Change in other operating assets and liabilities	1,735	- 1,970	- 447	- 2,041	3,168	1,356
Cash inflow/outflow from operating activities	17,542	23,523	17,675	14,782	488	9,145
Total investment in intangible assets and property, plant and equipment	- 10,881	- 9,050	- 10,688	- 8,867	- 9	- 12
Proceeds from subsidies for intangible assets and property, plant and equipment	-	102	-	102	-	-
Proceeds from the disposal of intangible assets and property, plant and equipment	116	103	115	101	1	2
Expenditure for acquisitions, net of cash acquired	-	3,587	-	5,011	-	-
Expenditure for investment assets	- 222	- 117	- 219	- 86	-	- 4
Proceeds from the disposal of investment assets and other business units	65	32	59	28	-	-
Investments in marketable securities and investment funds	- 583	- 649	- 530	- 459	- 14	- 147
Proceeds from the sale of marketable securities and investment funds	1,957	1,220	1,890	991	28	111
Cash inflow/outflow from investing activities	- 9,548	- 4,772	- 9,373	- 3,179	6	- 50

CASH FLOW STATEMENT FOR GROUP AND SEGMENTS

in € million	Group		Automotive (unaudited supplementary information)		Financial Services (unaudited supplementary information)	
	2023	2022	2023	2022	2023	2022
Payments out of equity	- 20	-	- 20	-	-	-
Payments into equity	-	85	-	85	-	-
Treasury shares acquired	- 1,222	- 1,278	- 1,222	- 1,278	-	-
Payment of dividends to shareholders of BMW AG	- 5,430	- 3,827	- 5,430	- 3,827	-	-
Payment of dividends to non-controlling interests	- 1,485	- 1,455	- 1,485	- 1,455	-	-
Intragroup financing and equity transactions	-	-	2,076	- 2,998	- 2,961	- 7,139
Interest paid ¹	- 186	- 222	- 1,031	- 521	- 9	- 9
Proceeds from issue of non-current financial liabilities	20,633	16,050	34	-	11,614	11,584
Repayment of non-current financial liabilities	- 22,430	- 26,102	- 515	- 547	- 10,790	- 12,165
Change in other financial liabilities	3,281	- 1,235	247	- 51	1,396	- 1,313
Cash inflow/outflow from financing activities	- 6,859	- 17,984	- 7,346	- 10,592	- 750	- 9,042
Effect of exchange rate on cash and cash equivalents	- 705	104	- 502	99	- 184	6
Effect of changes in composition of Group on cash and cash equivalents	27	- 10	27	- 10	-	-
Change in cash and cash equivalents	457	861	481	1,100	- 440	59
Cash and cash equivalents as at 1 January	16,870	16,009	13,109	12,009	3,530	3,471
Cash and cash equivalents as at 31 December	17,327	16,870	13,590	13,109	3,090	3,530

¹ With the exception of interest for lease liabilities, interest relating to financial services business is classified as revenues/cost of sales.

² Includes in the financial year 2022 the elimination of the non-cash revaluation effect of the investment in BMW Brilliance amounting to € 7,649 million.

The reconciliation of liabilities from financing activities is presented in [note \[36\]](#) to the Group Financial Statements.

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	Treasury shares	Equity attributable to shareholders of BMW AG	Non-controlling interests	
1 January 2023	31	663	2,432	85,425	- 584	- 107	1,728	- 1,154	- 1,278	87,125	4,163	91,288
Net profit		-	-	11,290	-	-	-	-	-	11,290	875	12,165
Other comprehensive income for the period after tax		-	-	- 118	- 1,499	78	- 1,201	496	-	- 2,244	- 268	- 2,512
Comprehensive income at 31 December 2023		-	-	11,172	- 1,499	78	- 1,201	496	-	9,046	607	9,653
Dividend payments		-	-	- 5,430	-	-	-	-	-	- 5,430	- 1,485	- 6,915
Treasury shares acquired		-	-	-	-	-	-	-	- 1,222	- 1,222	-	- 1,222
Treasury share redemption		-	-	- 2,000	-	-	-	-	2,000	-	-	-
Reclassification resulting from share redemption		- 24	24	-	-	-	-	-	-	-	-	-
Other changes		-	-	- 95	-	-	172	-	-	77	42	119
31 December 2023	31	639	2,456	89,072	- 2,083	- 29	699	- 658	- 500	89,596	3,327	92,923

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	Treasury shares	Equity attributable to shareholders of BMW AG	Non-controlling interests	
1 January 2022	31	661	2,325	71,705	- 438	2	362	- 251	-	74,366	766	75,132
Net profit		-	-	17,941	-	-	-	-	-	17,941	641	18,582
Other comprehensive income for the period after tax		-	-	745	- 146	- 109	1,973	- 903	-	1,560	38	1,598
Comprehensive income at 31 December 2022		-	-	18,686	- 146	- 109	1,973	- 903	-	19,501	679	20,180
Dividend payments		-	-	- 3,827	-	-	-	-	-	- 3,827	- 1,455	- 5,282
Treasury shares acquired		-	-	-	-	-	-	-	- 1,278	- 1,278	-	- 1,278
Subscribed share capital increase out of Authorised Capital		2	-	-	-	-	-	-	-	2	-	2
Premium arising on capital increase relating to preferred stock		-	107	-	-	-	-	-	-	107	-	107
Other changes		-	-	- 1,139	-	-	- 607	-	-	- 1,746	4,173	2,427
31 December 2022	31	663	2,432	85,425	- 584	- 107	1,728	- 1,154	- 1,278	87,125	4,163	91,288

NOTES TO THE GROUP FINANCIAL STATEMENTS

PRINCIPLES

01 Basis of preparation

The consolidated financial statements of Bayerische Motoren Werke Aktiengesellschaft (BMW Group Financial Statements or Group Financial Statements) at 31 December 2023 were drawn up in accordance with International Financial Reporting Standards (IFRS), as endorsed by the European Union (EU), and the supplementary requirements of § 315e (1) of the German Commercial Code (HGB). Pursuant to § 325 HGB, the Group Financial Statements and the Group Management Report are required to be submitted electronically to the operator of the German Company Register and made accessible via that agency's website. 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 Financial Statements have been drawn up in euros. All amounts are disclosed in millions of euros (€ million) unless stated otherwise.

Key figures presented in this 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 46](#) (Explanatory notes to segment information).

Approval for the publication of the Group Financial Statements was granted by the Board of Management on 12 March 2024.

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 62 structured entities, consisting of asset-backed financing arrangements and special purpose funds. In some cases, contractual agreements are in place with the asset-backed securities companies to offset their losses in connection with residual value risks arising from the receivables sold to them.

In relation to fully consolidated companies, the following changes took place in the Group reporting entity in the financial year 2023:

	Germany	Foreign	Total
Included at 31 December 2022	20	184	204
Included for the first time in 2023	-	18	18
No longer included in 2023	-	15	15
Included at 31 December 2023	20	187	207

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 BMW AG – 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 is of minor significance.

The BMW Group's largest joint operation is Spotlight Automotive Limited (Spotlight), which has been operated together with the Chinese automobile manufacturer Great Wall Motor Company Limited (Great Wall) since 2019, jointly developing and manufacturing electric vehicles for the MINI and Great Wall brands in China. The BMW Group and Great Wall each hold 50% of the joint operation's equity.

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 11 February 2022, via its subsidiary BMW Holding B.V., the BMW Group increased its shareholding in the BMW Brilliance Automotive Ltd. (BMW Brilliance) joint venture from 50% to 75% with the acquisition of a further 25% of BMW Brilliance's shares. BMW Brilliance has been fully consolidated in the Group Financial Statements since that date. With regard to the figures reported for the previous financial year, it should therefore be noted that BMW Brilliance is only included for the relevant part of 2022 (i.e. from 11 February onwards). If BMW Brilliance had been fully included in the Group Financial Statements with effect from 1 January 2022, Group revenues and profit after tax for the financial year 2022 would have amounted to € 145,521 million and € 18,842 million respectively. The remeasurement of the previously held shares resulted in a gain of € 7,649 million on first-time consolidation, which was recognised in income from investments within the line item "Other financial result" in the previous year. Detailed information is provided in [BMW Group Report 2022, note \[3\] to the Group Financial Statements](#).

On 19 July 2023, the BMW Group signed an agreement with the companies of the Mercedes-Benz Group AG, the Stellantis Group, the Honda Group, the Hyundai Motor Group and the General Motors Company Group to establish a company in Canada with the aim of developing charging infrastructure in North America. Following approval by the relevant antitrust authorities, the transaction was completed on 18 October 2023, with the BMW Group holding a 16.67% stake. Although this is below 20%, the newly founded entity is included in the BMW Group Financial Statements as an associated company using the equity method, reflecting the fact that the BMW Group is represented on the management board and therefore has significant influence.

On 6 November 2023, the BMW Group signed an agreement with the Mercedes-Benz Group AG to establish a company in China with the aim of developing a charging infrastructure there. Approval has been granted by the antitrust authorities. The BMW Group will hold a 50% stake in the newly founded entity. It will be included in the BMW Group Financial Statements as a joint venture using the equity method.

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 transaction will not, however, be completed.

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 Other significant events

Russia-Ukraine war

Major uncertainties remained at 31 December 2023 with respect to the ongoing Russia-Ukraine war. The current sanctions and the countermeasures taken significantly restrict economic activities with Russia and also have an impact on the Russian companies of the BMW Group.

The restrictions currently in place for payments continue to restrict the transfer of liquid funds from Russia. Developments in this area are reviewed by the BMW Group on a regular basis. In total, the Russian companies hold around 4% (2022: 5%) of the BMW Group's cash and cash equivalents.

A closing rate of RUB 100.62 (2022: 77.12) to the euro was applied at 31 December 2023 to translate foreign currency items denominated in Russian roubles. The BMW Group has been able to execute transactions at this rate.

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, while 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 line 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:

	Closing rate		Average rate	
	31.12.2023	31.12.2022	2023	2022
1 euro =				
US dollar	1.11	1.07	1.08	1.05
Chinese renminbi	7.86	7.36	7.66	7.08
British pound	0.87	0.89	0.87	0.85
Japanese yen	156.58	141.11	151.98	138.02
South Korean won	1,435.44	1,346.97	1,412.98	1,357.16

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 asset, liability and income statement line items. 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 2023

Standards and Revised Standards significant for the BMW Group and applied for the first time in the financial year 2023:

Standard/Interpretation		Date of issue by IASB	Date of mandatory application IASB	Date of mandatory application EU
IFRS 17	Insurance Contracts	18.5.2017	1.1.2023	1.1.2023
Amendments to IAS 12	International Tax Reform - Pillar Two Model Rules	23.5.2023	1.1.2023	1.1.2023

In May 2017 the IASB published IFRS 17 Insurance Contracts. The Standard replaces IFRS 4 and contains new rules relating to the recognition, measurement, presentation and disclosure requirements for insurance contracts. In a Group-wide project, the BMW Group examined the impact of adopting IFRS 17 for existing agreements. The BMW Group offers various products that meet the definition of an insurance contract in accordance with IFRS 17. However, for the majority of these products, either an exemption applies (e.g. for warranty agreements) or the insurance arrangements qualify as fixed-fee service contracts, which can continue to be accounted for in accordance with IFRS 15 due to the option available in IFRS 17. In some markets, however, products are offered (e.g. comprehensive vehicle insurance) that are required to be accounted for in accordance with IFRS 17. These contracts can be accounted for using the premium allocation approach, which is essentially the same as the accounting method already being applied for such contracts. In the financial year 2023, insurance premiums for insurance contracts amounting to € 89 million were recognised in other income within the line item "Revenues". At 31 December 2023, insurance liabilities for the remaining terms of these contracts amounted to € 289 million.

In May 2023, the IASB published International Tax Reform – Pillar Two Model Rules (Amendments to IAS 12) which sets out a mandatory exemption to the accounting for deferred taxes in conjunction with the global minimum taxation (Pillar Two). The

amendments provide for a temporary exemption from recognising deferred taxes resulting from the implementation of the Pillar Two rules. The exemption has accordingly been applied by the BMW Group. The amendments also include disclosures in the notes to explain the impact of the introduction of minimum taxation on affected entities. The introduction of the Pillar Two regulations is not expected to have any significant impact on the BMW Group Financial Statements.

b Financial reporting pronouncements issued by the IASB, but not yet applied

Other financial reporting standards and revised standards issued by the IASB that have not yet been applied are not expected to have any significant impact on the BMW Group Financial Statements.

c Accounting policy changes in the financial year 2023

In order to increase consistency between internal performance management and external reporting, the following accounting policies were changed in the financial year 2023.

Government grants related to assets were previously reported as deferred income and recognised through profit or loss over the accounting periods in which the costs occur that they are intended to compensate. With effect from the financial year 2023, government grants relating to assets are deducted from the carrying amount of the relevant assets and therefore now recognised in profit or loss over the respective useful lives of the assets

in the form of reduced depreciation/amortisation. In this context, the accounting treatment applied for investment tax credits was also changed. Instead of being recognised immediately as a reduction of income tax expense, with effect from the financial year 2023 investment tax credits are also deducted from the carrying amount of the related assets. The income statement impact is therefore also spread over the respective useful lives of the assets in the form of lower depreciation/amortisation expense. The change in accounting policy has not been applied retrospectively on the grounds of immateriality. Prior-year figures have therefore not been adjusted.

Deferred income for government grants relating to assets at 31 December 2022 amounted to € 465 million or 0.19% of Group total assets at that date. At 31 December 2023, the corresponding amount was € 370 million.

Also with a view to increasing consistency with internal performance management, with effect from the financial year 2023 advance payments to suppliers are reported within other assets. At 31 December 2022, advance payments to suppliers amounting to € 259 million were reported within inventories. Prior year figures have not been adjusted on the grounds of immateriality.

The impact of the changes in accounting policy is not material for the results of operations, financial position and net assets of the BMW Group.

06 Accounting policies, assumptions, judgements and estimations

The **impact of climate change** has been taken into account by the Board of Management when preparing the Group Financial Statements. As a matter of principle, the Group Financial Statements are prepared in accordance with the BMW Group's long-term corporate plan, as approved by management, taking into account issues relevant for climate change such as the transformation to electric mobility, regulatory requirements and changes in production conditions. In this context, the BMW Group incurs expenditure on research and development for electrified models, invests in resource-saving production facilities for the manufacture of electrified automobiles and, in particular, is gradually converting its production processes from fossil fuels to green energy by concluding long-term power purchase agreements for electricity and gas from renewable sources.

As a consequence of joining the Business Ambition for 1.5°C campaign led by the Science Based Target initiative (SBTi), the BMW Group pursues validated SBTi Near Term Targets for the year 2030, which are incorporated in the Group's long-term corporate plan.

The targets set include a reduction in average carbon emissions of 80% per vehicle produced in our own plants and locations (Scope 1 and Scope 2), an average reduction of more than 50% per kilometre driven in the use phase (Scope 3 downstream) and an average reduction of more than 20% per vehicle in the supply chain (Scope 3 upstream).

In line with the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD), both physical and transition-related risks and opportunities are taken into account in the Group's internal performance management system and in conjunction with the preparation of the Group Financial Statements. These aspects, referred to below as "climate-related aspects",

are highly relevant for the preparation of the Group Financial Statements, particularly in the case of assumptions, judgements and estimations relating to future developments that impact the BMW Group and its environment, and are therefore included in their assessment.

More detailed information on how climate-related aspects are taken into account for recognition and measurement purposes is provided below, particularly in the comments on property, plant and equipment, leased products and the performance of impairment tests. This includes an indication of the extent to which climate-related aspects have been taken into account in the estimations and assumptions for the recognition and measurement of balance sheet items.

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.

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 based on the right of return of these 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. Information on the accounting policy changes applied for the first time from the financial year 2023 relating to government grants received for assets as well as to investment tax credits is provided in [note 5](#).

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 non-controlling interests) that is attributable to each category of stock, by the average number of shares of each category in circulation. 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 12 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 when they are returned or, in exceptional cases, when they are sold or expire. 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 emissions 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, intangible assets during the development phase and 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 of intangible assets on the basis of a present value computation. The cash flows used for this calculation are derived from the long-term corporate plan approved by management, corresponding to a forecast 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 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-related aspects 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. In line with the BMW Group's strategy process and the ongoing transformation to electric mobility, the detailed forecast takes account of key assumptions such as the planned increase in the share of electrified automobiles to over 50% and the required level of expenditure on research and development for vehicle models with battery-electric drives. Other matters to be considered are the scale of future investments in resource-saving production facilities (including any expected efficiency improvements), the cost of converting production processes from fossil fuels to renewable energy sources and, last but not least, the expected impact on the current leasing portfolio.

Amounts are discounted on the basis of a market-related cost of capital rate. Impairment tests are performed for accounting and financial reporting purposes and using a risk-adjusted pre-tax cost of capital (WACC) for the Automotive (excluding BMW Brilliance), BMW Brilliance and Motorcycles cash-generating units. 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. By analogous application of the procedures used for the other cash-generating units, the value in use is also determined for the BMW Brilliance cash-generating unit in view of the time period since the acquisition date.

The following pre-tax discount factors were applied:

in %	2023	2022
Automotive excluding BMW Brilliance	13.7	12.4
BMW Brilliance	15.6	15.4
Motorcycles	13.7	12.4
Financial Services	15.2	13.7

The risk-adjusted discount rate, calculated using a capital asset pricing model (CAPM), also takes into account specific peer-group information relating to beta-factors, capital structure data and borrowing costs. No environmental, social and governance (ESG)-related adjustments were made to the WACC.

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, an impairment loss would not arise. If the WACC were to develop as in the previous year, the value in use calculated for the Financial Services cash-generating unit would fall slightly below its carrying amount in 2024. The BMW Group does not, however, expect the WACC to develop as in the previous year.

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 30
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. This review also takes account of the impact of climate-related aspects on useful lives, for example due to changes in demand patterns or regulatory requirements. This assessment is based on the assumptions used for long-term corporate planning purposes and product-related decisions, as described above. Climate-related aspects have an indirect impact on the utilisation of property, plant and equipment. Adjustments to the useful lives of items of plant and machinery are avoided by a combination of flexible manufacturing arrangements (independent of drivetrain type and capable of handling all vehicle generations) and asset-preservation measures. The useful lives of plant and machinery that are used exclusively for internal combustion vehicle production are also covered by the most up-to-date planning assumptions. 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.

A lease arises for IFRS 16 purposes either when an actual legal **rental/lease agreement for property, plant and equipment** is in place or when other contractual arrangements are in place that are equivalent to a lease in substance. Depending on the specific facts and circumstances of each individual case, power purchase agreements and long-term supply contracts for battery cells may also constitute a lease.

The BMW Group recognises a right-of-use asset and a liability for the outstanding lease payments 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 the 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 balance 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.

The incremental borrowing rate comprises 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.

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 regular analysis, is also taken into account. The BMW Group has developed and implemented methods and processes that enable sustainability aspects of residual value risks, particularly climate-related aspects, to be appropriately assessed and managed. A scenario-based approach is applied to quantify the impact of the transition towards zero-emissions mobility and factor in the technological progress of the products involved, resulting potentially in the need to adjust the estimated residual values of both internal combustion and electrified vehicles. However, the transition to new drive systems will stretch over a period of time. Under these circumstances, regulatory aspects, customer behaviour and the structure of the product range all have to be taken into account. To varying degrees, the aforementioned aspects will play a role in bringing about changes to the existing product portfolio over the coming years. The nature of these planned changes can already be anticipated today to some extent, highlighting potential but calculable risks for future operations. Disproportionate risks can only arise in the

event of unexpected regulatory changes that would also be to the detriment of customers. In addition to these various considerations, the vehicle portfolio subject to residual value risks is re-measured on a quarterly basis, allowing new aspects to be incorporated in the valuation at an early stage. In this case, valuations relevant for new business which are subject to the same turn of events would also be adjusted. The forecasting models used by the BMW Group are subject to regular review and can be supplemented where appropriate to include aspects relating to changes in the market.

Using this approach, upward or downward adjustments can be made to the forecast value 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 receivables from sales financing.

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, finance-related receivables, 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 so-called "regular way" purchases or sales of non-derivative financial assets, initial recognition takes place at the settlement date. Financial assets are derecognised when contractual cash flows attached to them have expired or are transferred and all significant risks and rewards have been passed on to the acquirer.

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. In the BMW Group, selected marketable securities, shares in investment funds, money market funds and convertible bonds are measured 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.

As part of its asset-backed securities (ABS) financing activities, the BMW Group transfers some of its receivables from sales financing – primarily retail customer and dealership financing receivables – to structured companies, which in turn securitise them and place them on the capital market as collateralised securities.

The transferred receivables are not derecognised and therefore remain on the BMW Group's balance sheet. For this reason, receivables from sales financing fulfil the criteria of the "hold" business model.

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 at the end of the reporting period. The related vehicles are reported within the line item "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 an 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.

In addition, post-model adjustments are recorded if the risk is not fully covered by the standard models.

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 line 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.

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 assets, 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.

Financial assets include in particular marketable securities and shares in investment funds as well as derivative financial instruments.

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 line items "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. 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. As an exception to this, deferred tax assets and liabilities resulting from the implementation of the Pillar Two rules are not recognised. Further information is provided in [note 5](#).

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% 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, announced 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 generally 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.

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 34](#). Similar estimates are also made in conjunction with the measurement of expected reimbursement claims.

The recognition and measurement of provisions for **litigation and liability risks** necessitate 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 \[41\]](#) and in the list of investments disclosed in [note \[47\]](#).

Share-based remuneration programmes that provide for settlement in shares or a cash payment with a direct obligation to invest in shares of BMW AG common stock 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.

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 \[42\]](#).

NOTES TO THE INCOME STATEMENT

07 Revenues

Revenues by activity comprise the following:

in € million	2023	2022
Sales of products and related goods	118,769	106,678
Sales of products previously leased to customers	14,262	15,040
Income from lease instalments	11,664	11,872
Interest income on credit financing and finance leases	5,279	4,129
Revenues from service contracts, telematics and roadside assistance	3,648	3,394
Other income	1,876	1,497
Revenues	155,498	142,610

Revenues recognised from contracts with customers in accordance with IFRS 15 totalled € 138,190 million (2022: € 126,384 million), spread across the first, second and fifth categories of the above table and proportionately to other income.

An analysis of revenues by segment is shown in the explanatory comments on segment information provided in [note \[46\]](#).

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 credit financing and finance leases are allocated to the Financial Services segment.

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 credit financing and finance leases includes interest calculated on the basis of the effective interest method totalling € 4,081 million (2022: € 3,656 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	2023	2022
Manufacturing costs	82,549	76,760
Cost of sales relating to financial services business	27,764	27,517
thereof: interest expense relating to financial services business	3,554	2,114
Research and development expenses	7,538	6,624
Warranty expenditure	3,782	3,209
Expenses for service contracts, telematics and roadside assistance	2,780	2,775
Other cost of sales	1,396	1,157
Cost of sales	125,809	118,042

Manufacturing costs are reduced by public-sector subsidies in the form of reduced taxes on assets and reduced consumption-based taxes amounting to € 107 million (2022: € 115 million).

Impairment losses recognised in the income statement 2023 in connection with receivables from sales financing amounted to € 168 million (2022: € 649 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	2023	2022
Research and development expenditure	7,755	7,178
New expenditure for capitalised development costs	-2,604	-2,819
Amortisation	2,387	2,265
Research and development expenses	7,538	6,624

09 Selling and administrative expenses

in € million	2023	2022
Selling expenses	6,091	6,191
Administrative expenses	4,934	4,425
Total selling and administrative expenses	11,025	10,616

Selling and administrative expenses relate mainly to expenses for marketing and communication, personnel and IT.

10 Other operating income and expenses

Other operating income and expenses comprise the following items:

in € million	2023	2022
Exchange gains	429	458
Income from the reversal of provisions	240	521
Income from the reversal of impairment allowances and write-downs	2	79
Gains on the disposal of assets	58	45
Sundry operating income	316	274
Other operating income	1,045	1,377
Exchange losses	-401	-444
Expense for additions to provisions	-399	-307
Expense for impairment allowances and write-downs	-15	-260
Loss on the disposal of assets	-67	-88
Sundry operating expenses	-345	-231
Other operating expenses	-1,227	-1,330
Other operating income and expenses	-182	47

Income from the reversal of provisions includes income arising on the reassessment of risks from legal disputes. The expense for additions to provisions includes litigation and other legal risks.

Income from the reversal of and expenses for the recognition of impairment allowances and write-downs relate mainly to impairment allowances on receivables.

Expenses for impairment allowances recognised on receivables from contracts with customers amounted to € 15 million (2022: € 61 million).

In the financial year 2022, expenses for impairment allowances included the write-down of receivables from a non-consolidated Russian subsidiary, which negatively impacted the Other Entities segment. Detailed information is provided in the [BMW Group Report 2022, note \[4\] to the Group Financial Statements](#).

11 Net interest result

Net interest result comprises the following:

in € million	2023	2022
Other interest and similar income	691	422
thereof from subsidiaries	37	20
Net interest income on the net defined benefit liability for pension plans	10	-
Interest and similar income	701	422
Net interest impact on other long-term provisions	-467	481
Net interest expense on the net defined benefit liability for pension plans	-9	-11
Other interest and similar expenses	-180	-219
thereof to subsidiaries	-4	-1
Interest and similar expenses	-656	251
Net interest result	45	673

Interest expense from unwinding the discounting of other non-current provisions on the one hand and interest income from adjusting the discount rate on the other are netted and, as in previous years, reported as a net interest effect within interest expense.

In the previous year, steepening yield curves had a positive impact on the discount unwinding result.

12 Other financial result

in € million	2023	2022
Income from investments in subsidiaries and participations	85	7,949
thereof from subsidiaries:	22	35
Expenses from investments in subsidiaries and participations	- 142	- 179
Result on investments	- 57	7,770
Income (+) and expenses (-) from financial instruments	- 1,215	1,167
Sundry other financial result	- 1,215	1,167
Other financial result	- 1,272	8,937

In addition to the investment result, the other financial result includes 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.

The year-on-year decrease in the result on investments was due in particular to the exceptionally high remeasurement gain recognised in the previous year on the BMW Group's previous at-equity interest in BMW Brilliance in conjunction with that entity's full consolidation in the financial year 2022. Further information on this matter is provided in the [BMW Group Report 2022, note \[3\] to the Group Financial Statements](#).

The negative sundry other financial result was attributable in particular to the unfavourable fair value development of interest rate hedges as a consequence of the decline in yield curves and portfolio effects. The previous year's figure included the positive impact of interest rate hikes in the financial year 2022.

13 Income taxes

Taxes on income of the BMW Group can be classified according to their **origin** as follows:

in € million	2023	2022
Current tax expense	5,370	5,069
Deferred tax expense (+) / deferred tax income (-)	- 439	- 142
thereof relating to temporary differences	- 457	- 992
thereof relating to tax loss carryforwards and tax credits	18	850
Income taxes	4,931	4,927

The tax expense was reduced by € 33 million (2022: € 71 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 income resulting from the change in the valuation allowance on deferred tax assets relating to tax losses available for carryforward and temporary differences amounted to € 19 million (2022: expense of € 103 million).

The BMW Group falls within the scope of the OECD Pillar Two model rules aimed at ensuring a global minimum taxation rate of 15%. Under these rules, the BMW Group will be required pay a top-up tax to the extent that the Pillar Two specific tax rate in each jurisdiction where it operates falls below the minimum rate of 15%. The Pillar Two model rules have been implemented in Germany with effect for financial years beginning after 31 December 2023. The BMW Group is therefore not subject to a Pillar Two tax expense for the financial year 2023. The impact of the Pillar Two model rules from the financial year 2024 onwards is currently being assessed. For this purpose, the jurisdictions that could be affected by a top-up tax based on a preliminary Pillar

Two calculation have been analysed for the BMW Group, taking into account the statutory temporary simplification rules (for so-called "transitional safe harbours"). Based on the results of the analysis to date, the tax expense arising in the relevant jurisdictions is estimated to be immaterial for the BMW Group. The BMW Group is already applying the exemption relating to the recognition of deferred tax assets and liabilities in connection with Pillar Two. Further information is provided in [note 5](#).

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 430% (2022: 430%), the underlying income tax rate for Germany was as follows:

in %	2023	2022
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	15.1	15.1
German income tax rate	30.9	30.9

Deferred taxes for non-German entities are calculated on the basis of the relevant country-specific tax rates. These ranged in the financial year 2023 between 9.0% and 40.0% (2022: 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	2023	2022
Profit before tax	17,096	23,509
Tax rate applicable in Germany	30.9%	30.9%
Expected tax expense	5,283	7,264
Variances due to different tax rates	- 786	- 1,047
Tax increases (+) / tax reductions (-) due to:		
Tax-exempt income	- 217	- 2,203
Non-deductible expenses	632	802
Equity accounted	44	44
Tax expense (+) / benefits (-) for prior years	- 284	18
Effects from tax rate changes	- 7	31
Other variances	266	18
Actual tax expense	4,931	4,927
Effective tax rate	28.8%	21.0%

The tax reductions due to tax-exempt income reported for the previous year related primarily to the non-tax-relevant gain recognised in conjunction with the remeasurement of the BMW Group's previous at-equity interest in BMW Brilliance.

The tax increases due to non-deductible expenses were mainly attributable to withholding tax expenses.

Other variances included a net positive amount of € 304 million (2022: net negative amount of € 54 million) attributable to deferred tax effects relating to prior periods.

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	
	2023	2022	2023	2022
Intangible assets	18	15	4,674	5,176
Property, plant and equipment	263	264	1,987	1,457
Leased products	394	378	2,895	3,686
Other investments	3	5	-	-
Sundry other assets	1,478	1,281	3,334	3,495
Tax loss carryforwards	182	212	-	-
Capital losses	461	464	-	-
Provisions	5,012	4,636	19	11
Liabilities	4,575	4,573	1,027	800
Eliminations	4,162	4,379	2,332	1,880
	16,548	16,207	16,268	16,505
Valuation allowances on tax loss carryforwards and temporary differences	- 185	- 245	-	-
Valuation allowances on capital losses	- 461	- 464	-	-
Netting	- 13,471	- 13,740	- 13,471	- 13,740
Deferred taxes	2,431	1,758	2,797	2,765
Net	-	-	366	1,007

Tax **loss carryforwards** relating to Germany and foreign operations amounted to € 601 million (2022: € 711 million). This includes tax losses available for carryforward amounting to € 382 million (2022: € 416 million), on which a valuation allowance of € 129 million (2022: € 141 million) was recognised on the related deferred tax asset. Of these loss carryforwards, € 349 million (2022: € 382 million) can be used indefinitely, while € 33 million (2022: € 34 million) expires after one to three years.

A net surplus of deferred tax assets over deferred tax liabilities amounting to € 95 million (2022: € 1,966 million) is reported for entities that have suffered tax losses in the financial year 2023 or the preceding year. 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.

Capital losses available for carryforward in the UK which do not relate to ongoing operations decreased due to changes in consolidated group companies and exchange rate factors and stood at € 1,845 million (2022: € 1,856 million) at the end of the year under report. As in previous years, deferred tax assets recognised on these tax losses amounting to € 461 million (2022: € 464 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.

The change in deferred taxes relating to amounts recognised with income effect or **without income effect** is shown in the following reconciliation:

in € million	2023	2022
Deferred taxes at 1 January (assets (+) / liabilities (-))	- 1,007	744
Deferred tax expense (-) / income (+) recognised through income statement	439	142
Change in deferred taxes recognised directly in equity	227	- 519
thereof relating to fair value gains and losses on financial instruments and marketable securities recognised directly in equity	203	- 190
thereof relating to the remeasurements of net liabilities for defined benefit pension plans	24	- 326
thereof from currency translation	-	- 3
Effects in connection with the first-time consolidation of BMW Brilliance	-	- 1,312
Exchange rate impact and other changes	- 25	- 62
Deferred taxes at 31 December (assets (+) / liabilities (-))	- 366	- 1,007

The effects in connection with the first-time consolidation of BMW Brilliance in the previous year gave rise primarily to net deferred tax liabilities relating to the remeasurement of the assets acquired and liabilities assumed as part of the purchase price allocation.

No deferred taxes are recognised on taxable temporary differences arising from investments in subsidiaries, associated companies and joint ventures if the BMW Group is able 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 substance and reinvest in the companies concerned. Temporary differences of this kind, for which no deferred taxes were recognised, amounted to € 36,081 million (2022: € 32,882 million). No computation was made of the potential impact of income taxes on the grounds of proportionality.

Deferred tax liabilities on expected dividends amounted to € 187 million (2022: € 199 million) and related primarily to dividends from foreign subsidiaries.

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

		2023	2022
Net profit attributable to the shareholders of BMW AG	€ million	11,290.3	17,941.0
Profit attributable to common stock	€ million	10,250.3	16,327.7
Profit attributable to preferred stock	€ million	1,040.0	1,613.3
Average number of common stock shares in circulation	number	579,941,360	597,924,318
Average number of preferred stock shares in circulation	number	58,776,197	59,035,325
Basic/diluted earnings per share of common stock	€	17.67	27.31
Basic/diluted earnings per share of preferred stock	€	17.69	27.33
Dividend per share of common stock	€	6.00*	8.50
Dividend per share of preferred stock	€	6.02*	8.52

* Proposal by the Board of Management.

In the case of preferred stock, the calculation of earnings per share and the average number of shares in circulation only takes account of shares of preferred stock that are 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	2023	2022
Wages and salaries	12,170	11,481
Pension and welfare expenses	1,377	1,385
Social insurance expenses	1,174	1,066
Personnel expenses	14,721	13,932

Personnel expenses include € 44 million (2022: € 40 million) of costs relating to workforce measures.

The total pension expense for defined contribution plans of the BMW Group amounted to € 179 million (2022: € 175 million). Employer contributions paid to state pension insurance schemes totalled € 806 million (2022: € 750 million).

The average number of employees during the financial year was:

	2023	2022
Average number of employees	152,111	146,727
Automotive	139,779	134,607
Motorcycles	3,794	3,552
Financial Services	8,440	8,474
Other	98	94

Of the average number of employees, 995 (2022: 953) are attributable to one proportionately consolidated entity within the Automotive segment.

16 Leases

a As lessee

In terms of accounting for leases as a lessee, the following expenses are included in the income statement:

in € million	2023	2022
Expenses for leases of low-value assets and short-term leases	81	77
Expenses relating to variable lease payments not included in the measurement of lease liabilities	12	17
Interest expense arising on the measurement of lease liabilities	66	56

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 are expected to give rise to future cash outflows amounting to € 480 million (2022: € 873 million).

The BMW Group is also party to long-term supply contracts for battery cells that give rise to fixed and variable payment obligations. Based on the current interpretation, these arrangements include a lease component in accordance with IFRS 16. The fixed payment obligations arising in conjunction with such IFRS 16 compatible contracts amount to € 749 million and will fall due with effect from the financial year 2026 after series deliveries commence.

Cash outflows for leases in the financial year 2023 amounted to € 675 million (2022: € 681 million). In addition, cash outflows for right-of-use assets paid in advance amounted to € 674 million (2022: € 732 million).

Information on right-of-use assets, lease liabilities as well as further explanatory comments are provided in [note \[6\]](#), [note \[20\]](#), [note \[22\]](#) and [note \[36\]](#).

b As lessor

in € million	2023	2022
Income from variable lease payments for operating leases	110	81
Income from variable lease payments for finance leases	4	4
Financial income on the net investment in finance leases	1,127	1,025
Selling profit on the sale of vehicles leased to retail customers under finance leases	1,919	1,601

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 2023 for the Group auditor and the PwC network of audit firms amounted to € 19 million (2022: € 20 million) and consists of the following:

in € million	PwC International		thereof PwC GmbH	
	2023	2022	2023	2022
Audit of financial statements	18	17	5	5
Other attestation services	1	1	1	1
Tax advisory services	-	-	-	-
Other services	-	2	-	-
Fee expense	19	20	6	6

Services provided during the financial year 2023 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 financial statements and other attestation services. The audit of financial statements comprises mainly the audit of the Group Financial Statements and the separate financial statements of BMW AG and 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. No tax advisory or other services were provided in the financial year 2023 or in the previous year.

18 Government grants and government assistance

Income from asset-related and performance-related grants, amounting to € 98 million (2022: € 118 million) and € 215 million (2022: € 172 million) respectively, was recognised in the income statement in 2023.

These amounts relate mainly to public sector grants aimed at the promotion of regional structures as well as to subsidies received for plant expansions and development.

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	2023	2022
Remeasurement of the net liability for defined benefit pension plans	- 142	1,077
Income taxes	24	- 332
Items not expected to be reclassified to the income statement in the future	- 118	745
Marketable securities (at fair value through other comprehensive income)	113	- 154
thereof gains/losses arising in the period under report	33	- 256
thereof reclassifications to the income statement	80	102
Derivative financial instruments	- 1,808	2,801
thereof gains/losses arising in the period under report	- 507	2,350
thereof reclassifications to the income statement	- 1,301	451
Costs of hedging	766	- 1,557
thereof gains/losses arising in the period under report	- 102	- 2,299
thereof reclassifications to the income statement	868	742
Other comprehensive income from equity accounted investments	26	22
Income taxes	281	- 458
Currency translation foreign operations	- 1,772	199
Items that can be reclassified to the income statement in the future	- 2,394	853
Other comprehensive income for the period after tax	- 2,512	1,598

Income taxes on components of other comprehensive income are as follows:

in € million	2023			2022		
	Before tax	Income taxes	After tax	Before tax	Income taxes	After tax
Remeasurement of the net liability for defined benefit pension plans	- 142	24	- 118	1,077	- 332	745
Marketable securities (at fair value through other comprehensive income)	113	- 35	78	- 154	45	- 109
Derivative financial instruments	- 1,808	536	- 1,272	2,801	- 841	1,960
Costs of hedging	766	- 220	546	- 1,557	442	- 1,115
Other comprehensive income from equity accounted investments	26	-	26	22	- 104	- 82
Currency translation foreign operations	- 1,772	-	- 1,772	199	-	199
Other comprehensive income	- 2,817	305	- 2,512	2,388	- 790	1,598

In 2023, other comprehensive income from equity accounted investments was a positive amount of € 26 million and is reported in the Group Statement of Changes in Equity within currency translation differences. In the previous year, the amounts reported for equity accounted investments comprised a negative amount of € 395 million within currency translation differences and positive amounts of € 220 million and € 93 million within derivative financial instruments and costs of hedging respectively.

The hedging effects of derivative financial instruments that are subsequently recycled to the acquisition cost of inventories are not included in other comprehensive income after tax.

NOTES TO THE BALANCE SHEET

20 Analysis of changes in Group tangible, intangible and investment assets 2023

in € million	Acquisition and manufacturing cost						Depreciation and amortisation						Carrying amount			
	1.1.2023	Translation differences	Additions due to changes in consolidated companies	Additions	Reclassifications	Disposals	31.12.2023	1.1.2023	Translation differences	Current year	Reclassifications	Value adjustments ¹	Disposals	31.12.2023	31.12.2023	31.12.2022
Development costs	21,576	-	-	2,604	-	1,152	23,028	9,449	-	2,387	-	-	1,152	10,684	12,344	12,127
Goodwill	1,562	- 75	-	-	-	-	1,487	-	-	-	-	-	-	-	1,487	1,562
Other intangible assets	10,067	- 534	-	162	-	234	9,461	1,980	- 104	1,470	-	-	76	3,270	6,191	8,087
Intangible assets	33,205	- 609	-	2,766	-	1,386	33,976	11,429	- 104	3,857	-	-	1,228	13,954	20,022	21,776
Land, titles to land, buildings, including buildings on third party land	21,442	- 413	112	998	356	538	21,957	8,147	- 74	996	- 1	-	359	8,709	13,248	13,295
thereof right-of-use assets from leases	4,541	- 114	-	444	-	422	4,449	1,512	- 27	473	-	-	299	1,659	2,790	3,029
Plant and machinery	44,928	- 471	-	3,221	1,520	2,773	46,425	30,738	- 222	3,726	- 14	-	2,732	31,496	14,929	14,190
thereof right-of-use assets from leases	979	- 3	-	701	43	3	1,717	141	-	303	-	-	-	444	1,273	838
Other facilities, factory and office equipment	3,524	- 54	1	405	91	448	3,519	2,295	- 27	395	15	-	430	2,248	1,271	1,229
thereof right-of-use assets from leases	154	- 4	-	49	-	43	156	63	- 1	47	-	-	42	67	89	91
Advance payments made and construction in progress	3,412	- 81	405	4,050 ²	- 1,967	1	5,818	-	-	-	-	-	-	-	5,818 ³	3,412
Property, plant and equipment	73,306	- 1,019	518	8,674	-	3,760	77,719	41,180	- 323	5,117	-	-	3,521	42,453	35,266	32,126
Leased products	52,893	- 534	-	18,927	-	18,338	52,948	10,073	- 86	5,591	-	-	5,748	9,830	43,118	42,820
Investments accounted for using the equity method	660	-	-	168	-	145	683	240	-	-	-	-	-	240	443	420
Investments in non-consolidated subsidiaries	381	- 6	-	6	-	58	323	90	- 1	-	-	-	-	89	234	291
Participations	1,102	- 16	-	101	-	35	1,152	42	13	-	-	115	- 19	189	963	1,060
Other investments	1,483	- 22	-	107	-	93	1,475	132	12	-	-	115	- 19	278	1,197	1,351

¹ Thereof expense amounting to € 115 million recognised in profit or loss.

² Including advance payments for right-of-use assets amounting to € 79 million.

³ Including assets under construction amounting to € 4,565 million.

Analysis of changes in Group tangible, intangible and investment assets 2022

in € million	Acquisition and manufacturing cost							Depreciation and amortisation					Carrying amount			
	1.1.2022	Translation differences	Additions arising on business combinations	Additions	Reclassifications	Disposals	31.12.2022	1.1.2022	Translation differences	Current year	Reclassifications	Value adjustments ¹	Disposals	31.12.2022	31.12.2022	31.12.2021
Development costs	19,287	-	-	2,819	-	530	21,576	7,714	-	2,265	-	-	530	9,449	12,127	11,573
Goodwill	385	- 15	1,197	-	-	5	1,562	5	-	-	-	-	5	-	1,562	380
Other intangible assets	1,975	- 68	8,349	254	-	443	10,067	948	- 31	1,474	-	-	411	1,980	8,087	1,027
Intangible assets	21,647	- 83	9,546	3,073	-	978	33,205	8,667	- 31	3,739	-	-	946	11,429	21,776	12,980
Land, titles to land, buildings, including buildings on third party land	16,886	36	2,830	934	1,168	412	21,442	7,452	34	1,000	-	-	339	8,147	13,295	9,434
thereof right-of-use assets from leases	3,363	- 11	625	701	-	137	4,541	1,134	-	484	-	-	106	1,512	3,029	2,229
Plant and machinery	41,739	268	2,493	3,563	1,407	4,542	44,928	31,574	213	3,457	-	-	4,506	30,738	14,190	10,165
thereof right-of-use assets from leases	145	- 1	7	787	48	7	979	14	-	134	-	-	7	141	838	131
Other facilities, factory and office equipment	3,251	40	164	393	155	479	3,524	2,344	28	370	-	-	447	2,295	1,229	907
thereof right-of-use assets from leases	131	2	1	68	-	48	154	69	1	41	-	-	48	63	91	62
Advance payments made and construction in progress	1,884	29	1,585	2,647 ²	- 2,730	3	3,412	-	-	-	-	-	-	-	3,412 ³	1,884
Property, plant and equipment	63,760	373	7,072	7,537	-	5,436	73,306	41,370	275	4,827	-	-	5,292	41,180	32,126	22,390
Leased products	53,847	1,096	-	16,027	-	18,077	52,893	9,147	182	5,890	-	-	5,146	10,073	42,820	44,700
Investments accounted for using the equity method	5,352	-	-	402	-	5,094	660	240	-	-	-	-	-	240	420	5,112
Investments in non-consolidated subsidiaries	340	9	-	35	-	3	381	87	3	-	-	-	-	90	291	253
Participations	1,020	27	-	112	-	57	1,102	32	- 21	-	-	23	- 8	42	1,060	988
Other investments	1,360	36	-	147	-	60	1,483	119	- 18	-	-	23	- 8	132	1,351	1,241

¹ Thereof expense amounting to € 23 million recognised in profit or loss.² Including advance payments for right-of-use assets amounting to € 160 million.³ Including assets under construction amounting to € 2,502 million.

21 Intangible assets

Intangible assets mainly comprise capitalised development costs on vehicle, module and architecture projects as well as rights re-acquired in conjunction with a business acquisition. Also included are subsidies for tool costs, licences, purchased development projects, emissions allowances, software and purchased customer bases.

Other intangible assets include brand-name rights amounting to € 96 million (2022: € 95 million) which are allocated to the Automotive segment and are not subject to scheduled amortisation since their useful life is deemed to be indefinite. The brand-name rights are, to an extent, subject to a limited right of ownership. Intangible assets also include goodwill of € 33 million (2022: € 33 million) allocated to the Automotive excluding BMW Brilliance cash-generating unit (CGU) and goodwill of € 1,107 million (2022: € 1,182 million) allocated to the BMW Brilliance CGU. Goodwill amounting to € 347 million (2022: € 347 million) related to the Financial Services CGU.

As in the previous year, there was no requirement to recognise impairment losses or reversals of impairment losses on intangible assets in 2023.

As in the previous year, no financing costs were recognised as a cost component of intangible assets in 2023.

In 2023, government grants totalling € 2 million (2022: € 0 million) were deducted from the acquisition cost of intangible assets for the first time. These grants include public sector funds aimed at promoting development.

22 Property, plant and equipment (including right-of-use assets arising from leasing)

No impairment losses were recognised in 2023, 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 2023.

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.

In 2023, government grants totalling € 121 million (2022: € 0 million) were deducted from the acquisition cost of property, plant and equipment for the first time. These amounts relate mainly to public sector grants aimed at the promotion of regional structures as well as to subsidies received for plant expansions.

The regular review of the useful lives of items of property, plant and equipment subject to systematic depreciation takes into account the assumptions contained in the long-term corporate plan, and hence the ongoing transformation towards electric mobility as well as the associated short- and medium-term impact on the product portfolio. The review of useful lives did not lead to any material adjustments in the financial year 2023.

23 Leased products

Minimum lease payments of non-cancellable operating leases fall due as follows:

in € million	31.12.2023	31.12.2022
within one year	9,601	9,606
between one and two years	6,872	6,522
between two and three years	3,875	3,465
between three and four years	1,813	1,512
between four and five years	305	265
later than five years	52	38
Minimum lease payments	22,518	21,408

Impairment losses amounting to € 553 million (2022: € 527 million) were recognised on leased products in 2023 as a consequence of changes in residual value expectations. Income from the reversal of impairment losses amounted to € 274 million (2022: € 282 million).

In 2023, public sector grants totalling € 252 million (2022: € 0 million) were deducted from the acquisition cost of leased products for the first time. These amounts relate mainly to investment tax credits in the form of tax credits for electric vehicles. It is expected that the investment tax credits can be utilised. The actual utilisation of investment tax credits will, however, depend on the extent to which they can be offset against income tax liabilities and is therefore subject to a degree of uncertainty.

24 Investments accounted for using the equity method

Investments accounted for using the equity method comprise an interest in the joint venture YOUR NOW Holding GmbH (YOUR NOW), Munich, as well as interests in the associated companies IONITY Holding GmbH & Co. KG (IONITY), Munich, IONNA LLC (IONNA), Torrance, Solid Power Inc. (Solid Power), Wilmington, Delaware and THERE Holding B.V. (THERE), Rijswijk.

YOUR NOW

Together with Mercedes-Benz Group AG, the BMW Group offers mobility services via the YOUR NOW joint venture.

The at-equity loss reported for YOUR NOW for the financial year 2023 amounted to € 82 million (2022: loss of € 357 million). In the previous year, impairment losses were recognised in relation to the YOUR NOW subsidiary FREE NOW.

IONITY

The BMW Group operates the entity IONITY in collaboration with Mercedes-Benz Group AG, the Ford Motor Company, the Volkswagen Group and the Hyundai Motor Group. IONITY's business model envisages the construction and operation of high-performance charging stations for battery-powered vehicles in Europe.

On 1 November 2021, a contract was signed with GRP III HPC Lux S.à.r.l. (Blackrock) for the provision of financing amounting to € 500 million for the further expansion of the charging network. The existing shareholders are also investing an additional € 200 million. With effect from 28 April 2022, following completion of the transaction, Blackrock became IONITY's largest shareholder. As a result, the former joint venture became an associated company of the BMW Group.

The at-equity profit reported for IONITY amounted to € 12 million (2022: € 5 million). This includes remeasurement effects arising in conjunction with the transaction with Blackrock.

IONNA

In 2023, the BMW Group, together with the Mercedes-Benz Group AG, the Stellantis Group, the Honda Group, the Hyundai Motor Group and the General Motors Company Group, founded the company IONNA in Canada with the aim of developing a charging network in North America. The BMW Group holds 16.67% of the associated company IONNA.

IONNA's earnings are not significant for the BMW Group Financial Statements 2023.

Solid Power

The BMW Group holds shares in Solid Power, an industry-leading manufacturer of solid-state batteries for electric vehicles. Joint development partnerships are in place with Solid Power 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.

The at-equity loss reported by Solid Power for 2023 amounted to € 12 million (2022: loss of € 19 million). In both financial years, the carrying amount of the investment was written down in the BMW Group Financial Statements.

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.

The at-equity loss reported for THERE for 2023 amounted to € 77 million (2022: loss of € 40 million). The loss mainly arose due to impairment losses recognised in relation to THERE's associated company HERE.

in € million	2023	2022
DISCLOSURES RELATING TO THE INCOME STATEMENT		
Profit/loss after tax	- 43	- 12
thereof from continuing operations	- 43	- 12
Total comprehensive income	- 43	- 12

Financial information relating to equity accounted investments is summarised in the following tables (from a 100% perspective):

in € million	YOUR NOW		IONITY		THERE	
	2023	2022	2023	2022	2023	2022
DISCLOSURES RELATING TO THE BALANCE SHEET						
Non-current assets	68	98	574	357	1,109	986
Current assets	128	218	164	162	3	1
thereof cash and cash equivalents	77	144	96	113	3	1
Equity	77	159	573	412	973	858
Non-current financial liabilities, provisions and liabilities	28	36	41	26	137	129
Current financial liabilities, provisions and liabilities	91	121	124	81	2	-
RECONCILIATION OF AGGREGATED FINANCIAL INFORMATION						
Assets	196	316	738	519	1,112	987
Provisions and liabilities	119	157	165	107	139	129
Net assets	77	159	573	412	973	858
Group's interest in net assets	38	78	87	62	299	255
Carrying amount	38	78	87	62	299	255
DISCLOSURES RELATING TO THE INCOME STATEMENT						
Revenues	271	357	130	80	-	-
Scheduled depreciation	11	598	46	32	-	-
Profit/loss before financial result	- 131	- 774	- 27	- 51	- 1	- 1
Interest income	3	-	-	-	23	18
Interest expense	-	2	2	2	9	8
Income taxes	3	- 5	25	-	8	-
Profit/loss after tax	- 168	- 800	- 54	- 53	- 339	- 134
thereof from continuing operations	- 168	- 797	- 54	- 53	- 339	- 134
thereof from discontinued operations	-	- 3	-	-	-	-
Other comprehensive income	51	24*	-	-	2	- 9
Total comprehensive income	- 117	- 776*	- 54	- 53	- 337	- 143

* Prior year figures restated.

25 Receivables from sales financing

Receivables from sales financing comprise the following:

in € million	31.12.2023	31.12.2022
Credit financing for retail customers and dealerships*	65,733	64,382
Finance lease receivables	21,622	21,326
Receivables from sales financing	87,355	85,708

* Including operating leases.

As part of its ABS financing activities, the BMW Group transfers some of its receivables from sales financing – primarily retail customer and dealership financing receivables – to structured companies, which in turn securitise them and place them on the capital market as collateralised securities.

For the purposes of ABS financing, only the senior tranches of the issued securities are sold to external investors. Subordinated tranches are retained by the BMW Group. Furthermore, the BMW Group retains the exposure to interest rate risk in many transactions for which it concludes corresponding interest rate derivatives. The risk of delayed payments by debtors is reduced in the majority of ABS financing agreements by cash reserves financed by the BMW Group. Due to the risks remaining with the BMW Group, the ABS financing arrangements did not result in the derecognition of the securitised financial assets.

The carrying amount of receivables from sales financing transferred, but not derecognised at 31 December 2023 stood at € 15,152 million (2022: € 14,487 million). The fair value of those receivables at that date was € 15,332 million (2022: € 14,428 million).

The carrying amount of the corresponding liabilities from asset-backed financing transactions at 31 December 2023 stood at € 12,089 million (2022: € 11,603 million). The fair value of these liabilities at that date was € 12,148 million (2022: € 11,635 million).

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	Total
		General	Simplified		
Impairment allowances at 1 January 2023	576	935	35	599	2,145
Reclassification to Stage 1	5	- 47	-	- 1	- 43
Reclassification to Stage 2	- 23	234	-	- 39	172
Reclassification to Stage 3	- 3	- 52	- 1	215	159
Derecognition and origination of receivables	54	26	2	- 20	62
Write-off of receivables	- 1	- 24	- 1	- 98	- 124
Changes in risk parameters	- 8	- 5	- 1	- 2	- 16
Other changes	- 19	- 138	2	- 11	- 166
Impairment allowances at 31 December 2023	581	929	36	643	2,189

in € million	Stage 1	Stage 2		Stage 3	Total
		General	Simplified		
Impairment allowances at 1 January 2022	447	550	35	567	1,599
Reclassification to Stage 1	3	- 22	-	- 2	- 21
Reclassification to Stage 2	- 18	241	-	- 37	186
Reclassification to Stage 3	- 2	- 36	- 1	177	138
Derecognition and origination of receivables	115	77	2	- 24	170
Write-off of receivables	- 1	- 15	-	- 87	- 103
Changes in risk parameters	85	44	2	3	134
Other changes	- 53	96	- 3	2	42
Impairment allowances at 31 December 2022	576	935	35	599	2,145

An additional risk allowance for expected credit losses was recognised to take account of the negative impact on retail customer and dealership business, to the extent not covered by the standard loss provisioning models (post-model adjustments). The level of the additional risk allowance is reviewed regularly and has been reduced compared to the previous year, as the weaker macroeconomic environment has already been partially taken into account in the standard models. However, in view of the ongoing unfavourable macroeconomic prospects and geopolitical uncertainties, the additional risk allowance remains in the mid-three-digit million range.

Impairment allowances include € 95 million (2022: € 99 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 € 488 million (2022: € 455 million). The carrying amount of assets held as collateral and taken back as a result of payment default amounted to € 19 million (2022: € 35 million).

Finance leases are analysed as follows:

in € million	31.12.2023	31.12.2022
due within one year	7,107	7,112
due between one and two years	6,560	6,272
due between two and three years	5,677	5,469
due between three and four years	4,134	4,146
due between four and five years	942	760
due later than five years	32	20
Gross investment in finance leases	24,452	23,779
due within one year	6,232	6,385
due between one and two years	5,857	5,694
due between two and three years	5,191	5,061
due between three and four years	3,935	3,914
due between four and five years	836	688
due later than five years	29	19
Net investment in finance leases without loss allowances	22,080	21,761
Unrealised interest income	2,372	2,018
Loss allowances	458	435
Net investment in finance leases	21,622	21,326

26 Financial assets

Financial assets comprise:

in € million	31.12.2023	31.12.2022
Marketable securities and investment funds	2,170	3,438
Derivative instruments	2,926	4,386
Loans to third parties	18	34
Other	404	379
Financial assets	5,518	8,237
thereof non-current	1,387	3,073
thereof current	4,131	5,164

27 Income tax assets

Income tax assets totalling € 1,199 million (2022: € 1,096 million) include claims amounting to € 29 million (2022: € 26 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.

28 Other assets

Other assets comprise:

in € million	31.12.2023	31.12.2022
Return right assets for future leased products	2,263	4,317
Receivables from subsidiaries	642	1,036
Collateral assets	455	454
Deposits*	98	114
Receivables from companies in which an investment is held	48	50
Other assets (financial instruments)	3,506	5,971
Other taxes	1,987	1,846
Advance payments*	847	156
Expected reimbursement claims	819	872
Prepaid expenses	517	477
Other assets (non-financial instruments)	4,170	3,351
Sundry other assets*	1,457	1,310
Other assets	9,133	10,632
thereof non-current	1,537	1,030
thereof current	7,596	9,602

* Presentation adjusted compared to previous year.

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	31.12.2023	31.12.2022
Finished goods and goods for resale	16,103	12,563
Work in progress, unbilled contracts	3,190	3,235
Raw materials and supplies	3,722	3,424
Vehicles held for sale in the financial services business	693	524
Advance payments to suppliers	11	259
Inventories	23,719	20,005

Out of the total amount recognised for inventories at 31 December 2023, inventories measured at net realisable value amounted to € 1,346 million (2022: € 1,940 million). Write-downs to net realisable value in the financial year 2023 amounted to € 189 million (2022: € 112 million), while reversals of write-downs amounted to € 13 million (2022: € 11 million).

The expense recorded in conjunction with inventories during the financial year 2023 amounted to € 81,497 million (2022: € 76,014 million).

At 31 December 2023, the carrying amounts of inventories expected to be realised after more than 12 months amount to € 86 million (2022: € 98 million).

30 Trade receivables

Trade receivables comprise the following:

in € million	31.12.2023	31.12.2022
Gross carrying amount	4,232	4,186
Allowances for impairment of stage 2 – simplified approach	- 18	- 16
Allowances for impairment of stage 3	- 52	- 43
Net carrying amount	4,162	4,127
thereof non-current	3	2
thereof current	4,159	4,125

Impairment allowances on trade receivables in accordance with IFRS 9 developed as follows:

in € million	2023	2022
Balance at 1 January	59	32
Allocated	17	34
Reversed	- 2	- 5
Utilised	- 3	- 2
Exchange rate impact and other changes	- 1	-
Balance at 31 December	70	59

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 are not significant for the BMW Group and are therefore not reported separately in the income statement.

31 Equity

Number of shares issued

	Preferred stock		Common stock	
	2023	2022	2023	2022
Shares in circulation at 1 January	59,395,329	59,404,304	586,683,189	601,995,196
Shares issued in conjunction with Employee Share Programme	–	1,439,975	–	–
Less: shares repurchased and withdrawn from circulation	1,417,813	1,448,950	11,105,885	15,312,007
Shares in circulation at 31 December	57,977,516	59,395,329	575,577,304	586,683,189
Treasury shares	942,892	1,448,950	4,218,363	15,312,007
Number of shares issued at 31 December	58,920,408	60,844,279	579,795,667	601,995,196

BMW AG's issued share capital totalling € 638,716,075 comprises 579,795,667 shares of common stock, each with a par value of € 1, and 58,920,408 shares of non-voting preferred stock, each with a par value of € 1. The issued share capital and the number of shares were reduced by € 24,123,400 in 2023 following the redemption of 22,199,529 shares of common stock and 1,923,871 shares of preferred stock. These treasury shares had been acquired in conjunction with the first share buyback programme 2022/2023. The amount of the share capital reduction was reclassified to capital reserves.

All Company stock is issued to bearer. Preferred stock, to which no voting rights are attached, bears an additional dividend of € 0.02 per share.

BMW AG is authorised to issue shares of non-voting preferred stock amounting to nominal € 5.0 million prior to 15 May 2024. At the end of the reporting period, 0.3 million shares of these amounting to € 0.3 million remained available for issue.

Capital reserves

Capital reserves include mainly premiums arising from the issue of shares, and totalled € 2,456 million (2022: € 2,432 million).

Revenue reserves

Revenue reserves include 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.

The Board of Management and the Supervisory Board propose that the unappropriated profit of BMW AG for the financial year 2023 amounting to € 3,802,488,470.32 be utilised to pay a dividend of € 6.02 for each share of preferred stock entitled to receive a dividend, and a dividend of € 6.00 for each share of common stock entitled to receive a dividend, and that the remaining amount be transferred to revenue reserves. Based on the number of shares at 31 December 2023 entitled to receive a dividend, the proposed dividend represents a total payout of € 3.8 billion.

The proposal for the appropriation of unappropriated profit takes into account 4,218,363 treasury shares of common stock and 942,892 treasury shares of preferred stock held directly or indirectly by the Company at 31 December 2023. In accordance with § 71b of the German Stock Corporation Act, these shares are not entitled to receive a dividend.

The number of shares entitled to receive a dividend may change prior to the Annual General Meeting. In this case, based on an unchanged distribution per share of common and preferred stock

entitled to receive a dividend, a correspondingly amended resolution concerning the appropriation of profit will be submitted to the Annual General Meeting.

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 as the related deferred taxes.

Treasury shares

At the Annual General Meeting of BMW AG held on 11 May 2022, the shareholders authorised the Board of Management to acquire treasury shares via the stock exchange, up to a maximum of 10% of the share capital in place at the date of the resolution and to redeem those shares without any further resolution by the Annual General Meeting. The buyback authorisation remains valid until 10 May 2027.

In conjunction with this authorisation, on 30 June 2022 the Board of Management of BMW AG resolved the first of a number of share buyback programmes via the stock exchange. Under this initial programme, BMW AG was authorised to acquire treasury shares of common and preferred stock amounting to a maximum of € 1.85 billion and € 0.15 billion respectively. The share buyback programme was launched in July 2022 and completed on 30 June 2023.

On 3 May 2023, the Board of Management of BMW AG approved a second share buyback programme via the stock exchange. Under this programme, BMW AG is authorised to acquire treasury shares of common and preferred stock amounting to a maximum of € 1.65 billion and € 0.35 billion respectively. The programme commenced immediately following completion of the first buyback programme and will run until 31 December 2025 at the latest.

The shares are being acquired with the purpose of either redeeming them at a later date and reducing share capital or using them in conjunction with the Employee Share Programme.

Based on the authorisation granted by the Annual General Meeting on 11 May 2022, the Board of Management of BMW AG resolved on 18 July 2023 (with effect as of 18 July 2023) to redeem the shares acquired by the Company as part of the first share buyback programme (22,199,529 shares of common stock and 1,923,871 shares of preferred stock each with a nominal value of € 1) and to reduce the Company's share capital from € 663 million to € 639 million. This corresponds to around 3.6% of share capital prior to the redemption of the shares and the reduction of issued share capital.

Up to 31 December 2023, a total of 4,218,363 shares of common stock had been bought back via the stock exchange at an average price per share of € 98.38 and a total acquisition cost of € 415 million, corresponding to 0.64% of share capital. The shares concerned are held by BMW AG as treasury shares at the end of the reporting period.

Up to 31 December 2023, a total of 942,892 shares of preferred stock had been bought back via the stock exchange at an average price per share of € 90.15 and a total acquisition cost of € 85 million, corresponding to 0.14% of share capital. The shares concerned are held by BMW AG as treasury shares at the end of the reporting period.

On 19 September 2023, the Board of Management resolved a share buyback programme for shares of common stock for employees ("Share Buyback Programme Employee Shares 2023") which was carried out during the period from 8 November to 27 November 2023. The acquisition of shares of common stock under this programme serves the sole purpose of fulfilling the obligations arising from the Employee Share Programme. Based on the applications received from eligible employees, 1,290,000 shares of common stock were bought back and subsequently sold to employees at a preferential price of € 71.47 per share. These shares are entitled to receive dividends for the first time with effect from the financial year 2023.

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	31.12.2023	31.12.2022
Equity attributable to shareholders of BMW AG	89,596	87,125
Proportion of total capital	48.5%	48.1%
Non-current financial liabilities	52,880	53,469
Current financial liabilities	42,130	40,727
Total financial liabilities	95,010	94,196
Proportion of total capital	51.5%	51.9%
Total capital	184,606	181,321

Equity attributable to shareholders of BMW AG increased during the financial year by 2.8%, primarily reflecting the increase in revenue reserves.

32 Non-controlling interests

The 25% non-controlling interests of other shareholders in the subsidiary BMW Brilliance represent a significant item in the BMW Group's balance sheet.

Total comprehensive income allocated to the other shareholders of BMW Brilliance amounts to € 615 million (2022: € 580 million). A dividend of € 1,447 million (2022: € 1,445 million) was distributed to these shareholders during the financial year 2023. At 31 December 2023, non-controlling interests in BMW Brilliance amounted to € 2,970 million (2022: € 3,709 million).

Financial information relating to BMW Brilliance is summarised in the following table from a 100% perspective (2022: from 11 February 2022):

in € million	2023	2022
DISCLOSURES RELATING TO THE INCOME STATEMENT		
Revenues	33,227	29,243
Profit after tax	3,262	2,140
Total comprehensive income	2,327	2,193
DISCLOSURES RELATING TO THE BALANCE SHEET		
Non-current assets	16,352	18,823
Current assets	11,044	12,344
Non-current liabilities	3,601	4,059
Current liabilities	9,773	9,756
DISCLOSURES RELATING TO THE CASH FLOW STATEMENT		
Total cash flows	- 621	- 4,268

33 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 almost entirely covered by assets transferred to BMW Trust e.V., Munich (BMW Trust), in conjunction with a Contractual Trust Arrangement (CTA) (funded plan). In addition, funded plans also exist in the UK as well as in the USA, Switzerland, Belgium and Japan. In the meantime, all of the main defined benefit plans have been closed for new entrants and replaced by defined contribution plans.

In addition, a career trend component, which is plan-dependent and lies within a range of 0.25% to 0.50%, is taken into account in the measurement of pension obligations in Germany (2022: career trend of 0.25% to 0.50%).

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:

	Germany		United Kingdom		Other	
in %	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Discount rate	3.19	3.67	4.54	4.73	5.57	5.88
Pension level trend	2.24	2.53	2.17	2.26	-	-
Weighted duration of all pension obligations in years	13.8	14.2	13.1	13.7	12.8	12.8

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%

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	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Present value of defined benefit obligations	12,721	11,529	5,306	5,287	891	869	18,918	17,685
Fair value of plan assets	12,528	11,508	6,079	6,134	740	741	19,347	18,383
Effect of limiting net defined benefit asset to asset ceiling	-	-	797	879	2	15	799	894
Carrying amounts	193	21	24	32	153	143	370	196
thereof pension provisions	193	118	77	77	157	144	427	339
thereof assets	-	-97	-53	-45	-4	-1	-57	-143

The most significant of the BMW Group's pension plans are described below.

Germany

Employer-funded as well as employee-funded benefit plans exist in Germany. In addition to retirement benefits, pension benefits also include disability and surviving dependents' benefits. The level of ongoing pension payments is adjusted in accordance with § 16 of the Company Pensions Act (Betriebsrentengesetz).

Two employer-funded pension plans are in place that are based on defined contributions for which the level of benefits depends on developments on the capital markets. Benefits granted by the two plans are funded by a combination of the payment of fixed monthly contributions by the Company, a deferred remuneration option for employees and a matching contribution by the Company. Further contributions are made on the basis of the BMW Group's performance. A further plan is in place that is funded entirely out of deferred remuneration. Due to the minimum interest rate guaranteed by the BMW Group, these plans are all classified as defined benefit plans in accordance with IAS 19. In addition to the above plans, an employer-funded, defined benefit pension

plan with lifelong pension benefits remains in place which is now closed to new entrants. The pension benefit is calculated by multiplying a fixed amount by the number of completed years of service. Only employees who have not agreed to a one-time option to switch to the defined contribution system will receive future increases in entitlements under this plan.

The assets of the German pension plans are invested by BMW Trust (a German association) in accordance with a CTA. The representative bodies of the association are the Board of Directors and the Members' General Meeting. BMW Trust 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.

UK

Defined benefit plans exist in the UK 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 2023	17,685	- 18,383	- 698	894	196
EXPENSE/INCOME					
Current service cost	366	-	366	-	366
Interest expense (+)/income (-)	704	- 748	- 44	43	- 1
Past service cost	27	-	27	-	27
Gains (-) or losses (+) arising from settlements	-	-	-	-	-
REMEASUREMENTS					
Gains (-) or losses (+) on plan assets, excluding amounts included in interest income	-	- 317	- 317	-	- 317
Gains (-) or losses (+) arising from changes in financial assumptions	458	-	458	-	458
Gains (-) or losses (+) arising from changes in demographic assumptions	- 174	-	- 174	-	- 174
Gains (-) or losses (+) arising from experience adjustments	329	-	329	-	329
Changes in the limitation of the net defined benefit asset to the asset ceiling	-	-	-	- 155	- 155
Transfers to fund	-	- 353	- 353	-	- 353
Employee contributions	107	- 107	-	-	-
Pensions and other benefits paid	- 673	667	- 6	-	- 6
Translation differences and other changes	89	- 106	- 17	17	-
31 December 2023	18,918	- 19,347	- 429	799	370
thereof pension provisions					427
thereof assets					- 57

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 2022	24,989	- 25,011	- 22	1,187	1,165
EXPENSE/INCOME					
Current service cost	415	-	415	-	415
Interest expense (+)/income (-)	338	- 349	- 11	21	10
Past service cost	34	-	34	-	34
Gains (-) or losses (+) arising from settlements	-	-	-	-	-
REMEASUREMENTS					
Gains (-) or losses (+) on plan assets, excluding amounts included in interest income	-	6,417	6,417	-	6,417
Gains (-) or losses (+) arising from changes in financial assumptions	- 7,471	-	- 7,471	-	- 7,471
Gains (-) or losses (+) arising from changes in demographic assumptions	- 201	-	- 201	-	- 201
Gains (-) or losses (+) arising from experience adjustments	462	-	462	-	462
Changes in the limitation of the net defined benefit asset to the asset ceiling	-	-	-	- 262	- 262
Transfers to fund	-	- 367	- 367	-	- 367
Employee contributions	106	- 106	-	-	-
Pensions and other benefits paid	- 703	697	- 6	-	- 6
Translation differences and other changes	- 284	336	52	- 52	-
31 December 2022	17,685	- 18,383	- 698	894	196
thereof pension provisions					339
thereof assets					- 143

Due to the fact that there is no right of reimbursement or right to reduce future contributions to the fund, the amount of plan assets reported for the UK pension plan has been limited to the amount of the obligations.

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 € million	Germany		United Kingdom		Other		Total	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Equity instruments	2,729	2,068	-	14	41	37	2,770	2,119
Debt instruments	6,561	6,101	4,237	4,343	53	51	10,851	10,495
thereof investment grade	5,479	5,436	4,237	4,343	53	51	9,769	9,830
thereof mixed funds (funds without a rating)	-	-	-	-	-	-	-	-
thereof non-investment grade	1,082	665	-	-	-	-	1,082	665
Real estate funds	51	-	-	-	27	28	78	28
Money market funds	-	-	51	35	27	15	78	50
Absolute return funds	-	-	-	-	-	-	-	-
Other	289	232	-	-	1	-	290	232
Total with quoted market price	9,630	8,401	4,288	4,392	149	131	14,067	12,924
Debt instruments	341	340	682	55	1	4	1,024	399
thereof investment grade	336	332	-	-	-	-	336	332
thereof mixed funds (funds without a rating)	5	8	682	55	-	-	687	63
thereof non-investment grade	-	-	-	-	1	4	1	4
Real estate	431	455	622	700	-	-	1,053	1,155
Cash and cash equivalents	73	32	-	-	-	-	73	32
Absolute return funds	466	843	52	640	-	2	518	1,485
Other	1,587	1,437	435	347	590	604	2,612	2,388
Total without quoted market price	2,898	3,107	1,791	1,742	591	610	5,280	5,459
Total plan assets	12,528	11,508	6,079	6,134	740	741	19,347	18,383

In the financial year 2024, disbursements out of plan assets are expected to exceed the employer's contributions to plan assets by € 298 million. Plan assets of the BMW Group include own transferable financial instruments amounting to € 17 million (2022: € 7 million).

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 provisions recognised in the balance sheet are reduced.

The defined benefit obligation relates to current employees, pensioners and former employees with vested benefits as follows:

in %	Germany		United Kingdom		Other	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Current employees	58.2	57.7	-	-	57.1	56.7
Pensioners	35.2	35.6	59.2	59.5	35.6	35.8
Former employees with vested benefits	6.6	6.7	40.8	40.5	7.3	7.5
Defined benefit obligation	100.0	100.0	100.0	100.0	100.0	100.0

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			
			31.12.2023		31.12.2022	
		in € million	in %	in € million	in %	
Discount rate	increase of 0.75%	- 1,418	- 7.5	- 1,379	- 7.8	
	decrease of 0.75%	1,671	8.8	1,632	9.2	
Pension level trend	increase of 0.25%	325	1.7	322	1.8	
	decrease of 0.25%	- 319	- 1.7	- 307	- 1.7	
Average life expectancy	increase of 1 year	515	2.7	492	2.8	
	decrease of 1 year	- 533	- 2.8	- 509	- 2.9	
Career trend	increase of 0.10%	40	0.2	37	0.2	
	decrease of 0.10%	- 40	- 0.2	- 37	- 0.2	

34 Other provisions

Other provisions changed during the year as follows:

in € million	1.1.2023	Additions arising on business combinations	Translation differences	Additions	Reversal of discounting	Utilised	Reversed	31.12.2023	thereof due within one year
Statutory and voluntary warranty obligations, product guarantees	8,251	-	- 235	4,243	391	- 2,674	- 326	9,650	4,333
Obligations for personnel and social expenses	3,249	-	- 12	1,782	47	- 2,061	- 41	2,964	1,979
Bonus and price reductions	1,443	-	- 44	1,144	-	- 761	- 105	1,677	1,545
Other obligations	2,818	-	- 44	1,399	38	- 932	- 533	2,746	1,383
Other provisions	15,761	-	- 335	8,568	476	- 6,428	- 1,005	17,037	9,240

in € million	1.1.2022	Additions arising on business combinations	Translation differences	Additions	Reversal of discounting	Utilised	Reversed	31.12.2022	thereof due within one year
Statutory and voluntary warranty obligations, product guarantees	6,600	872	141	3,820	- 372	- 2,181	- 629	8,251	2,337
Obligations for personnel and social expenses	3,317	-	7	2,106	- 156	- 1,922	- 103	3,249	2,287
Bonus and price reductions*	1,121	1	6	1,202	-	- 677	- 210	1,443	1,304
Other obligations*	2,916	119	30	1,227	- 57	- 576	- 841	2,818	1,388
Other provisions	13,954	992	184	8,355	- 585	- 5,356	- 1,783	15,761	7,316

* Presentation adjusted compared to previous year.

Depending on when claims occur, it is possible that the BMW Group may be called upon to fulfill 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 2023 amounted to € 819 million (2022: € 872 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 as well as risks relating to the order backlog.

35 Income tax liabilities

Current income tax liabilities totalling € 1,401 million (2022: € 1,224 million) include € 50 million (2022: € 58 million) which are expected to be settled after more than 12 months. Liabilities may be settled earlier than this depending on the timing of the underlying proceedings.

36 Financial liabilities

Financial liabilities of the BMW Group comprise the following:

in € million	31.12.2023				31.12.2022			
	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	10,583	21,471	7,754	39,808	11,020	22,306	7,758	41,084
Asset-backed financing transactions	7,697	12,388	-	20,085	7,895	10,851	-	18,746
Liabilities from customer deposits (banking)	14,125	3,883	8	18,016	13,223	3,274	14	16,511
Liabilities to banks	3,868	1,272	684	5,824	4,187	2,399	669	7,255
Lease liabilities	484	1,367	688	2,539	533	1,369	862	2,764
Derivative instruments	1,349	2,124	927	4,400	1,462	2,142	1,457	5,061
Commercial paper	3,292	-	-	3,292	1,712	-	-	1,712
Other	732	108	206	1,046	695	138	230	1,063
Financial liabilities	42,130	42,613	10,267	95,010	40,727	42,479	10,990	94,196

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 € 42 million (2022: € 43 million).

Similarly, potential future cash outflows amounting to € 1,639 million (2022: € 1,608 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 90 years (2022: up to 61 years).

Liabilities related to financing activities can be reconciled as follows:

in € million	1.1.2023	Cash inflows/outflows	Changes due to the acquisition or disposal of companies	Changes due to exchange rate factors	Basis adjustments from hedge accounting	Other changes	31.12.2023
Bonds	41,084	- 1,825	-	- 563	1,135	- 23	39,808
Asset-backed financing transactions	18,746	1,796	-	- 464	-	7	20,085
Liabilities from customer deposits (banking)	16,511	1,727	-	- 247	10	15	18,016
Liabilities to banks	7,255	- 1,201	-	- 279	49	-	5,824
Lease liabilities	2,764	- 516	-	- 64	-	355	2,539
Commercial paper	1,712	1,634	-	- 54	-	-	3,292
Financial liabilities towards companies in which an investment is held	-	-	-	-	-	-	-
Other (excluding interest payable)	662	- 131	-	- 38	-	-	493
Liabilities relating to financing activities	88,734	1,484	-	- 1,709	1,194	354	90,057

in € million	1.1.2022	Cash inflows/outflows	Changes due to the acquisition or disposal of companies	Changes due to exchange rate factors	Basis adjustments from hedge accounting	Other changes	31.12.2022
Bonds	51,498	- 8,107	-	1,011	- 3,321	3	41,084
Asset-backed financing transactions	19,362	- 471	-	- 142	-	- 3	18,746
Liabilities from customer deposits (banking)	16,702	- 658	-	410	- 11	68	16,511
Liabilities to banks	9,079	- 1,613	-	- 25	- 186	-	7,255
Lease liabilities	2,420	- 531	129	4	-	742	2,764
Commercial paper	1,374	261	-	77	-	-	1,712
Financial liabilities towards companies in which an investment is held	2,188	- 150	-	44	-	- 2,082	-
Other (excluding interest payable)	724	- 18	-	- 30	- 14	-	662
Liabilities relating to financing activities	103,347	- 11,287	129	1,349	- 3,532	- 1,272	88,734

Bonds comprise the following:

Issuer	Interest	Issue volume in relevant currency (ISO Code)	Weighted average maturity period (in years)	Weighted average nominal interest rate (in %)
BMW Finance N.V.	variable	EUR 1,000 million	1.7	3.8
	fixed	EUR 19,000 million	7.4	1.5
	fixed	CNY 9,500 million	2.8	3.2
	fixed	HKD 1,224 million	6.6	2.9
	fixed	USD 1,000 million	7.5	2.6
	fixed	AUD 273 million	10.0	3.2
BMW US Capital, LLC	variable	USD 2,550 million	2.9	5.4
	fixed	USD 14,795 million	7.1	3.4
	fixed	EUR 500 million	12.0	1.0
BMW International Investment B.V.	variable	GBP 100 million	1.1	5.6
	fixed	GBP 950 million	3.7	2.7
	fixed	NOK 1,000 million	10.0	3.3
	fixed	CHF 600 million	6.8	0.5
BMW China Capital B.V.	fixed	CNY 3,000 million	3.0	3.7
BMW Canada Inc.	fixed	CAD 700 million	3.4	3.5

Commercial paper comprises the following:

Issuer	Issue volume in relevant currency (ISO Code)	Weighted average maturity period (in days)	Weighted average nominal interest rate (in %)
BMW US Capital, LLC	USD 2,210 million	14	5.4
BMW Finance N.V.	EUR 1,303 million	19	4.0

37 Other liabilities

Other liabilities comprise the following items:

in € million	31.12.2023	31.12.2022
Bonuses and sales aides	5,447	4,809
Refund liabilities for future leased products	2,963	5,777
Payables to other companies in which an investment is held	38	51
Payables to subsidiaries	241	255
Deposits received	1,079	1,047
Other liabilities (financial instruments)	9,768	11,939
Contract liabilities	7,998	7,651
Deferred income	3,359	3,633
Other taxes	1,613	1,412
Social security	130	120
Other advance payments received for orders	237	237
Other liabilities (non-financial instruments)	13,337	13,053
Sundry	2,643	2,241
Other liabilities	25,748	27,233

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 € 4,239 million (2022: € 3,146 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. Grants and subsidies awarded before 31 December 2022 are released to income over the useful life of the assets to which they relate.

38 Trade payables

Trade payables mainly have a remaining term of up to one year.

OTHER DISCLOSURES

39 Contingent liabilities and other financial commitments Contingent liabilities

The following contingent liabilities existed at the balance sheet date:

in € million	31.12.2023	31.12.2022
Investment subsidies	66	63
Litigation	80	94
Guarantees	22	89
Other	1,801	1,112
Contingent liabilities	1,969	1,358

Other contingent liabilities mainly comprise risks relating to taxes and customs duties.

The BMW Group determines its best estimate of contingent liabilities on the basis of the information available at the date of preparation of 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 were settled on 8 July 2021 (see [note \[10\]](#) to the BMW Group Financial Statements for the financial year 2021 included in the BMW Group Report 2021).

In addition, respective antitrust proceedings were opened against BMW AG by the Chinese State Administration for Market Regulation in March 2019 and the Korea Fair Trade Commission in May 2020. Possible risks for the BMW Group in connection with the antitrust proceedings in China cannot be currently foreseen, neither in terms of their outcome nor the amounts involved.

In April 2023, the South Korean antitrust authority imposed a fine of approximately 13 billion South Korean won (approximately € 9 million). BMW AG will no longer take action against the authority's decision.

In relation to these allegations, numerous class action lawsuits have been brought in the USA and Canada in the second half of 2017, as well as several individual customers' lawsuits in South Korea in June 2018. In the USA, the customer class actions were withdrawn in August 2021 and the dealer class action was dismissed in the final instance in June 2022. In Canada, the class action lawsuits have been discontinued without any payments made by BMW. The individual customers' lawsuits in South Korea remain at an early stage. Further civil lawsuits based on the allegations are possible going forward. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

Beginning in 2014, 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, it cannot be ruled out that further vehicles of the BMW Group will be affected by future recall actions. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

In May 2023, the National Highway Traffic Safety Administration (NHTSA), an agency of the US federal government, requested a recall of airbags in the USA that are equipped with airbag inflators produced by ARC Automotive. Further implications for the BMW Group in other regions outside of North America as well as implications from class action lawsuits, which have been brought in this context against the BMW Group in the USA, cannot be

estimated at present. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

In March 2022, the European Commission (EC) conducted inspections at the premises of automobile manufacturers and associations located in several member states. In parallel, the EC sent out formal requests for information to several automobile manufacturers, including BMW AG. The inspections and requests for information concern possible collusion in relation to the collection, treatment and recovery of end-of-life vehicles and light commercial vehicles. The inspections were conducted in coordination with the UK Competition and Markets Authority, which has initiated formal proceedings in respect of the UK market. The competition authorities allege that car manufacturers (i) coordinated the remuneration to be paid to dismantlers for the provision of their services and (ii) agreed that issues related to end-of-life vehicles should be dealt with in a non-competitive way. Appropriate risk provisions were recognised in the second quarter 2022 in connection with these investigations. At the current stage of the investigations, further risks for the BMW Group in connection with the proceedings of the two authorities cannot be quantified at present. In December 2023, the South Korean antitrust authority conducted an inspection at the premises of several car manufacturers, including BMW Korea. The investigation by the South Korean antitrust authority has the same background as the investigations of the European Commission and the UK Competition and Markets Authority. Due to the early stage of this investigation, it is also not possible to provide further information in this regard. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

Following a request for legal assistance from the Korean authorities in 2020 in connection with leaks in exhaust gas recirculation modules in BMW Group vehicles, the Munich public prosecutor's office initiated an investigation and searched BMW Group offices in Munich and Steyr in June 2022. Potential risks for the BMW Group cannot be quantified at the present time. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

In several recent judgements, the European Court of Justice has ruled on emission control systems in diesel vehicles and has significantly tightened requirements pertaining to the justification of these systems. As a result of these new judgements by the European Court of Justice, the interpretation of regulatory requirements for emission control systems is evolving. This is reflected, amongst other things, by the fact that established administrative practices of type approval authorities are being questioned from numerous sides. This development leads to a reassessment of civil proceedings pending in Germany due to the emissions performance of BMW and MINI diesel vehicles. According to previously established case law of German national courts, damage claims could only be asserted on the basis of intentional damage inflicted in a manner offending common decency. In its most recent judgements linked to proceedings against other manufacturers and taking into account the case law of the European Court of Justice, the German Federal Court of Justice has ruled that a manufacturer can also be held liable for negligent breach of EU homologation standards and on the basis of a far-reaching reversal of the burden of proof to the detriment of the manufacturer. An increase in the effort and complexity of the defence in individual cases, an increasing number of new court proceedings, increased legal risks and increased financial expenditure are to be expected. Further disclosures pursuant to IAS 37.86 cannot be provided at present.

In addition, the KBA determined in February 2024 that two functionalities of the emission control system of the BMW vehicle model X3 with 2.0 litre diesel engine (EU5), built between September 2010 and March 2014 do not comply with legal requirements. The KBA views these functionalities as prohibited defeat devices. The BMW Group has filed a timely objection against this decision. Corrective measures are currently being coordinated with the responsible type approval authorities. Furthermore, the BMW Group is investigating whether and to what extent functionalities of the emission control systems of this and other past diesel vehicle models comply with legal requirements and is in dialogue with the responsible authorities in this regard. Also, against the background of the development in case law referred to above, it is possible that further authorities and/or courts find fault with functionalities of the emission control systems or deem them as non-compliant with legal requirements. Given that the investigations will take some time, it is not currently possible to make any disclosures pursuant to IAS 37.86 with regard to possible measures to be taken, possible effects on administrative and civil court proceedings and any financial risks that may be related thereto.

Furthermore, several BMW Group entities have been facing a number of diesel emissions-related court claims in England and Wales since November 2021 as well as in Scotland since March 2023. In November 2023, the High Court approved a group litigation regarding the proceeding in England and Wales. In December 2023, the court ordered that at least three out of the 16 pending court proceedings against OEMs will proceed to trial from October 2024 onwards. The proceedings against two other OEMs have already been selected, and the selection of other OEM proceedings is expected to follow in March 2024. In Scotland, the court also approved the combination of relevant claims in group proceedings. It is estimated that any sued BMW Group entities will have to file their statement of defence in April 2024. Given that proceedings are still at an early stage, the probability, amount or timing of any liability cannot be determined 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	31.12.2023	31.12.2022
Purchase commitments for property, plant and equipment	7,712	5,758
Purchase commitments for intangible assets	2,252	1,912

40 Financial instruments

The carrying amounts of financial instruments are assigned to IFRS 9 categories in the following table:

in € million	31.12.2023				31.12.2022			
	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	-	-	911	286	-	-	1,003	348
Receivables from sales financing	65,092	-	-	22,263	63,808	-	-	21,900
Financial assets								
Derivative instruments								
Cash Flow Hedges	-	-	-	1,525	-	-	-	2,046
Fair Value Hedges	-	-	-	444	-	-	-	427
Other derivative instruments	-	-	957	-	-	-	1,913	-
Marketable securities and investment funds	-	2,127	43	-	-	2,908	530	-
Loans to third parties	17	-	1	-	26	-	8	-
Other	347	-	-	57	236	-	-	143
Cash and cash equivalents	16,055	-	1,272	-	16,860	-	10	-
Trade receivables	4,162	-	-	-	4,127	-	-	-
Other assets								
Receivables from subsidiaries	642	-	-	-	1,036	-	-	-
Receivables from companies in which an investment is held	48	-	-	-	50	-	-	-
Collateral assets	455	-	-	-	454	-	-	-
Remaining other assets	1,218	-	-	6,770	1,489	-	-	7,603
Total	88,036	2,127	3,184	31,345	88,086	2,908	3,464	32,467

in € million	31.12.2023				31.12.2022			
	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
LIABILITIES								
Financial liabilities								
Bonds	39,808	-	-	-	41,084	-	-	-
Liabilities to banks	5,824	-	-	-	7,255	-	-	-
Liabilities from customer deposits (banking)	18,016	-	-	-	16,511	-	-	-
Commercial paper	3,292	-	-	-	1,712	-	-	-
Asset-backed financing transactions	20,085	-	-	-	18,746	-	-	-
Derivative instruments								
Cash Flow Hedges	-	-	-	1,598	-	-	-	1,639
Fair Value Hedges	-	-	-	2,073	-	-	-	3,032
Other derivative instruments	-	-	729	-	-	-	390	-
Lease liabilities	-	-	-	2,539	-	-	-	2,764
Other	1,046	-	-	-	1,063	-	-	-
Trade payables	15,547	-	-	-	14,120	-	-	-
Other liabilities								
Payables to subsidiaries	241	-	-	-	255	-	-	-
Payables to other companies in which an investment is held	38	-	-	-	51	-	-	-
Remaining other liabilities	8,171	-	-	17,298	7,276	-	-	19,651
Total	112,068	-	729	23,508	108,073	-	390	27,086

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 rate 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.

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 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	31.12.2023		31.12.2022	
	Fair value	Carrying amount	Fair value	Carrying amount
Receivables from sales financing - credit financing	67,307	65,092	65,237	63,808
Receivables from sales financing - finance and operating leases	23,539	22,263	22,600	21,900
Financial liabilities				
Bonds	40,919	39,808	42,173	41,084
Asset-backed financing transactions	19,951	20,085	18,542	18,746
Liabilities from customer deposits (banking)	17,591	18,016	15,939	16,511
Liabilities to banks	5,906	5,824	7,302	7,255

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 follows:

in € million	31.12.2023			31.12.2022		
	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 and investment funds	1,864	306	-	3,048	390	-
Other investments	146	-	765	164	-	839
Cash equivalents	1,272	-	-	10	-	-
Loans to third parties	-	-	1	-	-	8
Derivative instruments (assets)						
Interest rate risks*	-	794	-	-	1,684	-
Currency risks	-	1,278	-	-	768	-
Combined interest rate/currency risks*	-	472	-	-	437	-
Raw material market price risks	-	324	-	-	1,495	-
Other risks	-	-	58	-	-	2
Derivative instruments (liabilities)						
Interest rate risks*	-	2,319	-	-	2,987	-
Currency risks	-	318	-	-	1,174	-
Combined interest rate/currency risks*	-	373	-	-	381	-
Raw material market price risks	-	1,390	-	-	519	-

* Presentation adjusted compared to previous year.

As a general rule, any transfers between fair-value hierarchy levels are made at the end of the relevant reporting period.

In the previous year, derivative instruments used to hedge raw material price risks amounting to € 71 million were reclassified from Level 3 to Level 2 as sufficient observable market data was available for the first time for the instruments concerned.

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	Fair value 31.12.2023	Fair value 31.12.2022
Unquoted equity instruments	765	839
Convertible bonds	1	8
Options on unquoted equity instruments	58	2

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, among others. 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 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 and 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 fair value of the options that the BMW Group holds in shares of such investee companies is measured primarily on the basis of a binomial model, taking into account the respective conditions under which the options were granted. The comments provided on the income-based approach used to measure equity instruments held outside the private equity fund apply analogously for the purposes of determining the relevant entity value that is taken into account when measuring the fair value of the options. The exercise price for share options arising in conjunction with the private equity fund 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.

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 2023	839	8	2	-	849
Additions	99	-	-	-	99
Disposals	- 54	- 4	- 1	-	- 59
Gains (+)/losses (-) recognised in accumulated other equity	-	-	-	-	-
Gains (+)/losses (-) recognised in the income statement	- 94	- 2	57	-	- 39
Currency translation differences	- 25	- 1	-	-	- 26
Level transfer	-	-	-	-	-
31 December 2023	765	1	58	-	824

in € million	Unquoted equity instruments	Convertible bonds	Options on unquoted equity instruments	Derivative instruments	Financial instruments Level 3
1 January 2022	724	23	-	67	814
Additions	75	-	-	-	75
Disposals	- 6	- 12	-	- 5	- 23
Gains (+)/losses (-) recognised in accumulated other equity	-	-	-	7	7
Gains (+)/losses (-) recognised in the income statement	14	- 4	2	2	14
Currency translation differences	32	1	-	-	33
Level transfer	-	-	-	- 71	- 71
31 December 2022	839	8	2	-	849

Gains and losses recognised in the income statement are reported within the line item "Other financial result" and included a net negative amount of € 39 million (2022: net positive amount of € 14 million) relating to unrealised items.

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	31.12.2023		31.12.2022	
	Assets	Liabilities	Assets	Liabilities
Balance sheet amount as reported	2,926	4,400	4,386	5,061
Gross amount of derivatives which can be offset in case of insolvency	- 1,638	- 1,638	- 2,118	- 2,118
Cash collateral	- 1	- 95	- 228	- 188
Net amount after offsetting	1,287	2,667	2,040	2,755

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	2023	2022
Financial instruments measured at fair value through other comprehensive income	113	- 154
Financial instruments measured at fair value through profit or loss	- 161	1,438
Financial assets measured at amortised cost	- 482	- 652
Financial liabilities measured at amortised cost	- 67	209

Net gains and losses arising on financial instruments measured at fair value through other comprehensive income relate to changes in the fair value of marketable securities. Further details are provided in [note \[19\]](#). Total interest income arising on financial assets measured at fair value through other comprehensive income amounted to € 82 million (2022: € 37 million) and total interest expense to € 18 million (2022: € 10 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 include 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.

Financial instruments measured at amortised cost are sometimes subject to carrying amount adjustments that are recognised through profit or loss as part of the application of hedge accounting. These carrying amount changes are largely neutralised by the offsetting changes in fair value arising on hedging transactions and for this reason are not reported in the figures for net gains and losses.

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 € 2.5 billion (2022: € 1.7 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 sales financing is provided in the Combined Management Report. ([Outlook](#) and [Risks and Opportunities](#))

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 € 32,149 million (2022: € 31,163 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	31.12.2023	31.12.2022
Not overdue	3,718	3,871
1–30 days overdue	339	208
31–60 days overdue	42	31
61–90 days overdue	29	11
More than 90 days overdue	104	65
Total	4,232	4,186

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	31.12.2023						31.12.2022					
	Stage 1	Stage 2		Stage 3	Total	Expected credit loss	Stage 1	Stage 2		Stage 3	Total	Expected credit loss
		General	Simplified				General	Simplified				
Gross carrying amount of financial assets with good credit ratings	71,882	1,901	509	-	74,292	388	71,418	975	446	-	72,839	370
Gross carrying amount of financial assets with medium credit ratings	8,311	3,971	32	-	12,314	797	8,792	3,726	37	-	12,555	841
Gross carrying amount of financial assets with poor credit ratings	251	1,600	19	1,068	2,938	1,004	318	1,152	21	968	2,459	934
Total	80,444	7,472	560	1,068	89,544	2,189	80,528	5,853	504	968	87,853	2,145

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	31.12.2023				31.12.2022			
	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	11,308	23,450	9,150	43,908	11,951	24,710	9,496	46,157
Asset-backed financing transactions	8,161	12,996	-	21,157	8,057	11,470	-	19,527
Liabilities to banks	3,998	1,386	850	6,234	4,456	2,594	775	7,825
Liabilities from customer deposits (banking)	14,280	4,037	8	18,325	13,285	3,337	14	16,636
Trade payables	15,512	35	-	15,547	14,080	40	-	14,120
Lease liabilities	497	1,460	882	2,839	533	1,460	1,094	3,087
Commercial paper	3,298	-	-	3,298	1,714	-	-	1,714
Other financial liabilities	191	146	174	511	305	181	202	688
DERIVATIVE FINANCIAL LIABILITIES								
With gross settlement	- 951	- 522	4	- 1,469	1,150	280	- 413	1,017
Cash outflows	18,145	12,650	598	31,393	20,537	13,087	319	33,943
Cash inflows	- 19,096	- 13,172	- 594	- 32,862	- 19,387	- 12,807	- 732	- 32,926
With net settlement	- 1,614	- 2,398	- 249	- 4,261	1,201	1,993	378	3,572
Cash inflows / outflows	- 1,614	- 2,398	- 249	- 4,261	1,201	1,993	378	3,572
Total financial liabilities	54,680	40,590	10,819	106,089	56,732	46,065	11,546	114,343

The cash flows from non-derivative financial liabilities comprise principal repayments and the related interest. The amounts disclosed for derivative financial liabilities comprise only cash flows relating to derivatives that have a negative fair value at the balance sheet date. It should be noted that, due to the various yield curves used, a net positive cash flow may arise from inflows/outflows relating to derivative instruments with negative fair values.

At 31 December 2023, credit commitments available at short notice to dealerships which had not been called upon at the end of the reporting period amounted to € 13,218 million (2022: € 16,044 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 (2022: € 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 though 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](#) and [Risks and Opportunities](#) sections 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 2023, derivative financial 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	31.12.2023	31.12.2022
Currency exposure	39,157	43,179

Currency exposures include short positions amounting to € 2,136 million (2022: € 3,604 million).

The currency 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	31.12.2023	31.12.2022
Cash flow at risk	493	530

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	31.12.2023	31.12.2022
Fair values of interest rate portfolios	73,510	73,954

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 (e.g. 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 re-designated 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. In the financial year 2023, all contracts based on USD LIBOR were converted to alternative benchmark interest rates (€ 412 million).

In the case of CAD CDOR and PLN WIBOR, uncertainty remains as to the exact timing and nature of the changes. Non-derivative financial instruments that have not been converted to an alternative interest rate at 31 December 2023 all relate to the CAD CDOR, with a nominal liability amount of € 171 million (2022: € 242 million). Derivative financial instruments that have not been converted to an alternative interest rate at 31 December 2023 all relate to the PLN WIBOR, with a nominal amount of € 584 million (2022: € 100 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	31.12.2023	31.12.2022
Value at risk	1,967	2,097

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 materials 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	31.12.2023	31.12.2022
Raw material price exposures	9,033	10,153

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	31.12.2023	31.12.2022
Cash flow at risk	1,045	1,115

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 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:

in € million	31.12.2023		
	Maturity within one year	Maturity between one and five years	Maturity later than five years
Currency risks	22,648	18,328	–
Interest rate risks	7,055	19,169	8,626
Combined interest/currency risks	908	961	791
Raw material price risks	3,519	5,329	–
Nominal amounts of hedging instruments	34,130	43,787	9,417
	31.12.2022		
in € million	Maturity within one year	Maturity between one and five years	Maturity later than five years
Currency risks	22,649	21,392	–
Interest rate risks*	9,473	19,350	9,034
Combined interest/currency risks*	166	1,764	915
Raw material price risks	3,537	5,936	–
Nominal amounts of hedging instruments	35,825	48,442	9,949

* Presentation adjusted compared to previous year.

The following table shows the average hedging rates of the financial instruments used by the BMW Group to hedge significant currency risk exposures:

Currency risks	31.12.2023	31.12.2022
EUR/CNY	7.40	7.54
EUR/GBP	0.87	0.87
EUR/KRW	1,405.05	1,354.27

The following table shows the average hedging rates of the financial instruments used by the BMW Group to hedge significant raw materials risk exposures:

Raw material price risks	31.12.2023	31.12.2022
Aluminium (EUR/t)	2,270	2,313
Copper (EUR/t)	7,398	7,120
Nickel (EUR/t)	18,916	17,309
Palladium (EUR/oz)	1,465	1,958

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 the current market interest rate level.

Most of the hedges used in this context relate to variable yield curves relating to the euro, US dollar and British pound currency areas.

The following table provides information on the nominal amounts, carrying amounts and fair value changes of contracts designated as hedging instruments:

in € million	31.12.2023				31.12.2022			
	Nominal amounts	Carrying amounts		Change in fair value of designated components	Nominal amounts	Carrying amounts		Change in fair value of designated components
		Assets	Liabilities			Assets	Liabilities	
Cash Flow Hedges								
Currency risks	40,976	1,200	211	1,654	44,041	552	1,119	1,832 ¹
Raw material price risks	8,848	325	1,387	-2,161	9,473	1,494	520	517 ¹
Fair Value Hedges								
Interest rate risks ²	49,236	288	1,956	1,414	49,899	309	2,870	-3,431
Combined interest rate/currency risks²	2,660	156	117	78	2,845	118	162	-254

¹ Prior year figures adjusted due to corrected currency translation.

² Presentation adjusted compared to previous year.

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	31.12.2023					31.12.2022				
	Carrying amounts		Change in value of hedged items	Balances in accumulated other equity		Carrying amounts		Change in value of hedged items	Balances in accumulated other equity	
	Assets	Liabilities		Continuing hedge relationships	Terminated hedge relationships	Assets	Liabilities		Continuing hedge relationships	Terminated hedge relationships
Cash Flow Hedges										
Currency risks	-	-	- 1,654	2,377	-	-	-	- 1,832 ¹	2,026	-
Raw material price risks	-	-	2,161	- 1,206	-	-	-	- 517 ¹	662	-
Fair Value Hedges										
Interest rate risks ²	13,443	41,854	- 1,401	-	-	10,979	43,970	3,433	-	-
Combined interest rate/currency risks ²	-	2,605	- 75	-	-	-	2,647	257	-	-

¹ Prior year figures adjusted due to corrected currency translation.

² Presentation adjusted compared to previous year.

The accumulated amount of hedge-related fair value adjustments is a negative amount of € 11 million (2022: negative amount of € 283 million) for assets and a negative amount of € 1,551 million (2022: positive amount of € 2,880 million) for liabilities.

Hedge relationships give rise to the following effects:

in € million	2023			2022		
	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	351	765	-	2,300	- 1,539	-
Raw material price risks	- 1,868	-	-	- 395	-	-
Fair Value Hedges						
Interest rate risks*	-	-	13	-	-	2
Combined interest/currency risks*	-	1	3	-	- 18	3

* Presentation adjusted compared to previous year.

Designated components and costs of hedging within accumulated other equity changed as follows:

in € million	2023						2022									
	Currency risks		Interest rate risk		Combined interest / currency risk		Raw material price risk		Currency risks		Interest rate risk		Combined interest / currency risk		Raw material price risk	
	Designated component	Costs of hedging	Costs of hedging	Costs of hedging	Designated component	Costs of hedging	Designated component	Costs of hedging	Costs of hedging	Costs of hedging	Designated component	Costs of hedging	Designated component	Costs of hedging		
Opening balance at 1 January	2,026	- 1,783	-	- 3	662	-	- 274	- 244	-	15	1,057	-	-	-		
Change in fair value during the reporting period	1,654	- 103	-	1	- 2,161	-	1,832	- 2,281	-	- 18	517	-	-	-		
Reclassification to profit or loss																
for continuing hedge relationships	- 1,153	733	-	-	-	-	578	739	-	-	-	-	-	-		
for terminated hedge relationships	- 150	135	-	-	2	-	- 110	3	-	-	- 17	-	-	-		
Reclassification to acquisition costs for inventories	-	-	-	-	291	-	-	-	-	-	- 895	-	-	-		
Closing balance at 31 December	2,377	- 1,018	-	- 2	- 1,206	-	2,026	- 1,783	-	- 3	662	-	-	-		

* Presentation adjusted compared to previous year.

41 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 and BMW Foundation Herbert Quandt

Transactions of Group companies 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.

No loans were granted by entities of the BMW Group to members of the Board of Management and the Supervisory Board in the financial year 2023, nor were any contingent liabilities entered into on their behalf. During the year under report, members of the Board of Management and the Supervisory Board concluded contracts with BMW Group entities on customary market terms and conditions for the purchase of vehicles, other services (including maintenance and repair work) and the investment of cash deposits in the low single-digit million range relating to the Board of Management.

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.

During the financial year 2023, DELTON Logistics S.à r.l. – via its subsidiaries – performed logistic-related services for the BMW Group. 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 2023.

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 2023, 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 2023, the BMW Group bought in services from UnternehmerTUM GmbH, Garching, mainly in the form of consultancy and workshop services.

Seen from the perspective of BMW Group entities, the volume of significant 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	
	2023	2022	2023	2022	2023	2022	2023	2022
DELTON Health AG	2,058	2,058	-	-	16	15	-	-
DELTON Logistics S.à r.l.	753	768	9,698	19,667	29	7	986	1,004
SOLARWATT GmbH	21,452	16,282	60	33	3,083	349	-	11
ALTANA AG	2,900	2,740	1,066	794	361	361	118	108
UnternehmerTUM GmbH	-	-	3,387	3,215	-	-	71	29

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	
	2023	2022	2023	2022	2023	2022	2023	2022
Other joint ventures and associated companies	4	4	86	63	-	-	17	17

BMW Brilliance has been fully consolidated as a subsidiary of the BMW Group since 11 February 2022 (see [note 2](#)). Goods and services performed (mainly vehicle components for further processing) for BMW Brilliance up to the date of first-time consolidation in 2022 totalled € 1,330 million. Supplies and services received in the same period amounted to € 106 million and comprised mainly vehicles and services.

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 2023 totalling € 6.0 million (2022: € 5.9 million) for ongoing foundation work and other services. No other transactions arose.

Business relationships with non-consolidated companies are small in scale.

42 Share-based remuneration

The BMW Group has three share-based programmes: one for eligible employees, one for eligible senior department heads and one for members of the Board of Management.

Employee Share Programme

Within the scope of the Employee Share Programme in the financial year 2023, eligible BMW Group employees were granted shares of BMW AG common stock on preferential terms (for information on the number and price of the shares of common stock issued see [note \[31\]](#)). At their discretion, participants in the programme were able to purchase packages of 10, 20, 30, 40 or 50 shares of common stock (2022: 10, 20, 35, 50 or 65 shares of preferred stock) with a discount of € 20.00 (2022: € 16.00) on each share as compared to the market price (average closing price in Xetra trading in the period 1 to 6 November 2023: € 91.47). Employees who are currently employed by BMW AG or a wholly owned subsidiary of BMW AG based in Germany were able to partake in the programme, insofar as the subsidiary's management had decided to participate. Employees were required to have been in their positions for at least one year without interruption at the time the programme was announced and had to remain in their positions until the shares of common stock were transferred.

The shares of common stock acquired in the scope of the Employee Share Programme are subject to a vesting period of four years calculated from 1 January of the year in which the shares of common stock were acquired. These shares of common stock are entitled to receive dividends for the first time with effect from the financial year 2023.

A total of 1,290,000 shares of common stock were transferred to employees in the reporting year (2022: 1,439,975 shares of preferred stock). The 1,290,000 shares of common stock were acquired in the scope of the Employee Share Programme. The 1,439,975 shares of preferred stock in the previous year stemmed from Authorised Capital 2019. BMW AG's Board of Management decides each year whether to continue the programme.

As at 31 December 2023, the BMW Group recorded personnel expenses resulting from the Employee Share Programme relating to the difference between the market price and the discounted price for the shares of common and preferred stock, respectively, purchased by employees totalling € 28 million (2022: € 23 million).

Senior department head and Board of Management programme

Both the share-based remuneration programme for members of the Board of Management that was in force in the reporting year and the share-based remuneration programme for eligible senior department heads serve to reward long-term entrepreneurial conduct with sustainable business management in mind.

Board of Management members and eligible senior department heads receive an earmarked cash amount (personal cash investment amount) that is, net of tax and deductions, to be invested in shares of BMW AG common stock. This amount depends on the achievement of certain financial and non-financial targets in the past financial year (vesting year).

Payment of the personal cash investment amount is made after the Annual General Meeting at which the Financial Statements are presented for the relevant financial year. The shares of common stock are purchased immediately after the personal cash investment amount has been paid out and are subject to a holding period of four years from the date of purchase. The RoCE component and the strategic focus target component each make up half of the target amount for the personal cash investment amount. For the RoCE component, a RoCE factor is determined based on the RoCE achieved in the Automotive segment for the grant year. For the strategic focus target component, a minimum of two strategic focus targets are defined prior to the start of the financial year. Minimum, target and maximum values are defined and factors are assigned for the RoCE in the Automotive segment and for each strategic focus target. The relevant factors are determined after the end of the financial year based on the extent to which targets were achieved.

For financial years up to and including financial year 2020, Board of Management members received an earmarked cash amount (investment component) corresponding to 45% of the

gross amount of the bonus that, net of tax and deductions, had to be invested in shares of the Company's common stock (up to and including financial year 2017, the investment component amounted to 20% of the total bonus after tax, which the Board of Management members received plus tax and social security as additional cash remuneration). This amount was also subject to a four-year holding period and on expiry thereof the Board of Management members received one additional share of the Company's common stock or the equivalent value in cash (matching component) for every three shares of common stock held, at BMW AG's discretion.

In the event of death or invalidity, special rules apply for early payment of share-based remuneration components (matching components) based on the target amounts, and the holding period is also dropped for shares of common stock that were acquired with share-based remuneration components. Where the service contract 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 share-based remuneration (matching components) are forfeited; a personal cash investment amount will be settled based on the target amount.

Up to and including financial year 2021, eligible senior department heads committed to invest 26% of their earnings-related bonus in shares of BMW AG common stock and to hold the acquired shares for four years. For the investment obligation, BMW AG granted an amount corresponding to the entire investment amount as a net subsidy.

Participants receive one additional share of common stock or the equivalent value in cash for every three shares of common stock held once the four-year holding requirement has been fulfilled, at the Company's discretion.

The Board of Management members in office on the balance sheet date hold 112,969 shares of BMW common stock with a holding obligation arising from share-based remuneration for financial years 2019 to 2022 (2022: 118,604).

The expenses and the corresponding allowance against revenue reserves for the personal cash investment amount of the eligible active Board of Management members and senior department heads amount to € 21,776,062 (2022: € 20,175,614).

The share-based remuneration component is revalued at its fair value at each balance sheet date between the grant date and the settlement date and on the settlement date itself. The expense for such programmes is recognised in the income statement (as personnel expense) on a straight-line basis over the vesting period of the options and in the balance sheet as a provision.

The remuneration system does not provide for any further matching components for the members of the Board of Management from financial year 2021 or for the senior department heads from financial year 2022.

The cash settlement of the share-based remuneration component is measured at fair value on the balance sheet date (closing price of BMW AG common stock in Xetra trading on 31 December 2023).

The total carrying amount of the provision for the share-based remuneration component for eligible active and former Board of Management members and senior department heads was € 5,982,815 on 31 December 2023 (2022: € 6,971,951).

The total expense arising from the share-based remuneration component for eligible active and former Board of Management members and senior department heads was € 1,598,368 in financial year 2023 (2022: € 638,715).

43 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 with the recommendations of the "Government Commission on the German Corporate Governance Code" required by § 161 of the German Stock Corporation Act (AktG). The declaration has been made permanently available on the Company's website www.bmwgroup.com/ezu.

44 Remuneration for members of the Board of Management and the Supervisory Board

The expenses recorded in accordance with IFRS in financial year 2023 for remuneration for the active members of the Board of Management and Supervisory Board are broken down as follows:

in € million	2023	2022
Remuneration for the members of the Board of Management		
Short-term benefits	32.9	33.8
Other long-term benefits	3.2	3.1
Benefits resulting from termination of the Board mandate	5.4	-
Share-based remuneration	0.2	0.1
Remuneration for the members of the Supervisory Board		
Short-term benefits	5.8	5.5
Total expense	47.5	42.5

The costs for the active members of the Board of Management arising from share-based remuneration, which was in force until 2020 inclusive, amounted to € 0.2 million (2022: € 0.1 million). The provision for the share-based remuneration component amounts to € 0.9 million (2022: € 1.2 million).

Total remuneration of former members of the Board of Management and their dependants amounted to € 11.9 million (2022: € 9.7 million). This remuneration also includes the contributions accrued in connection with the departures of Dr Peter and Mr Nota. Some of these amounts have not yet been paid out.

There are provisions for pension obligations to active members of the Board of Management in accordance with IAS 19 totalling € 16.5 million (2022: € 16.6 million).

A provision has been established for pension obligations to former members of the Board of Management and their dependants in accordance with IAS 19 totalling € 101.6 million (2022: € 93.5 million).

The remuneration system for members of the Supervisory Board does 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 exercise any additional function relevant to remuneration receives fixed remuneration of € 200,000 p.a. in addition to the reimbursement of his or her reasonable expenses, plus an attendance fee of € 2,000 for every plenary meeting that the member has attended.

Members of the Supervisory Board who perform a function relevant to remuneration such as the Chairman or Deputy Chairman of the Supervisory Board or the chairmen or members of committees, provided these committees meet on at least three days in the financial year, receive higher remuneration because of these additional requirements.

Overview of the remuneration of the Supervisory Board*

in € million	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 more than one of the functions referred to above, their remuneration is measured only on the basis of the function that is remunerated with the highest amount.

BMW Group companies did not grant any loans to members of the Board of Management or the Supervisory Board in the 2023 financial year, nor did they 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 the purchase of vehicles, other services (maintenance and repair work) and cash deposits at arm's length conditions.

The remuneration of members of the Board of Management and the Supervisory Board is structured as follows:

COMPONENT	Parameters/measurement base, applicable amounts
FIXED REMUNERATION COMPONENTS	
Base salary	<p>Member of the Board of Management:</p> <ul style="list-style-type: none"> — € 0.90 million p. a. (first period of office = first remuneration level) — € 1.05 million p. a. (from second period of office or fourth year of mandate = second remuneration level) <p>Chairman of the Board of Management:</p> <ul style="list-style-type: none"> — € 1.95 million p. a. <p>Base salary is paid monthly on a pro rata basis</p>
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> <p>Member of the Board of Management: € 400,000</p> <p>Chairman of the Board of Management: € 700,000</p>
Strategic relevance	<ul style="list-style-type: none"> — The base salary 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 — Fixed remuneration components are required for remuneration to be competitive in order to attract and retain qualified members of the Board of Management
VARIABLE REMUNERATION COMPONENTS	
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 = first remuneration level) — € 1.15 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.10 million (Chairman of the Board of Management) — Capped at 180% of target amount — Payment as part of the next payroll run after the Annual General Meeting at which the Financial Statements are presented for the relevant vesting 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 = first remuneration level) — € 0.575 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.050 million (Chairman of the Board of Management) — Formula: 50% of target amount x performance factor — Earnings factor is derived from an allocation matrix determined in advance based on the parameters "profit attributable to shareholders of BMW AG" and "Group post-tax return on sales" in the vesting year <ul style="list-style-type: none"> — The earnings factor is 1.0 in case of a profit attributable to shareholders of BMW AG amounting to € 5.3 billion and a 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 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 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 = first remuneration level) — € 1.035 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.890 million (Chairman of the Board of Management)

COMPONENT	Parameters/measurement base, applicable amounts
Bonus (continued)	
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 = first remuneration level) — € 0.575 million (from second period of office or fourth year of mandate = second remuneration level) — € 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 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 = first remuneration level) — € 1.035 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.890 million (Chairman of the Board of Management)
Strategic relevance	<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 cash investment 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 immediately after disbursement — Payment as part of the next payroll run after the Annual General Meeting at which the Financial Statements are presented for the relevant vesting year — Requirement for Board of Management members to hold the acquired shares of common stock for at least four years; this requirement remains in effect for individuals who step down from the Board of Management (share ownership guideline) — Assessment period of five years in total (one year for determining the personal cash investment amount, four years holding requirement)
Calculation	<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 = first remuneration level) — € 1.28 million (from second period of office or fourth year of mandate = second remuneration level) — € 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 Financial Statements are presented for the relevant vesting year

COMPONENT	Parameters/measurement base, applicable amounts
Share-based remuneration (continued)	
RoCE component (at 100% target achievement corresponds to 50% of target amount)	<ul style="list-style-type: none"> — Target amount of RoCE component p. a. (50% of target amount for personal cash investment amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office = first remuneration level) — € 0.64 million (from second period of office or fourth year of mandate = second remuneration level) — € 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 = first remuneration level) — € 1.152 million (from second period of office or fourth year of mandate = second remuneration level) — € 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 of strategic focus target component p. a. (50% of target amount for personal cash investment amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office = first remuneration level) — € 0.64 million (from second period of office or fourth year of mandate = second remuneration level) — € 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 the event of two strategic focus targets with equal weighting p. a.: <ul style="list-style-type: none"> 25% of target amount for personal cash investment amount x factor for strategic focus target 1 + 25% of target amount for personal cash investment 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 = first remuneration level) — € 1.152 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.115 million (Chairman of the Board of Management)
Strategic relevance	<ul style="list-style-type: none"> — 50% of the personal cash investment amount within the target structure depends on the RoCE and is therefore directly linked to a key target for the corporate strategy and reflects BMW AG's aspiration to generate a significant premium on the cost of capital — The remaining 50% of the personal cash investment amount encourages achievement of strategic focus targets and therefore contributes to business performance in key strategic areas — Commitment to purchase shares of the Company's common stock and the four-year holding period provide additional motivation to support the Company's long-term development
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 serious 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

45 Events after the end of the reporting period

No events have occurred after the balance sheet date with a particular significance for the results of operations, financial position or net assets of the BMW Group.

SEGMENT INFORMATION

46 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 dealerships. 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 dealerships.

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 and motorcycle 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 company Bavaria Lloyd Reisebüro GmbH, which is 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 respective 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 flows.

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. Capital employed is calculated as the sum of intangible assets, property, plant and equipment and net working capital, the latter comprising inventories as well as trade receivables less trade payables.

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	
	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022	2023	2022
External revenues	118,266	105,834	3,255	3,194	33,976	33,581	1	1	-	-	155,498	142,610
Inter-segment revenues	14,011	17,768	- 41	- 18	2,251	1,541	10	7	- 16,231	- 19,298	-	-
Total revenues	132,277	123,602	3,214	3,176	36,227	35,122	11	8	- 16,231	- 19,298	155,498	142,610
Segment result	12,981	10,635	259	257	2,962	3,205	- 100	995	994	8,417	17,096	23,509
Result from equity accounted investments	- 159	- 100	-	-	-	-	-	-	-	-	- 159	- 100
Capital expenditure on non-current assets	11,239	10,354	184	171	24,896	21,150	-	-	- 5,952	- 5,038	30,367	26,637
Depreciation and amortisation on non-current assets	8,826	8,433	116	101	9,759	10,016	-	-	- 4,136	- 4,094	14,565	14,456

in € million	Automotive		Motorcycles		Financial Services		Other Entities		Reconciliation to Group figures		Group	
	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022	31.12.2023	31.12.2022
Segment assets	66,168	62,519	1,190	1,127	16,573	17,737	95,145	95,727	71,814	69,816	250,890	246,926
Investments accounted for using the equity method	443	420	-	-	-	-	-	-	-	-	443	420

Write-downs on inventories to their net realisable value amounting to € 189 million (2022: € 112 million) were recognised by the Automotive segment in the financial year 2023. The reversal of impairment losses had a positive impact of € 13 million (2022: € 11 million) on the segment result of the Automotive segment.

The result of the Financial Services segment was negatively impacted by impairment losses totalling € 616 million (2022: € 578 million) recognised on leased products. Income from the reversal of impairment losses on leased products amounted to € 289 million (2022: € 300 million).

The Other Entities segment result includes interest and similar income amounting to € 3,403 million (2022: € 1,543 million) and interest and similar expenses amounting to € 2,372 million (2022: € 1,539 million).

The information disclosed for capital expenditure and depreciation and amortisation relates to non-current property, plant and equipment, intangible assets and leased products.

Notes to the Group Financial Statements

The total of the segment figures can be reconciled to the corresponding Group figures as follows:

in € million	2023	2022
Reconciliation of segment result		
Total for reportable segments	16,102	15,092
Financial result of Automotive segment	- 339	8,283
Financial result of Motorcycles segment	- 1	12
Elimination of inter-segment items	1,334	122
Group profit before tax	17,096	23,509
Reconciliation of capital expenditure on non-current assets		
Total for reportable segments	36,319	31,675
Elimination of inter-segment items	- 5,952	- 5,038
Total Group capital expenditure on non-current assets	30,367	26,637
Reconciliation of depreciation and amortisation on non-current assets		
Total for reportable segments	18,701	18,550
Elimination of inter-segment items	- 4,136	- 4,094
Total Group depreciation and amortisation on non-current assets	14,565	14,456

in € million	31.12.2023	31.12.2022
Reconciliation of segment assets		
Total for reportable segments	179,076	177,110
Financial and other assets - Automotive	63,554	71,742
Trade payables - Automotive	13,906	12,763
Financial and other assets - Motorcycles	61	50
Trade payables - Motorcycles	566	494
Total liabilities - Financial Services	133,819	131,676
Non-operating assets - Other Entities	22,982	23,072
Elimination of inter-segment items	- 163,074	- 169,981
Total Group assets	250,890	246,926

The reconciliation of segment figures to the corresponding total Group figures shows the inter-segment items. Revenues with other segments result mainly from the sale of vehicles, for which the Financial Services segment has concluded a financing or lease contract. Eliminations of inter-segment items in the reconciliation to the Group profit before tax, capital expenditure and depreciation and amortisation mainly result from the sale of vehicles in the Automotive segment, which are subsequently accounted for as leased vehicles in the Financial Services segment. In the reconciliation of segment assets to Group assets, eliminations relate mainly to intragroup financing balances.

In the information by region, external sales are based on the location of the customer. The information disclosed for non-current assets relates to property, plant and equipment, intangible assets and leased products. Eliminations disclosed for non-current assets relate to leased products.

Information by region in € million	External revenues		Non-current assets	
	2023	2022	2023	2022
Germany	18,829	15,413	44,012	43,175
China	40,833	41,881	13,961	16,087
USA	31,845	28,751	19,106	18,919
Rest of Europe	39,848	36,032	22,158	19,350
Rest of Asia	15,689	12,805	3,255	2,903
Rest of the Americas	5,386	4,941	2,926	3,003
Other regions	3,068	2,787	285	332
Eliminations	-	-	- 7,297	- 7,047
Group	155,498	142,610	98,406	96,722

LIST OF INVESTMENTS AT 31 DECEMBER 2023

47 List of investments at 31 December 2023

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 2023

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
DOMESTIC¹			
BMW INTEC Beteiligungs GmbH, Munich ^{3,6}	11,559	-	100
BMW Beteiligungs GmbH & Co. KG, Munich ⁶	6,139	1	100
BMW Bank GmbH, Munich ³	2,075	-	100
BMW Finanz Verwaltungs GmbH, Munich	250	32	100
BMW Vertriebszentren Verwaltungs GmbH, Munich	200	14	100
BMW Anlagen Verwaltungs GmbH, Munich ^{3,6}	179	-	100
Parkhaus Oberwiesefeld GmbH, Munich	129	12	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

Notes to the Group Financial Statements

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
FOREIGN^{2,10}			
Europe			
BMW Holding B.V., The Hague	29,648	6,990	100
BMW International Holding B.V., Rijswijk	11,458	668	100
BMW Österreich Holding GmbH, Steyr	4,149	411	100
BMW (Schweiz) AG, Dielsdorf	1,489	105	100
BMW España Finance S.L., Madrid	1,468	45	100
BMW (UK) Holdings Ltd., Farnborough	1,459	635	100
BMW Financial Services (GB) Ltd., Farnborough	1,054	117	100
BMW Motoren GmbH, Steyr	957	90	100
BMW i Ventures SCS SICAV-RAIF, Senningerberg	643	- 59	100
BMW Finance S.N.C., Guyancourt	599	43	100
BMW (UK) Manufacturing Ltd., Farnborough	581	104	100
BMW (UK) Ltd., Farnborough	383	144	100
BMW Finance N.V., The Hague	316	- 370	100
ALPHABET (GB) Ltd., Farnborough	296	148	100
BMW France S.A., Montigny-le-Bretonneux	289	88	100
BMW Austria Leasing GmbH, Salzburg	265	2	100
Rolls-Royce Motor Cars Ltd., Farnborough	241	112	100
BMW Iberica S.A., Madrid	239	46	100
BMW Russland Trading OOO, Moscow	227	- 13	100
BMW International Investment B.V., The Hague	207	- 95	100
BMW Italia S.p.A., San Donato Milanese	203	81	100
Alphabet France Fleet Management S.A.S., Saint-Quentin-en-Yvelines	198	68	100
BMW Financial Services Nederland B.V., Breda	194	60	100
BMW Austria Bank GmbH, Salzburg	189	10	100
BMW Manufacturing Hungary Kft., Debrecen ⁹	167	- 28	100
BMW Finanzdienstleistungen (Schweiz) AG, Dielsdorf	159	14	100
BMW Vertriebs GmbH, Salzburg	134	51	100
BMW Malta Ltd., Floriana	124	8	100
Alphabet Belgium Long Term Rental NV, Aartselaar	113	41	100
BMW Financial Services Scandinavia AB, Sollentuna	112	42	100

Notes to the Group Financial Statements

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
Bavaria Reinsurance Malta Ltd., Floriana	110	2	100
BMW Belgium Luxembourg S.A./N.V., Bornem	110	82	100
OOO BMW Bank, Moscow	102	4	100
Alphabet España Fleet Management S.A.U., Madrid	-	-	100
Alphabet Fuhrparkmanagement (Schweiz) AG, Dielsdorf	-	-	100
Alphabet Italia S.p.A., Trento	-	-	100
Alphabet Luxembourg S.A., Leudelange	-	-	100
Alphabet Polska Fleet Management Sp. z o.o., Warsaw	-	-	100
BiV Carry I SCS, Senningerberg	-	-	100
BiV Carry II SCS, Senningerberg	-	-	100
BMW (UK) Capital plc, Farnborough	-	-	100
BMW Austria GmbH, Salzburg	-	-	100
BMW Automotive (Ireland) Ltd., Dublin	-	-	100
BMW Bulgaria EOOD, Sofia	-	-	100
BMW Central Medical Trustees Ltd., Farnborough	-	-	100
BMW China Capital B.V., The Hague	-	-	100
BMW Czech Republic s.r.o., Prague	-	-	100
BMW Danmark 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 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
BMW Hellas Trade of Cars A.E., Athens	-	-	100
BMW Hungary Kft., Vecsés	-	-	100
BMW Italia Retail S.r.l., Rome	-	-	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

Notes to the Group Financial Statements

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
BMW Romania S.R.L., Bucharest	-	-	100
BMW Slovenia, distribucija motornih vozil, d.o.o., Ljubljana	-	-	100
BMW Slovenská republika s.r.o., Bratislava	-	-	100
Oy BMW Suomi AB, Helsinki	-	-	100
Park Lane Ltd., Farnborough	-	-	100
Riley Motors Ltd., Farnborough	-	-	100
Swindon Pressings Ltd., Farnborough	-	-	100
Triumph Motor Company Ltd., Farnborough	-	-	100
Bavarian Sky Europe S.A., Compartment Swiss Auto Lease A, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A. Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment A, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Leases 6, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Leases 7, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Leases 8, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Loans 10, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Loans 11, Luxembourg ¹¹	-	-	0
Bavarian Sky S.A., Compartment German Auto Loans 12, Luxembourg ¹¹	-	-	0
Bavarian Sky UK 4 plc, London ¹¹	-	-	0
Bavarian Sky UK 5 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 Americas			
BMW (US) Holding Corp., Wilmington, Delaware	2,643	1,877	100
BMW Manufacturing Co., LLC, Wilmington, Delaware	2,415	583	100
BMW of North America, LLC, Wilmington, Delaware	2,232	1,228	100
BMW Bank of North America Inc., Salt Lake City, Utah	1,534	207	100
Financial Services Vehicle Trust, Wilmington, Delaware	832	- 105	100
BMW Canada Inc., Richmond Hill, Ontario	760	162	100
BMW Financial Services NA, LLC, Wilmington, Delaware	665	558	100
BMW do Brasil Ltda., Araquari	551	197	100

Notes to the Group Financial Statements

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
BMW SLP, S.A. de C.V., Villa de Reyes	403	107	100
BMW US Capital, LLC, Wilmington, Delaware	309	- 245	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
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 Floorplan Master Owner Trust, 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
Rolls-Royce Motor Cars NA, LLC, Wilmington, Delaware	-	-	100
SB Acquisitions, LLC, Wilmington, Delaware	-	-	100
BMW 2021-A Lease Conduit, Wilmington, Delaware ¹¹	-	-	0
BMW 2022-A Lease Conduit, Wilmington, Delaware ¹¹	-	-	0
BMW 2023-A Lease Conduit, Wilmington, Delaware ¹¹	-	-	0
BMW Canada Auto Trust 2021-1, Richmond Hill, Ontario ¹¹	-	-	0
BMW Canada Auto Trust 2022-1, Richmond Hill, Ontario ¹¹	-	-	0
BMW Canada Auto Trust 2023-1, Richmond Hill, Ontario ¹¹	-	-	0
BMW Vehicle Lease Trust 2021-2, Wilmington, Delaware ¹¹	-	-	0

Notes to the Group Financial Statements

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
BMW Vehicle Lease Trust 2022-1, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Lease Trust 2023-1, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Lease Trust 2023-2, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Owner Trust 2020-A, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Owner Trust 2022-A, Wilmington, Delaware ¹¹	-	-	0
BMW Vehicle Owner Trust 2023-A, Wilmington, Delaware ¹¹	-	-	0
BMWCA 2023-A SMBC, Richmond Hill, Ontario ¹¹	-	-	0
Africa			
BMW (South Africa) (Pty) Ltd., Pretoria	670	71	100
BMW Financial Services (South Africa) (Pty) Ltd., Midrand	172	14	100
SuperDrive Investments (RF) Ltd., Cape Town ¹¹	-	-	0
Asia			
BMW Brilliance Automotive Ltd., Shenyang	7,882	4,148	75
BMW Automotive Finance (China) Co. Ltd., Beijing	2,596	241	100
BMW China Investment Ltd., Beijing	1,019	376	100
BMW Financial Services Korea Co., Ltd., Seoul	748	9	100
BMW Japan Finance Corp., Tokyo	424	52	100
BMW Japan Corp., Tokyo	390	101	100
Herald International Financial Leasing Co., Ltd., Tianjin	345	35	100
BMW Korea Co., Ltd., Seoul	273	114	100
BMW Leasing (Thailand) Co., Ltd., Bangkok	213	21	100
BMW China Automotive Trading Ltd., Beijing	126	316	100
BMW India Financial Services Private Ltd., Gurgaon	105	8	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 Services Ltd., Beijing	-	-	100
BMW Credit (Malaysia) Sdn Bhd, Kuala Lumpur	-	-	100
BMW Holding Malaysia Sdn Bhd, Kuala Lumpur	-	-	100
BMW India Private Ltd., Gurgaon	-	-	100
BMW Lease (Malaysia) Sdn Bhd, Kuala Lumpur	-	-	100

Notes to the Group Financial Statements

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
BMW Manufacturing (Thailand) Co., Ltd., Rayong	-	-	100
BMW Tokyo Corp., Tokyo	-	-	100
PT BMW Indonesia, Jakarta	-	-	100
BMW Malaysia Sdn Bhd, Kuala Lumpur	-	-	51
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
2022-1 ABL, Tokyo ¹¹	-	-	0
2023-1 ABL, Tokyo ¹¹	-	-	0
2023-2 ABL, Tokyo ¹¹	-	-	0
Bavarian Sky China 2021-3, Beijing ¹¹	-	-	0
Bavarian Sky China 2022-1, Beijing ¹¹	-	-	0
Bavarian Sky China 2022-2, Beijing ¹¹	-	-	0
Bavarian Sky China 2023-1, Beijing ¹¹	-	-	0
Bavarian Sky China Leasing 2022-1, Tianjin ¹¹	-	-	0
Bavarian Sky China Leasing 2023-1, Tianjin ¹¹	-	-	0
Bavarian Sky Korea 2022-1, Seoul ¹¹	-	-	0
Bavarian Sky Korea 2022-A, Seoul ¹¹	-	-	0
Bavarian Sky Korea 2023-1, Seoul ¹¹	-	-	0
Bavarian Sky Korea 2023-2, Seoul ¹¹	-	-	0
Bavarian Sky Korea 2023-A, Seoul ¹¹	-	-	0
Oceania			
BMW Australia Finance Ltd., Mulgrave	182	2	100
BMW Australia Ltd., Melbourne	161	64	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 2023

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
DOMESTIC⁷			
BMW Fleet GmbH, Munich ⁴	-	-	100
Automag GmbH, Munich	-	-	100
BMW Car IT GmbH, Munich ⁴	-	-	100
BMW i Ventures GmbH, Munich	-	-	100
FOREIGN⁷			
Europe			
Alphabet Insurance Services Polska Sp. z o.o., Warsaw	-	-	100
BLMC Ltd., Bracknell ¹⁰	-	-	100
BMW (GB) Ltd., Farnborough	-	-	100
BMW (UK) Investments Ltd., Bracknell ¹⁰	-	-	100
BMW (UK) Pensions Services Ltd., Hams Hall	-	-	100
BMW Car Club Ltd., Farnborough	-	-	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 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
BMW Services Ltd., Bracknell ¹⁰	-	-	100
John Cooper Garages Ltd., Farnborough	-	-	100
John Cooper Works Ltd., Farnborough	-	-	100
OOO BMW Leasing, Moscow	-	-	100
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

Notes to the Group Financial Statements

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
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
MINI Canada Inc., Richmond Hill, Ontario	-	-	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
Asia			
BMW (China) Insurance Brokers Co. Ltd., Beijing	-	-	100
BMW Finance (United Arab Emirates) FZE, 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 Broker (Thailand) Co., Ltd., Bangkok	-	-	100
BMW Insurance Services Korea Co. Ltd., Seoul	-	-	100
BMW Middle East Retail Competency Centre DWC-LLC, Dubai	-	-	100
BMW Parts Manufacturing (Thailand) Co., Ltd., Rayong Province	-	-	100
BMW Technology Office Israel Ltd., Tel Aviv	-	-	100
Herald Hezhong (Beijing) Automotive Trading Co., Ltd., Beijing	-	-	100
Ling Yue Digital Information Technology Co., Ltd., Beijing	-	-	100
BMW Philippines Corp., Manila	-	-	70
BMW Financial Services Hong Kong Ltd., Hong Kong	-	-	51
BMW ArcherMind Information Technology Co., Ltd., Nanjing	-	-	50

BMW AG's associated companies, joint ventures and joint operations at 31 December 2023

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
Joint ventures - equity accounted			
DOMESTIC			
YOUR NOW Holding GmbH, Munich ⁸	77	- 168	50
Associated companies - equity accounted			
DOMESTIC			
IONITY Holding GmbH & Co. KG, Munich ⁸	573	- 54	15
FOREIGN			
THERE Holding B.V., Rijswijk ⁸	973	- 339	31
IONNA LLC, Torrance	-	-	17
Solid Power, Inc., Wilmington, Delaware	-	-	6
Joint operations - proportionately consolidated entities			
FOREIGN			
Spotlight Automotive Ltd., Zhangjiagang ⁸	-	-	50
Not equity accounted or proportionately consolidated entities			
DOMESTIC⁷			
Encory GmbH, Unterschleissheim	-	-	50
The Retail Performance Company GmbH, Munich	-	-	50
IDEALworks GmbH, Munich	-	-	49
PDB - Partnership for Dummy Technology and Biomechanics GbR, Gaimersheim	-	-	20
FOREIGN⁷			
BMW AVTOTOR Holding B.V., Amsterdam	-	-	50
Critical TechWorks S.A., Porto	-	-	50
BMW Albatha Finance PSC, Dubai	-	-	40
BMW Albatha Leasing, LLC, Dubai	-	-	40
Bavarian & Co Co., Ltd., Incheon	-	-	20

BMW AG's participations at 31 December 2023

Companies	Equity in € million	Profit/loss in € million	Capital investment in %
DOMESTIC⁷			
IVM Industrie-Verband Motorrad GmbH & Co. Dienstleistungs KG, Essen	-	-	28
SGL Carbon SE, Wiesbaden	-	-	18
Hubject GmbH, Berlin	-	-	16
Joblinge gemeinnützige AG Leipzig, Leipzig	-	-	16
Joblinge gemeinnützige AG Berlin, Berlin	-	-	10
Racer Benchmark Group GmbH, Landsberg am Lech	-	-	8
Joblinge gemeinnützige AG München, Munich	-	-	6
Deutsches Forschungszentrum für Künstliche Intelligenz GmbH, Kaiserslautern	-	-	5
GSB Sonderabfall-Entsorgung Bayern GmbH, Baar-Ebenhausen	-	-	3
FOREIGN⁷			
Northvolt AB, Stockholm	-	-	3

¹ The amounts shown for German affiliated companies correspond to the annual financial statements drawn up in accordance with German accounting rules (HGB).

² The amounts shown for foreign affiliated companies correspond to the annual financial statements drawn up in accordance with uniform IFRS rules. Equity and earnings not denominated in euros are translated into euros 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 HGB.

⁶ Exemption from publishing financial statements applied in accordance with § 264 (3) and § 264b HGB.

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 euros is translated into euros using the closing exchange rate at the balance sheet date, earnings are translated using the average rate.

⁹ First-time consolidation.

¹⁰ Deconsolidation in financial year 2023: Alphabet Austria Fuhrparkmanagement GmbH, Salzburg (merger), BMW Services Ltd, Bracknell (in liquidation), BMW (UK) Investments Ltd, Bracknell (in liquidation), BLMC Ltd, Bracknell (in liquidation).

¹¹ Control on basis of economic dependence.

Munich, 12 March 2024

Bayerische Motoren Werke
Aktiengesellschaft

The Board of Management

Oliver Zipse

Jochen Goller

Ilka Horstmeier

Walter Mertl

Dr-Ing Milan Nedeljković

Dr-Ing Joachim Post

Frank Weber

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04

RESPONSIBILITY STATEMENT AND AUDITOR'S REPORT

RESPONSIBILITY STATEMENT BY THE COMPANY'S LEGAL REPRESENTATIVES

Statement pursuant to § 117 No.1 of the German Securities 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, 12 March 2024

Bayerische Motoren Werke

Aktiengesellschaft

The Board of Management

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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 group financial statements of Bayerische Motoren Werke Aktiengesellschaft, Munich, and its subsidiaries (the Group), which comprise the balance sheet for the group at 31 December 2023, and the income statement for the group, the statement of comprehensive income for the group, the statement of changes in equity for the group and the cash flow statement for the group for the financial year from 1 January to 31 December 2023, and notes to the group financial statements, including material accounting policy information. In addition, we have audited the group 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 2023. 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 31 December 2023, and of its financial performance for the financial year from 1 January to 31 December 2023, 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 1 January to 31 December 2023. 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 as well as product guarantees

Our presentation of these key audit matters has been structured in each case as follows:

1/ Matter and issue

2/ Audit approach and findings

3/ Reference to further information

Hereinafter we present the key audit matters:

1/ Measurement of leased products

1/ 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 43,118 million (approximately 17.2% 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. For the residual value forecasts 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 residual value estimates also contain regulatory changes in the individual markets and expectations regarding customer behavior, among others including climate policy considerations. 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.

2/ 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 mathematical 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.

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 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 87,355 million are reported in the consolidated statement of financial position as at the balance sheet date (approximately 34.8% of total assets). Impairment losses amounting to EUR 2,189 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 be recognized. In this context, we

also evaluated the relevant IT systems and internal processes. The evaluation included an assessment 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 as well as product guarantees

1/ 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 9,650 million (approximately 3.8% of total assets) as at 31 December 2023. The 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 as well as product guarantees 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 for vehicles sold, 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 mathematical 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 34.

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 section "APPROPRIATENESS AND EFFECTIVENESS OF THE INTERNAL CONTROL SYSTEM AND RISK MANAGEMENT SYSTEM" of the group management report
- the disclosures marked with **[]** of the non-financial statement to comply with §§ 289b to 289e HGB and with §§ 315b to 315c 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 [Aktien-gesetz: 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 (i.e., fraudulent financial reporting and misappropriation of assets) 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 considered 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, actions taken to eliminate threats or safeguards applied.

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-2023-12-31.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 1 January to 31 December 2023 contained 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 (06.2022)) 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: Requirements for Quality Management in the Audit Firm (IDW QMS 1 (09.2022)).

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 rendering 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 requirements 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 11 May 2023. We were engaged by the supervisory board on 4 July 2023. 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 filed in the company register – 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 Michael Popp.

Munich, 13 March 2024

PricewaterhouseCoopers GmbH

Wirtschaftsprüfungsgesellschaft

Petra Justenhoven

Wirtschaftsprüferin
(German Public Auditor)

Michael Popp

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

Independent Practitioner's Report on a Limited Assurance Engagement on Disclosures on Non-financial Reporting and Sustainability Disclosures

To Bayerische Motoren Werke Aktiengesellschaft, Munich

We have performed a limited assurance engagement on the disclosures in the "BMW Group Report 2023" of Bayerische Motoren Werke Aktiengesellschaft, Munich, (hereinafter the "Company") for the period from 1 January to 31 December 2023 (hereinafter the "Integrated Group Report") denoted with **[]** 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", "Further GRI information" and "SASB-Index" 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 **[]** and the disclosures in the sections "Dialog with stakeholders", "Further GRI information" and "SASB-Index".

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 Integrated Group Report in accordance with the principles stated in the Sustainability Reporting Standards of the Global Reporting Initiative (hereinafter the "GRI-Criteria") and for the selection of the disclosures in the Combined Non-financial Statement and the Sustainability Disclosures.

This responsibility includes the selection and application of appropriate non-financial and sustainability reporting methods

and making assumptions and estimates about individual non-financial 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 2023“ 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.

Audit Firm's Independence and Quality Management

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 Management 1 published by the Institut der Wirtschaftsprüfer (Institute of Public Auditors in Germany; IDW): Requirements to quality management for audit firms (IDW Qualitätsmanagementstandard 1: Anforderungen an das Qualitätsmanagement in der Wirtschaftsprüferpraxis - IDW QMS 1 (09.2022)), which requires the audit firm to design, implement and operate a system of quality management that complies with the applicable legal requirements and professional standards.

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 **[]** of the Combined Non-financial Statement and the Sustainability Disclosures in the sections "Dialog with stakeholders", "Further GRI information" and "SASB-Index" of the Integrated Group Report based on our assurance engagement.

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 **[]** of the Company's Combined Non-financial Statement, which is integrated into the combined management report contained in the Integrated Group Report, other than the external sources of documentation or expert opinions mentioned in the Disclosures on Non-financial Reporting denoted with the symbol **[]** of the Combined Non-financial Statement, have not been 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", "Further GRI information" and "SASB-Index" 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 the executive directors and relevant employees 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 and taxonomy-aligned economic activities and the corresponding disclosures in the Combined Non-financial Statement
- Evaluation of the presentation of the disclosures
- Inquiries on the relevance of climate-risks
- Evaluation of CO₂ compensation certificates exclusively with regard to their existence, but not with regard to their impact.

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 immanent 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 2023, 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 §§ 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", "Further GRI information" and "SASB-Index" of the Company's Integrated Group Report for the period from 1 January to 31 December 2023 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 re-sponsibility to third parties. Our assurance opinion is not modified in this respect.

Munich, 13 March 2024

PricewaterhouseCoopers GmbH

Wirtschaftsprüfungsgesellschaft

Michael Popp

Wirtschaftsprüfer
(German Public Auditor)

Annette Fink

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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). 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 Bayerische Motoren Werke Aktiengesellschaft (BMW AG) in the financial year 2023.^{1,2}

In order to facilitate understanding, the basic features of the remuneration system applicable to the members of the Board of Management and the Supervisory Board, as applied in the 2023 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 the remuneration system in effect in the 2018 financial year during the 2023 financial year, elements of these systems are also explained to the extent necessary for comprehension.

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt am Main, Munich branch, has audited the Remuneration Report beyond the requirements of § 162 (3) Sentences 1 and 2 AktG. The Auditor's Report is attached to this report.

I. REVIEW OF THE 2023 FINANCIAL YEAR FROM A REMUNERATION PERSPECTIVE

The 2023 financial year was very successful for the BMW Group. A total of 2,554,183 vehicles were delivered – a new record for the BMW Group. The BMW brand defended its leading position in the global premium segment by selling just under 2.3 million delivered vehicles. The Rolls-Royce brand also achieved record sales. BMW Motorrad achieved the strongest sales in the Company's history in the year of its 100th anniversary.

¹ For reasons of simplicity, this report partially uses the masculine form in reference to persons. It is intended to represent all genders.

² 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.

The BMW Group generated a strong profit in the 2023 financial year. Group net profit amounted to € 12.2 billion, with € 11.3 billion attributable to BMW AG shareholders, while the Group return on sales after tax amounted to 7.8%. Under the leadership of the Board of Management, the Company continued to drive the BMW Group's transformation to electromobility forward in the reporting year. The BMW Group increased its sales of all-electric vehicles at a significantly greater pace than the market as a whole and has an all-electric offering in every major segment. The proportion of total sales attributable to all-electric vehicles went up to around 15%.

The current remuneration system for the members of the Board of Management came into effect on 1 January 2021. The Annual General Meeting approved it on 12 May 2021 with a majority of 91.60% of the valid votes cast. The Supervisory Board did not resolve any changes to the remuneration system or the target remuneration in the remuneration levels set out for the members of the Board of Management in the 2023 financial year.

In December 2022, the Supervisory Board set ambitious targets linked to the variable remuneration of the members of the Board of Management for the 2023 financial year. Of the total variable target remuneration available, around 39% was linked to environmental, social or governance (ESG) targets. The Supervisory Board has set ambitious targets to reduce fleet carbon emissions in the EU and to increase all-electric vehicle sales. These serve as strategic focus targets that correspond to 50% of the long-term variable remuneration (share-based remuneration). The Supervisory Board has thus once again incorporated the strategic importance of accelerating the electrification of the vehicle fleet into the remuneration for the members of the Board of Management. The Supervisory Board placed particular emphasis on environmental sustainability targets, which make up 50% of the long-term variable remuneration.

Thanks to its strong overall performance, the Board of Management exceeded both the financial and a large part of the non-financial targets for short-term variable remuneration (bonuses) for the 2023 financial year. [➤ Bonus for the 2023 financial year](#) The financial target tied to RoCE in the Automotive segment which

makes up part of the long-term variable remuneration (share-based remuneration) component was also exceeded. In terms of the non-financial strategic focus targets for the long-term variable remuneration, the ambitious targets related to the reduction of fleet carbon emissions in the EU were exceeded, while the BMW Group's sales targets for all-electric vehicles were not quite met in full. [➤ Share-based remuneration for the financial year 2023](#)

If necessary, and in the interest of the long-term success of BMWAG, 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 28 April 2022 ("GCGC"), 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, it did not make use of these options for the 2023 financial year.

The composition of the Board of Management changed during the 2023 financial year. Mr Pieter Nota left the Board of Management on 31 October 2023 by mutual agreement as part of a succession arrangement. Dr Nicolas Peter left the Board of Management on 11 May 2023. This was also by mutual agreement as part of a succession arrangement. [➤ Premature termination of activities and post-contractual non-competition clause](#) Mr Walter Mertl was appointed as the member of the Board of Management responsible for Finance on 12 May 2023. Mr Jochen Goller was appointed as the member of the Board of Management responsible for Customer, Brands, Sales on 1 November 2023. From the start date of his second period of office on 1 July 2023, Mr Frank Weber was eligible to receive the target remuneration in the second remuneration level, which is available to members of the Board of Management from their second period of office.

The remuneration system for the members of the Supervisory Board is set out in Article 16 of the Articles of Incorporation and provides only for fixed remuneration. 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 2023 financial year in accordance with the provisions of the Articles of

Incorporation. In the 2023 financial year, Dr Martin Kimmich was appointed by the court to replace Mr Manfred Schoch as a member of the Supervisory Board on 18 January 2023. Mr Schoch left the Supervisory Board on 31 December 2022. On 23 January 2023, Dr Kimmich was appointed as the first deputy chair by the Supervisory Board and as a member of the Personnel and Audit Committee. As the first deputy chair, he is also a member of the Presiding Board and the legally required Mediation Committee. Apart from this, the composition of the Personnel Committee, which is responsible for the preparation of remuneration decisions in accordance with the Supervisory Board's rules of procedure, did not change in the 2023 financial year. The Supervisory Board awarded a contract to new external remuneration consultants in the 2023 financial year. The Remuneration Report for the 2022 financial year was confirmed by the Annual General Meeting on 11 May 2023 with a majority of 94.14% of the valid votes cast. In view of the high level of approval, there was no reason to rethink the implementation of the current remuneration system or the manner of reporting. Changes were made to make certain issues clearer.

II. OUTLOOK FOR THE 2024 FINANCIAL YEAR

The remuneration system and the target remuneration for the remuneration levels of the members of the Board of Management, as described in this report for the 2023 financial year, will continue to apply unchanged in the 2024 financial year. In December 2023, the Supervisory Board set the targets for variable remuneration for the 2024 financial year on the basis of a proposal by the Personnel Committee. A resolution was passed to raise the required level of performance for the earnings component of the bonus for the Board of Management, which remains limited to 180% of the target remuneration.

There are no plans to change the remuneration system for members of the Supervisory Board for the 2024 financial year.

III. 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 which has been in place since the 2021 financial year complies with the provisions of the German Stock Corporation Act (AktG) and the recommendations and suggestions of the GCGC. 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. It ensures a minimum income appropriate to the tasks and responsibilities of a member of the Board of Management.
- 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 to pursue the goals of the business strategy consistently 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 personal cash investment 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 total net amount to purchase shares of common stock in the Company and to hold these shares for at least four years is a share ownership guideline that 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 positive 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 and dividend trends.

2. Overview of the remuneration system

The table below shows an overview of the current remuneration system.

COMPONENT	Parameters/measurement base, applicable amounts
FIXED REMUNERATION COMPONENTS	
Base salary	<p>Member of the Board of Management:</p> <ul style="list-style-type: none"> — € 0.90 million p. a. (first period of office = first remuneration level) — € 1.05 million p. a. (from second period of office or fourth year of mandate = second remuneration level) <p>Chairman of the Board of Management:</p> <ul style="list-style-type: none"> — € 1.95 million p. a. <p>Base salary is paid monthly on a pro rata basis</p>
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> <p>Member of the Board of Management: € 400,000</p> <p>Chairman of the Board of Management: € 700,000</p>
Strategic relevance	<ul style="list-style-type: none"> — The base salary 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 — Fixed remuneration components are required for remuneration to be competitive in order to attract and retain qualified members of the Board of Management
VARIABLE REMUNERATION COMPONENTS	
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 = first remuneration level) — € 1.15 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.10 million (Chairman of the Board of Management) — Capped at 180% of target amount — Payment as part of the next payroll run after the Annual General Meeting at which the Financial Statements are presented for the relevant vesting 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 = first remuneration level) — € 0.575 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.050 million (Chairman of the Board of Management) — Formula: 50% of target amount x performance factor — Earnings factor is derived from an allocation matrix determined in advance based on the parameters "profit attributable to shareholders of BMW AG" and "Group post-tax return on sales" in the vesting year <ul style="list-style-type: none"> — The earnings factor is 1.0 in case of a profit attributable to shareholders of BMW AG amounting to € 5.3 billion and a 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 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 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 = first remuneration level) — € 1.035 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.890 million (Chairman of the Board of Management)

COMPONENT	Parameters/measurement base, applicable amounts
Bonus (continued)	
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 = first remuneration level) — € 0.575 million (from second period of office or fourth year of mandate = second remuneration level) — € 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 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 = first remuneration level) — € 1.035 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.890 million (Chairman of the Board of Management)
Strategic relevance	<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 cash investment 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 immediately after disbursement — Payment as part of the next payroll run after the Annual General Meeting at which the Financial Statements are presented for the relevant vesting year — Requirement for Board of Management members to hold the acquired shares of common stock for at least four years; this requirement remains in effect for individuals who step down from the Board of Management (share ownership guideline) — Assessment period of five years in total (one year for determining the personal cash investment amount, four years holding requirement)
Calculation	<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 = first remuneration level) — € 1.28 million (from second period of office or fourth year of mandate = second remuneration level) — € 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 Financial Statements are presented for the relevant vesting year

* See below for the targets set for the 2023 financial year ² Variable remuneration for the 2023 financial year.

COMPONENT	Parameters/measurement base, applicable amounts
Share-based remuneration (continued)	
RoCE component (at 100% target achievement corresponds to 50% of target amount)	<ul style="list-style-type: none"> — Target amount of RoCE component p. a. (50% of target amount for personal cash investment amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office = first remuneration level) — € 0.64 million (from second period of office or fourth year of mandate = second remuneration level) — € 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 = first remuneration level) — € 1.152 million (from second period of office or fourth year of mandate = second remuneration level) — € 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 of strategic focus target component p. a. (50% of target amount for personal cash investment amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office = first remuneration level) — € 0.64 million (from second period of office or fourth year of mandate = second remuneration level) — € 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 the event of two strategic focus targets with equal weighting p. a.: <ul style="list-style-type: none"> 25% of target amount for personal cash investment amount x factor for strategic focus target 1 + 25% of target amount for personal cash investment 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 = first remuneration level) — € 1.152 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.115 million (Chairman of the Board of Management)
Strategic relevance	<ul style="list-style-type: none"> — 50% of the personal cash investment amount within the target structure depends on the RoCE and is therefore directly linked to a key target for the corporate strategy and reflects BMW AG's aspiration to generate a significant premium on the cost of capital — The remaining 50% of the personal cash investment amount encourages achievement of strategic focus targets and therefore contributes to business performance in key strategic areas — Commitment to purchase shares of the Company's common stock and the four-year holding period provide additional motivation to support the Company's long-term development
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 serious 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

3. Determination and review of the remuneration system and individual remuneration

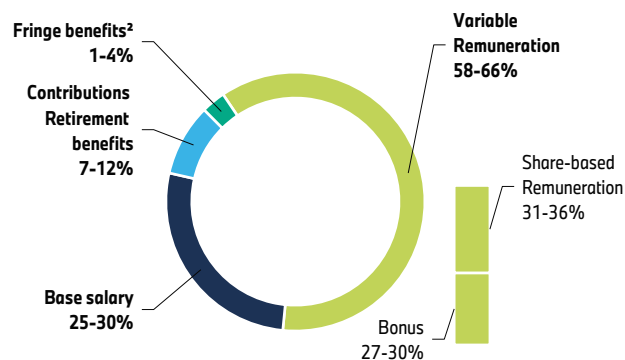
Determining the system and structure of Board of Management remuneration, and reviewing it regularly, is a task of the full Supervisory Board, as is determining the individual level of remuneration of members of the Board of Management. The Personnel Committee of the Supervisory Board assumes a preparatory function.

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 while taking revenues, employee headcounts and market capitalisation into consideration. This ensures that the main competitors of BMW AG and other global companies are factored in. 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 2023 financial year, the review has shown that the target, maximum and 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 target 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.

Overview of total target remuneration for members of the Board of Management¹



¹ The remuneration structure as defined in the remuneration system for total target remuneration is depicted.

² 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 2023 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. The maximum remuneration and remuneration earned for the 2023 financial year are shown below. [↗ Maximum remuneration vested in the 2023 financial year \(vesting year\)](#)

Target remuneration for the 2023 (2022) financial year

		OLIVER ZIPSE				JOCHEN GOLLER				
		Chairman of the Board of Management since 16 August 2019 Member of the Board of Management since 13 May 2015				Customer, Brands, Sales since 1 November 2023				
		FY 2023		FY 2022		FY 2023		FY 2022		
		in €	in %	in €	in %	in €	in %	in €	in %	
Fixed remuneration	Fixed remuneration (base salary)	1,950,000	27	1,950,000	27	150,000	27	(-)	(-)	
	Fringe benefits (other remuneration) ¹	26,113	0.4	17,249	0.2	3,331	1	(-)	(-)	
	Contribution to the company pension scheme	700,000	10	700,000	10	66,667	12	(-)	(-)	
	Total fixed remuneration	2,676,113	38	2,667,249	37	219,998	39	(-)	(-)	
BONUS										
Variable remuneration	Earnings component	1,050,000	15	1,050,000	15	79,167	14	(-)	(-)	
	Performance component	1,050,000	15	1,050,000	15	79,167	14	(-)	(-)	
	SHARE - BASED REMUNERATION									
	Personal cash investment amount ²									
	RoCE component	1,175,000	16	1,175,000	17	91,667	16	(-)	(-)	
	Strategic focus target component	1,175,000	16	1,175,000	17	91,667	16	(-)	(-)	
	Total variable remuneration	4,450,000	62	4,450,000	63	341,668	61	(-)	(-)	
	Total target remuneration	7,126,113	100	7,117,249	100	561,666	100	(-)	(-)	

¹ For more information about fringe benefits for the 2022 and 2023 financial years, refer to ² Remuneration granted and owed to members of the Board of Management pursuant to § 162 of the German Stock Corporation Act (AktG).

² 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 2023 (2022) financial year

		ILKA HORSTMEIER Human Resources and Real Estate, Labour Director since 1 November 2019 ¹				WALTER MERTL Finance since 12 May 2023				
		FY 2023		FY 2022		FY 2023		FY 2022		
		in €	in %	in €	in %	in €	in %	in €	in %	
Fixed remuneration	Fixed remuneration (base salary)	1,050,000	27	925,000	27	570,652	26	(-)	(-)	
	Fringe benefits (other remuneration) ²	66,981	2	39,578	1	111,981	5	(-)	(-)	
	Contribution to the company pension scheme	400,000	10	400,000	12	253,623	11	(-)	(-)	
	Total fixed remuneration	1,516,981	38	1,364,578	39	936,256	42	(-)	(-)	
BONUS										
Variable remuneration	Earnings component	575,000	15	491,667	14	301,178	13	(-)	(-)	
	Performance component	575,000	15	491,667	14	301,178	13	(-)	(-)	
	SHARE - BASED REMUNERATION									
	Personal cash investment amount ³									
	RoCE component	640,000	16	565,000	16	348,732	16	(-)	(-)	
	Strategic focus target component	640,000	16	565,000	16	348,732	16	(-)	(-)	
	Total variable remuneration	2,430,000	62	2,113,333	61	1,299,820	58	(-)	(-)	
	Total target remuneration	3,946,981	100	3,477,911	100	2,236,076	100	(-)	(-)	

¹ Second remuneration level since 1 November 2022.² For more information about fringe benefits for the 2022 and 2023 financial years, refer to ² Remuneration granted and owed to members of the Board of Management pursuant to § 162 of the German Stock Corporation Act (AktG).³ 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 2023 (2022) financial year

		MILAN NEDELJKOVIĆ				PIETER NOTA				
		Production since 1 October 2019 ¹				Customer, Brands, Sales 1 January 2018 to 31 October 2023 ²				
		FY 2023		FY 2022		FY 2023		FY 2022		
		in €	in %	in €	in %	in €	in %	in €	in %	
Fixed remuneration	Fixed remuneration (base salary)	1,050,000	27	937,500	27	1,050,000	27	1,050,000	27	
	Fringe benefits (other remuneration) ³	27,524	1	19,824	1	52,049	1	19,673	1	
	Contribution to the company pension scheme	400,000	10	400,000	11	400,000	10	400,000	10	
	Total fixed remuneration	1,477,524	38	1,357,324	39	1,502,049	38	1,469,673	38	
BONUS										
Variable remuneration	Earnings component	575,000	15	500,000	14	575,000	15	575,000	15	
	Performance component	575,000	15	500,000	14	575,000	15	575,000	15	
	SHARE - BASED REMUNERATION									
	Personal cash investment amount ⁴									
	RoCE component	640,000	16	572,500	16	640,000	16	640,000	16	
	Strategic focus target component	640,000	16	572,500	16	640,000	16	640,000	16	
	Total variable remuneration	2,430,000	62	2,145,000	61	2,430,000	62	2,430,000	62	
	Total target remuneration	3,907,524	100	3,502,324	100	3,932,049	100	3,899,673	100	

¹ Second remuneration level since 1 October 2022.

² Service contract comes to an end on 31 July 2024. See [Premature termination of activities and post-contractual non-competition clause](#).

³ For more information about fringe benefits for the 2022 and 2023 financial years, refer to [Remuneration granted and owed to members of the Board of Management pursuant to § 162 of the German Stock Corporation Act \(AktG\)](#).

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 2023 (2022) financial year

		NICOLAS PETER				JOACHIM POST				
		Finance				Purchasing and Supplier Network				
		1 January 2017 to 11 May 2023 ¹				since 1 January 2022				
		FY 2023		FY 2022		FY 2023		FY 2022		
		in €	in %	in €	in %	in €	in %	in €	in %	
Fixed remuneration	Fixed remuneration (base salary)	437,500	27	1,050,000	27	900,000	27	900,000	26	
	Fringe benefits (other remuneration) ²	23,089	1	30,825	1	22,692	1	102,259	3	
	Contribution to the company pension scheme	166,667	10	400,000	10	400,000	12	400,000	12	
	Total fixed remuneration	627,256	38	1,480,825	38	1,322,692	39	1,402,259	41	
BONUS										
Variable remuneration	Earnings component	239,583	15	575,000	15	475,000	14	475,000	14	
	Performance component	239,583	15	575,000	15	475,000	14	475,000	14	
	SHARE - BASED REMUNERATION									
	Personal cash investment amount ³									
	RoCE component	266,667	16	640,000	16	550,000	16	550,000	16	
	Strategic focus target component	266,667	16	640,000	16	550,000	16	550,000	16	
	Total variable remuneration	1,012,500	62	2,430,000	62	2,050,000	61	2,050,000	59	
	Total target remuneration	1,639,756	100	3,910,825	100	3,372,692	100	3,452,259	100	

¹ Service contract comes to an end on 31 May 2023. See ² Premature termination of activities and post-contractual non-competition clause.

² For more information about fringe benefits for the 2022 and 2023 financial years, refer to ² Remuneration granted and owed to members of the Board of Management pursuant to § 162 of the German Stock Corporation Act (AktG).

³ 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 2023 (2022) financial year

FRANK WEBER

Development
since 1 July 2020¹

		FY 2023		FY 2022		
		in €	in %	in €	in %	
Fixed remuneration	Fixed remuneration (base salary)	975,000	27	900,000	27	
	Fringe benefits (other remuneration) ²	29,392	1	34,077	1	
	Contribution to the company pension scheme	400,000	11	400,000	12	
	Total fixed remuneration	1,404,392	39	1,334,077	39	
BONUS						
Variable remuneration	Earnings component	525,000	14	475,000	14	
	Performance component	525,000	14	475,000	14	
	SHARE - BASED REMUNERATION					
	Personal cash investment amount ³					
	RoCE component	595,000	16	550,000	16	
	Strategic focus target component	595,000	16	550,000	16	
Total variable remuneration		2,240,000	61	2,050,000	61	
Total target remuneration		3,644,392	100	3,384,077	100	

¹ Second remuneration level since 1 July 2023.

² For more information about fringe benefits for the 2022 and 2023 financial years, refer to ² Remuneration granted and owed to members of the Board of Management pursuant to § 162 of the German Stock Corporation Act (AktG).

³ 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.

4. Remuneration for the 2023 financial year

In December 2022, the Supervisory Board determined the target remuneration for the members of the Board of Management for the 2023 financial year as well as the performance criteria for the variable remuneration components provided for in the remuneration system. In March 2024, the Supervisory Board set or confirmed the amount of the variable remuneration components due to the members of the Board of Management for the 2023 financial year after reviewing and assessing the extent to which the targets had been achieved.

a) Fixed remuneration for the 2023 financial year

Each member of the Board of Management receives a fixed base salary, which is paid monthly on a pro rata basis. The amount of the base salary 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/remuneration level, as applicable.

The fringe benefits include, in particular, non-cash benefits from vehicle use and 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. A commitment to cover relocation costs was issued in the 2023 financial year.

Overview of fixed remuneration for the 2023 financial year

in €	Base salary	Fringe benefits (other remuneration)	Total fixed remuneration
Oliver Zipse	1,950,000	26,113	1,976,113
Jochen Goller ¹	150,000	3,331	153,331
Ilka Horstmeier	1,050,000	66,981	1,116,981
Walter Mertl ²	570,652	111,981	682,633
Milan Nedeljković	1,050,000	27,524	1,077,524
Pieter Nota ³	1,050,000	52,049	1,102,049
Nicolas Peter ⁴	437,500	23,089	460,589
Joachim Post	900,000	22,692	922,692
Frank Weber ⁵	975,000	29,392	1,004,392

¹ Member of the Board of Management since 1 November 2023.

² Member of the Board of Management since 12 May 2023.

³ Member of the Board of Management until 31 October 2023, service contract comes to an end on 31 July 2024. See [Premature termination of activities and post-contractual non-competition clause](#).

⁴ Member of the Board of Management until 11 May 2023, service contract ended 31 May 2023.

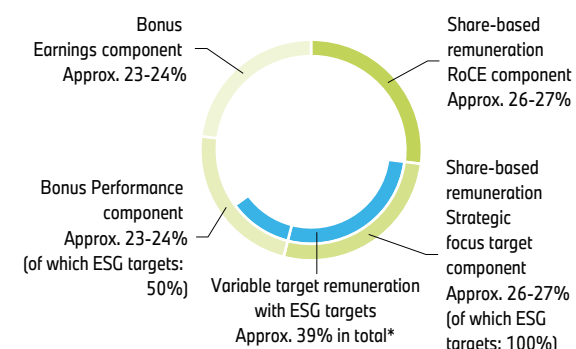
See [Premature termination of activities and post-contractual non-competition clause](#).

⁵ Second remuneration level since 1 July 2023.

b) Variable remuneration for the 2023 financial year

The variable remuneration for the 2023 financial year consists of the bonus and the share-based remuneration. 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 as submitted to the Supervisory Board for approval. For the strategic relevance of the individual remuneration components, see also above [Overview of the remuneration system](#).

Overview of variable target remuneration 2023



* Incorporating the collective departmental targets for the performance component of the bonus.

(1) Bonus for the 2023 financial year

Overview

The bonus consists of an earnings component and a performance component. If 100% of the target is achieved for both the performance and the earnings component, 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 for the financial year will be paid as part of the next payroll run after the Annual General Meeting 2024.

Earnings component of the bonus

The earnings component of the bonus rewards the performance of the business in the 2023 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 adopted an allocation matrix, from which an earnings factor is derived based on the values achieved.

A minimum value, a target value and a maximum value were defined for both key figures before the start of the 2023 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, the earnings factor is 1.000 (corresponding to a target achievement of 100%). If both maximum values are exceeded, 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 allocation matrix.

Overview of the composition of the bonus

EARNINGS COMPONENT

PERFORMANCE COMPONENT

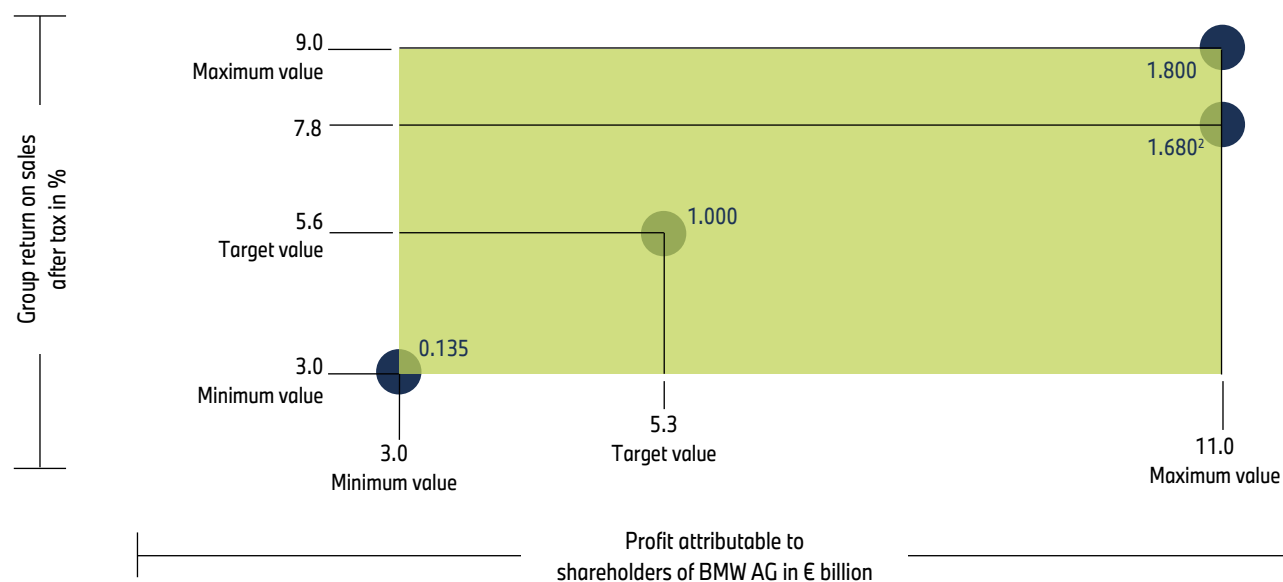
$$\frac{50\% \text{ OF TARGET AMOUNT}}{\times} \frac{\text{EARNINGS FACTOR}}{\quad} + \frac{50\% \text{ OF TARGET AMOUNT}}{\times} \frac{\text{PERFORMANCE FACTOR}}{\quad} = \text{BONUS}$$

- 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 factor is derived from
 - 50% cross-divisional targets with ESG criteria
 - 40% other cross-divisional targets
 - 10% individual departmental targets
- Performance factor may not exceed 1.8

— Capped at 180% of target amount

Earnings component of the bonus: allocation matrix¹



¹ Simplified depiction.
² Earnings factor 2023.

Targets set and extent of achievement – earnings component of the bonus for the 2023 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 2023 financial year, are shown in the following tables. In the 2023 financial year, BMW AG's share of profit attributable to shareholders was € 11.3 billion, and the Group post-tax return on sales was 7.8%. Based on the allocation matrix approved by the Supervisory Board, this provides an earnings factor of 1.680, which corresponds to a target achievement level of 168%.

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 allocated 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 (ESG targets).

Targets set and extent of achievement – earnings component of the bonus for the 2023 financial year

Performance criteria	Minimum value	Target value	Maximum value	Actual value	Extent to which target achieved	Earnings factor
Profit attributable to shareholders of BMW AG in € billion	3.0	5.3	11.0	11.3	168%	1.680
Group return on sales after tax in %	3.0	5.6	9.0	7.8		

Overview of earnings component of the bonus for the 2023 financial year

Member of the Board of Management	Proportionate target bonus amount in €	Earnings factor	Earnings component of the bonus in €
Oliver Zipse	1,050,000	1.680	1,764,000
Jochen Goller ¹	79,167		133,000
Ilka Horstmeier	575,000		966,000
Walter Mertl ²	301,178		505,978
Milan Nedeljković	575,000		966,000
Pieter Nota ³	575,000		966,000
Nicolas Peter ⁴	239,583		402,500
Joachim Post	475,000		798,000
Frank Weber ⁵	525,000		882,000

¹ Member of the Board of Management since 1 November 2023.

² Member of the Board of Management since 12 May 2023.

³ Member of the Board of Management until 31 October 2023, service contract comes to an end on 31 July 2024. See [Premature termination of activities and post-contractual non-competition clause](#).

⁴ Member of the Board of Management until 11 May 2023, service contract ended 31 May 2023. See [Premature termination of activities and post-contractual non-competition clause](#).

⁵ Second remuneration level since 1 July 2023.

Targets set and extent of achievement – performance component of the bonus for the 2023 financial year

The targets set by the Supervisory Board for the 2023 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.

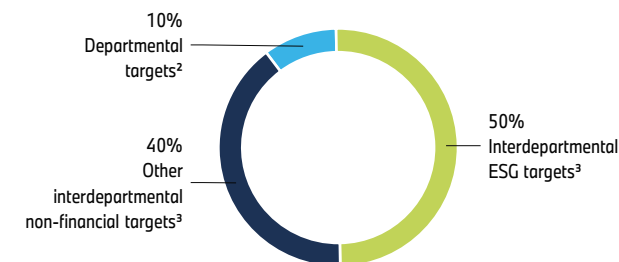
The Supervisory Board assessed the performance of the members of the Board of Management in terms of the departmental targets, on the one hand, and the interdepartmental targets, on the other hand, within a target achievement corridor with a partial performance factor between 0 (corresponding to a target 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 partial performance factors, with a weighting of 10% for the departmental targets and 90% for the interdepartmental targets, in each case in relation to the target amount of the performance component of the bonus. 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 each case in relation to the target amount of the performance component of the bonus.

The leadership performance of the individual members of the Board of Management was assessed along with 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 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 the targets set in the previous year and the assessment process following the financial year, the Supervisory Board was guided, in particular, by the quantitative and qualitative metrics that were defined in the corporate planning before the beginning of the financial year.

The results of comparative studies and calculations vis-à-vis competitors were also used to assess individual metrics. In addition to a review of performance in 2023, 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 2023 financial year and also estimated the significance of the performance in 2023 for the future development of the Company.

The defined quantitative and qualitative metrics include indicators such as vehicle sales, segment shares, the share of sales for electrified and all-electric vehicles and the share of BMW brand vehicles with remote software upgrade capability. Other metrics included assessments of the quality of the customer experience compared to the competition, the R&D ratio, spending on employee training and development and diversity targets.

Overview of targets of the performance component of the bonus for the financial year 2023¹



¹ Based on the target amount of the performance component of the bonus.

² Individual assessment for each member of the Board of Management.

³ Collective assessment of the Board of Management as a team.

Targets set for the performance component of the bonus for financial year 2023

Target Category	Responsible Party	Target Description	Weighting
Interdepartmental ESG targets	Entire Board of Management ¹	Innovation performance (environmental, e. g. proportion of sales attributable to all-electric vehicles (battery electric vehicles, BEV))	Weighting 50%
		Reputation (corporate reputation, preventive activities in ensuring compliance) Adaptability (investment in training and further education, sustainability) Employer attractiveness (e. g. placement in rankings) Leadership performance (employee satisfaction)	
Other interdepartmental non-financial targets		Market position (e. g. sales volume of the BMW Group) Innovation performance (economic, e. g. proportion of sales attributable to new BMW vehicles with the ability to perform remote software upgrades) Customer orientation (product, customer service quality, based on comparative studies and other information) Reputation (e. g. brand strength)	Weighting 40%
Joint departmental targets	All members of the Board of Management ²	Contribute to meeting growth and profitability targets Leadership performance in the department and achievement of departmental diversity targets Preventive activities in ensuring compliance in the department Increased quality focus	Weighting 10%
		Coordinate the work of the Board of Management Represent the Company's interests, present new products Progress with sustainability strategy and transformation process Future portfolio of the brands	
Specific departmental targets	Oliver Zipse	Ensure the BMW Group is an attractive employer and ensure labour availability Manage personnel structures, capacities and costs; oversee skills transformation Real estate portfolio management Progress in terms of decarbonisation and energy supply strategies for each location	Weighting 10%
	Ilka Horstmeier	Anticipate market requirements, manage the production network and safeguard the supply chain Flexible production structure; enhancement of future-oriented production system Continue development of high-quality standards and ensure compliance with these standards Progress in terms of decarbonisation and energy supply strategies for each location	
	Milan Nedeljković	Plan sales and prices, realise potential in our sales markets Anticipate market requirements, manage the production network and safeguard the supply chain Continue development of digital marketing and sales concepts and prepare regional direct sales models Effective communication and presentation of new products	
	Pieter Nota (Member of the Board of Management until 31 October 2023)/ Jochen Goller (Member of the Board of Management since 1 November 2023)	Capital market communication; continue development of non-financial reporting and reporting structure Risk management and Group financing; optimisation of capital structure; investment planning Performance programme financial targets including untapped potential in digitalisation processes Represent the Company in Chinese projects	
	Nicolas Peter (Member of the Board of Management until 11 May 2023)/ Walter Merti (Member of the Board of Management since 12 May 2023)	Anticipate market requirements, manage the production network and safeguard the supply chain Meet quality requirements and cost targets Ensure access to technology and continued ability to innovate Continue development of a CO ₂ management system in the supply chain	
	Joachim Post	Develop competitive products Hand over products ready for mass production on time; focus on new vehicle and digital architecture Continue development of automated driving; develop hydrogen technology Future MINI portfolio	
	Frank Weber		

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 the 2023 financial year

	Targets	Weighting in %	Average degree to which target achieved in %	Performance factor	Proportionate target bonus amount in €	Performance component of bonus in €
Oliver Zipse	Interdepartmental targets – ESG	50	108.0	1.03	1,050,000	1,081,500
	Interdepartmental targets – Other non-financial	40	92.5			
	Departmental targets	10	118.8			
Jochen Goller ¹	Interdepartmental targets – ESG	50	108.0	1.02	79,167	80,750
	Interdepartmental targets – Other non-financial	40	92.5			
	Departmental targets	10	108.1			
Ilka Horstmeier	Interdepartmental targets – ESG	50	108.0	1.02	575,000	586,500
	Interdepartmental targets – Other non-financial	40	92.5			
	Departmental targets	10	110.0			
Walter Merti ²	Interdepartmental targets – ESG	50	108.0	1.02	301,178	307,201
	Interdepartmental targets – Other non-financial	40	92.5			
	Departmental targets	10	111.9			
Milan Nedeljković	Interdepartmental targets – ESG	50	108.0	1.02	575,000	586,500
	Interdepartmental targets – Other non-financial	40	92.5			
	Departmental targets	10	111.3			
Pieter Nota ³	Interdepartmental targets – ESG	50	108.0	1.02	575,000	586,500
	Interdepartmental targets – Other non-financial	40	92.5			
	Departmental targets	10	111.9			
Nicolas Peter ⁴	Interdepartmental targets – ESG	50	108.0	1.03	239,583	246,771
	Interdepartmental targets – Other non-financial	40	92.5			
	Departmental targets	10	116.9			
Joachim Post	Interdepartmental targets – ESG	50	108.0	1.02	475,000	484,500
	Interdepartmental targets – Other non-financial	40	92.5			
	Departmental targets	10	110.0			
Frank Weber ⁵	Interdepartmental targets – ESG	50	108.0	1.02	525,000	535,500
	Interdepartmental targets – Other non-financial	40	92.5			
	Departmental targets	10	111.9			

¹ Member of the Board of Management since 1 November 2023.

² Member of the Board of Management since 12 May 2023.

³ Member of the Board of Management until 31 October 2023, service contract comes to an end on 31 July 2024. See [Premature termination of activities and post-contractual non-competition clause](#).

⁴ Member of the Board of Management until 11 May 2023, service contract ended 31 May 2023. See [Premature termination of activities and post-contractual non-competition clause](#).

⁵ Second remuneration level since 1 July 2023.

(2) Share-based remuneration for the 2023 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 immediately after disbursement, and to hold these shares for a period of at least four years (share ownership guideline). The holding period remains in effect even if the member leaves the Board of Management.

Personal cash investment amount

The personal cash investment amount for the 2023 financial year will be paid as part of the next payroll run after the Annual General Meeting in 2024. 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:

Personal cash investment amount =
RoCE component + strategic focus target component

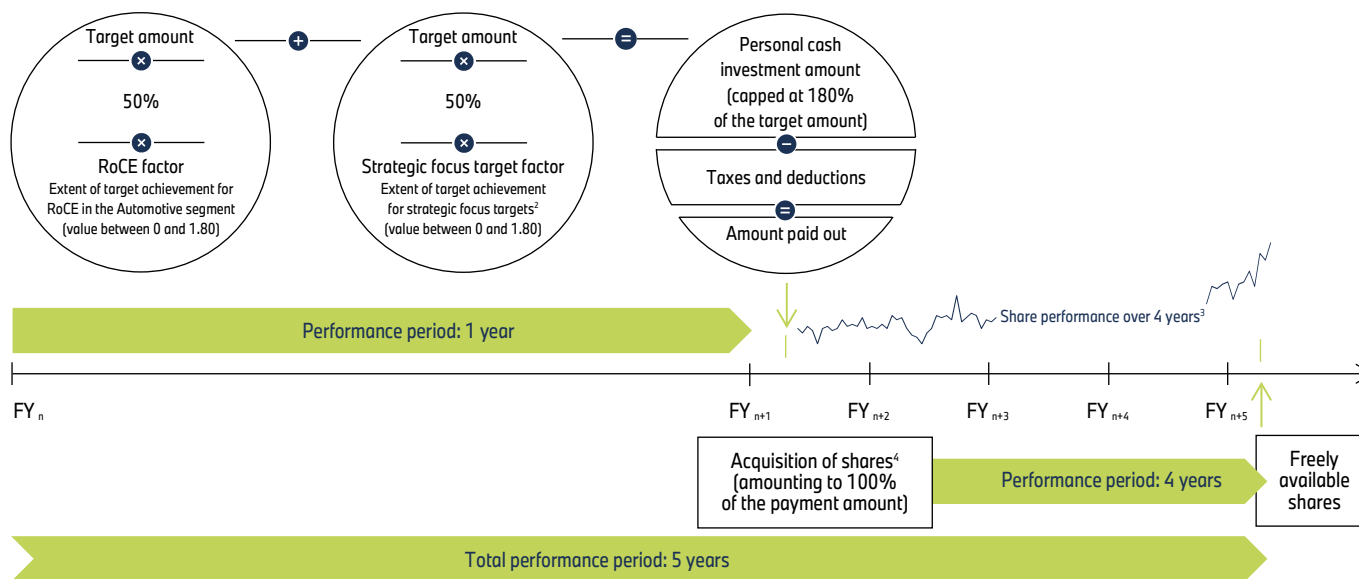
Target amount for the personal cash investment amount

The target amounts for the individual members of the Board of Management for the 2023 financial year are presented in the table [7 Overview of share-based remuneration for financial year 2023](#).

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. If the maximum value is reached or exceeded, the RoCE factor is 1.80. The RoCE component of the personal investment cash amount is

Overview of share-based remuneration¹



¹ Simplified depiction.

² At least two strategic focus targets and their proportion of the target amount are determined by the Supervisory Board.

³ Exemplary illustration of price development.

⁴ Payment of the personal cash investment amount, acquisition of shares and the start of the four-year holding period occur as part of the next payroll run after the Annual General Meeting at which the annual financial statements for the vesting year are presented.

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. If the maximum value is reached or exceeded, 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.

Targets set and extent of achievement for the RoCE component for the 2023 financial year

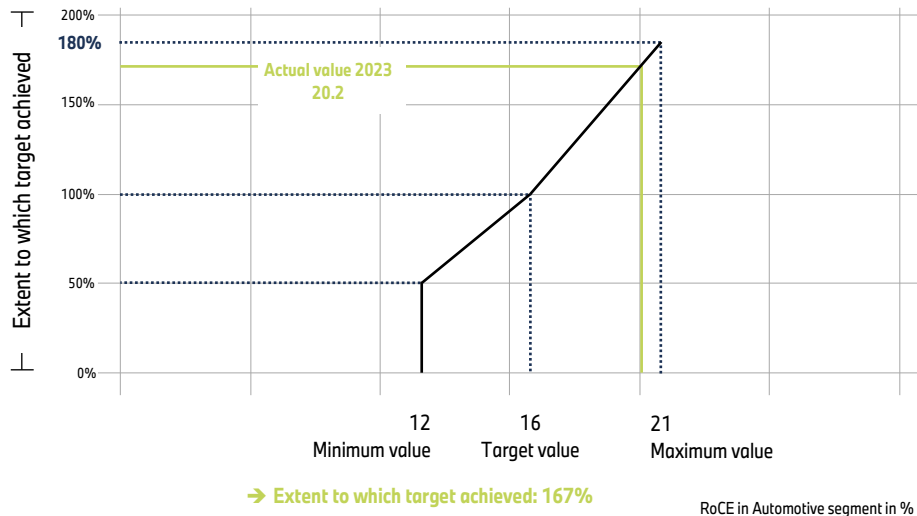
RoCE in the Automotive segment for the 2023 financial year is defined as segment profit before the financial result, divided by the average capital employed in the segment. In December 2022, the Supervisory Board determined the following values for the RoCE component for the vesting year 2023, based on the long-term corporate planning: minimum value: 12% (target achievement 50%), target value: 16% (target achievement 100%), maximum value: 21% (target achievement 180%). The RoCE achieved in the Automotive Segment for the 2023 financial year is 20.2% and the RoCE factor for calculating the personal cash investment amount is therefore 1.67.

Targets set and extent of achievement for the strategic focus targets component for the 2023 financial year

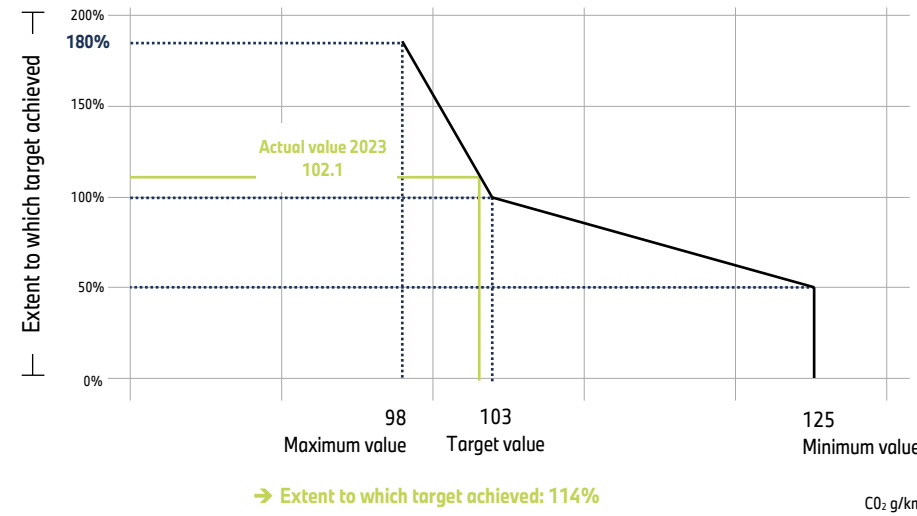
In December 2023, the Supervisory Board set the following strategic focus targets for the vesting year 2022 in accordance with the remuneration system:

- Reduce fleet carbon emissions in the EU according to WLTP; weighting in relation to individual personal cash investment target: 25%.
- Sales of all-electric vehicles (battery electric vehicles, BEV); weighting in relation to individual personal cash investment target: 25%.

Targets set and extent of achievement – RoCE component



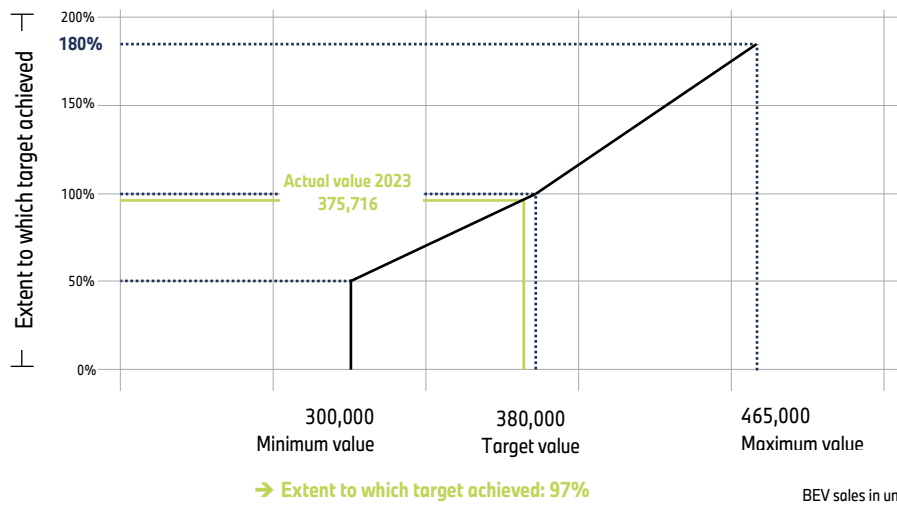
Targets set and extent of achievement – reduction of fleet carbon emissions (EU)



With regard to reducing fleet carbon emissions according to WLTP, the Supervisory Board set the following values in g/km CO₂ under WLTP for fleet consumption in Europe as threshold values relevant to remuneration for the vesting year 2023: Minimum value: 125 g/km CO₂ (target achievement 50%), target value: 103 g/km CO₂ (target achievement 100%), maximum value: 98 g/km CO₂ (extent to which target achieved: 180%). The actual value for the 2023 financial year was 102.1 g/km CO₂, resulting in a target achievement of 114%.

For sales of all-electric vehicles (BEV), the Supervisory Board set the following reference values in units for the vesting year 2023: minimum value: 300,000 units (target achievement 50%), target value: 380,000 units (target achievement 100%), maximum value: 465,000 units (target achievement 180%). The actual value for the 2023 financial year was 375,716 units, resulting in a target achievement of 97%.

Targets set and extent of achievement – BEV sales



The following tables provide an overview of the targets set and extent of achievement for share-based remuneration for the 2023 financial year.

Targets set and extent of achievement for share-based remuneration for financial year 2023

	Performance criteria	Weighting	Minimum value	Target value	Maximum value	Actual value	Extent to which target achieved	Factor
		(in %)						
RoCE component	RoCE in the Automotive segment (in %)	50	12	16	21	20.2	167%	1.67
Strategic focus target component	Reduction of fleet CO ₂ emissions (in g/km)	25	125	103	98	102.1	114%	1.14
	Sales of all-electric vehicles (BEV) in units	25	300,000	380,000	465,000	375,716	97%	0.97

Overview of share-based remuneration for financial year 2023

Member of the Board of Management	RoCE component		Strategic focus target component (CO ₂)			Strategic focus target component (BEV)			Strategic focus targets total	Total	
	Proportionate target amount in €	RoCE factor	RoCE component in €	Proportionate target amount in €	Strategic focus target factor (CO ₂)	Strategic focus target component CO ₂ in €	Proportionate target amount in €	Strategic focus target factor (BEV)	Strategic focus target component BEV in €	in €	Personal cash investment amount in €
Oliver Zipse	1,175,000		1,962,250	587,500		669,750	587,500		569,875	1,239,625	3,201,875
Jochen Goller ¹	91,667		153,083	45,833		52,250	45,833		44,458	96,708	249,792
Ilka Horstmeier	640,000		1,068,800	320,000		364,800	320,000		310,400	675,200	1,744,000
Walter Mertl ²	348,732		582,382	174,366		198,777	174,366		169,135	367,912	950,294
Milan Nedeljković	640,000	1.67	1,068,800	320,000	1.14	364,800	320,000	0.97	310,400	675,200	1,744,000
Pieter Nota ³	640,000		1,068,800	320,000		364,800	320,000		310,400	675,200	1,744,000
Nicolas Peter ⁴	266,667		445,333	133,333		152,000	133,333		129,333	281,333	726,667
Joachim Post	550,000		918,500	275,000		313,500	275,000		266,750	580,250	1,498,750
Frank Weber ⁵	595,000		993,650	297,500		339,150	297,500		288,575	627,725	1,621,375

¹ Member of the Board of Management since 1 November 2023.

² Member of the Board of Management since 12 May 2023.

³ Member of the Board of Management until 31 October 2023, service contract until 31 July 2024. See [Premature termination of activities and post-contractual non-competition clause](#).

⁴ Member of the Board of Management until 11 May 2023, service contract ended 31 May 2023. See [Premature termination of activities and post-contractual non-competition clause](#).

⁵ Second remuneration level since 1 July 2023.

5. Share ownership guideline

The members of the Board of Management in office as at 31 December 2023 hold a total of 112,969 shares of BMW common stock which they are required to hold in accordance with the terms of the share-based remuneration programmes for the financial years 2019–2022. The four-year holding period remains in effect even if the member leaves the Board of Management.

The share-based remuneration (personal cash investment amount) for vesting year 2022 was disbursed as part of the next payroll run after the Annual General Meeting 2023. The aforementioned members of the Board of Management acquired a total of 42,995 shares of BMW common stock immediately thereafter which must be held until 2027. The share-based remuneration (personal cash investment amount) for vesting year 2023 will be paid as part of the next payroll run after the Annual General Meeting 2024. The shares of BMW common stock will be acquired immediately thereafter and must be held until 2028.

The value of the shares of common stock in BMW held by the members of the Board of Management in office as at 31 December 2023 came to between 237% and 75% of the respective base salary for the 2023 financial year^{3,4}.

Pursuant to Article 19 of the Market Abuse Regulation (EU) No. 569/2014 (Managers' Transactions), any purchase or sale of BMW AG shares and related financial instruments by members of the Board of Management must be reported, even after the minimum holding period has expired. No member of the Board of Management reported a sale of BMW AG shares or related financial instruments in the 2023 financial year.

Shares of BMW common stock subject to holding requirements in connection with share-based remuneration for financial years 2019–2022¹

	Share portfolio as at 1 January 2023	Additions in the financial year 2023 ²	End of the holding period in the financial year 2023	Share portfolio as at 31 December 2023	Value in € as at 31 December 2023 ³	Relation value/ base salary 2023 in % ⁴
Oliver Zipse	35,700	14,285	4,117	45,868	4,622,577	237%
Jochen Goller⁵	(-)	(-)	(-)	(-)	(-)	(-)
Ilka Horstmeier	13,308	7,374	(-)	20,682	2,084,332	199%
Walter Mertl⁶	(-)	(-)	(-)	(-)	(-)	(-)
Milan Nedeljković	13,700	7,472	(-)	21,172	2,133,714	203%
Joachim Post	(-)	6,686	(-)	6,686	673,815	75%
Frank Weber⁷	11,383	7,178	(-)	18,561	1,870,578	192%
Total	74,091	42,995	4,117	112,969	11,385,016	

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 2022 cash remuneration component (personal cash investment amount) in May 2023 with subsequent acquisition of reported shares of BMW common stock (purchase date: 31 May 2023; purchase price: € 103.42), for which the four-year holding period until 2027 applies.

³ Last trading day of 2023: 29 December 2023. XETRA closing price on 29 December 2023: € 100.78.

⁴ Value of share portfolio as at 31 December 2023 in relation to base salary paid in 2023. For more information about the base salary, please refer to table in [Remuneration granted and owed to members of the Board of Management pursuant to § 162 of the German Stock Corporation Act \(AktG\)](#).

⁵ Member of the Board of Management since 1 November 2023.

⁶ Member of the Board of Management since 12 May 2023.

⁷ Second remuneration level since 1 July 2023.

6. Retirement benefits

The retirement benefits system provides for the Company to make annual contributions to a savings account for every year that members of the Board of Management are appointed. After they are confirmed, pension entitlements become vested when the employment relationship has existed for one year. Members of the Board of Management receive a disability pension in the event of invalidity. Retired members of the Board of Management are entitled to retirement benefits after the age of 62 at the earliest and after leaving the Board. If a member of the Board of Management dies before becoming entitled to a retirement or invalidity benefit, 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. 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 annual profit participation depending on the form of investment. For the contributions made, there is a guaranteed minimum interest rate equal to the maximum interest rates specified in the German actuarial reserve regulation (Deckungsrückstellungsverordnung). 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 monthly pension or in a combined form. 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 2023 financial year, expenses for post-employment benefits of € 3.2

million were incurred. These benefits correspond in their entirety to allocations to pension provisions in accordance with IAS 19.

Pension entitlements 2023

in €	Service cost in accordance with IFRS for the financial year 2023	Cash value of entitlements to pension benefits in accordance with IFRS as at 31 December 2023
Oliver Zipse	712,729	5,749,540
Jochen Goller¹	66,667	1,039,801
Ilka Horstmeier	407,533	2,704,634
Walter Mertl²	254,444	807,853
Milan Nedeljković	407,391	3,174,055
Pieter Nota³	407,516	2,336,557
Nicolas Peter⁴	166,667	4,038,570
Joachim Post	408,504	1,174,735
Frank Weber	407,525	1,845,023
Total	3,238,976	22,870,768

¹ Member of the Board of Management since 1 November 2023.

² Member of the Board of Management since 12 May 2023.

³ Member of the Board of Management until 31 October 2023, service contract until 31 July 2024, see [Premature termination of activities and post-contractual non-competition clause](#).

⁴ Member of the Board of Management until 11 May 2023, service contract until 31 May 2023, see [Premature termination of activities and post-contractual non-competition clause](#).

7. Malus and clawback provisions

The current remuneration system 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 2023 financial year.

8. Premature termination of activities and post-contractual non-competition clause

Board of Management service contracts provide for severance pay to be paid to the Board member in the event of premature termination by the Company without due cause, the amount of which is limited to a maximum of two years' remuneration (severance payment cap). The member will not be compensated for more than the remaining term of the service contract. If the remaining term of the contract is less than two years, the severance payment is reduced proportionately. The annual remuneration paid generally includes the base salary, the target amount of the bonus and target amount of the personal cash investment amount, unless the relevant target amount was not achieved in the previous year. In this case, the bonus that was actually granted or the personal cash investment amount that was actually disbursed will apply.

There are no specific severance arrangements covering early termination of a Board member's mandate due to a change of control or in connection with a takeover offer.

In the event of death or invalidity, special rules apply for waiving the holding period for shares of common stock that were acquired with share-based remuneration components. Where the

service contract 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 matching components as yet unpaid are forfeited. Entitlements to other variable remuneration components (bonus, personal cash investment amount) are forfeited as soon as they exceed 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. Service contracts provide for the payment of a monthly waiting allowance in the amount of the applicable monthly base salary for the duration of the post-contractual non-competition clause. In accordance with Recommendation G.13 of the GCGC, any severance payment is offset against the waiting allowance. 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 Nicolas Peter left the Board of Management on 11 May 2023 by mutual agreement as part of a succession arrangement. He received fixed remuneration (base salary and other remuneration) of € 0.05 million for the remaining term of his service contract up to 31 May 2023. The bonus and personal investment cash amount for the period between 12 May and 31 May 2023 came to € 0.08 million and € 0.09 million respectively. A pro rata pension contribution of € 0.02 million was made for the period between him leaving the Board of Management and the end of his service contract. A one-year post-contractual non-competition clause applies. The waiting allowance contractually owed to him amounts to € 1.1 million for the period from 1 June 2023 to 31 May 2024 and € 0.6 million for the period from 1 June to 31 December 2023.

Mr Pieter Nota left the Board of Management on 31 October 2023 by mutual agreement as part of a succession arrangement. His service contract comes to an end on 31 July 2024. His

remuneration will continue to be paid to him on the contractually agreed due dates until the end of his employment contract; his remuneration will not be settled or paid early; he will not receive a termination payment. For the period from 1 November to 31 December 2023, he received fixed remuneration (base salary and other remuneration) of € 0.2 million, a bonus of € 0.3 million and a personal cash investment amount of € 0.3 million (all pro rata). The pension contribution comes to € 0.07 million for the period from 1 November to 31 December 2023. For the period from 1 January to 31 July 2024, his base salary comes to € 0.6 million, with a maximum bonus of € 0.7 million and a maximum personal cash investment amount of € 0.7 million. The pension contribution for the relevant portion of the 2024 financial year is € 0.2 million. A one-year post-contractual non-competition clause applies. For the period from 1 August 2024 to 31 July 2025, the waiting allowance contractually owed to him amounts to € 1.1 million.

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 [↗ Remuneration granted and owed](#) show the remuneration granted and owed to the members of the Board of Management in office during the reporting year in accordance with § 162 AktG. The remuneration shown for the members of the Board of Management who left during the year also includes the remuneration granted and owed in the reporting year after they leave the company.

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 to exist 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 entitlement have been met.

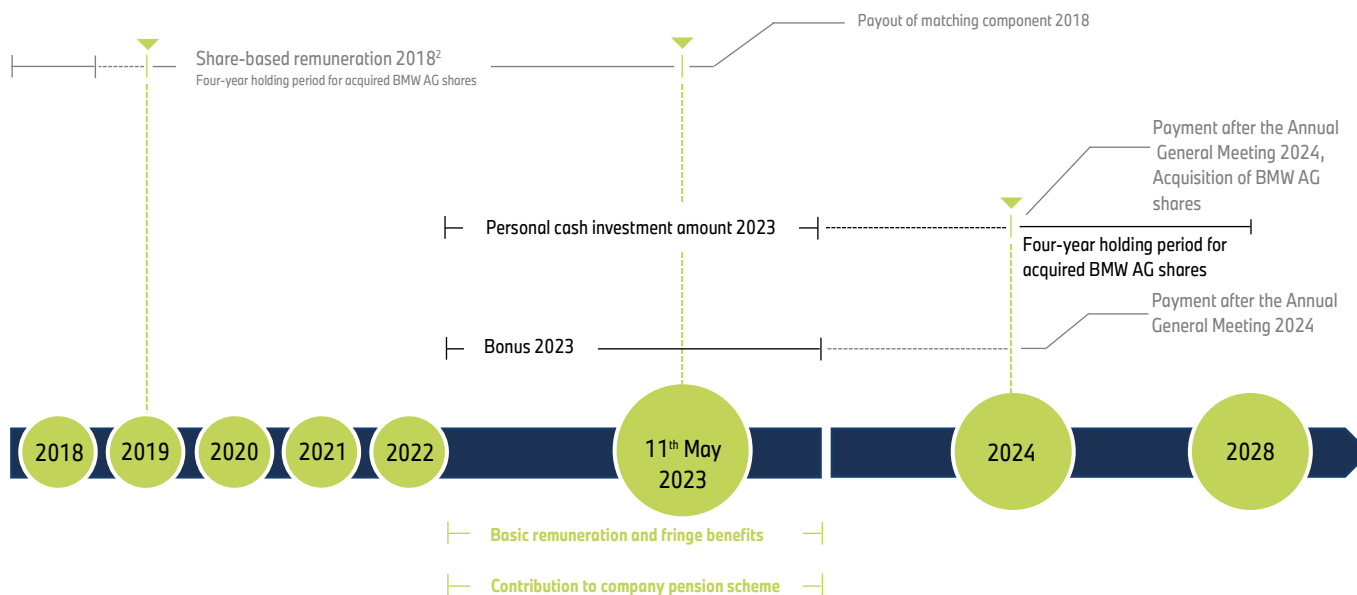
Thus, in addition to the fixed remuneration components, the following variable remuneration components are reported as remuneration granted for the 2023 financial year within the meaning of § 162 of the German Stock Corporation Act (AktG):

- Bonus for the 2023 financial year (to be paid out in 2024)
- Share-based remuneration (personal cash investment amount) for the 2023 financial year (to be paid out in 2024)
- Share-based remuneration component (matching component) for vesting year 2018, due to the expiry of the four-year holding period in the 2023 financial year (paid out in 2023)

Thus, the remuneration granted and owed includes all remuneration components earned through the activities of the members of the Board of Management in the 2023 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 in the 2023 financial year.

In addition to the absolute 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 completeness, the individual service cost in accordance with IAS 19 for the Company pension scheme is also shown, although this service cost is not classified as granted or owed remuneration within the meaning of § 162 AktG.

Overview of remuneration granted and owed in 2023 financial year with payout profile¹



¹ Simplified depiction.

² Payment of 2018 cash remuneration component (investment component) in 2019, immediately following the acquisition of shares of BMW common stock subject to holding requirements for 2019-2023.

a) Variable remuneration for the 2023 financial year

The variable remuneration for the 2023 financial year and the extent to which targets were achieved are set out above in [Variable remuneration for the 2023 financial year](#).

b) Share-based remuneration component (matching component) 2018

Share-based remuneration components have been included in the remuneration of members of the BMW AG Board of Management since 2011. In the 2023 financial year, the matching component of the share-based remuneration for vesting year 2018 was paid out. Under the share-based remuneration programme for financial year 2018, the members of the Board of Management in office in 2018 received an amount equal to 45% of the gross bonus as additional cash remuneration from the Company

for financial year 2018 (the investment component), which they were each required to invest in shares of the Company's common stock after taking taxes and deductions into account. Under a matching plan, the member of the Board of Management receives from the Company – at the Company's discretion – either one 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 financial year 2018 was paid out immediately after the 2019 Annual General Meeting on 16 May 2019, and the shares of common stock were acquired on 17 May 2019 at a price of € 65.84. The holding period for the shares of common stock acquired in 2019 expired on 16 May 2023. The Company settled the matching component in

cash based on a reference price of € 98.70. A matching component will be paid for the last time in 2025.

c) Presentation of remuneration granted and owed

The following tables show the remuneration granted and owed to the members of the Board of Management in office during the reporting year.

Remuneration granted and owed in financial year 2023 (2022)

OLIVER ZIPSE

Chairman of the Board of Management since 16 August 2019

Member of the Board of Management since 13 May 2015

		FY 2023			FY 2022		
		Vesting year 2023 in €	Earlier vesting years in €	as a % of total remuneration	Vesting year 2022 in €	Earlier vesting years in €	as a % of total remuneration
Fixed remuneration	Fixed remuneration (base salary)	1,950,000	(-)	24	1,950,000	(-)	19
	Fringe benefits (other remuneration)	26,113	(-)	0.3	17,249	(-)	0.2
	Total	1,976,113		24	1,967,249		19
BONUS							
	Earnings component of bonus	1,764,000	(-)	22	1,890,000	(-)	19
	Performance component of bonus	1,081,500	(-)	13	1,039,500	(-)	10
PERFORMANCE CASH PLAN							
	PCP 2020-2022	(-)	(-)	(-)	(-)	2,156,800	21
Variable remuneration	SHARE-BASED REMUNERATION						
	Share-based remuneration component (matching component)	(-)	135,416 ¹	2	(-)	79,326	1
	Personal cash investment amount ²						
	RoCE component	1,962,250	(-)	24	1,656,750	(-)	16
	Strategic focus target component	1,239,625	(-)	15	1,363,000	(-)	13
	Total variable remuneration for vesting year 2023 or earlier vesting years	6,047,375	135,416	74 or 2	5,949,250	2,236,126	59 or 22
	Total	6,182,791		76	8,185,376		81
Remuneration for vesting year 2023 or earlier vesting years		8,023,488	135,416	98 or 2	7,916,499	2,236,126	78 or 22
Total remuneration according to § 162 German Stock Corporation Act (AktG)		8,158,904		100	10,152,625		100
Service cost³		712,729			712,729		
Total remuneration plus service cost⁴		8,871,633			10,865,354		

¹ The number of shares purchased in 2019 with the 2018 cash remuneration component (investment component) for the financial year amounted to 4,117. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 1,372.

² 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.

³ The service cost in accordance with IAS 19 represents the expense for the Company; this amount is not paid out to the Board of Management member.

⁴ 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. See table ² Maximum remuneration and remuneration vested in the 2023 financial year (vesting year).

Remuneration granted and owed in financial year 2023 (2022)

JOCHEN GOLLER

Customer, Brands, Sales
since 1 November 2023

		FY 2023			FY 2022		
		Vesting year 2023 in €	Earlier vesting years in €	as a % of total remuneration	Vesting year 2022 in €	Earlier vesting years in €	as a % of total remuneration
Fixed remuneration	Fixed remuneration (base salary)	150,000	(-)	24	(-)	(-)	(-)
	Fringe benefits (other remuneration)	3,331	(-)	1	(-)	(-)	(-)
	Total	153,331		25	(-)		(-)
BONUS							
	Earnings component of bonus	133,000	(-)	22	(-)	(-)	(-)
	Performance component of bonus	80,750	(-)	13	(-)	(-)	(-)
PERFORMANCE CASH PLAN							
	PCP 2020-2022	(-)	(-)	(-)	(-)	(-)	(-)
Variable remuneration	SHARE-BASED REMUNERATION						
	Share-based remuneration component (matching component)	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount ¹						
	RoCE component	153,083	(-)	25	(-)	(-)	(-)
	Strategic focus target component	96,708	(-)	16	(-)	(-)	(-)
	Total variable remuneration for vesting year 2023 or earlier vesting years	463,541	(-)	75 or 0	(-)	(-)	(-)
	Total	463,541		75	(-)		(-)
	Remuneration for vesting year 2023 or earlier vesting years	616,872	(-)	100 or 0	(-)	(-)	(-)
	Total remuneration according to § 162 German Stock Corporation Act (AktG)	616,872		100	(-)		(-)
	Service cost²	66,667			(-)		
Total remuneration plus service cost³	683,539			(-)			

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 service cost in accordance with IAS 19 represents the expense for the Company; this amount is not paid out to the Board of Management member.

³ 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. See table [2* Maximum remuneration and remuneration vested in the 2023 financial year \(vesting year\)](#).

Remuneration granted and owed in financial year 2023 (2022)

ILKA HORSTMEIER

Human Resources and Real Estate, Labour Director
since 1 November 2019¹

		FY 2023			FY 2022		
		Vesting year 2023 in €	Earlier vesting years in €	as a % of total remuneration	Vesting year 2022 in €	Earlier vesting years in €	as a % of total remuneration
Fixed remuneration	Fixed remuneration (base salary)	1,050,000	(-)	24	925,000	(-)	19
	Fringe benefits (other remuneration)	66,981	(-)	2	39,578	(-)	1
	Total	1,116,981		25	964,578		20
BONUS							
	Earnings component of bonus	966,000	(-)	22	885,000	(-)	18
	Performance component of bonus	586,500	(-)	13	481,833	(-)	10
PERFORMANCE CASH PLAN							
	PCP 2020-2022	(-)	(-)	(-)	(-)	1,145,800	23
Variable remuneration	SHARE-BASED REMUNERATION						
	Share-based remuneration component (matching component)	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount ²						
	RoCE component	1,068,800	(-)	24	796,650	(-)	16
	Strategic focus target component	675,200	(-)	15	655,400	(-)	13
	Total variable remuneration for vesting year 2023 or earlier vesting years	3,296,500	(-)	75 or 0	2,818,883	1,145,800	57 or 23
	Total	3,296,500		75	3,964,683		80
Remuneration for vesting year 2023 or earlier vesting years		4,413,481	(-)	100 or 0	3,783,461	1,145,800	77 or 23
Total remuneration according to § 162 German Stock Corporation Act (AktG)		4,413,481		100	4,929,261		100
Service cost³		407,533			407,533		
Total remuneration plus service cost⁴		4,821,014			5,336,794		

¹ Second remuneration level since 1 November 2022.

² 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.

³ The service cost in accordance with IAS 19 represents the expense for the Company; this amount is not paid out to the Board of Management member.

⁴ 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. See table ² Maximum remuneration and remuneration vested in the 2023 financial year (vesting year).

Remuneration granted and owed in financial year 2023 (2022)

WALTER MERTL

Finance

since 12 May 2023

		FY 2023			FY 2022		
		Vesting year 2023 in €	Earlier vesting years in €	as a % of total remuneration	Vesting year 2022 in €	Earlier vesting years in €	as a % of total remuneration
Fixed remuneration	Fixed remuneration (base salary)	570,652	(-)	23	(-)	(-)	(-)
	Fringe benefits (other remuneration)	111,981	(-)	5	(-)	(-)	(-)
	Total	682,633		28	(-)		(-)
BONUS							
	Earnings component of bonus	505,978	(-)	21	(-)	(-)	(-)
	Performance component of bonus	307,201	(-)	13	(-)	(-)	(-)
PERFORMANCE CASH PLAN							
	PCP 2020-2022	(-)	(-)	(-)	(-)	(-)	(-)
Variable remuneration	SHARE-BASED REMUNERATION						
	Share-based remuneration component (matching component)	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount ¹						
	RoCE component	582,382	(-)	24	(-)	(-)	(-)
	Strategic focus target component	367,912	(-)	15	(-)	(-)	(-)
	Total variable remuneration for vesting year 2023 or earlier vesting years	1,763,473	(-)	72 or 0	(-)	(-)	(-)
	Total	1,763,473		72	(-)		(-)
	Remuneration for vesting year 2023 or earlier vesting years	2,446,106	(-)	100 or 0	(-)	(-)	(-)
Total remuneration according to § 162 German Stock Corporation Act (AktG)	2,446,106		100	(-)		(-)	
Service cost²	254,444			(-)			
Total remuneration plus service cost³	2,700,550			(-)			

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 service cost in accordance with IAS 19 represents the expense for the Company; this amount is not paid out to the Board of Management member.

³ 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. See table [2^o Maximum remuneration and remuneration vested in the 2023 financial year \(vesting year\)](#).

Remuneration granted and owed in financial year 2023 (2022)

MILAN NEDELJKOVIĆ

Production

since 1 October 2019¹

		FY 2023			FY 2022		
		Vesting year 2023 in €	Earlier vesting years in €	as a % of total remuneration	Vesting year 2022 in €	Earlier vesting years in €	as a % of total remuneration
Fixed remuneration	Fixed remuneration (base salary)	1,050,000	(-)	24	937,500	(-)	19
	Fringe benefits (other remuneration)	27,524	(-)	1	19,824	(-)	0.4
	Total	1,077,524		25	957,324		19
BONUS							
	Earnings component of bonus	966,000	(-)	22	900,000	(-)	18
	Performance component of bonus	586,500	(-)	13	490,000	(-)	10
PERFORMANCE CASH PLAN							
	PCP 2020-2022	(-)	(-)	(-)	(-)	1,145,800	23
Variable remuneration	SHARE-BASED REMUNERATION						
	Share-based remuneration component (matching component)	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount ²						
	RoCE component	1,068,800	(-)	24	807,225	(-)	16
	Strategic focus target component	675,200	(-)	15	664,100	(-)	13
	Total variable remuneration for vesting year 2023 or earlier vesting years	3,296,500	(-)	75 or 0	2,861,325	1,145,800	58 or 23
	Total	3,296,500		75	4,007,125		81
Remuneration for vesting year 2023 or earlier vesting years		4,374,024	(-)	100 or 0	3,818,649	1,145,800	77 or 23
Total remuneration according to § 162 German Stock Corporation Act (AktG)		4,374,024		100	4,964,449		100
Service cost³		407,391			407,391		
Total remuneration plus service cost⁴		4,781,415			5,371,840		

¹ Second remuneration level since 1 October 2022.

² 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.

³ The service cost in accordance with IAS 19 represents the expense for the Company; this amount is not paid out to the Board of Management member.

⁴ 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. See table ² Maximum remuneration and remuneration vested in the 2023 financial year (vesting year).

Remuneration granted and owed in financial year 2023 (2022)

PIETER NOTA

Customer, Brands, Sales

1 January 2018 to 31 October 2023¹

		FY 2023			FY 2022		
		Vesting year 2023 in €	Earlier vesting years in €	as a % of total remuneration	Vesting year 2022 in €	Earlier vesting years in €	as a % of total remuneration
Fixed remuneration	Fixed remuneration (base salary)	1,050,000	(-)	23	1,050,000	(-)	19
	Fringe benefits (other remuneration)	52,049	(-)	1	19,673	(-)	0.4
	Total	1,102,049		24	1,069,673		20
BONUS							
	Earnings component of bonus	966,000	(-)	21	1,035,000	(-)	19
	Performance component of bonus	586,500	(-)	13	563,500	(-)	10
PERFORMANCE CASH PLAN							
	PCP 2020-2022	(-)	(-)	(-)	(-)	1,145,800	21
Variable remuneration	SHARE-BASED REMUNERATION						
	Share-based remuneration component (matching component)	(-)	130,087 ²	3	(-)	(-)	(-)
	Personal cash investment amount ³						
	RoCE component	1,068,800	(-)	24	902,400	(-)	17
	Strategic focus target component	675,200	(-)	15	742,400	(-)	14
	Total variable remuneration for vesting year 2023 or earlier vesting years	3,296,500	130,087	73 or 3	3,243,300	1,145,800	59 or 21
	Total	3,426,587		76	4,389,100		80
Remuneration for vesting year 2023 or earlier vesting years		4,398,549	130,087	97 or 3	4,312,973	1,145,800	79 or 21
Total remuneration according to § 162 German Stock Corporation Act (AktG)		4,528,636		100	5,458,773		100
Service cost⁴		407,516			407,516		
Total remuneration plus service cost⁵		4,936,152			5,866,289		

¹ Member of the Board of Management until 31 October 2023, service contract until 31 July 2024. See ² [Premature termination of activities and post-contractual non-competition clause](#).

² The number of shares purchased in 2019 with the cash remuneration component (investment component) for the 2018 financial year amounted to 3,954. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 1,318.

³ 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.

⁴ The service cost in accordance with IAS 19 represents the expense for the Company; this amount is not paid out to the Board of Management member.

⁵ 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. See table ² [Maximum remuneration and remuneration vested in the 2023 financial year \(vesting year\)](#).

Remuneration granted and owed in financial year 2023 (2022)

NICOLAS PETER

Finance

1 January 2017 to 11 May 2023¹

		FY 2023			FY 2022		
		Vesting year 2023 in €	Earlier vesting years in €	as a % of total remuneration	Vesting year 2022 in €	Earlier vesting years in €	as a % of total remuneration
Fixed remuneration	Fixed remuneration (base salary)	437,500	(-)	17	1,050,000	(-)	18
	Fringe benefits (other remuneration)	23,089	(-)	1	30,825	(-)	1
	Total	460,589		18	1,080,825		19
BONUS							
	Earnings component of bonus	402,500	(-)	16	1,035,000	(-)	18
	Performance component of bonus	246,771	(-)	10	569,250	(-)	10
PERFORMANCE CASH PLAN							
	PCP 2020-2022	(-)	(-)	(-)	(-)	1,280,600	23
Variable remuneration	SHARE-BASED REMUNERATION						
	Share-based remuneration component (matching component)	(-)	121,105 ²	5	(-)	79,326	1
	Personal cash investment amount ³						
	RoCE component	445,333	(-)	17	902,400	(-)	16
	Strategic focus target component	281,333	(-)	11	742,400	(-)	13
	Total variable remuneration for vesting year 2023 or earlier vesting years	1,375,937	121,105	54 or 5	3,249,050	1,359,926	57 or 24
	Total	1,497,042		58	4,608,976		81
Waiting allowance	612,500	(-)	24	(-)	(-)	(-)	
Remuneration for vesting year 2023 or earlier vesting years	2,449,026	121,105	95 or 5	4,329,875	1,359,926	76 or 24	
Total remuneration according to § 162 German Stock Corporation Act (AktG)	2,570,131		100	5,689,801		100	
Service cost⁴	166,667			407,274			
Total remuneration plus service cost⁵	2,736,798			6,097,075			

¹ Member of the Board of Management until 11 May 2023, service contract ended 31 May 2023. See [Premature termination of activities and post-contractual non-competition clause](#).

² The number of shares purchased in 2019 with the cash remuneration component (investment component) for the 2018 financial year amounted to 3,683. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 1,227.

³ 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.

⁴ The service cost in accordance with IAS 19 represents the expense for the Company; this amount is not paid out to the Board of Management member.

⁵ 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. See table [Maximum remuneration and remuneration vested in the 2023 financial year \(vesting year\)](#).

Remuneration granted and owed in financial year 2023 (2022)

		FY 2023			FY 2022		
		Vesting year 2023 in €	Earlier vesting years in €	as a % of total remuneration	Vesting year 2022 in €	Earlier vesting years in €	as a % of total remuneration
JOACHIM POST							
Purchasing and Supplier Network since 1 January 2022							
Fixed remuneration	Fixed remuneration (base salary)	900,000	(-)	24	900,000	(-)	24
	Fringe benefits (other remuneration)	22,692	(-)	1	102,259	(-)	3
	Total	922,692		25	1,002,259		27
BONUS							
	Earnings component of bonus	798,000	(-)	22	855,000	(-)	23
	Performance component of bonus	484,500	(-)	13	465,500	(-)	12
PERFORMANCE CASH PLAN							
	PCP 2020-2022	(-)	(-)	(-)	(-)	(-)	(-)
Variable remuneration	SHARE-BASED REMUNERATION						
	Share-based remuneration component (matching component)	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount ¹						
	RoCE component	918,500	(-)	25	775,500	(-)	21
	Strategic focus target component	580,250	(-)	16	638,000	(-)	17
	Total variable remuneration for vesting year 2023 or earlier vesting years	2,781,250	(-)	75 or 0	2,734,000	(-)	73 or 0
	Total	2,781,250		75	2,734,000		73
Remuneration for vesting year 2023 or earlier vesting years		3,703,942	(-)	100 or 0	3,736,259	(-)	100 or 0
Total remuneration according to § 162 German Stock Corporation Act (AktG)		3,703,942		100	3,736,259		100
Service cost²		408,504			408,504		
Total remuneration plus service cost³		4,112,446			4,144,763		

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 service cost in accordance with IAS 19 represents the expense for the Company; this amount is not paid out to the Board of Management member.

³ 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. See table [2^o Maximum remuneration and remuneration vested in the 2023 financial year \(vesting year\)](#).

Remuneration granted and owed in financial year 2023 (2022)

		FY 2023			FY 2022		
		Vesting year 2023 in €	Earlier vesting years in €	as a % of total remuneration	Vesting year 2022 in €	Earlier vesting years in €	as a % of total remuneration
FRANK WEBER							
Development since 1 July 2020 ¹							
Fixed remuneration	Fixed remuneration (base salary)	975,000	(-)	24	900,000	(-)	21
	Fringe benefits (other remuneration)	29,392	(-)	1	34,077	(-)	1
	Total	1,004,392		25	934,077		22
BONUS							
	Earnings component of bonus	882,000	(-)	22	855,000	(-)	20
	Performance component of bonus	535,500	(-)	13	465,500	(-)	11
PERFORMANCE CASH PLAN							
	PCP 2020-2022	(-)	(-)	(-)	(-)	572,900	14
Variable remuneration	SHARE-BASED REMUNERATION						
	Share-based remuneration component (matching component)	(-)	(-)	(-)	(-)	(-)	(-)
	Personal cash investment amount ²						
	RoCE component	993,650	(-)	25	775,500	(-)	18
	Strategic focus target component	627,725	(-)	16	638,000	(-)	15
	Total variable remuneration for vesting year 2023 or earlier vesting years	3,038,875	(-)	75 or 0	2,734,000	572,900	64 or 14
	Total	3,038,875		75	3,306,900		78
Remuneration for vesting year 2023 or earlier vesting years		4,043,267	(-)	100 or 0	3,668,077	572,900	86 or 14
Total remuneration according to § 162 German Stock Corporation Act (AktG)		4,043,267		100	4,240,977		100
Service cost³		407,525			407,525		
Total remuneration plus service cost⁴		4,450,792			4,648,502		

¹ Second remuneration level since 1 July 2023.

² 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.

³ The service cost in accordance with IAS 19 represents the expense for the Company; this amount is not paid out to the Board of Management member.

⁴ 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. See table ² Maximum remuneration and remuneration vested in the 2023 financial year (vesting year).

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 the former members of the Board of Management in the reporting year in accordance with § 162 German Stock Corporation Act (AktG). In accordance with § 162 (5) AktG, individual figures are not shown for former members of the Board of Management who stepped down from the Board of Management in 2013 or earlier. The remuneration of the members of the Board of Management who left in the reporting year is provided in [↗ Remuneration granted and owed to members of the Board of Management pursuant to § 162 of the German Stock Corporation Act \(AktG\)](#).

For individual former members of the Board of Management, the remuneration granted and owed also includes the share-based remuneration component (matching component) 2018. In this regard, please refer to the statements on remuneration granted and owed for the active members of the Board of Management [↗ Share-based remuneration component \(matching component\) 2018](#).

Remuneration granted and owed in financial year 2023

		MILAGROS CAIÑA CARREIRO-ANDREE Member of the Board of Management until 31 October 2019		
		Financial year 2023 in €	Earlier vesting years in €	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	28,094	(-)	16
	Total fringe benefits	28,094		16
Variable remuneration	Share-based remuneration component (matching component) 2018	(-)	152,985*	84
	Total variable remuneration	152,985		84
Waiting allowance/ retirement benefits	Waiting allowance	(-)	(-)	(-)
	Retirement benefits	(-)	(-)	(-)
	Total waiting allowance/retirement benefits	(-)		(-)
Total remuneration for financial years 2023 or earlier vesting years		28,094	152,985	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		181,079		100

* The number of shares purchased in 2019 with the 2018 cash remuneration component (investment component) amounted to 4,652. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 1,550.

Remuneration granted and owed in financial year 2023

		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 2023 in €	Earlier vesting years in €	as a % of total remuneration	Financial year 2023 in €	Earlier vesting years in €	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	28,266	(-)	9	23,814	(-)	8
	Total fringe benefits	28,266		9	23,814		8
Variable remuneration	Share-based remuneration component (matching component) 2018	(-)	(-)	(-)	(-)	(-)	(-)
	Total variable remuneration	(-)		(-)	(-)		(-)
Waiting allowance/ retirement benefits	Waiting allowance	(-)	(-)	(-)	(-)	(-)	(-)
	Retirement benefits	285,612	(-)	91	278,209	(-)	92
	Total waiting allowance/retirement benefits	285,612		91	278,209		92
Total remuneration for financial years 2023 or earlier vesting years		313,878	(-)		302,023	(-)	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		313,878		100	302,023		100

		KLAUS FRÖHLICH Member of the Board of Management until 30 June 2020			HARALD KRÜGER Chairman of the Board of Management until 15 August 2019		
		Financial year 2023 in €	Earlier vesting years in €	as a % of total remuneration	Financial year 2023 in €	Earlier vesting years in €	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	18,736	(-)	5	17,642	(-)	6
	Total fringe benefits	18,736		5	17,642		6
Variable remuneration	Share-based remuneration component (matching component) 2018	(-)	142,523 ¹	41	(-)	256,620 ²	94
	Total variable remuneration	142,523		41	256,620		94
Waiting allowance/ retirement benefits	Waiting allowance	(-)	(-)	(-)	(-)	(-)	(-)
	Retirement benefits	185,589	(-)	54	(-)	(-)	(-)
	Total waiting allowance/retirement benefits	185,589		54	(-)		(-)
Total remuneration for financial years 2023 or earlier vesting years		204,325	142,523		17,642	256,620	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		346,848		100	274,262		100

¹ The number of shares purchased in 2019 with the 2018 cash remuneration component (investment component) amounted to 4,333. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 1,444.

² The number of shares purchased in 2019 with the 2018 cash remuneration component (investment component) amounted to 7,801. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 2,600.

Remuneration granted and owed in financial year 2023

		NORBERT REITHOFER Chairman of the Board of Management until 13 May 2015 Chairman of the Supervisory Board since 13 May 2015			IAN ROBERTSON Member of the Board of Management until 31 December 2017		
		Financial year 2023 in €	Earlier vesting years in €	as a % of total remuneration	Financial year 2023 in €	Earlier vesting years in €	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	33,568	(-)	9	21,600	(-)	10
	Total fringe benefits	33,568		9	21,600		10
Variable remuneration	Share-based remuneration component (matching component) 2018	(-)	(-)	(-)	(-)	(-)	(-)
	Total variable remuneration	(-)		(-)	(-)		(-)
Waiting allowance/ retirement benefits	Waiting allowance	(-)	(-)	(-)	(-)	(-)	(-)
	Retirement benefits	330,197	(-)	91	194,878	(-)	90
	Total waiting allowance/retirement benefits	330,197		91	194,878		90
Total remuneration for financial years 2023 or earlier vesting years		363,765	(-)		216,478	(-)	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		363,765		100	216,478		100
		PETER SCHWARZENBAUER Member of the Board of Management until 31 October 2019			ANDREAS WENDT Member of the Board of Management until 31 December 2021		
		Financial year 2023 in €	Earlier vesting years in €	as a % of total remuneration	Financial year 2023 in €	Earlier vesting years in €	as a % of total remuneration
Fixed remuneration	Fringe benefits (other remuneration)	26,354	(-)	15	32,384	(-)	50
	Total fringe benefits	26,354		15	32,384		50
Variable remuneration	Share-based remuneration component (matching component) 2018	(-)	152,985 ¹	85	(-)	32,472 ²	50
	Total variable remuneration	152,985		85	32,472		50
Waiting allowance/ retirement benefits	Waiting allowance	(-)	(-)	(-)	(-)	(-)	(-)
	Retirement benefits	(-)	(-)	(-)	(-)	(-)	(-)
	Total waiting allowance/retirement benefits	(-)		(-)	(-)		(-)
Total remuneration for financial years 2023 or earlier vesting years		26,354	152,985		32,384	32,472	
Total remuneration according to § 162 German Stock Corporation Act (AktG)		179,339		100	64,856		100

¹ The number of shares purchased in 2019 with the 2018 cash remuneration component (investment component) amounted to 4,652. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 1,550.

² The number of shares purchased in 2019 with the 2018 cash remuneration component (investment component) amounted to 988. The number of mathematical matching shares for calculating the equivalent value in cash amounts to 329.

11. Maximum remuneration and remuneration vested in the 2023 financial year (vesting year)

The Supervisory Board has set upper limits on the remuneration of Members of the Board of Management for the 2023 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 as well as the two components of the share-based

remuneration (personal investment cash amount) are limited to a maximum of 180% of the respective target amounts.

The maximum remuneration of the Board of Management members for the vesting year 2023 determined in accordance with § 87a (1) Sentence 2 No. 1 German Stock Corporation Act (AktG) includes, as fixed components, the basic remuneration for 2023, other fixed remuneration for 2023, the service cost (in accordance with IAS 19) for 2023 and, as variable components,

the bonus and the share-based remuneration (personal investment cash amount) for the vesting year 2023. Any special payments to compensate for salary losses from a previous employment relationship and/or to cover relocation costs in the case of new appointments are also subject to maximum remuneration. A commitment to cover relocation costs was issued in the 2023 financial year.

Maximum remuneration and remuneration vested in the 2023 financial year (vesting year)

		OLIVER ZIPSE Chairman of the Board of Management since 16 August 2019 Member of the Board of Management since 13 May 2015		JOCHEN GOLLER Customer, Brands, Sales since 1 November 2023		ILKA HORSTMEIER Human Resources and Real Estate, Labour Director since 1 November 2019		WALTER MERTL Finance since 12 May 2023	
in €		Max.	Remuneration vested	Max.	Remuneration vested	Max.	Remuneration vested	Max.	Remuneration vested
Fixed remuneration	Fixed remuneration (base salary)	1,950,000	1,950,000	150,000	150,000	1,050,000	1,050,000	570,652	570,652
	Fringe benefits (other remuneration) ¹	26,113	26,113	3,331	3,331	66,981	66,981	111,981	111,981
	Total fixed remuneration	1,976,113	1,976,113	153,331	153,331	1,116,981	1,116,981	682,633	682,633
BONUS									
Variable remuneration	Earnings component of the bonus	1,890,000	1,764,000	142,500	133,000	1,035,000	966,000	542,120	505,978
	Performance component of the bonus	1,890,000	1,081,500	142,500	80,750	1,035,000	586,500	542,120	307,201
	SHARE-BASED REMUNERATION (PERSONAL CASH INVESTMENT AMOUNT)²								
	RoCE component	2,115,000	1,962,250	165,000	153,083	1,152,000	1,068,800	627,717	582,382
	Strategic focus target component	2,115,000	1,239,625	165,000	96,708	1,152,000	675,200	627,717	367,912
	Total variable remuneration	8,010,000	6,047,375	615,000	463,541	4,374,000	3,296,500	2,339,674	1,763,473
	Total fixed and variable remuneration	9,986,113	8,023,488	768,331	616,872	5,490,981	4,413,481	3,022,307	2,446,106
	Service cost ³	712,729	712,729	66,667	66,667	407,533	407,533	254,444	254,444
	Maximum remuneration⁴/Vested remuneration incl. service cost	9,850,000	8,736,217	820,833	683,539	5,500,000	4,821,014	3,122,736	2,700,550

¹ For more information about fringe benefits for the 2023 financial year, refer to ["Remuneration granted and owed to members of the Board of Management pursuant to § 162 of the German Stock Corporation Act \(AktG\)"](#).

² 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.

³ The service cost in accordance with IAS 19 represents the expense for the Company; this amount is not paid out to the Board of Management member.

⁴ Maximum remuneration within the meaning of § 87a (1) Sentence 2 No. 1 AktG. The overall cap is lower than the sum of the maximum amounts for the individual components. Any special payments to compensate for salary losses from a previous employment relationship and/or to cover relocation costs in the case of new appointments are also subject to maximum remuneration.

Maximum remuneration and remuneration vested in the 2023 financial year (vesting year)

in €		MILAN NEDELJKOVIĆ		PIETER NOTA		NICOLAS PETER		JOACHIM POST	
		Max.	Remuneration vested	Max.	Remuneration vested	Max.	Remuneration vested	Max.	Remuneration vested
			Production since 1 October 2019		Customer, Brands, Sales 1 January 2018 to 31 October 2023 ¹		Finance 1 January 2017 to 11 May 2023 ²		Purchasing and Supplier Network since 1 January 2022
Fixed remuneration	Fixed remuneration (base salary)	1,050,000	1,050,000	1,050,000	1,050,000	437,500	437,500	900,000	900,000
	Fringe benefits (other remuneration) ³	27,524	27,524	52,049	52,049	23,089	23,089	22,692	22,692
	Total fixed remuneration	1,077,524	1,077,524	1,102,049	1,102,049	460,589	460,589	922,692	922,692
	BONUS								
	Earnings component of the bonus	1,035,000	966,000	1,035,000	966,000	431,250	402,500	855,000	798,000
	Performance component of the bonus	1,035,000	586,500	1,035,000	586,500	431,250	246,771	855,000	484,500
Variable remuneration	SHARE-BASED REMUNERATION (PERSONAL CASH INVESTMENT AMOUNT)⁴								
	RoCE component	1,152,000	1,068,800	1,152,000	1,068,800	480,000	445,333	990,000	918,500
	Strategic focus target component	1,152,000	675,200	1,152,000	675,200	480,000	281,333	990,000	580,250
	Total variable remuneration	4,374,000	3,296,500	4,374,000	3,296,500	1,822,500	1,375,937	3,690,000	2,781,250
	Total fixed and variable remuneration	5,451,524	4,374,024	5,476,049	4,398,549	2,283,089	1,836,526	4,612,692	3,703,942
	Service cost ⁵	407,391	407,391	407,516	407,516	166,667	166,667	408,504	408,504
	Maximum remuneration⁶/Vested remuneration incl. service cost	5,500,000	4,781,415	5,500,000	4,806,065	2,291,667	2,003,193	4,925,000	4,112,446

¹ Service contract comes to an end on 31 July 2024. See [Premature termination of activities and post-contractual non-competition clause](#).

² Service contract ended 31 May 2023. See [Premature termination of activities and post-contractual non-competition clause](#).

³ For more information about fringe benefits for the 2023 financial year, refer to [Remuneration granted and owed to members of the Board of Management pursuant to § 162 of the German Stock Corporation Act \(AktG\)](#).

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 service cost in accordance with IAS 19 represents the expense for the Company; this amount is not paid out to the Board of Management member.

⁶ Maximum remuneration within the meaning of § 87a (1) Sentence 2 No. 1 AktG. The overall cap is lower than the sum of the maximum amounts for the individual components. Any special payments to compensate for salary losses from a previous employment relationship and/or to cover relocation costs in the case of new appointments are also subject to maximum remuneration.

Maximum remuneration and remuneration vested in the 2023 financial year (vesting year)

in €		FRANK WEBER	
		Development since 1 July 2020 ¹	
		Max.	Remuneration vested
Fixed remuneration	Fixed remuneration (base salary)	975,000	975,000
	Fringe benefits (other remuneration) ²	29,392	29,392
	Total fixed remuneration	1,004,392	1,004,392
BONUS			
Variable remuneration	Earnings component of the bonus	945,000	882,000
	Performance component of the bonus	945,000	535,500
	SHARE-BASED REMUNERATION (PERSONAL CASH INVESTMENT AMOUNT)³		
	RoCE component	1,071,000	993,650
	Strategic focus target component	1,071,000	627,725
	Total variable remuneration	4,032,000	3,038,875
	Total fixed and variable remuneration	5,036,392	4,043,267
	Service cost ⁴	407,525	407,525
	Maximum remuneration⁵/Vested remuneration incl. service cost	5,212,500	4,450,792

¹ Second remuneration level since 1 July 2023.

² For more information about fringe benefits for the 2023 financial year, refer to ["Remuneration granted and owed to members of the Board of Management pursuant to § 162 of the German Stock Corporation Act \(AktG\)"](#).

³ 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.

⁴ The service cost in accordance with IAS 19 represents the expense for the Company; this amount is not paid out to the Board of Management member.

⁵ Maximum remuneration within the meaning of § 87a (1) Sentence 2 No. 1 AktG. The overall cap is lower than the sum of the maximum amounts for the individual components. Any special payments to compensate for salary losses from a previous employment relationship and/or to cover relocation costs in the case of new appointments are also subject to maximum remuneration.

Minimum remuneration of Board of Management members is ensured by the fixed remuneration components, in particular the basic 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.

The maximum limits for each individual element of the variable remuneration in the 2023 vesting year and the stipulated maximum remuneration limits were complied with in all cases.

The remuneration granted and owed for the 2023 financial year pursuant to § 162 AktG, see ["Remuneration granted and owed for the](#)

[actual financial year](#), includes the payment of the matching component of the share-based remuneration for the 2018 vesting year to the Board of Management members who were already in office in that financial year. This payment was made in May 2023, after the expiry of the four-year shareholding period. This component is subject to the overall cap set for the vesting year 2018, which was complied with for the Board of Management members in office at that time.

IV. REMUNERATION OF THE MEMBERS OF THE SUPERVISORY BOARD

1. Articles of incorporation and procedure

The regulation governing remuneration for the Supervisory Board is set out in § 16 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 adopted by the Annual General Meeting on 14 May 2020 and confirmed on 12 May 2021 with a majority of 99.40% of the valid votes cast.

2. Principles and elements of remuneration

The Supervisory Board remuneration is structured as a purely fixed remuneration in line with suggestion G.18 of the GCGC. Fixed remuneration strengthens the independence of the Supervisory Board in advising and monitoring the Board of Management. The structure and amount of the fixed remuneration should ensure that highly qualified individuals can be proposed to the Annual General Meeting for membership of the Supervisory Board. This promotes the quality of advice and oversight, 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 fixed remuneration of € 200,000 p.a.

The GCGC recommends that exercising the functions of the chair and deputy chair of the 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 associated with these positions. The Articles of Incorporation of BMW AG also take account of the requirements for the Audit Committee and its Chairman. They 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 who has no additional remuneration-relevant functions. The Chair of the Audit Committee receives two-and-a-quarter times the amount, the Chairs 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 calculated 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. A continuous session on two consecutive days is treated as one session.

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 Supervisory 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 2023 financial year in accordance with § 162 (1) Sentence 1 German Stock Corporation Act (AktG). The activity on which the remuneration for the 2023 financial year is based was fully performed by the balance sheet date. Therefore, the remuneration for the Supervisory Board activities is classified as granted for the 2023 financial year, even if the payment of the Supervisory Board remuneration (including the attendance fee) was made after the end of the 2023 financial year.

Overview of remuneration of the members of the Supervisory Board¹

	Factor	Amount in € p. a. ³
Member of Supervisory Board	1.00	200,000
Chairman Supervisory Board	3.00	600,000
Deputy Chairman Supervisory Board	2.00	400,000
Chairman of the Audit Committee ²	2.25	450,000
Chairman of other committee ²	2.00	400,000
Member of the Audit Committee ²	2.00	400,000
Member of other committee ²	1.50	300,000

¹ If a Supervisory Board member performs more than one of the functions referred to above, their remuneration is measured only on the basis of the function that is remunerated with the highest amount.

² Provided that the Committee has met on at least three days during the financial year.

³ Plus attendance fee of € 2,000 per plenary session.

Remuneration granted and owed to Supervisory Board members pursuant to § 162 AktG in financial year 2023 (2022)

MEMBERS OF THE SUPERVISORY BOARD IN OFFICE AS AT 31 DECEMBER 2023

	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) ^{1,2}	379,545	97	10,000	3	389,545	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
	(450,000)	(98)	(10,000)	(2)	(460,000)	(100)
Christiane Benner ¹	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Marc Bitzer	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Bernhard Ebner ¹	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Rachel Empey ³	400,000	98	10,000	2	410,000	100
	(250,000)	(96)	(10,000)	(4)	(260,000)	(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 Confederation of German Trade Unions.

² Member of the Supervisory Board since 18 January 2023, Deputy Chairman since 23 January 2023.

³ Member of the Audit Committee.

Remuneration granted and owed to Supervisory Board members pursuant to § 162 AktG in financial year 2023 (2022)

MEMBERS OF THE SUPERVISORY BOARD IN OFFICE AS AT 31 DECEMBER 2023

	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	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Susanne Klatten	200,000	96	8,000	4	208,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Jens Köhler ¹	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Gerhard Kurz	200,000	95	10,000	5	210,000	100
	(94,624)	(94)	(6,000)	(6)	(100,624)	(100)
André Mandl ¹	200,000	95	10,000	5	210,000	100
	(148,333)	(95)	(8,000)	(5)	(156,333)	(100)
Dominique Mohabeer ^{1,2}	400,000	98	10,000	2	410,000	100
	(250,000)	(96)	(10,000)	(4)	(260,000)	(100)
Anke Schäferkordt	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Christoph Schmidt	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Vishal Sikka	200,000	95	10,000	5	210,000	100
	(200,000)	(95)	(10,000)	(5)	(210,000)	(100)
Sibylle Wankel ¹	200,000	95	10,000	5	210,000	100
	(198,387)	(95)	(10,000)	(5)	(208,387)	(100)
Total acting members of the Supervisory Board	5,629,545	97	198,000	3	5,827,545	100
	(4,791,344)	(96)	(184,000)	(4)	(4,975,344)	(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 Confederation of German Trade Unions.

² Member of the Audit Committee.

V. 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 German Stock Corporation Act (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 retirement capital account), fringe benefits 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 return on sales after tax" are reported, as these key indicators are relevant for both the calculation of the variable remuneration of the members of the Board of Management (earnings component of the bonus) and the performance-related remuneration of managers and employees.

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 2023 financial year, this was 83,383 people. Worldwide, the BMW Group employed 154,950 people at 31 December 2023. In order to calculate the average employee remuneration presented, the principles applicable to the calculation of the remuneration granted and owed to the members of the Board of Management and the Supervisory Board pursuant to § 162 (1) Sentence 1 AktG were applied accordingly.

Comparison of changes in earnings and remuneration for employees, the Board of Management and the Supervisory Board

	2019	2020	Change 2020 vs 2019 in %	2021	Change 2021 vs 2020 in %	2022	Change 2022 vs 2021 in %	2023	Change 2023 vs 2022 in %	
I. CHANGES IN EARNINGS										
Net income of BMW AG according to the German Commercial Code (HGB) (in € million)	2,107	1,702	- 19%	4,910	188%	6,311	29%	4,366	- 31%	
Profit attributable to shareholders of BMW AG (in € million)	4,915	3,775	- 23%	12,382	228%	17,941	45%	11,290	- 37%	
Group return on sales after tax (in %)	4.8	3.9	- 19%	11.2	187%	13.0	16%	7.8	- 40%	
II. AVERAGE REMUNERATION OF EMPLOYEES IN €										
Average remuneration of employees of BMW AG in €	89,353	86,715	- 3%	99,169	14%	102,394	3%	102,047	0%	
III. REMUNERATION OF THE BOARD OF MANAGEMENT IN €¹										
Oliver Zipse ²	since May 2015, Chairman since 16 August 2019	3,923,856	5,338,865	36%	8,752,558	64%	10,152,625	16%	8,158,904	- 20%
Jochen Goller	since November 2023	(-)	(-)	(-)	(-)	(-)	(-)	616,872	(-)	
Ilka Horstmeier	since November 2019	384,435	2,043,706	432%	3,949,908	93%	4,929,261	25%	4,413,481	- 10%
Walter Mertl	since May 2023	(-)	(-)	(-)	(-)	(-)	(-)	2,446,106	(-)	
Milan Nedeljković	since October 2019	537,696	2,058,305	283%	4,017,337	95%	4,964,449	24%	4,374,024	- 12%
Pieter Nota ^{3,4}	January 2018 until 31 October 2023	2,651,143	2,757,590	4%	4,820,525	75%	5,458,773	13%	4,528,636	- 17%
Nicolas Peter ^{3,5}	January 2017 until 11 May 2023	2,660,349	3,117,471	17%	4,824,746	55%	5,689,801	18%	2,570,131	- 55%
Joachim Post	since January 2022	(-)	(-)	(-)	(-)	(-)	(-)	3,703,942	- 1%	
Frank Weber	since July 2020	(-)	1,006,759	(-)	3,856,458	283%	4,240,977	10%	4,043,267	- 5%

¹ The reported remuneration for the years 2019 and 2020 has been recalculated pursuant to § 162 of the German Stock Corporation Act (AktG).

² For the 2019 and 2020 financial years, the advance payments of € 566,667 and € 712,000 from the 2018-2020 and 2019-2021 Performance Cash Plans, which were paid in 2019 and 2020 respectively, were also included in the calculation of remuneration.

³ For the 2019 and 2020 financial years, the advance payments of € 500,000 each from the 2018-2020 and 2019-2021 Performance Cash Plans, which were paid in 2019 and 2020 respectively, were also included in the calculation of remuneration.

⁴ Service contract comes to an end on 31 July 2024. See [Premature termination of activities and post-contractual non-competition clause](#).

⁵ Service contract ended 31 May 2023. See [Premature termination of activities and post-contractual non-competition clause](#).

Comparison of changes in earnings and remuneration for employees, the Board of Management and the Supervisory Board

		Change 2020 vs 2019 in %	Change 2021 vs 2020 in %	Change 2022 vs 2021 in %	2023	Change 2023 vs 2022 in %
FORMER MEMBERS OF THE BOARD OF MANAGEMENT IN €¹						
Milagros Caiña Carreiro-Andree ^{2,3}	until October 2019	- 25%	- 68%	- 1%	181,079	- 77%
Klaus Draeger	until September 2016	2%	2%	- 18%	313,878	1%
Friedrich Eichiner	until December 2016	62%	- 32%	- 25%	302,023	1%
Klaus Fröhlich ²	until June 2020	- 23%	- 69%	24%	346,848	- 62%
Harald Krüger ^{4,5}	until August 2019	- 34%	- 64%	- 34%	274,262	- 70%
Norbert Reithofer	until May 2015, since May 2015 Chairman of the Supervisory Board	- 21%	1%	1%	363,765	- 1%
Ian Robertson	until December 2017	10%	7%	2%	216,478	- 31%
Peter Schwarzenbauer ⁶	until October 2019	- 54%	149%	- 96%	179,339	50%
Andreas Wendt	until December 2021	- 1%	120%	- 54%	64,856	- 97%

¹ The reported remuneration for the years 2019 and 2020 has been recalculated pursuant to § 162 of the German Stock Corporation Act (AktG).

² For the 2019 and 2020 financial years, the advance payments of € 600,000 each from the 2018–2020 and 2019–2021 Performance Cash Plans, which were paid in 2019 and 2020 respectively, were also included in the calculation of remuneration.

³ Ms Caiña Carreiro-Andree's contract of employment ended on 30 June 2020.

⁴ For the 2019 and 2020 financial years, the advance payments of € 900,000 each from the 2018–2020 and 2019–2021 Performance Cash Plans, which were paid in 2019 and 2020 respectively, were also included in the calculation of remuneration.

⁵ Mr Krüger's employment contract ended on 30 April 2020.

⁶ For the 2019 and 2020 financial years, the advance payments of € 600,000 and € 500,000 from the 2018–2020 and 2019–2021 Performance Cash Plans, respectively, which were paid in 2019 and 2020 respectively, were also included in the calculation of remuneration.

Comparison of changes in earnings and remuneration for employees, the Board of Management and the Supervisory Board

		2019	2020	Change 2020 vs 2019 in %	2021	Change 2021 vs 2020 in %	2022	Change 2022 vs 2021 in %	2023	Change 2023 vs 2022 in %
IV. REMUNERATION OF THE SUPERVISORY BOARD IN €										
Norbert Reithofer	since May 2015, Chairman	640,000	610,000	- 5%	610,000	0%	610,000	0%	610,000	0%
Martin Kimmich ^{1,2}	since January 2023, Deputy Chairman	(-)	(-)	(-)	(-)	(-)	(-)	(-)	389,545	(-)
Stefan Quandt	since 1997, Deputy Chairman	430,000	410,000	- 5%	410,000	0%	410,000	0%	410,000	0%
Stefan Schmid ¹	since 2007, Deputy Chairman	430,000	410,000	- 5%	410,000	0%	410,000	0%	410,000	0%
Kurt Bock ³	since May 2018, Deputy Chairman and Chairman of the Audit Committee	220,000	367,930	67%	460,000	25%	460,000	0%	460,000	0%
Christiane Benner ¹	since May 2014	220,000	210,000	- 5%	210,000	0%	210,000	0%	210,000	0%
Marc Bitzer	since May 2021	(-)	(-)	(-)	135,419	(-)	210,000	55%	210,000	0%
Bernhard Ebner ¹	since October 2021	(-)	(-)	(-)	48,237	(-)	210,000	335%	210,000	0%
Rachel Empey ⁴	since May 2021	(-)	(-)	(-)	135,419	(-)	260,000	92%	410,000	58%
Heinrich Hiesinger	since May 2017	220,000	210,000	- 5%	210,000	0%	210,000	0%	210,000	0%
Johann Horn ¹	since May 2021	(-)	(-)	(-)	132,344	(-)	210,000	59%	210,000	0%
Susanne Klatten	since May 1997	220,000	210,000	- 5%	210,000	0%	210,000	0%	208,000	- 1%
Jens Köhler ¹	since August 2021	(-)	(-)	(-)	86,258	(-)	210,000	143%	210,000	0%
Gerhard Kurz	since July 2022	(-)	(-)	(-)	(-)	(-)	100,624	(-)	210,000	109%
André Mandl ¹	since April 2022	(-)	(-)	(-)	(-)	(-)	156,333	(-)	210,000	34%
Dominique Mohabeer ^{1,4}	since June 2012	220,000	210,000	- 5%	210,000	0%	260,000	24%	410,000	58%
Anke Schäferkordt	since May 2020	(-)	134,344	(-)	210,000	56%	210,000	0%	210,000	0%
Christoph Schmidt	since May 2021	(-)	(-)	(-)	135,419	(-)	210,000	55%	210,000	0%
Vishal Sikka	since May 2019	139,532	208,000	49%	210,000	1%	210,000	0%	210,000	0%
Sibylle Wankel ¹	since January 2022	(-)	(-)	(-)	(-)	(-)	208,387	(-)	210,000	1%

¹ These employee representatives have declared that they will transfer their remuneration to the Hans Böckler Foundation in accordance with the guidelines of the Confederation of German Trade Unions.

² Member since 18 January 2023, Deputy Chairman since 23 January 2023.

³ Dr Bock was elected Chairman of the Audit Committee in May 2020.

⁴ Member of the Audit Committee since 1 October 2022.

VI. OTHER CONSIDERATIONS

BMW Group companies did not grant any loans to members of the Board of Management or the Supervisory Board in the 2023 financial year, nor did they 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 the purchase of vehicles, other services (maintenance and repair work) and cash deposits at arm's length conditions.

The Company maintains a financial loss liability insurance policy for the members of the Board of Management and the Supervisory Board. The insurance provides cover for legal liability claims and protects the private assets of members of BMW AG's Board of Management and Supervisory Board 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).

Bayerische Motoren Werke Aktiengesellschaft

For the Supervisory Board

For the Board of Management

Dr-Ing Dr-Ing Eh
Norbert Reithofer
Chairman of the
Supervisory Board

Oliver Zipse
Chairman of the
Board of Management

VII. AUDITOR'S REPORT

To Bayerische Motoren Werke Aktiengesellschaft, München

We have audited the remuneration report of Bayerische Motoren Werke Aktiengesellschaft, München, for the financial year from January 1, 2023 to December 31, 2023 including the related disclosures, which was prepared to comply with § [Article] 162 AktG [Aktengesetz: 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, 2023 to December 31 2023, 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. § 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 14, 2024

PricewaterhouseCoopers GmbH
Wirtschaftsprüfungsgesellschaft

Petra Justenhoven
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* Part of the Combined Management Report

06 OTHER INFORMATION

FURTHER GRI INFORMATION

PRODUCTION, PURCHASING AND SUPPLIER NETWORK

BMW Group Carbon footprint

in t CO ₂	2019	2020	2021	2022	2023
Total emissions ¹	147,257,699	132,064,779	137,592,164	130,743,357	134,699,641
SCOPE 1: DIRECT GREENHOUSE GAS EMISSIONS					
Total emissions	678,403	678,967	699,713	694,057	713,933
BMW Group locations ^{2, 3, 4}	586,638	604,620	631,304	614,117	595,257
Company vehicles ^{5, 6, 7}	85,667	72,554	66,442	76,491	113,431
Company-owned planes ⁸	6,098	1,793	1,967	3,449	5,245
SCOPE 2: INDIRECT GREENHOUSE GAS EMISSIONS					
Total emissions	354,095	130,090	134,849	91,300	110,141
Electricity/heat purchased by BMW Group locations ^{2, 4, 9}	354,095	130,090	134,849	91,300	110,141

¹ The CO₂ emissions listed account for approximately 90% of the BMW Group's total **Scope 1 to Scope 3 emissions**. The methodology used to calculate CO₂ emissions changed in the reporting year 2023 for the items "Purchased Goods and services" and "Logistics – material supply of the plants and distribution of vehicles". The prior-year figures have been adjusted retrospectively.

² Carbon emissions (excluding climate-impacting gases other than carbon dioxide) generated by vehicle production (BMW Group plants and BMW 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).

³ This amount includes 15,881 t CO₂ from the direct use of biomass.

⁴ Calculation of Scope 1 and Scope 2 emissions, using the operational control approach in accordance with the GHG Protocol. Leased space without the direct influence of the BMW Group on energy supply is therefore not included.

⁵ Includes the emissions of company cars and function-related vehicles of the BMW Group plants, as well as the 12 major markets. Emissions are preferably calculated on the basis of tank refills. This is the case for the plants and/or markets in Australia, Austria, Brazil, France, Germany, Hungary, India, Italy (only Alphabet Italia S.p.A. and BMW Bank GmbH, Milan), Japan, Mexico, South Africa, South Korea (only BMW Financial Services Korea Co., Ltd., Seoul), Thailand and the UK. In the remaining cases, they are determined based on kilometres driven. For the USA, the data are partly extrapolated for 2023 because the information was not yet available for the entire period at the time the data was collected. For BMW Italia S.p.A. and BMW Italia Retail S.r.l., values for the reporting period are calculated based on average kilometres per day. For system-related reasons, the refuelling of company vehicles includes both business and private trips, except refuelling paid for by employees themselves.

⁶ Emissions from company cars (Scope 1) are also included on a pro-rata basis under employee commuting and use phase (both Scope 3). A distinction in the systems is currently not possible.

⁷ The increase in this metric is the result of the scope being increased as compared to the previous year. Reporting was only submitted for Germany and the international test sites up to and including 2022. During the 2023 reporting year, all BMW Group plants and the 12 major markets were integrated into the figure. A calculation based on the Scope from 2022 results in a comparative value for 2023 of 80,869 t CO₂ (+5.7% compared to previous year). No retrospective adjustment was made. As a result, the figures for 2023 are not directly comparable with previous years.

⁸ As a result of the extensive travel restrictions in place during the pandemic, 2019 is used as a base year for more meaningful comparisons in terms of civil aviation.

⁹ Scope 2 emissions calculated using the market-based method in accordance with the GHG Protocol Scope 2 guidance; mainly based on the emissions factors for electricity, district heating and fuels reported by the VDA (each in the latest version dated 12/2023) and occasionally using local emissions factors; alternative calculation using the location-based method: 1,195,818 t CO₂.

BMW Group Carbon footprint

in t CO ₂ /CO ₂ e ¹	2019	2020	2021	2022	2023
SCOPE 3: INDIRECT GREENHOUSE GAS EMISSIONS					
Total emissions	146,225,201	131,255,722	136,757,602	129,958,000	133,875,567
Logistics - material supply of the plants and distribution of vehicles ²	2,178,437	1,939,191	2,203,818	2,200,661	2,746,124
Business trips ³	129,646	25,217	29,765	66,170	115,469
Employees' commuter traffic ^{4,5}	146,298	166,586	139,999	145,284	166,273
Purchased Goods and Services ^{6,7}	31,486,873	29,094,346	33,131,882	33,029,416	34,267,874
Use phase ^{4,8}	110,899,066	98,782,354	99,805,490	92,947,849	94,774,779
Logistics - aftersales logistics	115,863	97,171	130,210	174,017	183,417
Disposal ^{1,7,9}	1,269,018	1,150,857	1,316,438	1,394,603	1,621,631

¹ Carbon emissions in the supply chain, including in transport logistics, as well as in upstream fuel production (well-to-tank) are referred to as CO₂e.

² The methodology used to calculate carbon emissions changed in the reporting year 2023. Each vehicle is assigned an average value based on the CO₂e assessment of individual transport movements. The values in the time series were adjusted to reflect the new methodology. The emission factors were also adjusted retrospectively (values prior to change in methodology and adjustment of transport logistics emission factors, excluding aftersales logistics: 2019: 1,454,534 t CO₂e, 2020: 1,225,688 t CO₂e, 2021: 1,748,700 t CO₂e, 2022: 2,100,161 t CO₂e) [↗ Glossary](#).

³ Includes business trips by plane, rail and rental car. As a result of the extensive travel restrictions in place during the pandemic, 2019 is used as a base year for more conclusive comparisons in terms of business travel.

⁴ Emissions from company cars (Scope 1) are also included on a pro-rata basis under employee commuting and use phase (both Scope 3). A distinction in the systems is currently not possible.

⁵ 2019 is not directly comparable to the other years because an improved data basis was available from 2020 onwards. In some cases, figures have been extrapolated based on data collected at major national and international BMW Group locations. The sites in Farnborough, UK, and Woodcliff Lake, USA, were included in the calculation for the first time in the reporting year 2023.

⁶ The methodology used to calculate carbon emissions changed in the 2023 reporting year. Previously, the CO₂e values were calculated on the basis of a small set of TÜV-validated life cycle assessments performed for European vehicles. Enhancements to the IT system have made it possible to perform a differentiated calculation for all vehicles taking into account different energy mixes and carbon emission factors for different production regions (see [↗ Glossary](#)). The values in the time series were adapted using this new methodology (values based on prior methodology: 2019: 18,505,921 t CO₂e, 2020: 16,234,959 t CO₂e, 2021: 18,534,765 t CO₂e, 2022: 19,758,702 t CO₂e). The values for 2019 through 2021 as well as 2023 shown in the table according to the new methodology were subjected to a reasonable assurance audit. The carbon-reducing measures are taken into account from 2022 onwards. The implementation of measures for 2022 was subjected to a limited assurance audit.

⁷ Energy consumption values (lower calorific value) in the "Purchased goods and services" category and the "Disposal" category are estimated using the methodology specified in footnote (9): 113,179 GWh in the "Purchased goods and services" category and 908 GWh in the "Disposal" category.

⁸ The absolute emissions in the use phase are based on the [↗ Carbon emissions of the new vehicle fleet worldwide, including upstream emissions \(Scope 3 downstream, well-to-wheel\)](#). The total value in t CO₂ is the result of multiplying the average value with all BMW Group vehicles sold in the reporting period and an assumed average mileage of 200,000 km (as per VDA 900-100).

⁹ CO₂e calculated based on life cycle assessments as per ISO 14040/44 of representative vehicles from the product lines using the "LCA for Experts" tool provided by Sphera (including climate-impacting gases CO₂, CH₄, N₂O, SF₆, NF₃). For definition, see [↗ Glossary](#).

Energy consumption^{1,2}

in MWh	2019	2020	2021	2022	2023
TOTAL ENERGY CONSUMPTION					
Total energy consumption	6,348,009	6,040,824	6,476,955	6,295,990	6,380,652
TOTAL ENERGY CONSUMPTION BY AREA					
Vehicle production	5,226,227	4,946,865	5,329,550	4,750,321	4,954,639
Motorcycle production	120,583	114,072	125,450	101,574	105,614
Non-manufacturing areas	1,001,199	979,887	1,021,955	906,175	890,617
CHP losses ³	-	-	-	537,919	429,782
TOTAL ENERGY CONSUMPTION BY SOURCE					
Electricity	2,653,855	2,320,314	2,453,215	2,542,434	2,711,392
Community heating	367,040	274,484	284,763	307,163	354,015
Community cooling	33,688	33,322	31,882	28,455	23,516
Natural gas	3,117,505	3,206,948	3,517,068	3,253,638	3,170,701
of which CHP losses	425,796	498,299	508,318	477,588	398,874
Biogas (landfill gas)	164,957	192,911	177,564	144,266	107,864
of which CHP losses	68,560	65,065	67,038	60,331	30,908
Solar (photovoltaics)	1,703	2,316	2,344	2,209	4,123
Other fossil fuels	7,760	9,368	8,908	16,730	7,931
Other biogenic fuels	1,501	1,161	1,211	1,095	1,109

¹ Energy consumption generated by vehicle production (BMW Group plants including BMW 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 Upper calorific value

³ CHP losses refer to the losses resulting from converting a fuel source into electricity and heat in a combined heat and power plant (CHP plant). These are listed separately as of the 2022 reporting year. Energy consumption for the automotive production, motorcycle production and non-manufacturing sites was not adjusted retrospectively for previous years. As a result, the figures for 2022 are not directly comparable with previous years.

Transport logistics: carriers and CO₂ emissions¹

	2022	2023		
MATERIAL SUPPLY OF THE PLANTS (INBOUND)²				
Transport volume in million tkm	26,600	23,099		
CO ₂ e emissions in t	974,238	1,229,301		
DISTRIBUTION OF VEHICLES (OUTBOUND)³				
Transport volume in million tkm	25,511	31,263		
CO ₂ e emissions in t	1,226,423	1,516,823		
TOTAL MATERIAL SUPPLY OF THE PLANTS AND DISTRIBUTION OF VEHICLES (INBOUND AND OUTBOUND)				
Transport volume in million tkm	52,111	54,362		
CO ₂ e emissions in t	2,200,661	2,746,124		
CUSTOMER SUPPORT LOGISTICS (AFTERSALES LOGISTICS)				
Transport volume in million tkm	2,447	2,267		
CO ₂ e emissions in t	174,017	183,417		
PERCENTAGE SHARE OF CARRIERS IN TOTAL IN TERMS OF TRANSPORT VOLUME AND CO₂ EMISSIONS				
	tkm	g CO₂e	tkm	g CO₂e
Sea in %	77.1	43.4	76.7	41.7
Road in %	14.4	31.7	14.2	30.9
Rail in %	7.3	5.5	7.5	5.2
Air in %	1.2	19.4	1.6	22.2

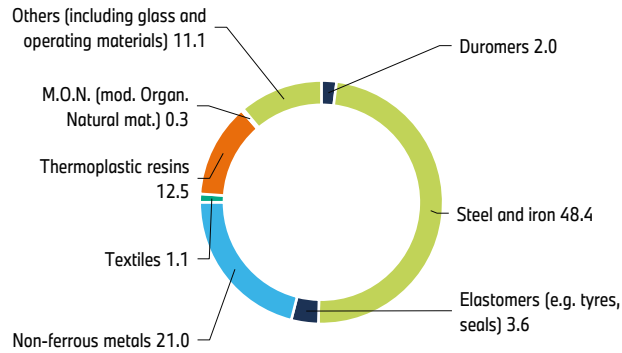
¹ From 2022, application of the international GLEC Framework directive in the version applicable during the yearly tranche, along with CleanCargo and DIN EN 16258/ISO 14083 still being in force. The methodology used to calculate carbon emissions changed in the reporting year 2023. Each vehicle is assigned an average value based on the CO₂e assessment of individual transport movements. The values in the time series were adapted using the new methodology. The emission factors were also adjusted retrospectively (values prior to change in methodology and adjustment of transport logistics (inbound and outbound) emission factors, excluding aftersales logistics: 2022: 2,100,161 t CO₂e). For more information about calculating the CO₂e emissions, please refer to the [Glossary](#).

² Figures relate to spare parts deliveries to vehicle production facilities (BMW Group and partner plants, excluding contract manufacturing). Further information can be found in the [Glossary](#). In some cases, figures have been extrapolated for individual months.

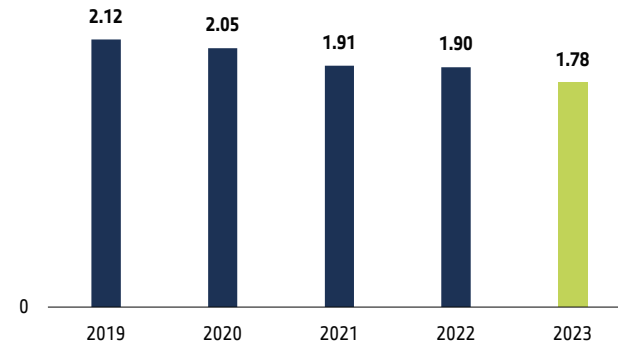
³ These figures refer to the distribution of manufactured vehicles (BMW Group, contract manufacturing and partial volumes for partner plants) to markets worldwide. [Glossary](#).

Average distribution of materials in BMW Group vehicles^{1,2}

in %



Potable water consumption per vehicle produced^{1,2,3}

in m³

¹ Calculated using unit-adjusted averages for the BMW 1 Series, 2 Series, 3 Series, 4 Series, 5 Series, 6 Series, 7 Series, 8 Series, the X1, X2, X3, X4, X5, X6, X7 of Rolls-Royce, MINI and M-GmbH, as well as the BEV vehicles i3 long, i4, i5, i7, iX, iX1, iX2, iX3, MINI E, Rolls-Royce Spectre and PHEV versions.

² The number of vehicles produced (BMW Group plants, partner plants and contract manufacturing) increased year-on-year to around 2.66 million vehicles (2022: around 2.38 million). Based on an average vehicle weight of BMW Group vehicles of around 2.0 tonnes, the total weight of input materials is around 4.9 million tonnes. To calculate the individual material flows, the total weight is multiplied by the average distribution of the materials in BMW Group vehicles.

¹ Efficiency indicator calculated from the potable water consumption measured for automobile production (BMW Group plants, excluding partner plants and contract manufacturing) divided by the number of vehicles produced in automobile production (BMW Group plants and partner plants, excluding contract manufacturing).

² Potable water consumption refers to water purchased from external water suppliers. If a BMW Group location does not purchase water from an external supplier, the primary source of supply is counted as potable water. This applies to the BMW Group plants in San Luis Potosí, Mexico, and Araquari, Brazil, where groundwater is the main source.

³ Value of the base year 2016 to the target reduction of -25% by 2030: 2.00.

Water consumption*

in m ³	2019	2020	2021	2022	2023
Water consumption	5,417,428	4,722,310	4,924,477	4,840,161	5,049,144
of which potable water in %	87.4	86.3	85.1	84.0	83.8
of which groundwater in %	12.6	13.6	14.6	15.7	15.9
of which surface water in %	0.0	0.0	0.0	0.0	0.1
of which rainwater in %	0.0	0.1	0.3	0.3	0.2

* Water used by automotive production (BMW Group plants, excluding partner plants and contract manufacturing).

Waste¹

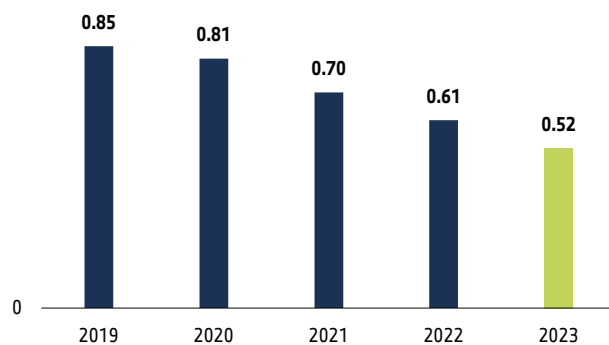
in t	2019	2020	2021	2022	2023
Total waste	780,911	775,459	829,498	818,387	927,880
Materials for recycling ²	771,162	768,292	822,848	812,274	922,554
Waste for disposal	9,749	7,168	6,650	6,113	5,326

¹ Waste generated by automotive production (BMW Group plants, excluding partner plants and contract manufacturing).

² Includes both recycling and thermal recovery.

VOC Solvent emissions per vehicle produced*

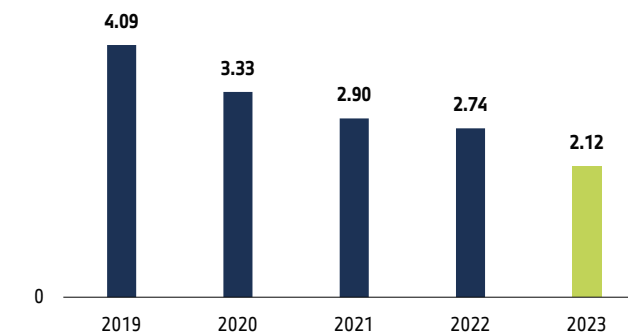
in kg



* The efficiency indicator is calculated on the basis of solvent emissions (VOCs) generated by automobile production (BMW Group plants, excluding partner plants and contract manufacturing) divided by the number of vehicles produced in automobile production (BMW Group plants and partner plants, excluding contract manufacturing).

Waste for disposal per vehicle produced*

in kg



* Efficiency ratio calculated on the basis of waste for disposal in automobile production (BMW Group plants, excluding partner plants and contract manufacturing) divided by the total number of vehicles produced in automobile (BMW Group plants and partner plants, excluding contract manufacturing).

Sustainability assessment of relevant supplier locations^{1,2}

in %	2022	2023
Proportion of suppliers of production-related material with implemented preventive measures at the time of awarding	70	55
Proportion of suppliers of production-related material with agreed preventive measures at the time of awarding	22	31

¹ Basis: industry-specific sustainability questionnaire.

² A new version of the questionnaire containing additional requirements was introduced. As a result, some suppliers had to redo their questionnaires. Some suppliers had to implement additional preventive measures.

Notifications of potential violations in the supply chain

	2022	2023
Number of notifications of potential violations of our sustainability principles received through our reporting channels	8	11
of which number of notifications that were clarified during the reporting year*	4	6
of which number of justified notifications that were clarified during the reporting year	–	–

* All notifications are processed until they are fully resolved, including across several financial years. Five notifications received in 2023 were still at the internal processing stage at the end of the financial year and had not yet been fully resolved. Similarly, four notifications from 2022 were still being processed in 2023 that had not been fully resolved by the end of the 2022 financial year. Three of these notifications were resolved in 2023 and were proven unjustified. The remaining notification will continue to be processed during the next financial year.

EMPLOYEES AND SOCIETY

Employees at end of year¹

	2019	2020	2021	2022	2023
BMW Group	126,016	120,726	118,909	149,475	154,950
Automotive	113,719	108,676	106,928	137,056	142,441
Motorcycles	3,503	3,474	3,418	3,711	3,996
Financial Services	8,684	8,473	8,466	8,616	8,413
Other	110	103	97	92	100
Employees with fixed-term contracts ²	3,489	2,892	2,503	15,039	14,536
Employees in part-time employment ³	6,318	6,433	6,846	7,315	7,973

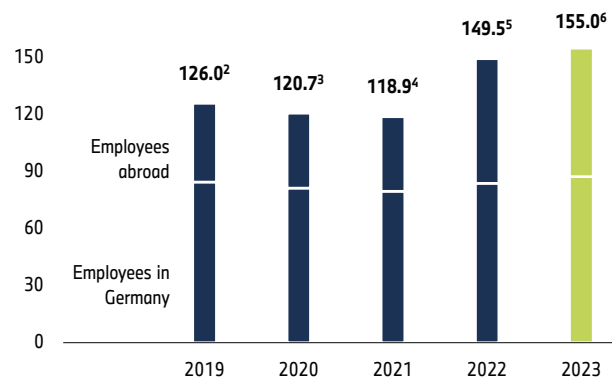
¹ The term "employee" has been redefined with effect from the reporting year 2020 (for definition, see [Glossary](#)).

² Around 24% 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

Number of employees in thousands



¹ The term "employee" has been redefined with effect from the reporting year 2020 (for definition, see [Glossary](#)).

² Of this figure, 38.2% clock-controlled production employees of the BMW Group.

³ Of this figure, 37.9% clock-controlled production employees of the BMW Group.

⁴ Of this figure, 38.0% clock-controlled production employees of the BMW Group.

⁵ Of this figure, 42.5% clock-controlled production employees of the BMW Group.

⁶ Of this figure, 41.9% clock-controlled production employees of the BMW Group.

Share of employees represented by a trade union or falling under collective bargaining agreements¹

in %	2019	2020	2021	2022	2023
Germany (BMW AG) ²	100	100	100	100	100
UK (Plants Hams Hall, Oxford, Swindon, Goodwood, Transport and Logistics Centre (Bognor Regis))	85	84	83	82	82
China (Dadong, Tiexi incl. Lydia plants)	100	100	100	100	100
Austria (Steyr plant) ²	100	100	100	100	100
South Africa (Rosslyn plant, Sales, IT, Financial Services)	59	63	70	70	70
USA (Spartanburg plant, no collective bargaining agreements in place)	-	-	-	-	-
Mexico (San Luis Potosí plant) ²	100	100	100	100	100

¹Status: 31.12.2023.

²Excluding senior management and representatives. [↗ GRI Index: 2-30](#)

Alternative ways of working at BMW AG¹

Number of employees	2019	2020	2021	2022	2023
Part-time employment ²	5,440	5,568	5,951	6,388	6,949
in % of total number of employees	6.6	7.0	7.7	7.8	8.2
Mobile work ³	36,208	43,309	41,180	43,707	45,673
in % of total number of employees	70.8	87.2	84.3	85.9	85.4
Vollzeit Select model	5,474	4,747	3,736	4,170	4,833
in % of total number of employees	6.6	6.0	4.8	5.1	5.7
Sabbaticals	764	653	464	560 ⁴	657
in % of total number of employees	0.9	0.8	0.6	0.7 ⁴	0.8
Parental leave	4,082	4,158	4,211	4,183	3,938
in % of total number of employees	4.9	5.2	5.4	5.1	4.6

¹The term "employee" has been redefined with effect from the reporting year 2020 (for definition, see [↗ Glossary](#)).

²Of which 4,118 were female (60%). For systemic reasons, this number is only calculated for BMW AG.

³Only workers in administrative positions who engaged in mobile work.

⁴As a result of changes in the way information is recorded, data for 2022 have been retrospectively adjusted (Values before adjustment: 493 employees in sabbaticals; 0,6% of total number of employees).

Number of employees per country with production site(s)*

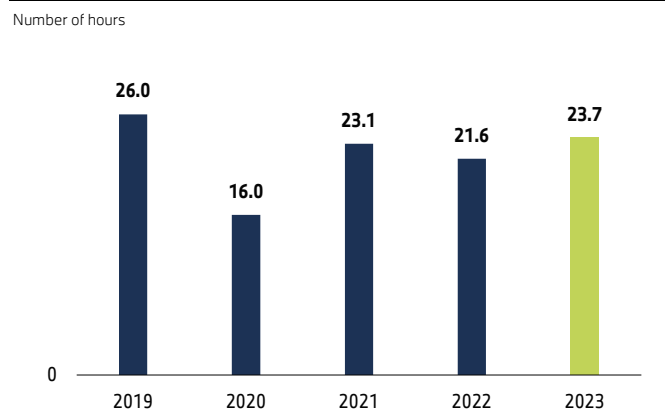
	Total	of which fixed-term	Share of women in %
Germany	87,304	844	18
China	28,076	12,623	15
USA	12,736	-	25
UK	6,743	65	18
Austria	3,857	126	16
Mexico	3,703	2	35
South Africa	2,867	436	23
Brazil	861	2	22
Thailand	691	157	29
India	572	3	9
Hungary	915	38	18

* Status: 31 December 2023.

Average training hours at the BMW AG Academy, by employee category

Employee category	2021	2022	2023
Non-tariff employees	30.7	26.4	38.2
"Meister" (master craftsmen)	27.0	43.1	68.9
Tariff	10.8	14.1	20.7

Average number of hours of training and further education per employee of the BMW Group*



* Training for BMW Group employees at consolidated and non-consolidated subsidiaries worldwide. Data is collated on the basis of direct input by participants and, to a small extent, by extrapolation. Data also includes e-learning formats. ↗ GRI Index: 404-1

Total number of employees leaving BMW AG, by reason for leaving¹

Number	2019	2020	2021	2022	2023
Total	2,794	4,535	3,720	3,191	3,107
Part-time retirement, retirement, death	1,700	1,884	1,938	2,110	2,105
Voluntarily left Company (termination or suspension of employment contract by employee)	1,029	2,601 ²	1,749 ²	1,011	911
Dismissed by employer	65	50	33	70	91

¹ Figures refer to employees with permanent contracts.

² Increase mainly due to a set of personnel measures.

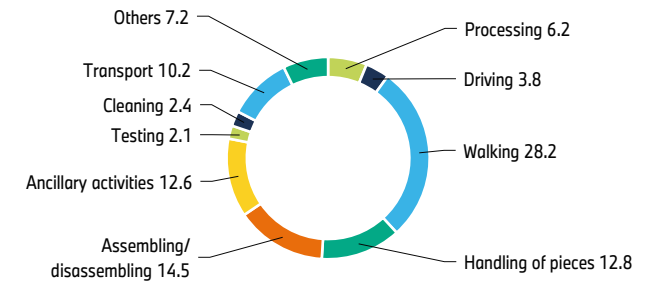
Share of local employees in management positions at major Company locations*

	2019	2020	2021	2022	2023
Germany	99.7	99.7	99.8	99.7	99.5
UK	87.5	89.8	89.5	88.8	90.2
USA	87.4	89.1	88.3	89.2	88.5
Austria	82.3	78.7	79.1	77.7	78.7
South Africa	82.7	85.9	85.4	88.4	85.8
India	82.1	68.4	78.4	80.0	75.6
Brazil	78.2	84.9	85.1	88.2	86.0
China	73.7	78.8	82.2	85.1	84.5
Thailand	57.1	57.8	60.0	65.2	67.4
Mexico	48.4	62.9	67.8	72.7	74.2

* "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.

Principal hazard spots

in %



SASB INDEX

Topic	Accounting metric	Category	Unit	Code	Notes
Activity metric	Number of vehicles manufactured	Quantitative	Number	TR-AU-000.A	↗ Production network
	Number of vehicles sold	Quantitative	Number	TR-AU-000.B	↗ Key performance indicators
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"> — 88% – European New Car Assessment Programme (Euro NCAP) — 100% – China New Car Assessment Programme (C-NCAP) — 40% – U.S. National Highway Traffic Safety Administration's (NHTSA) New Car Assessment Programme (NCAP) — 67% – Korean New Car Assessment Programme (KNCAP) In its reporting on NCAP programmes, the BMW Group focuses on markets in the EU (including the UK), China, the USA and South Korea. More information about NCAP can be found in the chapter ↗ Product Quality and Safety .
	Number of safety-related defect complaints, percentage investigated	Quantitative	Number, Percentage (%)	TR-AU-250a.2	100%* of safety-relevant complaints were reviewed. <small>* 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.</small>
Product safety	Number of vehicles recalled	Quantitative	Number	TR-AU-250a.3	↗ Quality management in the BMW Group
Labour practices	Share of employees represented by a trade union or falling under collective agreements	Quantitative	Percentage (%)	TR-AU-310a.1	↗ Further GRI Information

Topic	Accounting Metric	Category	Unit	Code	Notes
Labour practices	(1) Number of work stoppages and (2) total days idle	Quantitative	Number, days idle	TR-AU-310a.2	(1) The BMW Group provides the number of work stoppages (strikes and lockouts) affecting more than 1,000 employees and that lasted one full shift or longer. The number of work stoppages for 2023 was zero. (2) The BMW Group provides the total number of days idle resulting from work stoppages as per the definition in (1). The total number of days idle can be calculated from the total number of employees involved with each work stoppage and the number of days the work stoppage lasted. The number of days idle for 2023 was zero. Strike action is usually taken to reinforce pay rise demands.
Fuel economy and use-phase emissions	Sales-weighted average passenger fleet fuel economy, by region	Quantitative	Mpg, L / km, gCO ₂ / km, km / L	TR-AU-410a.1	↗ As in previous years, statutory carbon emissions limits during the use phase are met again
	Number of (1) zero-emission vehicles (ZEV), (2) hybrid vehicles and (3) plug-in hybrid vehicles sold	Quantitative	Number	TR-AU-410a.2	(1) Emissions-free vehicles (BEV): 375,716 (2) The BMW Group portfolio includes BEVs (1) and PHEVs (2). Under the BMW Group definition, see Glossary ↗ Electrified Vehicles , 48 V vehicles are not counted as hybrid vehicles. (3) Plug-in hybrid electric vehicles (PHEV): 190,159
Fuel economy and 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 usephase, in the upstream supply chain and in production. These have been registered with the SBTi and validated (↗ Reducing carbon emissions across the entire 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 Risks and Opportunities . The BMW Group is also working consistently to reduce vehicle pollutants such as nitrogen oxides (NOx), carbon monoxide (CO) and particulate matter (PM) (↗ Pollutants).

Topic	Accounting Metric	Category	Unit	Code	Notes
Raw material sourcing	Description of the management of risks associated with the use of critical materials	Discussion and analysis	n / a	TR-AU-440a.1	<p>➤ Raw materials security and strategy</p> <p>More information about this can be found ➤ online.</p>
Materials efficiency and recycling	Total amount of waste from manufacturing, percentage recycled	Quantitative	Metric tons (t), Percentage (%)	TR-AU-440b.1	<p>➤ Waste</p> <p>➤ Further GRI Information</p> <p>91.4% of the total amount of waste (927,880 t) was recycled and 8.1% was thermally utilised.</p>
	Weight of end-of-life material recovered, percentage recycled	Quantitative	Metric tons (t), Percentage (%)	TR-AU-440b.2	<p>At the Recycling and Dismantling Centre in Munich, 4,386 vehicles (including motorcycles) were taken back and recycled during the reporting year. This corresponds to a total scrapping weight for vehicles (including motorcycles) of 6,105 t. In relation to the entire vehicle (excluding motorcycles), 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).</p>
	Average recyclability of vehicles sold	Quantitative	Percentage (%) by sales-weighted metric tons (t)	TR-AU-440b.3	<p>➤ Closing material loops</p> <p>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 (except for motorcycles) are already currently required to be 85% recyclable or 95% recyclable including thermal utilisation (based on vehicle weight).</p>

TCFD INDEX

[[Governance

Disclose the Company's governance around climate-related risks and opportunities.

Recommended TCFD Disclosures

A. Describe the Board's oversight of climate-related risks and opportunities.

BMW Group Report 2023

- **The BMW Group Strategy**
 - ➤ **Cornerstones of the Strategy**
 - ➤ **Position – What does the BMW Group stand for?**
 - ➤ **Performance Indicators and Performance Management**
 - ➤ **Managing sustainability**

- **Risks and Opportunities**
 - ➤ **Risk and Opportunity Management**
 - ➤ **Organisation of Risk Management**

- **Appropriateness and Effectiveness of the Internal Control System and Risk Management System**

- **Products**
 - ➤ **Carbon Emissions**

B. Describe Management's role in assessing and managing climate-related risks and opportunities.

- **The BMW Group Strategy**
 - ➤ **Cornerstones of the Strategy**
 - ➤ **Performance Indicators and Performance Management**

- **Risks and Opportunities**
 - ➤ **Risk and Opportunity Management**
 - ➤ **Organisation of Risk Management**

CDP Questionnaire 2023

C1.1a, C1.1b

C1.2

Strategy

Disclose the actual and potential impacts of climate-related risks and opportunities on the Company's businesses, strategy, and financial planning where such information is material.

Recommended TCFD Disclosures

A. Describe the climate-related risks and opportunities.

BMW Group Report 2023

- The BMW Group Strategy
 - ➤ Environmental Analysis
- Risks and Opportunities
 - ➤ Risk and Opportunity Management
 - ➤ Climate-related risks
 - ➤ Non-financial risks as reported in the non-financial statement (NFS)
 - ➤ Material Short-term Risks and Opportunities
 - ➤ Strategic and sector-specific risks and opportunities
 - ➤ Risks and opportunities relating to purchasing
 - ➤ Climate-related Risks and Opportunities
 - ➤ Climate scenarios
 - ➤ Transitory climate risks
 - ➤ Physical climate risks
 - ➤ Climate-related opportunities

CDP Questionnaire 2023

C2.1, C2.1a, C2.1b, C2.2a, C2.3, C2.3a, C2.4, C2.4a

B. Describe the impact of climate-related risks and opportunities on the Company's businesses, strategy, and financial planning.

- The BMW Group Strategy
 - ➤ Environmental Analysis
 - ➤ Cornerstones of the Strategy
- Products
 - ➤ Innovation, Digitalisation and Customer Orientation
 - ➤ Drivetrain technologies of the future
 - ➤ Carbon Emissions
 - ➤ Reducing carbon emissions across the entire value chain
 - ➤ Making conventional drivetrains more efficient and lowering their emissions
 - ➤ Further reduction in pollutant emissions
 - ➤ Electromobility
 - ➤ Thinking holistically about electric mobility
- Production and Supplier Network
 - ➤ Purchasing and Supplier Network
 - ➤ Carbon emissions in the supply chain
- Risks and Opportunities
 - ➤ Risk and Opportunity Management
 - ➤ Material Short-term Risks and Opportunities
 - ➤ Climate-related Risks and Opportunities

C2.1b, C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.3, C3.4, C3.5, C3.5a

C. Describe the resilience of the Company's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.

- Risks and Opportunities
 - ➤ Climate-related Risks and Opportunities
 - ➤ Climate scenarios
 - ➤ Transitory climate risks
 - ➤ Physical climate risks
 - ➤ Climate-related opportunities

C2.3, C2.3a, C2.4, C2.4a, C3.1, C3.3, C3.4, C3.5, C3.5a

Risk Management

Disclose how the Company identifies, assesses, and manages climate-related risks.

Recommended TCFD Disclosures

A. Describe the Company's processes for identifying and assessing climate-related risks.

BMW Group Report 2023

- **Risks and Opportunities**
- ➤ **Risk and Opportunity Management**
- ➤ **Organisation of Risk Management**
- ➤ **Risk measurement**
- ➤ **Climate-related risks**
- ➤ **Climate-related Risks and Opportunities**
- ➤ **Climate scenarios**
- ➤ **Transitory climate risks**
- ➤ **Physical climate risks**
- **The BMW Group Strategy**
- ➤ **Performance Indicators and Performance Management**
- ➤ **Managing sustainability**
- ➤ **Cornerstones of the Strategy**
- ➤ **Position – What does the BMW Group stand for?**

CDP Questionnaire 2023

C2.1, C2.2, C2.2a

B. Describe the Company's processes for managing climate-related risks.

- **Risks and Opportunities**
- ➤ **Risk and Opportunity Management**
- ➤ **Organisation of Risk Management**
- ➤ **Risk measurement**
- **The BMW Group Strategy**
- ➤ **Performance Indicators and Performance Management**
- ➤ **Managing and sustainability**
- ➤ **Cornerstones of the Strategy**
- ➤ **Position – What does the BMW Group stand for?**

C2.1, C2.2, C2.2a

C. Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the Company's overall risk management.

- **Risks and Opportunities**
- ➤ **Risk and Opportunity Management**
- ➤ **Organisation of Risk Management**
- ➤ **Risk measurement**
- ➤ **Climate-related Risks and Opportunities**

C2.2

Metrics and Targets

Disclose the metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.

Recommended TCFD Disclosures

A. Disclose the metrics used by the Company to assess climate-related risks and opportunities.

BMW Group Report 2023

- The BMW Group Strategy
 - ➤ Performance Indicators and Performance Management
 - ➤ Managing Sustainability

➤ Further GRI Information (Table BMW Group Carbon Footprint)

➤ Dashboard

➤ Products

- ➤ Carbon Emissions
 - ➤ Reducing carbon emissions across the entire value chain

B. Disclose Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions.

- The BMW Group Strategy
 - ➤ Performance Indicators and Performance Management

➤ Further GRI Information (Table BMW Group Carbon Footprint)

➤ Products

- ➤ Carbon Emissions

➤ Production and Supplier Network

- ➤ Circular Economy, Resource Efficiency and Renewable Energy

C. Describe the targets used by the Company to manage climate-related risks and opportunities.

- The BMW Group Strategy
 - ➤ Cornerstones of the Strategy
 - ➤ Position – What does the BMW Group stand for?
 - ➤ Performance Indicators and Performance Management
 - ➤ Managing sustainability

➤ Products

- ➤ Carbon Emissions
 - ➤ Reducing carbon emissions across the entire value chain

➤ To Our Stakeholders

- ➤ Dialogue with Stakeholders
 - ➤ Financial market player with sustainability credentials

➤ EU Taxonomy

CDP Questionnaire 2023

C4.1b, C4.2, C4.2a, C4.2b, C4.2c

C6.1, C6.2, C6.3, C6.4, C6.4a, C6.5, C6.10, C7.1, C7.2, C7.3, C7.3a, C-T07.4, C7.5, C7.6, C7.6a, C-T07.8, C7.9, C7.9a, C7.9b

C4.1, C4.1b, C4.2, C4.2a, C4.2b, C4.2c

NFS INDEX

Mandatory disclosure pursuant to § 289 c – e HGB

Business model

Integration of top management

Risks

Connection to figures in financial statements

Environmental matters

Employee matters

Social matters

Respect for human rights

Combating corruption and bribery

Mandatory disclosure pursuant to Section 8 of the EU Taxonomy Regulation*

Disclosures regarding revenues that are taxonomy-eligible and taxonomy-aligned, capital expenditure (CapEx) and operational expenditure (OpEx)

BMW Group Report 2023

➤ **Organisation and Business Model**
➤ **The BMW Group Strategy**

➤ **The BMW Group Strategy**
— ➤ **Cornerstones of the Strategy**
— ➤ **Performance Indicators and Performance Management**

➤ **Environmental Analysis**
➤ **Risks and Opportunities**

➤ **About This Report**

➤ **The BMW Group Strategy**
— ➤ **Environmental Analysis**
— ➤ **Performance Indicators and Performance Management**
➤ **Products**
➤ **Production and Supplier Network**
➤ **Risks and Opportunities**
— ➤ **Climate-related Risks and Opportunities**

➤ **The BMW Group Strategy**
— ➤ **Cornerstones of the Strategy**
— ➤ **Performance Indicators and Performance Management**
➤ **Employees and Society**

➤ **Environmental Analysis**
➤ **Purchasing and Supplier Network**

➤ **Compliance and Human Rights**
➤ **Purchasing and Supplier Network**

➤ **Compliance and Human Rights**

➤ **EU Taxonomy**

* 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, Commission Delegated Regulation (EU) 2021/2139, Commission Delegated Regulation (EU) 2021/2178, Commission Delegated Regulation (EU) 2023/2485 and Commission Delegated Regulation (EU) 2023/2486.

CONSUMPTION AND CARBON DISCLOSURES

Disclosures regarding fuel consumption, carbon emissions and electricity 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. The 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 1 January 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. Further information about the official fuel consumption and official specific carbon emissions of new vehicles can be found in the "Manual on fuel consumption, carbon emissions and electricity consumption of new vehicles". www.dat.de/co2

As of February 2024

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 M3 CS	10.4 – 10.1	234 – 229	–	–	–	–	–
BMW i4 eDrive35	–	–	18.7 – 15.8	406 – 483	–	–	–
BMW i4 eDrive40	–	–	19.1 – 16.1	492 – 590	–	–	–
BMW i4 M50	–	–	22.5 – 18.0	415 – 520	–	–	–
BMW i5 eDrive40	–	–	18.9 – 15.9	497 – 582	–	–	–
BMW i5 eDrive40 Touring	–	–	19.3 – 16.5	483 – 560	–	–	–
BMW i5 M60 xDrive	–	–	20.5 – 18.2	457 – 516	–	–	–
BMW i5 M60 xDrive Touring	–	–	20.8 – 18.3	445 – 506	–	–	–
BMW 530e	0.8 – 0.6	17 – 13	21.7 – 19.9	93 – 103	–	–	–
BMW 530e xDrive	1.0 – 0.8	23 – 19	23.2 – 21.6	83 – 90	–	–	–
BMW X5 xDrive 50e	1.1 – 0.8	26 – 18	27.0 – 22.9	94 – 110	–	–	–
BMW i7 xDrive50	–	–	20.3 – 19.1	575 – 611	–	–	–
BMW i7 xDrive60	–	–	19.6 – 18.5	589 – 624	–	–	–
BMW i7 M70 xDrive	–	–	23.7 – 20.8	490 – 559	–	–	–
BMW iX xDrive40	–	–	21.4 – 19.4	403 – 435	–	–	–
BMW iX xDrive50	–	–	21.3 – 19.5	587 – 633	–	–	–
BMW iX M60	–	–	24.7 – 21.9	501 – 564	–	–	–

As of February 2024

Figures according to WLTP

Figures according to NEDC

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 iX1 xDrive20	-	-	17.2 – 15.4	430 – 474	-	-	-
BMW iX1 xDrive30	-	-	18.1 – 16.9	417 – 439	-	-	-
BMW iX2 xDrive30	-	-	17.7 – 16.3	417 – 449	-	-	-
BMW iX3	-	-	18.9 – 18.5	453 – 461	-	-	-
BMW XM	1.9 – 1.5	43 – 35	33.6 – 32.5	76 – 83	-	-	-
BMW XM Label Red	2.0 – 1.6	45 – 35	33.5 – 32.5	76 – 82	-	-	-
BMW XM 50e	1.7 – 1.3	37 – 30	32.2 – 31.5	78 – 84	-	-	-
BMW Z4 Roadster sDrive20i	7.4 – 6.9	167 – 157	-	-	-	-	-
BMW Z4 Roadster M40i	8.1 – 7.9	184 – 179	-	-	-	-	-
MINI							
MINI Cooper E	-	-	14.3 – 13.8	293 – 305	-	-	-
MINI Cooper SE (until model year 2023)	-	-	17.6 – 15.4	203 – 232	-	-	-
MINI Cooper SE (from model year 2024)	-	-	14.7 – 14.1	387 – 402	-	-	-
MINI Cooper SE Cabrio	-	-	17.2	201	-	-	-
MINI Countryman E	-	-	17.4 – 15.7	423 – 462	-	-	-
MINI Countryman SE ALL4	-	-	18.5 – 16.8	399 – 432	-	-	-
ROLLS-ROYCE							
Rolls-Royce Cullinan	16.5 – 16.1	377 – 368	-	-	-	-	-
Rolls-Royce Ghost	15.8 – 15.2	359 – 347	-	-	-	-	-
Rolls-Royce Dawn	16.9 – 16.2	381 – 367	-	-	-	-	-
Rolls-Royce Wraith	16.3 – 15.8	369 – 357	-	-	-	-	-
Rolls-Royce Spectre	-	-	23.6 – 22.2	500 – 530	-	-	-

BMW GROUP TEN-YEAR COMPARISON

		2023	2022	2021	2020	2019	2018 ¹	2017	2016	2015	2014
DELIVERIES											
Automobiles	units	2,554,183	2,399,632	2,521,514	2,325,179	2,537,504	2,486,149	2,465,021	2,349,962	2,259,733	2,117,965
Motorcycles	units	209,066	202,895	194,261	169,272	175,162	165,566	164,153	145,032	136,963	123,495
PRODUCTION VOLUME											
Automobiles	units	2,661,922	2,382,305	2,461,269	2,255,637	2,564,025	2,541,534	2,505,741	2,359,756	2,279,503	2,165,566
Motorcycles	units	221,988	215,932	187,500	168,104	187,116	162,687	185,682	145,555	151,004	133,615
FINANCIAL SERVICES											
Contract portfolio	contracts	5,312,689	5,513,129	5,859,890	5,981,928	5,973,682	5,708,032	5,380,785	5,114,906	4,718,970	4,359,572
Business volume (based on balance sheet carrying amounts)	€ million	137,910	135,689	139,530	133,093	142,834	133,147	124,719	123,394	111,191	96,390
INCOME STATEMENT											
Revenues	€ million	155,498	142,610	111,239	98,990	104,210	96,855	98,282	94,163	92,175	80,401
Gross profit margin	%	19.1	17.2	19.8	13.7	17.3	19.0	20.3	19.9	19.7	21.2
Earnings before financial result	€ million	18,482	13,999	13,400	4,830	7,411	8,933	9,899	9,386	9,593	9,118
Earnings before tax	€ million	17,096	23,509	16,060	5,222	7,118	9,627	10,675	9,665	9,224	8,707
Return on sales (earnings before tax/revenues)	%	11.0	16.5	14.4	5.3	6.8	9.9	10.9	10.3	10.0	10.8
Income taxes	€ million	4,931	4,927	3,597	1,365	2,140	2,530	2,000	2,755	2,828	2,890
Effective tax rate	%	28.8	21.0	22.4	26.1	30.1	26.3	18.7	28.5	30.7	33.2
Net profit for the year	€ million	12,165	18,582	12,463	3,857	5,022	7,064	8,675	6,910	6,396	5,817

		2023	2022	2021	2020	2019	2018 ¹	2017	2016	2015	2014
BALANCE SHEET											
Non-current assets	€ million	155,918	154,722	143,354	134,851	137,404	124,202	121,964	121,671	110,343	97,959
Current assets	€ million	94,972	92,204	86,173	81,807	90,630	84,736	73,542	66,864	61,831	56,844
Capital expenditure (excluding capitalised development costs)	€ million	8,836	7,791	5,012	3,922	5,650	5,029	4,688	3,731	3,826	4,601
Capital expenditure ratio (excluding capitalised development costs)	%	5.7	5.5	4.5	4.0	5.4	5.2	4.8	4.0	4.2	5.7
Equity	€ million	92,923	91,288	75,132	61,520	59,907	57,829	54,107	47,363	42,764	37,437
Equity ratio	%	37.0	37.0	32.7	28.4	26.3	27.7	27.7	25.1	24.8	24.2
Non-current provisions and liabilities	€ million	70,966	71,217	77,929	83,175	85,502	79,698	69,634	73,183	63,819	58,288
Current provisions and liabilities	€ million	87,001	84,421	76,466	71,963	82,625	71,411	71,765	67,989	65,591	59,078
Balance sheet total	€ million	250,890	246,926	229,527	216,658	228,034	208,938	195,506	188,535	172,174	154,803
CASH FLOW STATEMENT											
Cash and cash equivalents at balance sheet date	€ million	17,327	16,870	16,009	13,537	12,036	10,979	9,039	7,880	6,122	7,688
Free cash flow Automotive segment	€ million	6,942	11,071	6,354	3,395	2,567	2,713	4,459	5,792	5,404	3,481
PERSONNEL											
Workforce at year-end ²		154,950	149,475	118,909	120,726	126,016	134,682	129,932	124,729	122,244	116,324
Personnel cost per employee ²	€	96,778	94,952	103,569	99,647	98,901	101,178	100,760	99,575	97,136	92,337
DIVIDEND											
Dividend total	€ million	3,802 ³	5,481	3,827	1,253	1,646	2,303	2,630	2,300	2,102	1,904
Dividend per share of common stock/preferred stock	€	6.00 / 6.02 ³	8.50 / 8.52	5.80 / 5.82	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

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 Since the reporting year 2020, a new definition for workforce size has been applied (see [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 7.5-8.0%.

³ Proposal by management. The dividend total may change before the date of the Annual General Meeting due to the share buyback and a resulting change in the number of shares entitled to receive a dividend.

GLOSSARY AND EXPLANATION OF KEY FIGURES*

A

Apprentices

The number of all 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

Beyond Value Chain Mitigation (BVCM)

Beyond Value Chain Mitigation (BVCM) refers to all investments and measures that a company takes in addition to its Science Based Targets (SBTs) to reduce emissions outside its value chain. This includes activities that avoid or reduce greenhouse gas emissions as well as those that remove greenhouse gases from the atmosphere and store them. BVCM is strongly recommended by the Science Based Targets initiative (SBTi) to validated companies in addition to CO₂ reduction in their own value chain. The BMW Group is committed to this reduction hierarchy and already actively manages both direct and indirect carbon emissions from its plants in line with the 1.5°C pathway set by the Science Based Targets initiative (SBTi), which involves implementing significant measures in our value chain, plus additionally engaging in BVCM to address emissions outside our own value chain. We voluntarily back these initiatives without them counting towards the BMW Group's CO₂ reduction targets.

BVCM involves, for example, purchasing certificates on the voluntary carbon market. Criteria such as additionality, permanence, and certification by independent institutions following international standards (Gold Standard) contribute to the quality of the certificates employed, thereby bolstering the efficacy of our commitment beyond our internal value chain.

It is also important to us that projects in the Global South create a social benefit in line with the Sustainable Development Goals (SDGs). These include, for example, initiatives that create health benefits such as avoiding open fires in enclosed spaces.

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

Capitalisation rate

Capitalised development costs as a percentage of research and development expenditure.

Capital expenditure ratio (excluding capitalised development costs)

Investments in property, plant and equipment and other intangible assets (excluding capitalised development costs) as a percentage of Group turnover.

Capital expenditure ratio (excluding right-of-use assets and capitalised development costs)

Investments in property, plant and equipment (excluding right-of-use assets in accordance with IFRS 16) and other intangible assets (excluding capitalised development costs) as a percentage of Group turnover.

Carbon dioxide equivalents/CO₂e

CO₂e is a unit of measurement used to standardise the climate impact of various greenhouse gas (GHG) emissions, such as methane or nitrous oxide. This is necessary because the individual gases do not all contribute equally to the greenhouse effect. In addition, the expert committee at the United Nations (Intergovernmental Panel on Climate Change, IPCC) has defined "global warming potential" (GWP). This is an index used to express warming impact compared with CO₂ so that all GHGs are aggregated. For example, over a period of 100 years, methane has 28 times the impact of CO₂, while for nitrous oxide the impact is 265 times higher.

Carbon emissions in the supply chain, including in transport logistics, as well as in upstream fuel production (well-to-tank) are referred to as CO₂e. Climate-impacting gases under Scope 1 and 2 are not recognised for reasons of materiality.

* Part of the Combined Management Report.

Carbon emissions: Scope 1 to Scope 3

The carbon emissions generated by a company are reported 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 direct emissions (Scope 1) 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. Additional indirect (Scope 3) emissions are generated in the upstream and downstream stages of the value chain, for instance in the supply chain (upstream) and in the subsequent use of products and services (downstream).

Carbon emissions from BMW Group locations per vehicle produced (Scope 1 and 2)

This key indicator is calculated from the direct and indirect carbon emissions of BMW Group locations relating to the number of vehicles produced during the year under report. The carbon emissions result from energy consumption in the BMW Group plants as well as non-manufacturing sites. Electricity from on-site renewable generation, Power Purchase Agreements for green electricity and Energy Attribute Certificates (e.g. guarantees of origin) are all taken into account. The conversion is based on emission factors for electricity, district heating and fuels from the German Association of the Automotive Industry (VDA) in the most current valid version and occasionally local emission factors. This key indicator is the basis for measuring the strategic target by 2030 with regard to Scope 1 and 2 emissions. The reporting indicator is t CO₂ per vehicle produced.

CO₂e emissions from the supply chain including transport logistics per vehicle produced (Scope 3 upstream)

A methodology tailored specifically for BMW was created to assess the supply chain and logistics emissions in terms of their CO₂e equivalents. Due to the absence of supplier-specific CO₂e values throughout the entire supply chain, a model incorporating industry averages and, when accessible, supplier-specific data is used. This method draws upon components of ISO 14040/44 and follows common practice in preparing life cycle analyses

(LCA). However, it should be noted that this approach may not be directly comparable with methods or values employed by other companies. Due to a lack of data availability, various estimates, assumptions and average values are used to determine the key indicator. The aim is to improve the quality of the model for calculating key metrics in future years. This will be achieved by boosting transparency in supply chains and expanding the detail of the model, all while maintaining consistency in calculations over time.

The indicator quantifies greenhouse gas emissions (CO₂e) produced during production (GHG Protocol Scope 3 upstream category 1), including the transportation of purchased goods and services for production ("inbound"), as well as the global vehicle distribution of BMW Group automobiles ("outbound") (collectively GHG Protocol Scope 3 upstream category 4). Contrary to the definition of the scopes of the GHG Protocol, the following are not included: motorcycles, racing vehicles and aftersales products, including their transport logistics, as well as purchased IT cloud services and engineering or development services.

Baseline calculation of supply chain emissions

The initial calculation of the supply chain CO₂e emissions for a representative selection of vehicles is based on their bill of materials. This selection reflects the range of vehicle classes (from premium compact to luxury) and types of drive (petrol, diesel, PHEV and BEV) produced during the period under review.

For the representative vehicles, the CO₂e emissions of all installed components are calculated on the basis of their material composition and related processing steps. Up to around 60,000 individual entries are evaluated in each case. The CO₂e value of the relevant vehicle is calculated by adding these contributions together.

For the vast majority of vehicle models produced that are not included in the representative vehicles, there is no individual CO₂e calculation available on a bill of materials basis. A modular scaling calculation method has been developed to include these in the overall result:

The bill of materials of the representative vehicles is divided into sections (modules) according to functional criteria, and these are assessed in terms of their total CO₂e emissions. Previously unassessed vehicle derivatives can now be custom-built using these basic components, with different building blocks selected based on the specific technical features of the target vehicles, including engine type, all-wheel drive or body style. Components that do not fit are scaled from existing ones. The scaling techniques are based on empirical data derived from similar analyses as well as on expert evaluations. This encompasses the scaling of detailed bodywork calculations ranging from sedans to touring models with identical engine specifications.

For example, in the baseline calculation for 2023, there is a 520i listed as a bill of materials vehicle, but no 520i Touring. To ensure that the latter is accurately represented, the calculated CO₂e emissions for components like the drivetrain, wheels, seats and so on remain unchanged, while the body values are multiplied by a scaling factor when calculating the Touring model.

The methodology outlined above depends on the established "LCA for Experts" database (previously known as "GaBi") from Sphera to ascertain CO₂e factors for energy, raw materials and manufacturing processes. In this process, the current datasets are consistently used, starting with the 2023 reporting year. Retrospectively from 2019 until the release of the current datasets at the end of February 2023, data from 2019 are used to calculate CO₂e emissions.

The CO₂e emissions of supply chains vary across different regions of the world. For this reason, we allocate the production sites of the vehicles to one of three regions: Europe, Asia or the USA. We then calculate the emissions for the entire vehicle supply chain using the Sphera datasets that are valid for that region. The particularly emission-intensive components, battery cells and catalytic converter coating are specifically calculated based on their actual production region, regardless of the vehicle's manufacturing location.

Given the significant impact of battery cell production on the vehicles' total CO₂e emissions, a detailed calculation model is used

to assess the cells. In addition to the actual assembly sites of the battery cells, the material compositions and related production processes, it also accounts for the unique characteristics of the cell chemistry (anode and cathode) as well as the emissions associated with supplier-specific energy consumption.

This approach gives each vehicle built during the period under review its specific CO₂e value for supply chain emissions. The total fleet value of CO₂e supply chain emissions is calculated by adding up the CO₂e contributions of all vehicles produced in the reporting year.

Share of the reported value attributable to the supply chain

The reduction in CO₂e emissions compared to the BMW Group's baseline is the result of emission-reducing measures in the supply chain that were contractually agreed with suppliers and verifiably implemented during the reporting year (e.g. electricity from renewable sources, use of recycled materials). Agreements with suppliers of aluminium and precious metals as well as high-voltage storage cells resulted in particularly high reduction contributions.

The CO₂e value for these components and materials before the implementation of measures is initially determined using the "LCA for Experts" database on the basis of the type and quantity of material. The emission-reducing measures are then deducted. The calculation of the effect is also carried out using industry average values from "LCA for Experts" for green electricity and secondary raw materials.

The total emission-reducing measures for all components and raw materials in the vehicles produced in the reporting year that are evaluated in this manner is subtracted from the baseline value. This results in the share of supply chain CO₂e emissions in the reporting value of the overall indicator. The methodology for calculating the supply chain CO₂e emissions outlined above marks a key improvement over the previous approach. This improvement allows for the inclusion of agreed-upon emission-reducing measures at the level of individual components and raw materials, among other factors. Until 2022, each vehicle in the

fleet was allocated the supply chain CO₂e value of the most similar vehicle from a small selection of vehicles that already had TÜV-validated life cycle assessments available. The reporting metric is then obtained by adding the transport logistics CO₂e emissions, the calculation of which is described in the following section.

An external service provider commissioned by BMW conducts the verification of measures at affected suppliers and their subcontractors at the impacted manufacturing sites. A defined method is used to ensure that the contractually agreed emissions-reducing measures are implemented clearly and without duplication in the reporting year. There are some limitations regarding the clear and non-repetitive allocation of material flows with secondary raw materials. Due to the lack of regulatory mandates, there is currently neither a requirement for the recording and documentation of material flows for secondary materials across the supply chain (for example on delivery notes), nor is there a government-operated/regulatory registry similar to that of green energy certificates that facilitates the distinct allocation of secondary materials to specific customers without duplication. Therefore, the secondary material quota is confirmed using system extracts from the relevant suppliers' Enterprise Resource Planning (ERP) systems, along with details and evidence of secondary material procurement through mass balances. Furthermore, written confirmation is obtained from suppliers and n-tier suppliers (via declarations of conformity) to clearly attribute secondary materials to BMW products, preventing any possibility of double-counting with other customers.

Transport logistics' share of the reporting value

This indicator takes into account transport logistics emissions in the reporting year. Firstly, inbound and outbound transport flows are documented using IT-enabled billing and movement data to calculate the CO₂e emissions in tonnes and the transport volume in tonne-kilometres.

In inbound logistics (production supply), all transport flows of individual component parts for automobile manufacturing (BMW, MINI and Rolls Royce) are considered. This includes

transportation from the Tier 1 supplier's shipping location to the receipt of goods at individual production plants worldwide, including partner plants and excluding contract manufacturing sites. In outbound logistics (vehicle distribution), all transport flows of new vehicles transported from the production sites through compounds and national distributors to individual dealerships worldwide are considered. Exceptions include partial volumes from partner plants.

CO₂e emissions are calculated for the gross weight (component weight including packaging and shipping material) as well as the specific vehicle weight and the distance travelled in kilometres. This calculation is based on the respective CO₂e emission factor, which varies depending on the technology and mode of transport (road, sea, rail or air). The CO₂e emission factors used are derived from contemporary standards such as the GLEC Framework V3.0 and ISO 14083, supplemented by supplier-specific values whenever possible.

In a second step, an average, derivative-specific inbound CO₂e value is assigned to each vehicle produced from the CO₂e assessed transport flows, based on plant location and type of drive, and an outbound CO₂e value is assigned based on the factory-market relationship. If inbound and/or outbound CO₂e values for individual derivatives are missing in the recorded transport streams (step 1), these are supplemented on the basis of existing derivatives with similar transport routes. Consequently, each manufactured vehicle is allocated an inbound and outbound CO₂e factor based on the production site and intended market. The share of CO₂e emissions attributed to transport logistics within the "supply chain and logistics emissions" metric is determined by aggregating the inbound and outbound CO₂e emissions of all vehicles manufactured in the reporting year. This approach applies to the CO₂e contributions from transport logistics in the base year and in 2022.

CO₂e emissions for the years 2019 to 2021 were calculated in previous corporate reports using a variety of emissions factors. Between 2019 and 2022, the recording or assessment of CO₂e from transport movements was consistently improved. Among other things, a new IT system was introduced in 2022 to expand

the recording of transport flows and their CO₂e assessment. In line with the range of factors and data sources used for emissions from 2022 onward, a retrospective assessment of transport logistics emissions is carried out for the years 2019 to 2021, following the same methodology as from 2022 onward. This involves using factory- or market-specific inbound and outbound CO₂e emissions data from 2022 for the vehicles produced in each corresponding year. Vehicle variants from 2019 to 2021 that are no longer produced in 2022 will be supplemented on the basis of existing derivatives with similar transport routes.

Carbon emissions of the new vehicle fleet in the EU (Scope 3 downstream, tank-to-wheel)

The average carbon emissions of a manufacturer's fleet (use phase) are calculated on the basis of the weighted average of carbon emissions across all vehicles newly registered during the reporting period. This is based on the volume of new registrations by a manufacturer in the EU, including Norway and Iceland, in the calendar year and the individual vehicle-specific carbon emissions determined in accordance with the WLTP type test procedure. The BMW Group's fleet carbon emissions figure, as measured internally, includes a legally permitted allowance for eco-innovations with minor significance. The performance indicator for reporting purposes is g CO₂ per kilometre driven.

Carbon emissions of the new vehicle fleet worldwide including upstream emissions (Scope 3 downstream, well-to-wheel)

This indicator documents the progress made by the BMW Group in its strategic objective of reducing carbon emissions during the use phase including upstream emissions (drivetrain energy supply) by an average rate of at least 50% per kilometre driven by 2030 (base year 2019). For the purpose of this calculation, volume-weighted average fleet carbon emissions are calculated for the core markets EU (27 EU countries including Norway and Iceland plus UK) (driving cycle: Worldwide Harmonized Light Vehicles Test Procedure; basis: vehicle registrations), 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 or local production volumes) before deduction of legally

permitted credit factors (e.g. supercredits and eco-innovations) and standardised according to the WLTP (European) driving cycle. These core markets account for more than 80% of the BMW Group's sales. The calculated 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 of the energy sources (fossil fuels and electricity used for charging), in line with the well-to-wheel approach. This covers the entire impact 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 production of fuel and electricity. 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; reference basis: previous year) as a basis in order to assess the emissions associated with the electricity mix in its core markets. The performance indicator for reporting purposes is g CO₂ per kilometre driven.

Cash flow at risk

Similar to "value at risk" (see definition below).

Cash flow hedges

Hedges against exposures to the variability in forecasted cash flows, particularly in connection with exchange rate fluctuations.

Commercial paper

Deep-discounted bonds with a term of less than one year.

Consolidation

The process of consolidating 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 – dealerships when they designate a vehicle as a service loaner or demonstrator vehicle. In the case of used vehicles, end users may include dealerships and other third parties when they purchase a vehicle at auction or directly from the BMW Group. Vehicles designated for the end user which suffer a total loss in transit are also recorded as deliveries. Deliveries may be made by BMW AG, one of its international subsidiaries, a BMW Group retail outlet, or independent dealerships. The vast majority of deliveries – and hence the reporting to BMW Group of deliveries – are made by independent dealerships. In the US and Canada, the period start and end dates for the reporting of deliveries deviate immaterially from the beginning and, respectively, end of calendar years or calendar quarters and instead follow industry-standard reporting calendars. In the German-language version of the BMW Group Report, the terms "Auslieferungen" (deliveries) and "Absatz" (sales) are used interchangeably.

E

Earnings per share (EPS)

Basic earnings per share are calculated by dividing the earnings attributable to the shareholders of BMW AG for ordinary and preference shares by the average number of shares in each category. 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

Earnings Before Interest and Taxes. 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 BMW Group

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 (students on work experience), 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.

Until 2019, temporary staff, postgraduate students, interns, apprentices, and people on extended sick leave or on sabbatical were also included in this definition.

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 (the second part, following the active phase in this model).

Equity ratio

Equity capital as a percentage of the balance sheet total.

EU Taxonomy – operating expenditure (OpEx)

Operating expenditure only comprises 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, expenditure for low value assets, and purely variable remuneration. The KPI figure calculated for taxonomy-purposes is not used by the BMW Group for financial reporting purposes.

EU Taxonomy – capital expenditure (CapEx)

Capital expenditure is calculated on the basis of IAS 16.73(e)(i) and (iii) for property, plant and equipment, IAS 38.118(e)(i) for intangible assets and IFRS 16.53(h) for leases. In accordance with the definition of capital expenditure provided in Annex I of the Commission Delegated Regulation (EU) 2021/2178 and taking into account the adjustments made by Delegated Regulation (EU) 2023/2486, 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 parties or the delivery of parts to cooperation partners are not taken into account.

EU Taxonomy – revenues

Revenues are calculated in accordance with Article 2(5) of Directive 2013/34/EU. Revenues comprise the income and earnings reported in accordance with IAS 1.82(a). 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 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.

F**Fair value hedge**

A hedge against exposures to fluctuations in the fair values of balance sheet items.

Free cash flow (Automotive segment)

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**

Acquired goodwill is considered an intangible asset. It corresponds to the difference between the purchase price and the net assets of the acquired business as measured at fair value.

Gross profit margin

Gross profit as a percentage of Group turnover.

I**Interns**

The number of people completing voluntary or mandatory work experience programmes 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

Net Zero

Reduction of Scope 1, 2 and 3 emissions (in line with the science-based principles [SBTi]) to a residual level that corresponds with achieving net zero emissions at global or sectoral level in recognised 1.5°C scenarios or sectoral pathways (corresponding to a maximum of 10% of the emissions of the chosen base year). In addition, all remaining emissions are to be neutralised by the net zero target date and beyond.

Number of training participants

The number of employees of the BMW Group participating in further education worldwide (includes all consolidated subsidiaries of the BMW Group). Data is collated on the basis of direct input by participants and, to a small extent, by extrapolation. It comprises the overall number of participants on training and qualification courses, including e-learning courses.

O

Outlook

Unless specific ranges are specified, the BMW Group uses the following terminology and ranges as a basis 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 %

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 profit attributable to shareholders of BMW AG, based on the BMW Group's net profit for the year under IFRS. Until the 2021 financial year, the payout ratio corresponded to the ratio of unappropriated profit belonging to BMW AG in accordance with HGB to the 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 costs and investments in capitalised development costs not including the associated scheduled amortisation.

Research and development expenditure ratio

Research and development expenditure as a percentage of Group turnover.

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 intangible assets, property, plant and equipment and net working capital, the latter comprising inventories and trade receivables less trade payables.

Up to the financial year 2021, capital employed corresponds to the sum of all current and non-current operational assets, less

liabilities that generally do not incur interest. The deductible capital consisted of capital shares that are available to the operational business, largely without 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").

Spending on employee training and development

Investment in training comprises all costs incurred in the reporting year for vocational training within the consolidated subsidiaries of the BMW Group, including personnel costs for trainers and apprentices as well as other costs and investments related to vocational training. The investments in further training are calculated for all consolidated subsidiaries of the BMW Group. The investments in further training are calculated for all consolidated 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.

T

Temporary employees

People who the BMW Group (includes all consolidated and non-consolidated companies in which the BMW Group holds more than 50 % of the shares) has hired from a temporary employment agency to work on a temporary basis.

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.

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

Well-to-wheel

The well-to-wheel method takes into account the entire impact chain behind vehicle motion – from the generation and supply of drivetrain power to its conversion into energy. This approach also includes the environmental impacts associated with the production of fuel and electricity. For example, the BMW Group uses the current energy report from the International Energy Agency (IEA; reference basis: previous year) as the basis for calculating emissions from electrified vehicles (provision of electrical energy). As a result, this approach can be divided into the following two components:

The well-to-tank method takes into account the carbon emissions from the supply chain as well as the upstream fuel supply from the oil well or the energy generation source. As such, this approach considers the impact chain that arises until the energy is supplied to the vehicle, but does not include the vehicle itself.

By contrast, the tank-to-wheel method takes into account the impact chain of energy received (fuel, electricity) until it is converted into kinetic energy by the vehicle. As such, this approach considers the impact chain that arises during the use of the vehicle.

Working hours/working times

Contractually stipulated weekly hours of work.

FINANCIAL CALENDAR

2024

21 March 2024

BMW Group Annual Conference

8 May 2024

Quarterly Statement to 31 March 2024

15 May 2024

Annual General Meeting

1 August 2024

Half-Year Report to 30 June 2024

6 November 2024

Quarterly Statement to 30 September 2024

2025

20 March 2025

BMW Group Report 2024

20 March 2025

BMW Group Annual Conference

7 May 2025

Quarterly Statement to 31 March 2025

14 May 2025

Annual General Meeting

31 July 2025

Half-Year Report to 30 June 2025

5 November 2025

Quarterly Statement to 30 September 2025

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Investor Relations information is available directly at:

[↗ www.bmwgroup.com/ir](http://www.bmwgroup.com/ir)

Information about the various BMW Group brands is available at:

[↗ www.bmw.com](http://www.bmw.com)

[↗ www.mini.com](http://www.mini.com)

[↗ www.rolls-roycemotorcars.com](http://www.rolls-roycemotorcars.com)

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