

Sustainable Value Report 2008



Rolls-Royce
Motor Cars Limited



BMW Group

Basic reporting principles

Sustainable Value Report 2008 of the BMW Group

This seventh edition of the BMW Group Sustainable Value Report has been published to inform stakeholders about the company's sustainability strategy and how sustainability is being integrated into corporate processes. Focusing on present and future challenges, the Sustainable Value Report 2008 describes the company's approaches and specific programmes used to improve its sustainability performance in the areas of economics, product responsibility, Group-wide environmental protection, employees and social responsibility. The chapter "Sustainability indicators" presents key figures for these measures as well as the company's objectives in the above-mentioned areas. Each chapter starts with a two-page overview of the main points, including the results of the materiality analysis, i.e. the evaluation of a topic's importance for stakeholders and the BMW Group, as well as key challenges and achievements, and the key performance indicators (KPIs) used internally to control and monitor the BMW Group's sustainability performance.

Conforms to GRI standards

The BMW Group's Sustainable Value Report has been drawn up in accordance with the Global Reporting Initiative (GRI G3) guidelines as well as the industry-specific Automotive Sector Supplement (pilot version 1.0). To what extent GRI indicators are met is shown in the GRI Index in the chapter "Sustainability indicators". At GRI level A, this Sustainable Value Report 2008 meets the maximum requirements detailed in the GRI guidelines. Topics have been selected and weighted in accordance with the findings of intensive, structured dialogue with stakeholders as well as with the results of in-house workshops in which all relevant BMW Group departments participated. The specific demands of rating agencies specialising in evaluating corporate sustainability performance are also taken into consideration.



www.globalreporting.org

Reporting period

For the first time, the year stated in the title of the Sustainable Value Report 2008 corresponds to the company's Annual Report. This publication primarily focuses on the 2008 calendar year, but in order to present an up-to-date and complete report, information about activities carried out in 2007 (limited to events that occurred after the editorial deadline of the previous Sustainable Value Report in August 2007) as well as new information obtained by the editorial deadline in July 2009 has also been included.

As a rule, facts and figures in this report refer to the entire BMW Group with its brands BMW, MINI and Rolls-Royce. There are, however, some exceptions concerning site-specific topics and local sustainability programmes. Wherever this is the case, the entity the figures apply to is specified accordingly, e.g. BMW AG. The key performance indicators for corporate environmental protection and data referring to product responsibility were already published in the BMW Group's Annual Report 2008. They were therefore part of the audit carried out by the audit company KPMG AG. External audits of environmental protection and occupational safety indicators are regularly carried out in accordance with ISO 14001, EMAS and OHSAS/OHRIS regulations (see list of certified locations in the chapter "Sustainability indicators").

UN Global Compact – Communication on Progress report

The BMW Group committed itself to the principles of the UN Global Compact back in 2001, and in this report is once again reporting on progress achieved towards complying with these principles. An overview of the ten principles with examples of their implementation is contained in the respective chapters and summarised in the chapter "Sustainability indicators".



www.unglobalcompact.org
www.globalcompact.de

Further information

It is impossible to do justice to the full range of the BMW Group's sustainability activities and programmes in print format. Please refer to www.bmwgroup.com/responsibility for further in-depth information on the topics covered in the Sustainable Value Report 2008 and the glossary. Internet links to the topics discussed are indicated in the report by a specific symbol. This report is published in German and English. In the interest of improving readability, a gender-neutral language has been chosen. Words denoting the male gender are to be read as including females.



www.bmwgroup.com/responsibility
www.bmwgroup.com/glossary



Forward-looking statements

This Sustainable Value Report contains various forward-looking statements about future developments which are based on the current status of the BMW Group's assumptions and forecasts. They are thus subject to a variety of predictable and unpredictable risks, uncertainties and other factors so that the actual outcome, including the company's financial and assets position, its development or performance, could differ considerably.

Materiality analysis

In keeping with GRI G3, the BMW Group aims to present any relevant corporate sustainability topics and the applicable strategies, targets and programmes in this Sustainable Value Report. The BMW Group has applied a structured approach to identifying key topics to be covered in the report:

1. A telephone survey with 32 expert stakeholders from the capital markets, science and research, politics and NGOs in winter 2008/2009.
2. An online survey at www.bmwgroup.com/responsibility with 238 participants in winter 2008/2009. Respondents included customers, employees, business partners and representatives from socio-political circles.
3. A topic-specific Stakeholder Roundtable held in February 2009 with 25 experts from the worlds of politics, science and research, capital markets, NGOs as well as BMW Group representatives.
4. Evaluation of the findings with regard to the topics' relevance for stakeholders.
5. Determination of the identified topics' relevance for the BMW Group at workshops with representatives from different corporate areas.
6. Transfer of the determined relevance of the topics to materiality matrices, as presented in the first pages of each chapter. This approach serves as the basis for the report's structure as well as its thematic priorities.

For more information on the stakeholder dialogue, please refer to pages 12 – 13 of this report.



www.bmwgroup.com/responsibility/publications

BMW Group reporting history and sustainability publications

Publication	Reporting period	Print	Online/PDF
Environmental Report 1997/1998	Financial years 1995 and 1996	■	
Environmental Report 1999/2000	Financial years 1997 and 1998	■	
Sustainable Value Report 2001/2002	Financial years 1999 and 2000	■	■
Sustainable Value Report 2003/2004	Financial years 2001 and 2002	■	■
Sustainable Value Report 2005/2006	Financial years 2003 and 2004	■	■
Sustainable Value Report 2007/2008	Financial years 2005 and 2006	■	■
Sustainability Indicators – Update 2008	Financial year 2007	■	■
Brochure “Sustainability by design”	-	■	■
Sustainable Value Report 2008	Financial year 2008*	■	■

The BMW Group's financial year corresponds to the calendar year.

For further publications such as the environmental statements of the locations with EMAS certification, please see www.bmwgroup.com/responsibility/publications.

* This publication primarily focuses on the 2008 calendar year as its reporting period. Nevertheless, in order to present an up-to-date and complete report, information about activities carried out in 2007 (limited to events that occurred after the editorial deadline of the previous Sustainable Value Report in August 2007) as well as new information obtained by the editorial deadline in July 2009 have also been included.



— Identify demands.
Reflect on challenges.
Invest in the future.
Understand that success
and sustainability
belong together.
And then seize that
opportunity.

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Reference to
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Reference to “Sustainability
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Reference to
GRI Index

Our position



The BMW Group and its BMW, MINI and Rolls-Royce brands epitomise joy, passion and success. Our aim is to actively shape the future. To achieve this, we are making sustainability an increasingly integral part of our value chain. Sustainability should be the defining principle of how we design our processes and procedures. Our company has been changing its approach over recent years. The revision of the BMW Group's sustainability strategy was the next logical step and an important milestone. But there is still much to do.

As a signatory of the United Nations Global Compact, we are committed to its ten principles for environmental and social standards at all our locations worldwide. It is only natural that we should contribute to solving the tasks we all face, from climate protection to the growing shortage of resources and social challenges. This is how we are preparing our company and its products to face the future and thereby creating solutions for the benefit of everyone. The bar is set high: the BMW Group was once again the most sustainable company in the automotive industry in 2008. We will continue to do our utmost to maintain this standard in the future.

Dr. Norbert Reithofer ——— Chairman of the Board of Management of BMW AG



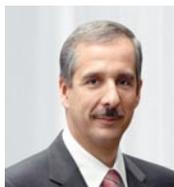
Clean Production is what sustainable manufacturing at the BMW Group is all about. We already lead the way in our industry – but that is not enough for the BMW Group: Our passion and creativity drive us to look for new ways to make better use of resources. The improvements we make become standards. We aim to achieve the perfect process – which creates tangible added value, both ecologically and economically. Sustainability in production is not just the responsibility of our specialists. It is a comprehensive approach that shapes the thinking and actions of all our employees – at all times and at all locations.

Frank-Peter Arndt — Member of the Board of Management of BMW AG — Production



The BMW Group has made a definite commitment to sustainability that our customers can rely on. But our own commitment to sustainability is not enough: We also have to select the partners we work with very carefully. To uphold our claim of being a sustainable company, sustainability must begin with our procurement process. Integrating sustainability throughout the entire value chain will be one of the major challenges of the future. Since the value chains in our industry are so complex, this will require a joint effort on the part of all the companies involved. The BMW Group is ready and willing to do its part.

Dr. Herbert Diess ——— Member of the Board of Management of BMW AG ——— Purchasing and Supplier Network



Our main concern is to make individual mobility sustainable. We are passionate about developing low-consumption vehicles that combine efficiency with dynamic driving performance. Our strategy is both evolutionary and revolutionary: We are constantly refining our Efficient Dynamics concept, combining technological drive train innovations with lightweight construction, improved aerodynamics and intelligent energy management within the vehicle. Hybrid drives based on electric or hydrogen energy and the fully-electric MINI E currently being tested in everyday use will also play a role in the future of individual mobility.

Dr. Klaus Draeger ——— Member of the Board of Management of BMW AG ——— Development



Sustainability pays dividends. Companies that practice ecological and social responsibility are basically investing in their own future. As the Dow Jones Sustainability Index World leader in our industry for the past several years, we have seen increasing numbers of investors consider our sustainability performance in their evaluations. This provides an incentive to do more. In the long run, only companies that plan for the long term and conserve resources will succeed.

Dr. Friedrich Eichiner — Member of the Board of Management of BMW AG — Finance



Human resources can make a lasting contribution to the success of the company – provided it looks beyond short-term requirements and focuses on meeting future needs. The main tasks in securing the BMW Group's long-term success include dealing with personnel development and change issues, as well as the shortage of skilled labour and demographic change. We are setting the course today to ensure we will have the right staff with the right qualifications in the right place five years from now.

Harald Krüger ——— Member of the Board of Management of BMW AG ——— Human Resources, Industrial Relations Director



An automobile is a statement for a customer – about themselves, their values and their principles. A premium automobile must inspire emotions and desire; however, premium will also be defined through sustainability. At the BMW Group, we decided to implement efficiency measures right across the entire model portfolio and not just in certain models. This is part of Efficient Dynamics – our strategy for sustainable individual mobility. As a premium manufacturer, we want to make a real contribution to sustainability, by offering our customers fuel-efficient vehicles, as well as driving pleasure.

Ian Robertson ——— Member of the Board of Management of BMW AG ——— Sales and Marketing

Group profile



www.bmwgroup.com

The BMW Group is one of the world's ten largest automobile manufacturers, headquartered in Munich. Chairman of the Board of Management is Dr. Norbert Reithofer; Chairman of the Supervisory Board is Prof. Dr. Joachim Milberg.

For the 2008 financial year, the BMW Group achieved a global sales volume of more than 1.4 million automobiles and over 101,000 motorcycles, and generated revenues of 53.2 billion euros. The BMW Group's EBIT for the 2008 financial year totalled 921 million euros.

At the end of 2008, the company employed a global workforce of around 100,000.

The company's shares (WKN 519000; ISIN DE0005190003) are listed on the Frankfurt Stock Exchange's DAX index. On 31 December 2008, there were 601,995,196 BMW shares of common stock and 52,196,162 shares of preferred stock. This corresponds to a share capital of around 654 million euros. Strategic investors hold 46.6% of the shares of the company's common stock while 53.4% of the common stock is held by institutional and private investors.

History

Bayerische Motoren Werke G.m.b.H. was created in 1917 from the former Rapp-Motorenwerke GmbH. In 1918, the owners converted the company into a joint stock company. In 1922, the company's engine production operations, its name and the BMW trademark were transferred to Bayerische Flugzeugwerke A.G., which was founded in 1916. The company initially focused on the development and production of aircraft engines, and, from 1923 onwards, also on motorcycles. In 1928, BMW laid the foundation for its success as an automobile manufacturer with the purchase of the Eisenach motor vehicle factory.

Brands and objectives

The BMW Group brands BMW, MINI and Rolls-Royce are three of the strongest premium brands in the automotive industry today. Vehicles built by the BMW Group offer superb product substance in terms of aesthetic appeal, dynamic performance, technology and quality, and underline the company's leading position in innovation and technology. The BMW Group also occupies a strong market position in the motorcycle segment with the brands BMW and Husqvarna. BMW Financial Services rounds off the BMW Group's successful portfolio.

The BMW Group's goal is to achieve profitable growth and above-average returns by focusing on premium segments. The company successfully began its strategic realignment with the Strategy Number ONE in September 2007, with the vision to be the leading provider of premium products and premium services for individual mobility.

Research and development network

The BMW Group operates an international research and development network with sites in Germany, Austria, the US, Japan and China. This helps the company identify trends early and offer appropriate solutions.

Production and assembly locations

The BMW Group is a global operation with 24 production and assembly plants in 13 countries. Production facilities are located in Munich (lead plant), Dingolfing, Regensburg, Landshut, Leipzig, Berlin, Wackersdorf, Eisenach, Spartanburg (USA), Rosslyn (South Africa), Oxford (UK), Hams Hall (UK), Swindon (UK), Goodwood (UK), Steyr (Austria), Cassinetta di Biandronno (Italy) and Shenyang (China). Assembly plants are located in Kaliningrad (Russia), Cairo (Egypt), Chennai (India), Rayong (Thailand), Kulim (Malaysia) and Jakarta (Indonesia). These are mainly operated together with external partners. The company also uses Magna Steyr Fahrzeugtechnik AG & Co KG in Graz (Austria) for contract production.

Sales and distribution network

Since the 1970s, the BMW Group has consistently pursued its objective of operating its own sales subsidiaries in all of the world's major markets as part of its sales strategy. Today, the sales network consists of 41 company-owned sales subsidiaries and more than 3,000 dealerships. Around 100 further countries are served by local importers. This means the BMW Group is active in more than 140 countries on all five continents.



www.bmwgroup.com/locations

01 — Sustainability management

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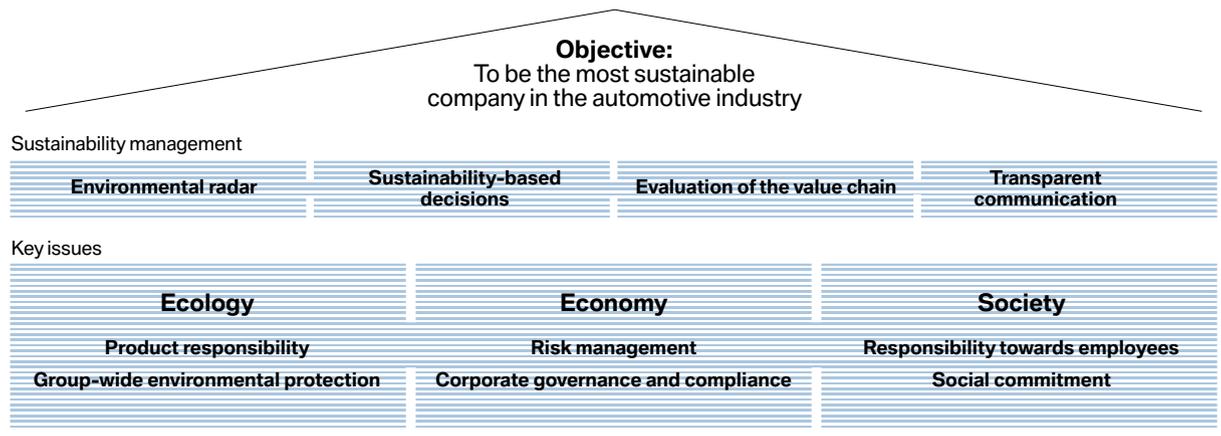
Building lasting stability: Sustainability needs a solid strategic foundation.

01 — Sustainability management

With its corporate Strategy Number ONE, the BMW Group is pursuing its vision of being the leading provider of premium products and premium services for individual mobility. The same aim applies to the principle of sustainability. The BMW Group's sustainability strategy focuses on integrating sustainability throughout the entire value chain and its underlying processes – creating an added value for the company, the environment and society. Key

elements of BMW Group's sustainability management include an "environmental radar" that is regularly extended to cover additional ecological and social aspects; ongoing dialogue with stakeholders; the inclusion of sustainability criteria in all decision-making processes; and a holistic approach to the entire value chain. The achievements made in this way are communicated clearly and factually to both employees and the general public.

BMW Group sustainability strategy and key issues



All employees

of the BMW Group are called upon to help implement the goal of corporate sustainability in their area of responsibility.

The Sustainability Board – comprising the company's entire Board of Management – continuously evaluates progress and determines the strategic direction.

BMW Group headquarters in Munich



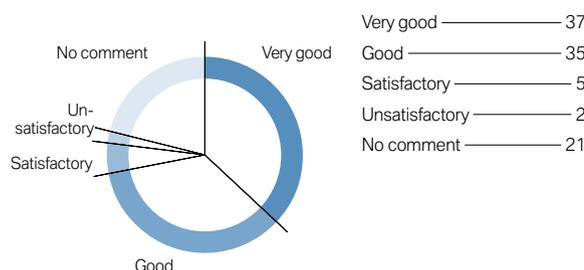
Challenges

- To involve all employees in implementing the sustainability strategy
- To identify topics and forms of dialogue to strengthen cooperation with different stakeholder groups
- To understand and promote social and ecological aspects as resource-friendly and efficient alternatives on supplier markets

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Evaluation of BMW Group sustainability activities* (telephone survey)

in %**

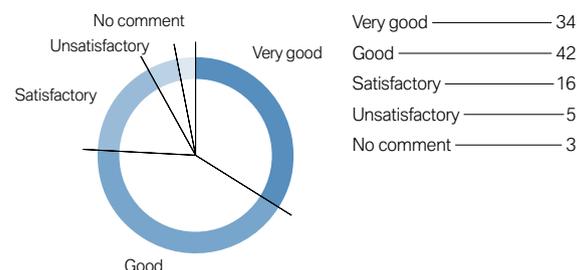


* International stakeholder survey in winter 2008/2009 among 32 stakeholders from seven countries; multiple answers permitted

** 100% = absolute number of mentions concerning topics such as environmental protection, product responsibility, employees; from 32 stakeholder interviews

Evaluation of BMW Group sustainability activities* (online survey)

in %**



* Online survey in winter 2008/2009 among 238 participants; multiple answers permitted

** 100% = absolute number of mentions concerning topics such as environmental protection, product responsibility, employees; 238 participants

BMW Group's inclusion in sustainability indices (as of July 2009)

Carbon Disclosure Leadership Index (CDLI)	not listed
Dow Jones Sustainability Index (DJSI) World and STOXX	2008 industry leader (Super Sector Leader)
FTSE4Good Global Index, Europe Index, Environmental Leaders	listed

Achievements

- Sustainability strategy adopted, sustainability included in corporate target system, target management for sustainability indicators established
- Sustainability Board and Sustainability Circle established
- Mandatory examination of all decision papers submitted to the Board of Management with regard to sustainability criteria
- First Stakeholder Roundtable in Munich on sustainable mobility and the conservation of resources hosted
- Sustainability questionnaire as an instrument for supplier selection revised, exclusion criteria defined
- National and international purchasing conditions updated with regard to social and ecological standards as well as the transfer of responsibility to Tier 2 suppliers

Objectives

- Establish sustainability strategy at subsidiaries and retail organisations worldwide
- Extend the risk management system to include ecological and social factors
- Strengthen stakeholder dialogue and develop it at international level
- Establish evaluation processes for suppliers' locations and take sustainability aspects fully into consideration in the concept phase of all vehicle projects and across all supplier levels
- Raise awareness of ecological and social requirements among purchasers and qualifying suppliers

01.1 — Strategy and organisation.

In September 2007, the BMW Group presented its new corporate Strategy Number ONE. The vision: to be the leading provider of premium products and premium services for individual mobility.



BMW Group Annual Report 2008

To reach this goal, the company needs to focus consistently on growth and profitability, constantly develop new technologies, guarantee access to relevant customer groups, and, most importantly, actively shape the future. These key fields of action are the four pillars of Strategy Number ONE.

Why is the term sustainability not part of the vision statement? Quite simply: Because sustainability is an integral part of each field of action defined by Strategy Number ONE. Sustainable actions are already being implemented Group-wide and will continue to be closely integrated into the company's processes from year to year. One example: Last year's BMW Group sales were assisted by the success of Efficient Dynamics. This technology package comprises a whole range of innovations and has so far been incorporated into over 1.4 million vehicles. Thanks to Efficient Dynamics, the BMW Group has reduced its fleet's fuel consumption more effectively than any other manufacturer in the auto industry. As the following example shows, embracing sustainability is also a key prerequisite for improving the company's profitability. In 2008, the 650,000 MWh of energy saved reduced energy costs by approximately 35 million euros. At the same time, the focus is on the future. BMW Group developers involved in "project i" are working on new mobility concepts that will show just how sustainable the future of individual mobility could be. The most recent example is the MINI E, with a fully electric drive. It is currently being tested in everyday use by over 600 customers. Collaborations and networks help to ensure that the BMW Group has access to technologies and customers. Potential partners are not only companies in the automotive industry, but also those such as energy providers who will play a crucial role in making electric mobility a viable solution.

Sustainability as a corporate principle

The BMW Group's basic principles form the foundation of the company's consistent, long-term alignment (see Chapter 02.1 for a detailed description). They establish, among other things, that being a good corporate citizen is an integral part of how the BMW Group defines itself as a company. Furthermore, sustainability is regarded as making a positive contribution to the company's economic success.



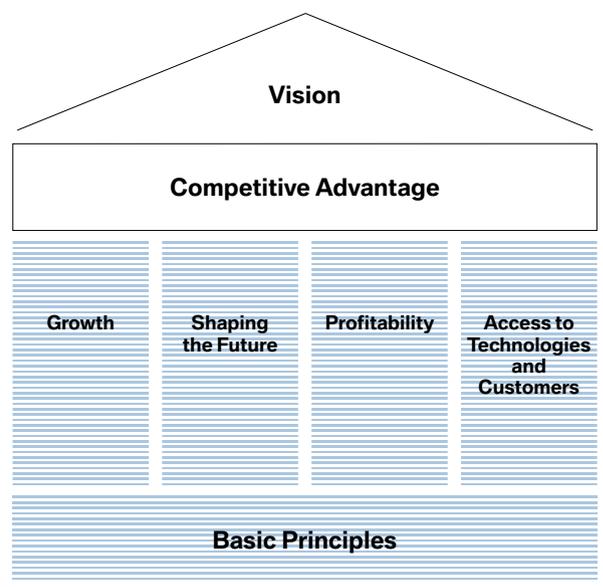
www.bmwgroup.com/guidelines

Premium and sustainability go hand in hand

According to the Dow Jones Sustainability Indexes, the BMW Group is currently the world's most sustainable car-maker. The company has remained the industry leader in these important global corporate sustainability indices for four consecutive years, most recently in 2008. Numerous other ratings and awards also confirm the company's leading role in the field of sustainability. But for the BMW Group this is only the beginning.

It is obvious that sustainability is set to play an even bigger role in defining premium mobility of the future – from environmentally-friendly drive trains and resource-friendly production processes to new, sustainable services in the field of individual mobility. In the future, premium will inevitably comprise the concept of sustainability. The manu-

Corporate Strategy Number ONE



facturer that offers the most efficient and resource-friendly production and the most visionary solutions for eco-friendly individual mobility will have the competitive

— a
 The BMW Group is broadening the definition of premium. Sustainability plays an important part in this, according to Dr. Reithofer, Chairman of the Board of Management of BMW AG, here at the Annual General Meeting in May 2009.



— a

edge. This is why the company's Strategy Number ONE would be inconceivable without sustainability.

Turning vision into reality

But how does Strategy Number ONE translate into sustainable actions? What are the company's priorities? Which sustainability targets does the BMW Group have? Which weaknesses have to be overcome and which strengths must be enhanced?

All these questions were answered in 2008 when the company completely revised its sustainability strategy. The new strategy, which was adopted by the Board of Management in the first half of 2009, directly builds upon Strategy Number ONE and its comprehensive approach applies to all of the company's divisions worldwide.

The overriding aim is to make sustainability an integral part of the entire value chain and its underlying processes – to create an added value for the company, the environment and society.

Following an analysis of internal and external risks and opportunities and the competitive environment, the BMW Group established key principles and fields of action for the implementation of its sustainability strategy. The company has decided to forge ahead in developing efficient drive technologies and to implement sustainable mobility concepts for urban centres. As for the production process, the goal is to further reduce the consumption of resources and minimise environmental impact – a reflection of the BMW Group's Clean Production philosophy. As an attractive employer, the BMW Group aims to strengthen employees' motivation and satisfaction and improve the expertise of its specialists and executives to face future challenges. It is also vital to integrate ecological and social standards in the supply chain. As a good corporate citizen, the company is resolved to find solutions to pressing social challenges – so that it may actively shape the parameters that govern the company's actions. The core principles stipulated in the BMW Group's sustainability strategy include a far-reaching impact assessment for decisions, cross-divisional cooperation and anchoring sustainable thinking in employees' minds.

A large number of structural and organisational innovations have been implemented to ensure that the goal and the underlying strategic direction are effectively pursued in the company's operational business. In early 2009, sustainability was established Group-wide as a corporate target and is measured by means of a balanced scorecard. As a result, detailed guidelines have been developed for all BMW Group divisions. This approach will help the company measure and manage its own sustainability performance more precisely. BMW Group executives are also committed to sustainability as a corporate objective via their individual target agreements, which are based on corporate and division targets.

One example: as a way to optimise environmental performance, the BMW Group plans to reduce Group-wide resource consumption by 30% between 2006 and 2012. According to specific annual targets for each production site – controlled by Group-wide environmental management – this overriding goal will be achieved in stages.

Each and every proposal today is measured against the corporate goal of maximum sustainability. Each project submitted to the BMW Group Board of Management for approval must first be evaluated according to sustainability criteria. These include aspects such as resource consumption and emissions as well as the social and socio-political implications of the different options. Occasionally, such mandatory evaluations can be highly complex. By setting the right course at an early stage of the project, the company can save resources and avoid later corrections which often incur much higher costs. This approach guarantees that ecological and social aspects are considered alongside economic factors in the decision-making process. It recognises that a company's value is no longer only pegged to its share price but also to non-financial performance indicators.

The success of the BMW Group's sustainability management will primarily depend on the company's ability to identify opportunities and risks early on. To facilitate this task, the company has introduced a so-called "environmental radar" which is constantly being expanded to include further ecological and social criteria. The ongoing

— a
All BMW Group locations have to meet certain mandatory environmental targets, such as the reduction of waste per vehicle by 30% between 2006 and 2012.



— a

dialogue with stakeholders from the worlds of business, politics and society also facilitates early identification of medium and long-term challenges.

Measuring sustainability

The BMW Group has established key performance indicators (KPIs) to be able to optimise its sustainability performance and compare it with others. For the time being, these indicators mostly apply to resource consumption and environmental protection. The long-term objective is to be able to measure other aspects of sustainability via KPIs as well – and thus make them easier to manage and control. Furthermore, certain KPIs are to be applied to the entire value chain, i. e. also to suppliers, dealerships and other cooperation partners.

Strengthening sustainability in the organisation

These are highly ambitious goals. But according to both internal and external standards, the BMW Group is on the right track. At the end of the day, how quickly and completely these goals can be achieved will depend on each individual employee. Nevertheless, while revising its sustainability strategy, the BMW Group came to realise that it is important to place the responsibility for measuring and managing sustainability activities and for providing strategic impetus with a single corporate unit.

That is why, in early 2007, the position of the Group Representative for Sustainability and Environmental Protection was assigned to the Corporate Strategy division. The corresponding department reports to the Head of Corporate Strategy and Planning and Environment who, in turn, reports directly to the Chairman of the Board of Management.

The unit in charge of the cross-divisional, operational implementation of all corporate sustainability activities is the recently established Sustainability Circle. Each Board Member appoints one member for the Sustainability Circle to represent that Board Member's division. The Circle is chaired by the Group Representative for Sustainability and Environmental Protection.

The Sustainability Circle, which replaces the former Environmental Strategy Circle, had its first meeting in June

2008. It is the operational unit responsible for all matters relating to sustainability within the Group. Its members meet four to six times a year.

The Sustainability Circle's responsibilities include:

- identifying and evaluating sustainability-related opportunities and risks
- coordinating sustainability activities within the BMW Group
- furthering cross-divisional cooperation
- exchanging information and issuing statements
- refining the sustainability strategy

Another new committee is the Sustainability Board which was established in summer 2009 at the highest management level. In the future this board, which comprises the entire Board of Management, will determine the strategic alignment for sustainability issues. Twice a year, its mem-

BMW Group sustainability organisation

Sustainability Board

composed of the entire Board of Management
chaired by: Chairman of the Board of Management
responsible for strategic alignment



Sustainability Circle

composed of one representative per division
chaired by: Group Representative for Sustainability and
Environmental Protection – responsible for drafting proposals



Departments

implement the sustainability targets
by initiating appropriate activities and
processes



At the BMW Group, sustainability issues are not just the responsibility of one particular department. Sustainability concerns every employee. It is also an important topic of discussion at employee meetings.



UN Global Compact

bers will meet to discuss and adopt the strategies and activities proposed at operational level by the Sustainability Circle.

The operational implementation of sustainability activities is also governed by the existing management systems for environmental protection (according to ISO 14001 and EMAS), quality assurance (ISO 9001) and occupational safety (OSHAS) described in the following chapters.



www.unep.fr/scp/cp
www.unglobalcompact.org
www.unglobalcompact.de
www.un.org/millenniumgoals
www.ilo.org
www.oecd.org
www.iccwbo.org

With the aim of establishing sustainability even more securely in all areas of the company, a number of sustainability and environmental protection training courses were established during the reporting period. Between October 2006 and October 2008, 651 executives took part in a sustainability training course.

Honouring international guidelines

In 2001, the BMW Group committed itself to complying with the ten principles of the UN Global Compact and the Cleaner Production Declaration of the United Nations Environment Programme (UNEP). The company also honours the United Nations Millennium Development Goals (MDG). In light of its activities and competences, the BMW Group primarily contributes to the millennium goals no. 6 "Combat HIV/Aids, malaria and other diseases" and no. 7 "Ensure environmental sustainability".

In the Joint Declaration on Human Rights and Working Conditions, BMW AG's Board of Management and the Works Council confirmed their commitment to the core labour standards of the International Labour Organization (ILO) in 2005. The company also adheres to the OECD guidelines for multinational companies as well as the Business Charter for Sustainable Development of the International Chamber of Commerce.

01.2 — Stakeholder dialogue.

For years, the BMW Group has been involved in intensive dialogue with various stakeholder groups – at different levels and with changing priorities: from international talks to dialogue with local residents, from specific questions to comprehensive sustainability issues.

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Dialogue of this kind represents a valuable opportunity for the BMW Group. It serves as a kind of radar to help the company identify relevant developments early on. By recognising these signs, the company can quickly identify risks and, if necessary, take corrective action to make best use of the opportunities available. By working with its stakeholders, the BMW Group is able to develop solutions to complex challenges which would be virtually impossible for a company to implement alone. In this way the BMW Group can become even more sustainable.

Listen, understand, act

The BMW Group engages in open, transparent and unbiased dialogue with its stakeholders. The company goes beyond understanding its partners' needs to systematically evaluate and, if appropriate, include these aspects in corporate decisions. In this way the discussions of the past have evolved into an ongoing dialogue, which the BMW Group actively structures and intends to strengthen further in the future. The operational responsibility for stakeholder relations lies with the communications department based at corporate headquarters in Munich. It serves as a contact, and works with the specialist departments to handle inquiries. At individual locations worldwide, the local communications departments maintain contact with regional stakeholders. Which form of dialogue is most appropriate depends in each case on the thematic and geographical scope of the question.

Stakeholder Roundtable

At its first Stakeholder Roundtable in February 2009, the BMW Group brought together traffic experts from the WWF, BUND, NABU, Greenpeace and the German Environmental Aid Association, analysts and representatives from major investment funds from Frankfurt, Zurich and London, environmental politicians from the European, German and Bavarian Parliaments as well as scientists and experts from different German environmental institutes and the Potsdam Institute for Climate Impact Research. They were joined by the BMW Group's Head of Product Strategy, Head of Corporate Strategy, Head of Total Vehicle Architecture and Integration as well as further decision-makers.

The views, interests and questions voiced about sustainable mobility and the conservation of resources were just as diverse as the composition of the group. But that was the point of the BMW Group's first Stakeholder Roundtable:

to bring together different stakeholder groups, to learn and understand the other parties' points of view, and to identify a joint approach in the search for new answers.

For a whole day, the experts discussed issues such as product strategies for sustainable mobility, challenges in the field of electric mobility, the advancement of Efficient Dynamics technologies as well as the question of how the BMW Group could minimise its resource consumption throughout the entire value chain. Participants discussed various possible solutions intensively and argued their respective positions. However, there was agreement among the delegates that it is no longer possible to answer complex questions, such as those regarding future mobility, from a single perspective, but that they require an ongoing, constructive exchange of views.

The BMW Group plans to continue this form of dialogue on a regular basis. The next Stakeholder Roundtable is scheduled to take place later in the year.

Stakeholder surveys

The BMW Group conducted its first global stakeholder survey with approximately 200 respondents in late 2006. The findings were incorporated into both the last Sustainable Value Report and the revised version of the sustainability strategy. For the present report, a telephone survey was carried out in winter 2008/2009 among 32 representatives from the capital market, politics, NGOs and other stakeholder groups. The goal of this expert survey was to evaluate the BMW Group's sustainability performance.

More than 70% of respondents in the stakeholder surveys regarded the BMW Group's sustainability performance as good or very good.

At the same time, the BMW Group carried out an online survey on the corporate website to assess the perception and evaluation of the company's sustainability performance and sustainability communications. In both surveys, the BMW Group's sustainability activities received predominantly high marks. Those surveyed saw room for improvement mainly in the area of alternative drive technologies and the reduction of carbon emissions. Some stakeholders also requested further information on the integration of sustainability in the value chain.

— a
The BMW Group can only improve its sustainability performance in close consultation with internal and external stakeholder groups.



— a



www.bmwgroup.com/ir

Employee surveys

How do employees rate the BMW Group? How satisfied are they with their working environment, their professional development and their employer in general? These are some of the questions raised in the Group-wide global employee survey conducted regularly in more than 20 languages. Survey findings are discussed at all corporate levels – down to the smallest department – to initiate improvements. (For more information on the 2007 Employee Survey, please refer to Chapter 05.5.) The next survey is scheduled to start in spring 2010 and will for the first time include some questions on the perception and evaluation of the BMW Group's sustainability performance.

Local dialogue

At all of its locations, the BMW Group takes the concerns of its neighbours seriously. As a result, complaints are rare. The employees of the local PR departments serve as the contact for residents' queries and concerns. If there are complaints about odour or noise, for instance, these departments cooperate with the relevant experts to find a solution according to the prescribed procedure. In the event of upcoming construction activities, neighbours are informed in advance. Plants also play an active role in their communities: The Munich plant, for example, provides meeting rooms for associations and non-profit organisations based in its vicinity as part of the "Neighbourhood Forum" programme.

Commitment to sustainability initiatives

As a member of sustainability-related expert committees and organisations, the BMW Group promotes the ongoing development of corporate sustainability. At "econsense", a sustainability forum formed by an alliance of global corporations and organisations headquartered in Germany, BMW Group representatives serve on the Board of Trustees, the Board of Directors and the Steering Committee. The BMW Group is also actively involved in discussing sustainability matters at the German working group of the UN Global Compact. BMW Group representatives also participate in symposia, conferences and discussions with university experts on how to support further efforts in the fields of sustainability and corporate responsibility.

Roadshow for sustainability investors and analysts

In autumn 2008, BMW Group representatives embarked on an SRI roadshow (SRI = Socially Responsible Investment)

to answer the questions of analysts and investors in Paris, Zurich and London. The debate mainly focused on the BMW Group fleet's carbon emissions reductions and the future potential of electric mobility. Apart from environmental issues, participants were most interested in workforce reductions and corporate governance instruments. The roadshows are followed up with frequent analyst and investor conference calls conducted by the Investor Relations department in cooperation with the BMW Group's sustainability experts. Since 2007, sustainability concepts and implementation status have been included in all corporate presentations for analysts and investors.

Intensify and manage

Over the course of the last two years, the BMW Group has intensified and adopted a more systematic approach to its dialogue with stakeholders. In light of increasingly complex challenges, the exchange with different stakeholder groups is becoming increasingly important. Understood correctly, it serves as a major driver of continuous corporate improvement. Stakeholder dialogue used to be quite irregular, but will be replaced by active stakeholder management in the future.



www.econsense.de



www.unglobalcompact.org
www.globalcompact.de

01.3 — Sustainability in the supply chain.

The management of the BMW Group's supplier network – comprising all its suppliers of components, systems and services – is a challenging task. The company must find a way to balance its objectives in the fields of cost competition, delivery reliability, quality and logistics on the one hand, against sustainability aspects on the other.

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www.unep.fr/scp/cp
www.unglobalcompact.org
www.ilo.org



UN Global Compact

The BMW Group strongly believes that corporate sustainability can only be effective if it embraces all steps of the value chain. This is why the BMW Group not only sets the highest standards for itself, but also expects suppliers and partners to meet ecological and social standards. Sustainability criteria of this kind are integrated throughout the company's purchasing conditions. These criteria comply with the principles of the UN Global Compact, the UN's Declaration on Cleaner Production and the conventions of the International Labour Organization (ILO), to name but a few. The BMW Group's declared goal is an efficient supply chain that adheres to the same ambitious sustainability standards all around the world and at all stages of value creation.

Sustainability as a purchasing criterion

Responsibility for supplier management lies with the BMW Group's purchasing division which was reorganised in 2007. The division's scope of responsibilities includes the selection and validation of suppliers, traditional procurement tasks, quality assurance for supplied goods and services as well as logistics – and thus the implementation of sustainability standards throughout the value chain. To prepare staff for this task, employees are made more aware of sustainability issues and undergo internal training.

Besides Central Purchasing in Munich, the BMW Group operates an international network of so-called International Purchasing Offices (IPOs) whose task it is to identify and validate local suppliers for both local production facilities and the BMW Group's international production network. Particularly in growth markets like China or India, the IPOs assist potential local suppliers in building up necessary competences, including those concerning environmental and social standards. As a result, these companies can become productive partners in the BMW Group's supplier network.

Mandatory criteria included in purchasing conditions

In spring 2003, the BMW Group established mandatory requirements for ecological and social responsibility in its national and international purchasing conditions. By signing these terms and conditions, suppliers are committing to these sustainability standards.

The purchasing conditions were revised and updated – also with regard to sustainability issues – in 2009. Effective

as of autumn 2009, these conditions make it mandatory for suppliers to require Tier 2 suppliers to adhere to the same social and ecological standards.

Stipulations in the purchasing conditions include the prohibition of child and forced labour, discrimination and bribery as well as the implementation of a suitable management system for occupational safety. Furthermore, by signing the purchasing conditions, suppliers are committing themselves to resource-saving and environmentally-friendly production. On request, key suppliers have to provide information about their energy and water consumption as well as production-related carbon emissions, waste, sewage and solvents used in the production of components for the BMW Group. Suppliers are required to set up a fully functional environmental management system certified in accordance with the established standards ISO 14001, EMAS or equivalent certificates.

Evaluating potential partners

The BMW Group considers sustainability standards from the very beginning when evaluating potential suppliers. This initial analysis is based on a sustainability questionnaire which has to be completed by any prospective supplier. Those who provide a detailed self-assessment and do not violate any of the BMW Group's exclusion criteria, such as child labour, move on to the next stage in the selection process.

Improving sustainability at existing suppliers

Frequent quality audits at existing suppliers also test environmental and social standards. In the event that an established supplier is commissioned to produce a new component, the BMW Group's Quality Management is required to carry out a process audit for both quality and sustainability aspects. Direct suppliers have to prove the existence of a fully functional Tier 2 supplier management. In problematic cases, there may also be unscheduled visits.

The BMW Group is resolved to monitor implementation of the ecological and social requirements stipulated in its purchasing conditions more closely. In 2008, the existing sustainability questionnaire was revised and an assessment matrix detailing exclusion criteria for environmental protection, social standards and product development practices was adopted. The questionnaire now comprises 29 questions on social and ecological responsibility. In a



www.b2b.bmw.com

— a
The BMW Group is in ongoing dialogue with domestic and foreign suppliers. Environmental and social standards form important guidelines for this cooperation.



— a



http://ec.europa.eu/environment/chemicals/reach/reach_intro.htm

first step, a total of 1,046 suppliers, representing approximately 80% of the BMW Group's procurement volume, were questioned about their environmental practices in early summer 2007.

In the future, the updated questionnaire will be applied as a key criterion in the supplier selection process and as an assessment tool for existing suppliers. From the end of 2009 on, findings will be included in the BMW Group's supplier database to allow the company to record, evaluate and compare all suppliers' sustainability performance faster and more systematically in the future.

If its sustainability requirements are violated, the BMW Group works with the supplier in question to draft a detailed action plan. This includes an escalation schedule which, in extreme cases, may culminate in the termination of the business relationship. So far, however, the BMW Group has never had to exclude a direct supplier due to violations of social and environmental standards. Nevertheless, it is impossible to completely exclude the risk of violations at Tier 2 suppliers. One example: the allegations made by the International Metalworkers' Federation (IMF) against a Turkish Tier 2 supplier who allegedly impinges upon employees' freedom of assembly and association. In accordance with the BMW Group's internal escalation scheme, the company has contacted the direct supplier concerned and requested that the supplier oblige the Turkish Tier 2 supplier to immediately remedy the situation. A response has already been received from the company concerned and is being examined by independent bodies, including the ILO.

Holistic approach to the value chain

The BMW Group not only complies with ecological and social standards but also initiates lasting improvements in the eco-balance throughout the entire value chain. A project newly launched in 2008 aims to reduce the extent to which parts are sourced from many different suppliers and the environmental impact this has. As a result, certain electronic control units are no longer transported back and forth between countries, or even continents before completion, but are produced at the most suitable location according to the principle of "concentration of value added". According to the calculations of BMW Group experts, this move could reduce energy and transport costs by up to 65%.

Environmental impact of components

The BMW Group continuously manages and optimises the environmental impact of components in the supply chain. In 2008 alone, about 39,000 data records for series parts were transferred and assessed. All in all, the company has about 160,000 data records for series parts. The BMW Group's purchasing conditions further define the requirements regarding the environmental impact of the components supplied. These requirements are detailed in performance specifications as well as material and component tests. Certain environmental standards – such as the component's recyclability – must be considered as soon as development scopes are commissioned or purchased parts developed. This procedure is necessary to guarantee that the strict regulations are adhered to throughout the entire product development process. A working group assesses risks arising from the use of certain materials and manages the selection process and development activities accordingly. Not only vehicle parts undergo a strictly defined validation process – the same applies to all substances and materials used in production, such as paints and adhesives. These processes are a crucial prerequisite for the implementation of environmental laws and bans on certain substances through the EU's REACH directive, for instance.

Pulling together

The BMW Group not only challenges its suppliers but also supports them as much as possible. In today's difficult market climate, the number of suppliers in financial difficulties is rising. The BMW Group uses its risk management system to try to identify companies at risk of insolvency in time to help them by providing advice or other assistance.

01.4 — Awards and indices. Evaluating the BMW Group's sustainability performance is as complex as the company's sustainability activities are extensive and varied.



www.sustainablevalue.com

The BMW Group's Balanced Scorecard, which sets the main corporate targets, also includes sustainability targets. These are defined by the requirements of the most important sustainability ratings and rankings. Internally, the BMW Group is also working hard to advance procedures such as the sustainable value approach, which assesses the company's sustainability performance in monetary terms.



www.oeko-trend.de

As a rule, the BMW Group does not regard a high ranking in sustainability ratings a goal in itself. However, it is a valuable indicator in assessing the company's sustainability performance.



www.ftse.com

The FTSE4Good, one of the most important indices for corporate sustainability, has listed the BMW Group for nine consecutive years. Since 2007, the company has also been included in the FTSE4Good Environmental Index of companies with excellent performance from an environmental viewpoint.



www.sustainability-indexes.com
www.sam-group.com

A key global barometer for sustainable companies is the group of Dow Jones Sustainability Indexes published in cooperation between Dow Jones and the Sustainable Asset Management Group (SAM). The BMW Group has now been listed as one of the top three companies for nine consecutive years. In 2008, the company was even



www.corporateregister.com/crra_last/



www.ioew.de

named Super Sector Leader – and therefore the most sustainable company in the automotive industry – for the fourth consecutive year. It was further honoured with an inclusion in the Gold Class and named a Sector Mover. Sector Movers are companies that, according to SAM analysts, have made the greatest progress in corporate sustainability over the previous year.

The BMW Group's leading position in the field of sustainability has repeatedly been confirmed by the independent ÖKO-TREND Institute. In 2008, the institute awarded the BMW Group the highest number of points of all carmakers included in the evaluation, as well as a certificate for outstanding corporate responsibility.

Sustainability demands transparency

The company's sustainability reporting was also recognised by an independent body: In the competition for the 2007 Corporate Responsibility Reporting Award, the first global, independent reporting classification, the BMW Group's Sustainable Value Report 2007/2008 won the category "Best Carbon Disclosure".

In the 2007 ranking of the Institute for Ecological Economy Research, the report ranked tenth out of 150 reports analysed and evaluated.

The BMW Group's positioning in sustainability rankings and listings on sustainability indices from July 2007 to July 2009

Sustainability rating agencies

Imug/Ethical Investment Research Services (EIRIS)

Oekom Research

ÖKO-TREND

Scoris

Sustainable Asset Management (SAM)

Vigeo

Sustainability indices

Advanced Sustainable Performance Indices (ASPI)

Carbon Disclosure Leadership Index (CDLI)

Dow Jones Sustainability Index (DJSI) World and STOXX

E. Capital Partners International (ECPi) – Index Family

Ethibel Sustainability Index (ESI) Excellence Global

Ethibel Sustainability Index (ESI) Pioneer Global

FTSE4Good Global Index

FTSE4Good Europe Index

FTSE4Good Environmental Leaders

Evaluation and result

Evaluated (for result see FTSE4Good)

Status Prime (B-), second in the automotive industry

ÖKO-TREND certificate: outstanding corporate responsibility (most points among all carmakers)

Third in DAX 30 sustainability rating, best carmaker

SAM Sector Leader, SAM Sector Mover, SAM Gold Class (also see DJSI)

Evaluated (for result see Advanced Sustainable Performance Indices)

Listing and result

listed

not listed

Super Sector Leader 2007 and 2008

listed

listed

listed

listed

listed

listed

02 — Economics

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Rooted in sustainability
for lasting success.

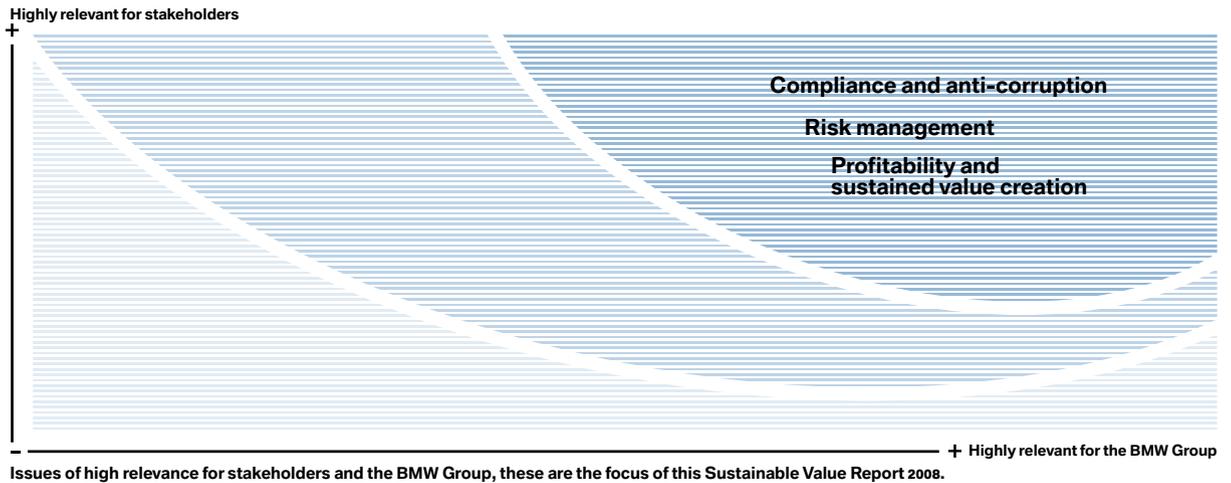
02 — Economics

With the launch of its corporate Strategy Number ONE, the BMW Group has created the necessary conditions for the successful combination of long-term value creation and sustainability. The company's vision is to be the world's leading provider of premium products and premium services in the automotive industry – and as the BMW Group sees it, this also means being a leader in the field of sustainability. From an economic point of view, issues such as

compliance, anti-corruption and risk management form the backbone of corporate responsibility.

The materiality analysis below demonstrates the current prioritisation of these topics at the BMW Group on the horizontal axis and their importance for stakeholders on the vertical axis. Their classification is the result of various dialogue processes.

Materiality analysis – Economics



1.4 million vehicles

equipped with Efficient Dynamics sold so far: The BMW Group's sales success is largely based on these innovative technologies for lower fuel consumption.

**BMW Group Research and Innovation Centre
in Munich**



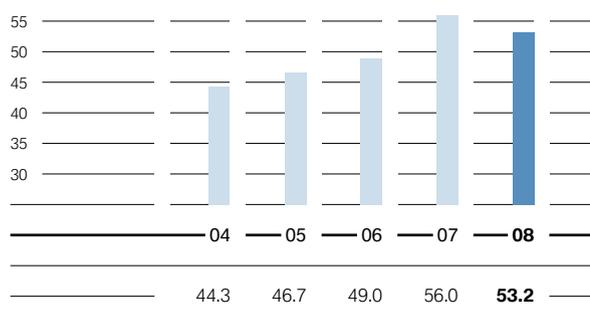
Challenges

- To deal with the impact of the financial crisis on the real economy; consumer reticence due to uncertainty regarding the scope and ongoing development of the economic crisis
- To secure a sound financial footing and high liquidity as the basis for guaranteeing the company's room to manoeuvre
- To successfully steer the BMW Group through the crisis and to secure competitive advantages for the post-crisis period
- To establish a fully functional early detection and monitoring system for the management of risks and opportunities in the field of corporate sustainability

Key performance indicators (KPIs)

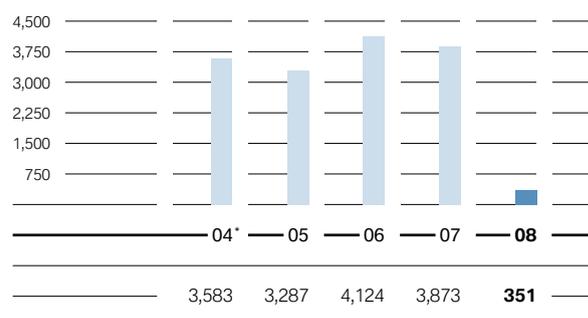
Revenues

in euro billion



Profit before tax

in euro million



* adjusted for new accounting treatment of pension obligations

Return on Capital Employed

	Earnings for ROCE purposes in euro million		Capital employed in euro million		Return on Capital Employed in %	
	2008	2007	2008	2007	2008	2007
BMW Group	639	4,193	28,315	27,321	2.3	15.3
Automobiles	690	3,450	14,056	13,953	4.9	24.7
Motorcycles	60	80	432	444	13.9	18.0

Achievements

- Increased the BMW Group's global market share from 1.5 % in 2000 to 2.3 % at the end of last year
- Honoured with the Corporate Investment & Community Impact Award (CiCi Award) in March 2009
- In the first step of the two-step implementation process for the company's compliance organisation, more than 5,100 executives participated in training on the compliance guidelines by 1 April 2009. This is 100 % of all executives targeted in the first rollout phase.

Objectives

- Achieving a Return on Capital Employed (ROCE) in excess of 26 % and an EBIT margin of between 8 % and 10 % in the automobile segment in 2012
- Reducing material costs by over 4 billion euros by 2012
- Successfully completing the second step in the implementation of the BMW Group's compliance organisation. The company plans to provide compliance training to another 3,000 executives from all international organisations

02.1 — The year 2008. New times require a new strategic direction. Particularly in a fierce economic environment, future-oriented growth is what a company needs to be able to take advantage of the long-term opportunities a crisis offers.

Page 74 et seqq.



UN Global Compact



BMW Group Annual Report 2008



www.bmwgroup.com/guidelines

Value creation a top priority

The BMW Group established this prerequisite when it launched its Strategy Number ONE. The vision: to become the world's leading provider of premium products and premium services for individual mobility. To this end, the BMW Group concentrates on profitability and sustained value creation. The company's four strategic pillars also include growth, shaping the future and access to technologies and customers.

Everything the BMW Group does is based on the twelve basic principles the Board of Management defined in Strategy Number ONE.

- **Customer orientation** – The customer and benefit for the customer are at the heart of everything the company does.
- **Peak performance** – The company and all its employees aim to be the best.
- **Responsibility** – Every employee shares the responsibility for the company's success.
- **Effectiveness** – Only results which have a lasting effect count.
- **Adaptability** – Flexibility as a crucial prerequisite for success.
- **Dissent** – As we strive to find the best solution, we are frank with each other.
- **Respect, trust, fairness** – The basis of successful cooperation.
- **Employees** – The strongest factor in a company's success.
- **Leading by example** – Every manager has to be aware that he/she is a role model and should act accordingly.
- **Sustainability** – Acting sustainably is an element of our corporate responsibility and a contribution to value creation.
- **Society** – Social responsibility is an integral part of our corporate self-image.
- **Independence** – Sustained profitable growth secures the corporate independence of the BMW Group.

Automotive industry in transition

Based on these principles, the BMW Group has established a focused approach to master the current crisis. Priorities are to secure the company's sound financial footing and its liquidity as well as to develop attractive, trend-setting products as timely as possible. This is why last year the BMW Group invested another 4,204 million euros (–1.5% compared with 2007) in development activities. Over the past five years, the company has invested a total

of over 21 billion euros in its future, an amount that also reflects the BMW Group's technological expertise and the pace at which innovations are developed. With its corporate Strategy Number ONE, the BMW Group is setting the course for tomorrow's dynamic growth.

This is particularly important since the automotive industry is currently experiencing its most profound transformation ever. In 2008, the BMW Group, like others, suffered from worsening business conditions triggered by various exogenous and endogenous factors. In the second half of last year, the economic crisis led to a noticeable reluctance to buy among customers. In the light of the persistent uncertainty about ongoing economic developments, a much lower number of consumers decided to buy a new or pre-owned BMW Group vehicle. In addition to the negative effects from the US dollar and the British pound, the international capital markets also saw an increase in refinancing costs. Irrespective of the current state of the economy, raw material prices remained at an extraordinarily high level throughout the year.

Endogenous strains included the additional costs of the scheduled workforce reductions (see Chapter 05). Model cycle effects also intensified the negative development of BMW Group automobile sales in 2008.

2008 sales, revenues and profits

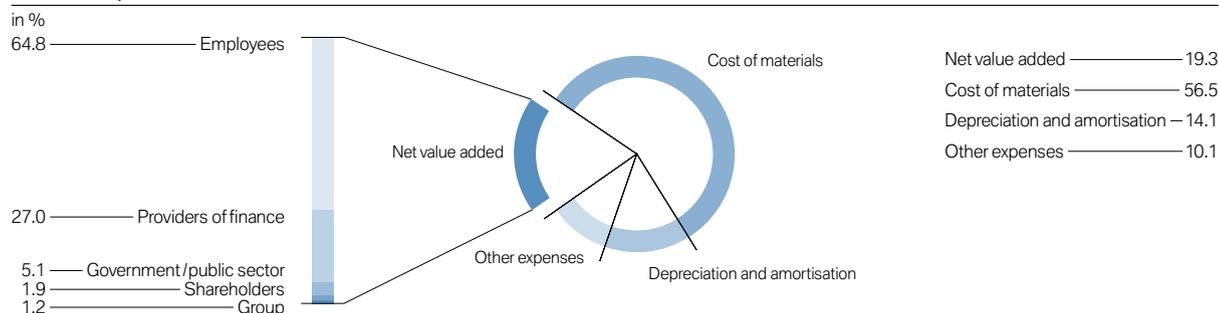
BMW Group's global automobile sales declined by 4.3% in comparison with the previous year although, at more than 1.4 million vehicles sold, the company was still able to post the second-best sales result in its history. As for BMW motorcycles, sales remained almost stable at 101,685 (–0.8%).

Overall, these developments amounted to a 5% decrease in BMW Group revenues to 53,197 million euros, thereof 48,782 million euros in the automobile segment (–9.4%) and 1,230 million euros in the motorcycle segment. Revenues in the Financial Services segment rose by 12.8% to 15,725 million euros. At 4,471 million euros, the operating cash flow was down 28.4% year-on-year.

The negative effects of the crisis were most obvious in the profit, which was particularly affected by the additional risk provisions. This negative tendency was exacerbated by increased refinancing costs as a result of higher risk spreads on the capital markets. Last but not least, in the second half of 2008, consumer reticence resulting from the global economic and financial crisis was becoming in-

GRI G3 Indicator EC1

BMW Group Value added 2008



Quarterly Report of the BMW Group
to 31 March 2009

creasingly noticeable. All in all, EBIT (earnings before interest and taxes) decreased by 78.1% from the previous year to 921 million euros. Profits before tax dropped by 90.9% to 351 million euros.

The BMW Group reacted early on by implementing staff cutbacks. By the end of 2008, the number of permanent employees had decreased by 7,498 (-7.0%) to 100,041 – thanks to natural attrition and a severance programme. At some sites, the company introduced short-time work in spring 2009 to secure the jobs of its high-performing permanent staff (more information in Chapter 05).

Comprehensive value creation and ratings

Net value added of the BMW Group declined by 25.7% to 10,469 million euros, mainly as the result of declining sales revenues. Gross value added, which was not affected by the increase in depreciation and amortisation compared with the previous year, was down 10.6%. Current expenses for tax on earnings amounted to 75 million euros worldwide, deferred taxes to -54 million euros.

In 2008, the Dow Jones Sustainability Index World listed the BMW Group as the leading automotive company

Short and long-term ratings of BMW AG (as of 31 August 2009)

	Standard & Poor's	Moody's
Short-term rating	A1	P2
Long-term rating	A	A3
Outlook	negative	negative

For further explanations of the ratings, please refer to page 13 of the BMW Group's first-quarter reporting 2009.

worldwide for the fourth consecutive year. The company is also assessed by the rating agencies Moody's and Standard & Poor's.

The BMW Group has one of the best ratings in the automotive industry.

Regional impetus

Despite the difficult situation in 2008, the BMW Group continued to set the course for further growth at all locations worldwide and thus managed to strengthen its competitive position for years to come.

The BMW plant in Spartanburg, South Carolina (USA), is currently being expanded to add a new paint shop and an additional assembly hall. The BMW Group is investing around 750 million US dollars in this expansion. Since 1992, a total of 4.6 billion US dollars has been invested in the South Carolina plant. The next generation of the BMW X3 will make the Spartanburg plant the BMW Group's main production site for the X model family. The plant already achieved an annual production of over 170,000 vehicles in 2008, a first in the plant's history.

In India, the BMW Group complemented the assembly plant in Chennai, set up in March 2007, with training centres for retail staff. The BMW Group's third organisational unit in the Indian market, the New Delhi-based International Purchasing Office, is responsible for validating suppliers as partners for the BMW Group, thus giving them access to the international markets.

02.2 — Risk management and corporate governance. Risks are at the heart of any entrepreneurial activity. Companies that are unwilling to take risks are also unable to take advantage of opportunities. As a global corporation, the BMW Group is exposed to numerous and increasingly complex risks.



UN Global Compact

Risk management

The integrated risk management system is the BMW Group's well-proven tool for identifying, evaluating and managing all potential risks. It helps the company to initiate countermeasures in time or to exploit entrepreneurial opportunities by taking certain calculable risks. As a rule, sustainability concerns are an integral part of the BMW Group's risk management.



www.bmwgroup.com/ir

With its decentralised structure and a Group-wide network of risk officers, the BMW Group's risk management system promotes the balanced handling of risks at all organisational levels. Risks arising from environmental impacts and the use of resources are assessed and, if necessary, reported by the Group Representative for Sustainability and Environmental Protection. All risks identified by specialist areas are recorded by the central Risk Management Steering Committee, assessed and – in the case of substantial risks – reported to the Board of Management and the Supervisory Board.



BMW Group Annual Report 2008
For further details on the risk management system, please see pages 62–67

The BMW Group's risk management is frequently evaluated by internal and external auditors with regard to its adequacy and effectiveness. According to their assessment, the system is able to identify any developments early on that might pose a threat to the company's status as a going concern.



BMW Group Annual Report 2008
For further details on corporate governance and compliance, please see pages 138–147

Corporate governance

In all its activities, the BMW Group builds upon the principles of corporate governance geared to long-term value creation. In 2002, the company developed a company-specific Corporate Governance Codex which was designed in accordance with the German Corporate Governance Code and updated when a revised version of the DCGK was published.



www.bmwgroup.com/governance
www.corporate-governance-code.de

Compliance and anti-corruption

The law and an internal code of conduct require the BMW Group's management and employees to comply with the applicable regulations (compliance). Nevertheless, it is impossible to entirely rule out the possibility of violations of the law. In order to prevent them, BMW AG's Board of Management set up a Compliance Committee in 2007. This committee is responsible for establishing the global BMW Group's compliance organisation as well as for

managing and monitoring all required activities to prevent violations of the law (legal compliance). It also reports to the Board of Management on relevant compliance-related activities. The BMW Group Compliance Committee operates through the recently established Compliance Committee Office which forms part of the Chairman of the Board of Management's division.

The BMW Group's compliance organisation implements measures and programmes focused on guaranteeing the legitimacy of everything the company and its employees do. Its activities are based on the Legal Compliance Code (LCC) which is available to all employees. In 2008, BMW Group's compliance organisation was launched at BMW AG and several German subsidiaries; the international rollout is scheduled for 2009.

In the first stage of the two-step implementation process, some 5,100 executives at BMW AG and several German subsidiaries (making up 100% of all employees targeted) participated in web-based basic compliance training. In the second step, currently in progress, another 3,000-plus executives in international BMW Group organisations are participating in the same training course.

Employees as well as members of the general public who are interested in compliance matters can approach the BMW Group Compliance Contact. This service unit can also be contacted by those who wish to point out weak spots and violations of the law on the part of the BMW Group. On request, the source of the information is kept confidential. The compliance committee office follows up on any inquiry or incident reported. BMW Group employees can also refer to the compliance-website on the BMW Group intranet for detailed information on the compliance organisation and its activities as well as on compliance training.

Fact is, the BMW Group does not tolerate any violations of the law. Corporate Auditing and Corporate Security frequently monitor the implementation of and compliance with the code of conduct. Furthermore, Corporate Auditing will carry out on-site evaluations and interview employees. An intentional violation of the law may result in labour law consequences and in the personal liability of respective employees.

03 — Product responsibility

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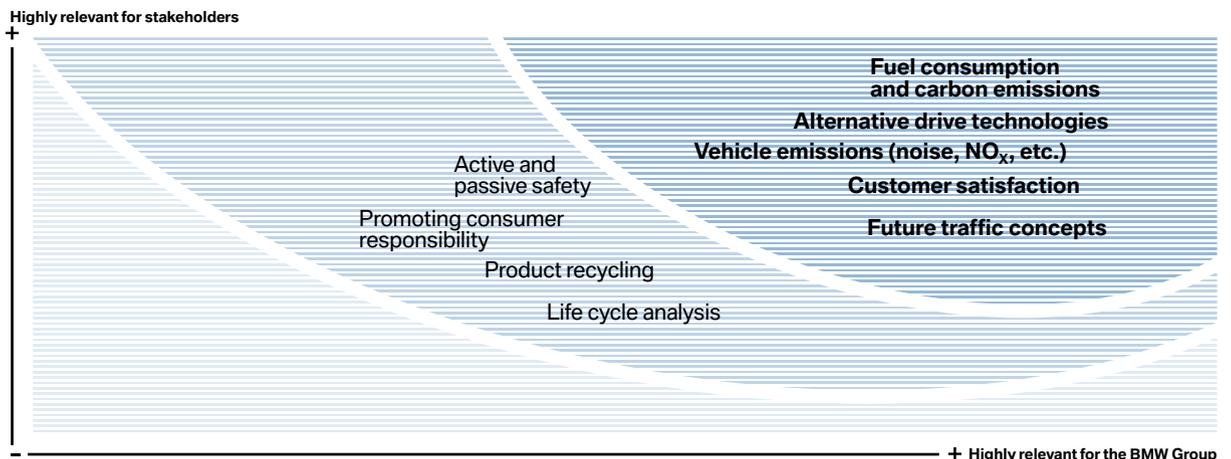
Revolutions start
in the streets.
The green revolution
starts in the mind.

03 — Product responsibility

The BMW Group can only achieve long-term success by answering questions about its products' environmental and social impact. That is why the company is in close dialogue with relevant stakeholder groups to address global challenges such as climate change. The following materiality analysis shows the BMW Group's priorities during

the reporting period on the horizontal axis. Issues with lower priority are not necessarily less important, but represent processes which have already become standard throughout the Group. The vertical axis shows the importance of these issues for stakeholders as mentioned in various surveys and at the first Stakeholder Roundtable.

Materiality analysis – Product responsibility



Issues of high relevance for stakeholders and the BMW Group, these are the focus of this Sustainable Value Report 2008.

Issues of medium relevance for stakeholders and the BMW Group, these are described in less detail.

Nearly 27 %

reduction in the CO₂ emissions of the BMW Group's new vehicle fleet in Europe between 1995 and 2008 thanks to Efficient Dynamics. At the same time, the company is also working on new drive concepts: The Oxford plant has built more than 600 fully electric MINI E cars that are currently being tested by customers in Europe and the US in everyday use.

Production at the MINI Plant Oxford (UK)



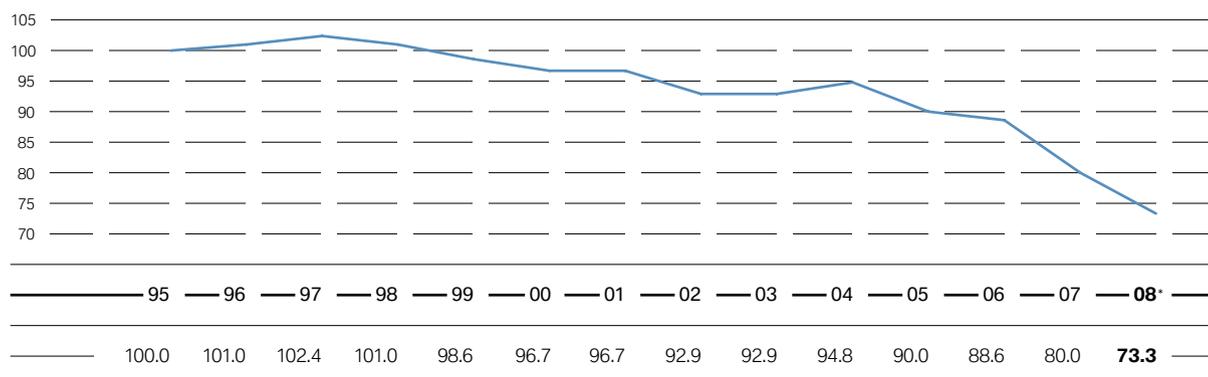
Challenges

- Further reduction of environmentally-harmful carbon dioxide (CO₂) emissions from conventional drives
- Lack of infrastructure and standardisation for electric drives; absence of mature battery technology
- Global and regional mobility requirements in the context of changing economic, ecological, social and infrastructure conditions
- Requirements of active and passive vehicle safety due to increasing traffic volume and demographic change, with the goal of protecting vehicle passengers and other road users
- Consideration of global requirements for the recycling of end-of-life vehicles which vary greatly from country to country

Key performance indicators (KPIs)

Development of CO₂ emissions of BMW Group cars in Europe (EU-15)

(Index: 1995 = 100; Basis: fleet consumption of newly registered cars in Europe (EU-15) measured on the basis of the New European Driving Cycle in accordance with the ACEA commitment)

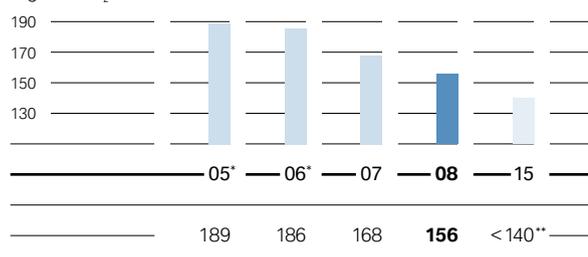


* CO₂ emissions of newly registered cars in Europe for 2008 stood at 154 grams CO₂/km driven (EU-15) and 156 grams CO₂/km driven (EU-27).

CO₂ emissions of BMW Group vehicles (EU-27)

Fleet consumption of newly registered vehicles in Europe (EU-15/EU-27) in the New European Driving Cycle

in grams CO₂/km



* Values for 2005 and 2006 refer to EU-15.

** The target is based on long-term production planning. The target for the introductory period 2012 to 2014 is to meet the EU's CO₂ emissions performance standards for passenger cars.

Achievements

- Reduction of nearly 27% in carbon emissions of BMW Group new cars in the EU between 1995 and 2008
- More than 600 MINI E cars in an electric mobility pilot project
- Proving suitability of the BMW Hydrogen 7 for everyday use with a small series of 100 cars and nearly 4 million kilometres driven
- Product safety awards for BMW Group vehicles, e.g. inclusion of the BMW X3 and X5 in the 2008 Top Safety Pick of IIHS (Insurance Institute for Highway Safety)
- Development of recycling concepts for hybrid batteries both for service garages and end-of-life vehicle recycling

Objectives

- Achieving CO₂ fleet emissions of below 140 grams CO₂/km for all new BMW Group vehicles in Europe by 2015
- Reaching series maturity for electric-drive vehicles (Megacity Vehicle) in connection with “project i” in the first half of the next decade
- Improving vehicle safety by integrating active and passive safety systems and developing preventive measures particularly in the areas of passenger, partner and pedestrian protection by 2015
- Completing and publishing the ifmo study “Future of Mobility – Scenarios for 2030”

03.1 — Understanding and embedding.

To ensure its long-term success and future viability, the BMW Group must assume full responsibility for its products. That is why, to the BMW Group, product responsibility means providing answers to questions about the quality, impact and future of its own products.


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UN Global Compact


[www.bmwgroup.com/
sustainablemobility](http://www.bmwgroup.com/sustainablemobility)


www.ipcc.ch

The focus is on developing individual mobility in a way that improves safety, conserves resources and protects the climate. The company is actively seeking groundbreaking new solutions that go beyond anything seen so far and will help improve products throughout their entire life cycle.

A carmaker with such a comprehensive understanding of its product responsibility – considering it in every aspect of its activities and implementing it consistently – is also promoting the concept of premium mobility. It is a given for the BMW Group that sustainability will play a much greater role in defining premium in the future.

Responsibility throughout the vehicle's lifetime

For the BMW Group, responsibility starts with developing vehicles that are fuel-efficient and safe for both the driver and other road users. The company's comprehensive approach embraces environmentally and resource-friendly development and production processes and a wide range of high-quality customer services as well as recycling concepts which guarantee that BMW Group vehicles impact the environment as little as possible, including at the end of their lives.

In the area of product responsibility, the BMW Group has defined the following six core areas for action:

- Reducing fuel consumption and CO₂ emissions:
The BMW Group already implements fuel-efficiency innovations that significantly reduce the fuel consumption of today's cars. The company's engineers are constantly working on taking these technologies to the next level.
- Developing alternative drive concepts:
The BMW Group is vigorously pursuing the hybridisation of the drive train as well as the development of electric cars and hydrogen mobility solutions.
- Refining traffic management concepts:
The BMW Group's mobility experts are working on mobility projects aimed at improving traffic flow. Together with infrastructure partners, they are looking at ways to improve the flow of traffic in urban centres, thereby minimising environmental impact.
- Active and passive safety:
The company applies a comprehensive vehicle safety concept that involves improving active safety to prevent accidents and passive safety to minimise the consequences of accidents.
- Product recycling:
The BMW Group also assumes responsibility for its vehicles at the end of their lifetime. Early in development,

the company ensures that 95 % of vehicle components can be recycled later on.

– Customer satisfaction:

Ultimately, it all comes down to the BMW Group's customers – since it is they who determine the company's success. The customer is at the heart of everything the BMW Group does and so the company's standards are: top quality and reliability of vehicles, as well as maximum customer service satisfaction.

Focus on reducing CO₂ and fuel consumption

On a global scale, passenger car traffic accounts for 7 % to 10 % (depending on the source) and general traffic for 17 % to 20 % of global carbon emissions. In terms of the vehicle life cycle, 15 % of a car's carbon emissions arise in the supply chain and in production, and 85 % during its time of use.

Markets such as the US, Japan, Korea, China and Europe are introducing increasingly strict carbon emissions performance requirements for vehicles. In early 2009, for instance, the European Union passed a bill requiring all carmakers to reduce carbon emissions of their new car fleets to an average of 130 grams CO₂/km by 2015. The exact fleet value to be achieved by each manufacturer is calculated based on the individual vehicle's weight. 65 % of all new cars are to meet this target in 2012, 75 % in 2013, and 80 % in 2014, before full compliance is achieved in 2015.

Today's customers are aware that cars with combustion engines also contribute to climate change. This is why environmental aspects, such as fuel efficiency and emissions, play a much greater role in customers' purchase decisions than they used to. Carmakers thus need to strike an acceptable balance between customers' demands and ecological imperatives. The BMW Group identified this trend early on and has acted accordingly. The reduction of carbon emissions has long been a corporate objective. As a result, the BMW Group has become a pioneer in the advancement of future-oriented, environmentally-friendly mobility solutions – and is set to expand its lead even further.

Setting the pace for new technologies

Back in 2000, the BMW Group launched Efficient Dynamics, a development strategy that today brings tangible benefits for the environment, resource conservation and customers. CO₂ emissions of the BMW Group's new vehicles in Europe (EU-15) fell by close to 27 % between 1995 and 2008.


[www.bmwgroup.com/
sustainablemobility](http://www.bmwgroup.com/sustainablemobility)
www.bmw.com/efficientdynamics

— a
The BMW Group's aerodynamics test centre: Lowering a car's air resistance by 10% reduces fuel consumption on the road by about 2.5%.



— a

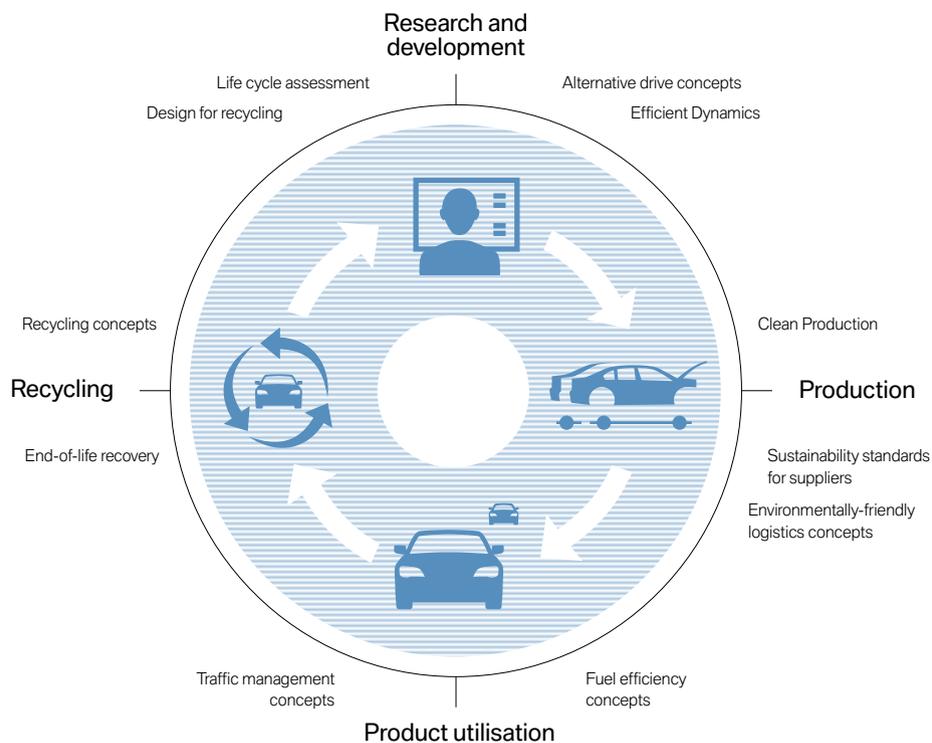
At the same time, the company is also working on entirely new drive and mobility concepts – because the leaps in efficiency necessitated by climate change and dwindling resources can only be achieved through an approach that is evolutionary with regard to vehicle enhancement, but revolutionary overall.

But how can a company enhance its products and revolutionise its approach at the same time? How can far-reaching improvements be implemented across the entire product range while advancing technological development with flagship models?

The Efficient Dynamics development strategy details the three steps that define the BMW Group's approach to sustainable mobility:

1. The Efficient Dynamics innovation package for reducing fuel consumption and CO₂ emissions lays the foundation. The package comprises high-efficiency petrol and diesel engines, lightweight construction and improved aerodynamics as well as a sophisticated energy management system with technical features such as the Auto Start Stop function and brake energy regeneration. Efficient Dynamics is available as standard in all markets and across the entire product line-up. It thereby achieves a positive effect not only in individual niche models but throughout the entire fleet. Since the launch of the first models equipped with the Efficient Dynamics innovations in spring 2007, more than 1.4 million vehicles featuring the package have been sold. The BMW Group will continue to develop vehicles with exceptionally low consumption in the future. The BMW 320d EfficientDynamics Edition presented at the

Sustainability in the life cycle of a BMW Group vehicle



— a
 The BMW Group has used Efficient Dynamics to reduce the CO₂ emissions of its new vehicle fleet by more than any other automobile manufacturer. It currently offers 32 models with CO₂ emissions of 140 grams CO₂/km or less.



— a

2009 IAA Frankfurt Motor Show boasts CO₂ emissions of only 109 grams CO₂/km.

2. In a second step, the company further boosts fuel efficiency by electrifying the drive train and introducing comprehensive hybrid solutions. In 2009, two vehicles – the BMW ActiveHybrid X6 and the BMW ActiveHybrid 7 – will reach series maturity. Compared to other models powered by a conventional combustion engine only, these models will reduce fuel consumption by up to 20 %.

3. In the long term, the BMW Group is counting on the positive effect of electric mobility and the use of regeneratively produced hydrogen. The company is currently carrying out a pilot project with more than 600 MINI E vehicles to gain valuable insights from the everyday use of electric cars. The findings will be analysed and implemented by “project i”, a new organisational unit established as part of corporate Strategy Number ONE to develop entirely new mobility concepts for urban centres. The first “Megacity Vehicle” with a fully electric drive is due for release in the first half of the next decade.

CO₂ strategies for vehicles and fleet

The BMW Group’s remarkable accomplishments in reducing fuel consumption are the result of a comprehensive CO₂ reduction strategy. The BMW Group’s strategic principles of vehicle development are as follows:

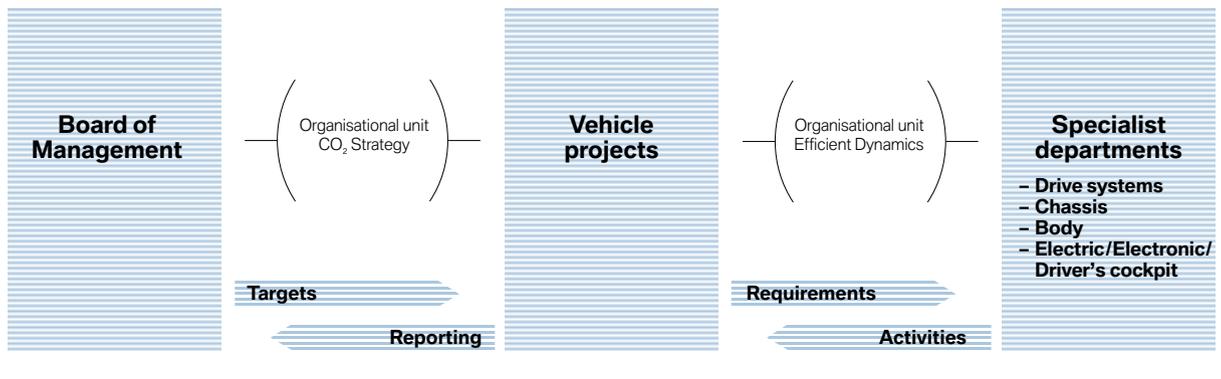
- All BMW Group vehicles are the leaders in their respective segments with regard to the best-possible combination of efficiency and dynamics performance.

- The Efficient Dynamics technology is available as standard equipment in all BMW Group vehicles.

But premium also means never standing still. The BMW Group’s next goal is to meet the EU legislation’s fleet target by 2015 and to achieve average carbon emissions for all new BMW Group vehicles sold in Europe of 140 grams of CO₂/km or less. The BMW Group will also comply with the carbon emissions and fuel consumption standards yet to be finalised for introduction in the US.

To meet the fleet target, the BMW Group has defined specific CO₂ targets for each product line and each new vehicle project. The organisational unit CO₂ Strategy, which reports directly to the Board of Management, is responsible for monitoring progress and refining these targets. In the area Total Vehicle Architecture and Integration, the specially created Efficient Dynamics division coordinates the development and implementation of fuel-efficient technologies. The two units work hand in hand to guarantee that all vehicle projects meet their targets for the conservation of resources and climate protection – no matter how ambitious these targets might be.

CO₂ emissions management in vehicle projects



03.2 — Technologies for sustainable mobility.

Companies that want to shape future individual mobility have to break new ground. This means tapping into savings potentials which used to be off-limits and developing technologies that boost vehicle efficiency. It also means promoting drive systems that will one day be emissions-free.

Page 78 et seqq.

The BMW Group is putting every effort into developing a whole range of innovative technologies that will gradually cut its vehicles' fuel consumption. Other priorities include reducing vehicle emissions, assuring biofuel compatibility for vehicles and engines and, obviously, developing pioneering alternative drive concepts.

Efficient Dynamics

Efficient Dynamics is at the core of these efforts. It is a strategy that guarantees a significant reduction in fuel consumption and emissions across the entire model range.

The strategy, adopted in 2000, marks a true paradigm shift in automotive engineering: in the past, fuel-efficient models usually meant compromising comfort, performance and safety – which made these models less successful. Most of them were niche models equipped with expensive special equipment. The BMW Group's philosophy is quite different: Since March 2007, Efficient Dynamics innovations have gradually been introduced in all model series as standard equipment – which means they automatically make an impact with each vehicle sold. These innovations include:

- Optimised engine and transmission technologies (e.g. petrol engines with High Precision Injection as well as high-efficiency diesel engines)
- Lightweight construction and improved aerodynamics (e.g. the intelligent use of aluminium and high-strength steels)
- Energy management (e.g. brake energy regeneration and Auto Start Stop function)

Number one in CO₂ reductions

By the end of 2008, the BMW Group had invested a total of approximately 1.2 billion euros in the development of Efficient Dynamics. More than 1.4 million vehicles with the fuel-saving technologies as standard equipment have been sold. Efficient Dynamics has thus made a significant contribution to reducing the carbon emissions of its vehicle fleet and to climate protection. Between 1995 and the end of 2008, the BMW Group reduced CO₂ emissions of its new vehicle fleet in EU-15 countries by close to 27%, exceeding the voluntary commitment of the European Automobile Manufacturers' Association (ACEA).

At an average fuel consumption of 5.9 litres of diesel or 6.6 litres of petrol per 100 kilometres and average CO₂ emissions of 158 grams CO₂/km, MINI and BMW vehicles clearly perform better than the average of all new cars

registered in Germany in 2008. No other carmaker in Europe has reduced carbon emissions as much as the BMW Group in the last two years.

These achievements have not escaped the attention and appreciation of customers. Particularly in markets where CO₂-based motor vehicle taxes apply, Efficient Dynamics gives the BMW Group a considerable competitive advantage and also benefits customers. In these countries, running costs for BMW Group vehicles are much lower than those of comparable models. As a result, pre-owned BMW Group vehicles equipped with Efficient Dynamics achieve much higher resale values – an argument that has also convinced corporate and government customers. Major companies, including accounting firms and retail groups, as well as the Austrian federal government and several Austrian state governments, have switched their vehicle fleets to BMW Group models.

Next steps

Development engineers are also already working on the next steps to cut fuel consumption. The BMW Group is presenting its BMW Vision EfficientDynamics concept car powered by a three-cylinder turbo diesel engine and two electric motors at the 2009 IAA Frankfurt Motor Show. With a total performance of 262 kW / 356 horsepower, it achieves fuel consumption of only 3.76 litres per 100 kilometres and carbon emissions of 99 grams CO₂/km in the EU test cycle. This concept car showcases the full potential of BMW ActiveHybrid Technology and the innovative power of Efficient Dynamics.

BMW Group experts use research vehicles to investigate how exhaust heat could be utilised. There are several possibilities: One innovative technology is the so-called thermo-electric generator which generates energy in the exhaust system from the difference in temperature between the exhaust air and the cooling water. According to forecasts, this technology could theoretically generate up to 1,000 watts of energy for the on-board electrical system. Current research vehicles reach a level of 350 watts. The savings potential: an enhancement in fuel efficiency of up to 5%. However, target fulfilment in this area will require a significant improvement in the efficiency of the generators available.

Environmentally-friendly vehicle technologies

The BMW Group applies an array of additional innovations to cut carbon dioxide and nitrogen oxide emissions, as well



www.bmwgroup.com/sustainablemobility
www.bmw.com/efficientdynamics



www.bmwgroup.com/science



www.acea.be

— a
High Precision Injection is one of many Efficient Dynamics innovations.

— b
The Auto Start Stop function alone accounts for fuel savings of 3% in the EU test cycle.



— a



— b

as noise, to reduce the environmental impact of its vehicle fleet.

Particulates reduced, emissions standards met

Since spring 2007, the BMW Group has fulfilled the commitment of the German automotive industry to equip all new diesel passenger cars for the German market with a particulate filter. The company also offers retrofit kits for almost all models from emissions standard Euro 3 and Euro 4 on. Starting in autumn 2009, the BMW Group will offer 90 models that, thanks to their low nitrogen oxide (NO_x) emissions, meet Euro 5 requirements. From 2014 on, the new Euro 6 standard will once again tighten emissions performance limits for diesel passenger cars. Depending on the specific vehicle and engine combination, the BMW Group will use technologies such as the NO_x storage catalytic converter and the SCR (Selective Catalytic Reduction) catalytic converter to guarantee compliance with the strict future regulations. In September 2008, the BMW 330d with optional BMW BluePerformance technology became the first car to meet the Euro 6 emissions standard. In autumn 2009, it will be joined by the BMW 730d with optional BluePerformance technology.

Reducing noise

Besides reductions in fuel consumption and emissions, the BMW Group is also working to minimise the noise pollution caused by road traffic. To a certain extent, measures to cut fuel consumption and emissions also reduce the amount of noise a vehicle makes. The Auto Start Stop function, for instance, prevents unnecessary engine idle times at traffic lights and in traffic congestion, while the gear shift indicator keeps the revolution rate low by selecting higher gears, also reducing the volume of engine noise. Numerous types of wheels mounted by the BMW Group already comply with planned stricter noise standards.

Assistance for efficient driving

One of the main instruments for reducing fuel consumption lies firmly in the hands of the driver – because personal driving style can influence fuel consumption by up to 30%. This is why the BMW Group offers customers technologies such as the gear shift indicator or the fuel consumption gauge that help drivers adopt a more fuel-efficient driving style. Future navigation systems will allow drivers to select the most fuel-efficient route. Customers can also

attend special driver training to learn how to drive in a more fuel-efficient and responsible manner. A specific training course on fuel-saving methods teaches drivers how to drive economically. Furthermore, all BMW driver training includes an efficient-driving module.

Biofuel compatibility

Biofuels are a widely discussed option in the debate about alternative, resource-friendly fuels. The BMW Group supports the use of fuels from renewable raw materials in the traffic sector in principle. This is why all BMW Group vehicles are compatible with either the E10 standard (max. 10% of ethanol mixed with petrol) or the B7 standard (max. 7% of biodiesel mixed with regular diesel). Going beyond the B7 standard, hydrogenated vegetable oil provides a further opportunity to boost the percentage of biogenic material in diesel fuels.

Second-generation biofuels (e.g. Biomass-to-Liquid, BtL) provide further potential for climate protection. These fuels do not compete with food for agricultural land as they are generated from agricultural waste products and are therefore superior to today's biofuels in terms of their life cycle assessment. Nevertheless, subsidy policies must be coordinated on the basis of a standardised evaluation of different biofuels before these benefits can be realised. Another prerequisite for promoting the general acceptance of biofuels is the introduction of minimum standards and internationally accepted certification procedures for the sustainable production of biofuels. This is the only way of factoring in the ecological impact of cultivation conditions that vary from country to country and of preventing biofuels from competing with food production.

Alternative drive concepts

The medium to long-term future lies in alternative drives that require no fossil fuels. Electric drives and drives powered by hydrogen generated by renewable energy offer the greatest potential. The BMW Group is therefore working intensively to advance both hydrogen technology and electric mobility.

Pioneering BMW hybrid technology

The BMW Group's first hybrid series vehicles – the BMW ActiveHybrid X6 and the BMW ActiveHybrid 7 – will be presented at the 2009 IAA Frankfurt Motor Show. These

— c
Customers in the US and in Europe are currently testing more than 600 fully electric MINI E cars on the roads.

— d
The BMW Group is working with energy providers to create a renewable energy infrastructure for future electric mobility.



— c



— d

vehicles combine the benefits of an electric drive with those of a combustion engine. Unlike the hybrid models available today, BMW ActiveHybrid technology not only improves efficiency in city traffic but also in long-distance travel, which allows for efficiency enhancements of up to 20% compared with conventional combustion engines. In the future, the company will be able to choose the most suitable hybrid solution for each model from a wide range of hybrid modules.

Electric mobility pilot project

In 2007, the BMW Group launched “project i”, its most ambitious project for the development of totally new vehicle concepts so far. The project team, which draws on expertise and capacities from all areas of the BMW Group, not only develops vehicles with electric drives but also other concepts to reduce vehicles’ environmental impact along the entire value chain.

In a first step, the team launched a project to build 600 fully electric (Battery Electric Vehicle, BEV) MINI cars. These cars have meanwhile been handed over to private and corporate customers in the US, the UK and Germany. The MINI E is manufactured at the Oxford MINI plant while the engines are assembled at BMW’s Munich plant. The car has a 150 kW electric drive and high-performance lithium-ion batteries that allow for a top speed of 152 km/h. Thanks to the energy storage system, the car has a range of up to 250 kilometres and can be recharged at a special charging unit, the so-called wall box, in only 2.5 hours.

This achievement makes the BMW Group one of the first manufacturers to provide a large number of electric cars with lithium-ion batteries to customers to drive on the roads. The tests in New York, Los Angeles, Berlin and London, which are scheduled to last one year, will provide the developers involved in “project i” with valuable insights into the everyday use of the car and the further development of electric mobility. Test participants are interviewed about their experiences and keep a driver’s log. The car itself records usage data. The BMW Group also plans to forward all this information to scientists and politicians to ensure the fastest possible creation of an efficient and environmentally-friendly infrastructure for electric mobility as well as the necessary framework.

Based on the data collected, the BMW Group will launch an electric drive series vehicle as early as the first half of the next decade. This so-called Megacity Vehicle will be the first of a range of low-emissions vehicles, available with the customer’s choice of an electric drive or combustion engine. The sales forecast for electric cars in Germany anticipates a one-digit percentage range for the years up to 2020 and a rise to about 10% and above by 2030.

One thing is clear: Current battery technology does not yet have the range, quality or lifespan to offer customers an attractive alternative. As far as the necessary infrastructure is concerned, energy providers, politicians and carmakers are still in the early stages of the learning curve: Electric mobility is a zero-emissions option only when the energy consumed comes from renewable and carbon-free sources. But it is also clear that the experiences currently being gathered in this way will fundamentally change the form and ecological impact of individual mobility.

Almost 4 million hydrogen-driven kilometres

The BMW Group has developed another pioneering drive technology in the shape of the hydrogen-powered BMW Hydrogen 7. Hydrogen combustion is carbon-neutral and virtually emissions-free. A first small series of 100 cars has been in use since 2007 and has so far covered a total distance of almost 4 million kilometres. In collaboration with TOTAL, the BMW Group opened the first hydrogen filling station in Brussels in June 2008. Although developers are still working on optimising individual vehicle components, the BMW Hydrogen 7 has already proved the suitability of hydrogen drives for series production and everyday use. However, a comprehensive rollout will depend on the creation of a hydrogen infrastructure. Now it is up to politicians and the energy sector to take appropriate action.



www.bmwgroup.com/sustainablemobility

03.3 — Vehicle safety.

The safety of our customers, and that of all road users, is a key element of the BMW Group's product responsibility. It is the BMW Group's aim to prevent accidents and – wherever this is not possible – to minimise the consequences.

With its integral vehicle safety concept, comprising both passive measures to mitigate accidents as well as numerous active safety technologies, the BMW Group is making a major contribution to accident prevention. The company is also involved in a number of projects designed to make traffic flow more smoothly and more safely.



www.gidas.org

The accident research unit at the Munich-based Research and Innovation Centre (FIZ) is in charge of these efforts at the BMW Group. Its safety experts have been analysing serious accidents for over 30 years and evaluating the data provided by the Federal Statistical Office, the accident research project GIDAS (German In-Depth Accident Study) and US statistics such as NASS (National Accident Sampling System) and FARS (Fatality Analysis Report System). Important cooperation partners for the BMW Group for analysing and evaluating accident data include the accident specialists at various Munich hospitals as well as those at the renowned US William Lehman Injury Research Center in Miami. These studies also focus on future challenges in road safety, such as those arising from an aging society and future mobility with electric cars.

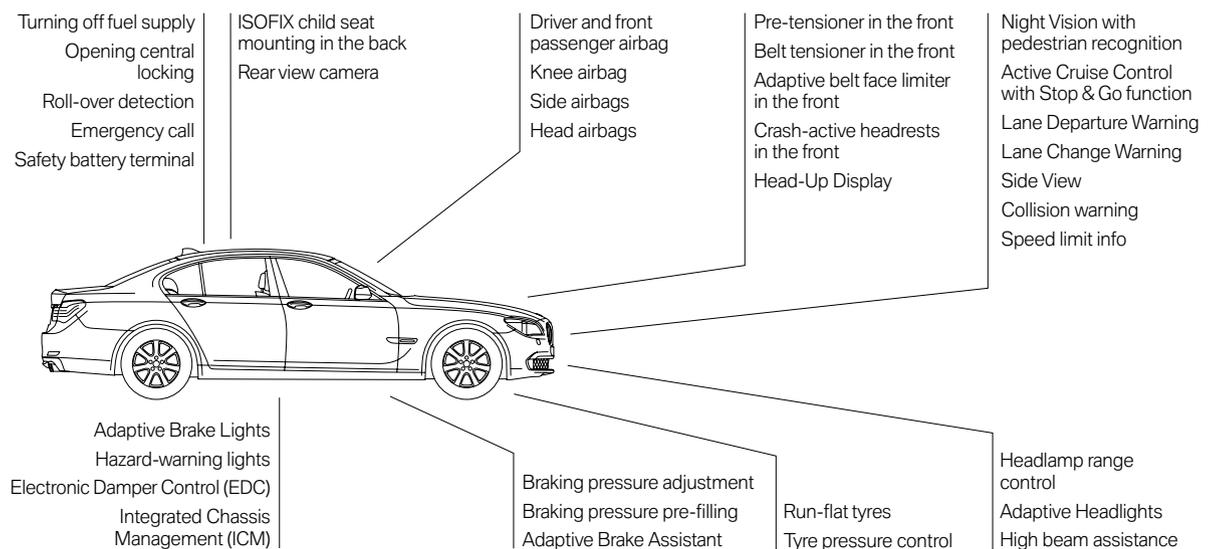
Passive technology for accident mitigation

Over the past few years, the BMW Group has continuously expanded its testing facilities for research into accident

causes and consequences. The company invested 5 million euros to remodel its crash-test facility in Aschheim near Munich in 2007. Besides conventional rear and side impact tests, the facility also allows for test scenarios which go beyond those required by vehicle registration authorities and consumer protection organisations. This is where the BMW Group uses special deformation elements to test its passive safety technologies like airbags and sturdy body structures, following its own, highly exacting requirements. These technologies are used whenever the possibilities of preventing an accident have been exhausted, to help mitigate accidents for vehicle passengers.

A more recent development is the crash-active headrest that has complemented standard airbags for front, head and thorax protection in numerous BMW Group models (BMW 3, 5, 6 and 7 Series, BMW X3, X5 and Rolls-Royce) as an option since 2007. In the event of a collision, the system – which is controlled by security electronics – ensures that the front part of the headrest can move up to 60 millimetres towards the front and up to 40 millimetres upwards. This increases the stabilising function of the headrest and prevents whiplash one of the most frequent injuries in case of an accident.

The BMW 7 Series as an example for active and passive safety features



— a
The AMULETT research project is designed to prevent accidents involving pedestrians.

— b
In the future, motorcycles will communicate with cars via ConnectedRide (research project). Thanks to a cross-traffic assistant, this could help prevent accidents at intersections.



— a



— b

Fewer accidents thanks to active safety

All of these measures only come into play if an accident has actually occurred. But it is obviously much better to prevent a collision from happening altogether. This is why the BMW Group focuses on the most important factor in preventing accidents: the driver. Today's vehicles include a vast variety of high-sensitivity driver assistance systems that provide valuable information. Just a few examples: Active Cruise Control and Lane Departure Warning assist the driver in driving safely. Intervention systems such as integral active steering and Dynamic Drive, a system that reduces the car's rolling motion, stabilise the car in critical situations and optimise handling characteristics. Intelligent navigation systems and the speed limit indicator provide the driver with relevant data about the traffic situation and the speed limit.

The latest-generation BMW 7 Series presented in the autumn of 2008 includes four additional driver assistance systems: The Lane Change Warning and Collision warning (warns the driver of vehicles in the blind spot of the rear-view mirrors and, also if there is not enough distance between the car in front), the Side View (allows identification of cross-traffic at blind intersections) as well as the new Night Vision system with pedestrian recognition that warns the driver ahead of dangerous situations in the dark (see also Chapter 06.2).

Road safety for all ages

Step by step, innovations like these are extended to include more BMW models. At the same time BMW Group researchers are developing solutions to master challenges which will only fully emerge in the longer term. One of these challenges is the aging society in industrialised countries. Although many older people drive more carefully and defensively than younger people, this does not always help them to offset the disadvantages of age, such as limited movements. Eyesight and reaction speed also decrease over the years, making driving at twilight or at night particularly dangerous. Support comes in the form of Side View, automatic emergency call systems, parking and lane departure assistants. Modern driving safety technology helps everybody, not just older drivers. But older road users do in fact benefit more from technical innovations. Take cross-traffic assistants that assist the driver in complicated traffic situations: Studies show that the percentage of older drivers involved in accidents at intersections is disproportionately high. But how can such accidents be prevented? One answer could be through

vehicle-to-vehicle communication. The idea is that by means of intelligent communication between vehicles, a car approaching an intersection could warn cross-traffic even before other road users can see the car. For the time being, such a communications system still lies very much in the future – after all, it can only become a reality if all car-makers work hand in hand. However, BMW Group vehicles are already fitted with all the technical prerequisites necessary to implement this application today.

In May 2009, BMW Group experts presented a pilot system, in the form of the research project AMULETT – the German acronym for “Active mobile accident avoidance and mitigation of accidents through cooperative data acquisition and tracking technology” – which helps cars identify a pedestrian concealed by an obstacle early on and warns the driver accordingly. The system works with a transponder that pedestrians and bicyclists wear around their neck like an amulet and that communicates with cars. The BMW Group initiated this project because in 40 % of all fatalities involving pedestrians – primarily those involving children and teenagers – the driver only becomes aware of the pedestrian immediately before the collision.

In the BMW Group's various driver training programmes, expert instructors show drivers how accidents can already be prevented today, simply by adjusting their driving style. This training is currently offered in 28 countries. 2008 saw a major increase in the number of new instructors, particularly in Asia.

Safe electric mobility

Another field of research is the development of safety concepts for vehicles with alternative drives. The BMW Group is researching the crash safety of high-voltage batteries and electronics components in a joint project called “safe-eDrive” launched by the German carmakers to increase their global lead in the field of vehicle safety and help establish standards for safe alternative drives. This is also important because widespread customer acceptance of electric or hydrogen cars will depend on the vehicles' safety level.

03.4 — Traffic management and mobility research.

The BMW Group is not only working on reducing the environmental impact of its products, but is also involved in numerous projects designed to reduce the environmental impact of road traffic in general. In Germany alone, traffic congestion and other traffic problems result in an additional consumption of roughly 12 billion litres of fuel per year. Further challenges also include cutting pollutant and noise emissions as well as reducing the number of accidents.



Initiatives for more efficient mobility

The BMW Group's commitment to use traffic systems in a more efficient and environmentally-compatible manner also includes measures designed to improve traffic management, with the following priorities:

- Improving traffic flow, e. g. by introducing phased traffic signal systems
- Reducing parking congestion, e. g. by implementing parking space management and routing systems
- Improving the integration of individual mobility and local public transport
- Increasing the use and integration of traffic data and the development of dynamic route guidance systems

The major advantage of such measures is that they will benefit not only BMW and MINI drivers but will have a positive effect for all road users, including bus and truck traffic. The BMW Group's Traffic Technology and Management department is therefore involved in various research initiatives and demonstration projects that aim to develop and implement solutions to improve traffic management in urban centres.



www.ifmo.de
www.bmwgroup.com/mobility

A cornerstone in these efforts is the so-called Inzell Initiative, a collaboration between the BMW Group and the City of Munich, set up in 1995 with the goal of developing new traffic and mobility concepts for the Greater Munich Area. So far, the initiative has improved the park and ride structures and developed a bicycle traffic concept to strengthen the bicycle's position alongside motorised traffic. Major research projects, such as the most recent "arrive" project, are initiated and monitored under the banner of "Cooperative Traffic Management".



www.inzell-initiative.de

"arrive" was a cooperative project involving the BMW Group, the State of Bavaria, the City of Munich and the Technical University (TU) of Munich as well as other industry partners. Established in 2005, the project was finalised last year after various instruments to optimise traffic planning and management had been developed. In 2008, the BMW Group took a leading role in the project to promote the optimisation of phased traffic signal systems in Munich – a measure that will help cut fuel consumption by as much as 30%. Further project achievements include improved traffic management to deal with disruptions and advanced public transport enquiry systems that can now be integrated into daily traffic management.



BMW Group traffic experts assist the City of Munich in optimising phased traffic signal systems.*

One of the most recent projects is a collaboration with the City of New York to record traffic data for the evaluation and improvement of traffic management. The project is one element in the city administration's efforts to make New York City the world's most sustainable metropolis.

Research on future mobility

The ifmo Institute of Mobility Research, a BMW Group research facility, works with experts from the worlds of science and business to analyse challenges for future individual mobility across various sectors.

The goal is to make a contribution to guaranteeing sustainable mobility in the long term, taking into consideration a wide variety of challenges.

Last year, ifmo completed a study on the impact of future trends in income, mobility costs, education and demography on mobility behaviour in 2025. The study's main findings: By 2025, the volume of traffic generated by private households will increase by 13% from 2003 levels. Over the same period, there will be hardly any change in the so-called modal split, or the allocation of traffic volume according to the different means of transport.

In addition, the broadly based scenario study "Future of Mobility" is currently being revised and updated to include the years up to 2030. It is scheduled for publication in late 2009. The study will explore the influence of many factors, including social, economic and technological aspects, on mobility. The latest edition will focus on potential changes in people's mobility behaviour as a result of society's increasing awareness of environmental issues.

* picture: S. Oberländer

03.5 — Recycling. In the early stages of vehicle development, engineers make decisions about materials and components which determine the recyclability of a car and its parts decades later.

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UN Global Compact



BMW Group Factbook Recycling

Life cycle focus

In order to select the best environmental options, the BMW Group uses life cycle assessment to evaluate the environmental impact of vehicle components throughout the entire product life cycle – from raw materials production through to recycling. This approach helps the company select the most favourable options early on and avoid those with a more negative ecological impact. The BMW Group factors in dwindling natural resources, customers' rising environmental awareness as well as increasingly strict legal requirements for the recycling and recyclability of vehicles. In the EU, for instance, new vehicles have to be 85 % recyclable and 95 % reusable according to an EU directive of December 2008.

Proactive design

The BMW Group continuously optimises vehicles' recyclability by adopting a "design for recycling" approach. This includes, among other things, laying out vehicle components in such a way that operating fluids like oil, fuel and coolants can be removed quickly and easily. The unit responsible for finding the best solutions for these matters is the BMW Group Recycling and Dismantling Centre in Munich where development vehicles are recycled and new recycling methods developed. The findings are made available to external recycling companies worldwide. In this way, these companies receive information about vehicle recycling today that they will be able to use a few years from now.

However, life cycle assessment and design for recycling are only two aspects of the BMW Group's comprehensive strategy. Further areas for action include:

- The expansion of the recovery centre network for end-of-life vehicles beyond the EU, specifically to include countries such as China, Japan and Korea
- Technical advice for external recycling partners with the goal of raising the percentage of recycled parts in end-of-life vehicles
- Increase in the utilisation of recycled materials, so-called recyclates, in automotive engineering
- Absolute separation, disposal and recycling of waste and packaging materials at BMW Group service garages

Recovery and recycling

Carmakers in the EU established structures for cost-free recovery and recycling of cars as of 1 January 2007. However, regulations still vary considerably across the world.



The Munich-based Recycling and Dismantling Centre promotes the development of environmentally-friendly and efficient recycling technologies.

From the technology perspective, the BMW Group is a pioneer in the field of vehicle recyclability. Back in May 2008, the company was the first carmaker to present a virtual materials balance sheet in accordance with ISO 22628 based on a comprehensive product data system – in this case for the new BMW 7 Series. In a large-scale test using post-shredder technology to dismantle and recycle 501 pre-series cars, the BMW Group was able to demonstrate that its vehicles are in fact 85 % recyclable and 95 % reusable.

Closing material cycles

The BMW Group has closed material cycles by utilising recycled materials in vehicle production. These so-called recyclates currently account for up to 15 % of plastic components in BMW Group vehicles. For the new 7 Series, the percentage of recyclates was increased by 15 % compared to the previous model.

Recycling in service

Responsibility for the entire product life cycle also extends to old parts, repair and wear parts, used operating materials as well as sales packaging from service garages. These materials are collected and recycled by recycling partners thanks to country-specific programmes. In 2008, such systems were also set up in Italy and the Czech Republic, bringing the number of countries participating so far to ten. The goal is to guarantee disposal according to current BMW Group standards at dealership service garages in all markets worldwide.

www.bmwgroup.com/recycling
www.bmw.com/recycling
www.mini.com/recycling

03.6 — Customer satisfaction. Customer satisfaction and loyalty is the key to business success: that success depends on how well a company knows and understands its customers' expectations – and translates them into reliable, high-quality products.

The BMW Group addresses this by carefully noting the experiences and demands of existing and prospective customers and by applying these findings to improving products, services and offerings. As a global corporation, the BMW Group monitors customer satisfaction in Europe, Asia and Africa as well as the Americas. To this end, the company regularly carries out both its own market research as well as studies developed in cooperation with other carmakers. The BMW Group derives targets and measures for all organisational units from these findings. This input influences not only the design of customer satisfaction and dealership training programmes, but also the development of new vehicle models.

Knowing and understanding the customer

The company's priority is to meet the customer's demand for a superior experience in all dealings with the company. This is why the BMW Group's understanding of premium quality covers all aspects of the customer experience, namely the three pillars: product characteristics, vehicle reliability and customer service. Internal studies evaluate whether this premium claim is met, and is also reflected in the company's positioning in prestigious customer satisfaction and quality rankings. In 2008, the BMW Group received numerous accolades for maximum customer satisfaction and top quality:

dealers worldwide a practical quality management programme that supports the continuous improvement of customer-related processes. The programme comprises training courses on attitude and conduct befitting the brand and customer relationship management as well as individual weakness analyses and consulting services. At present, 70 % of all dealerships worldwide take advantage of the quality management programme.

The BMW Group surveys its service and new car customers in more than 75 markets to find out how satisfied they are with the service they receive at their dealership. In 2008 alone, over three million customers worldwide were interviewed about their experiences and demands with regard to retail and service.

The BMW Group's Strategy Number ONE has launched a global initiative to expand its range of after-sales services. One of the initiative's objectives is to improve parts availability, a consequence of findings from customer satisfaction studies. The company is currently setting up Dealer Metro Distribution Centres in 43 metropolitan cities, which will provide BMW and MINI dealers in their regions with the 10,000 to 15,000 most important spare parts within only a few hours. This programme will thus improve service for the owners of 14 million vehicles currently on the road.



BMW Group awards for customer satisfaction

(as of March 2009)

Automotive Performance, Execution and Layout Study (APEAL) 2008

Customer Satisfaction Index (CSI) 2008

Dekra Report 2009

ADAC Breakdown Statistics 2008

Motorcycle Competitive Information Study (MCIS) 2008

Region Position

US 1st BMW 5 Series and MINI Cooper, 3rd BMW brand

Germany 1st BMW 5 Series and X3, 2nd BMW brand

France 1st BMW 5 Series and BMW brand

Japan 3rd BMW brand

Germany 2nd BMW 7 Series, 3rd BMW 5 Series

Germany 1st BMW X3

US 2nd BMW motorcycle brand

According to renowned market research institutes, customer satisfaction is not exclusively based on reliability but to a large extent also on user-friendliness. The BMW Group is a pioneer in this field, with innovations such as the iDrive operating system which was presented in 2002 and has since been enhanced, based on comprehensive customer studies. Many optimisations introduced for the first time with the new BMW 7 Series in late 2008 can be traced directly to customer feedback.

Premium service for a vehicle's lifetime

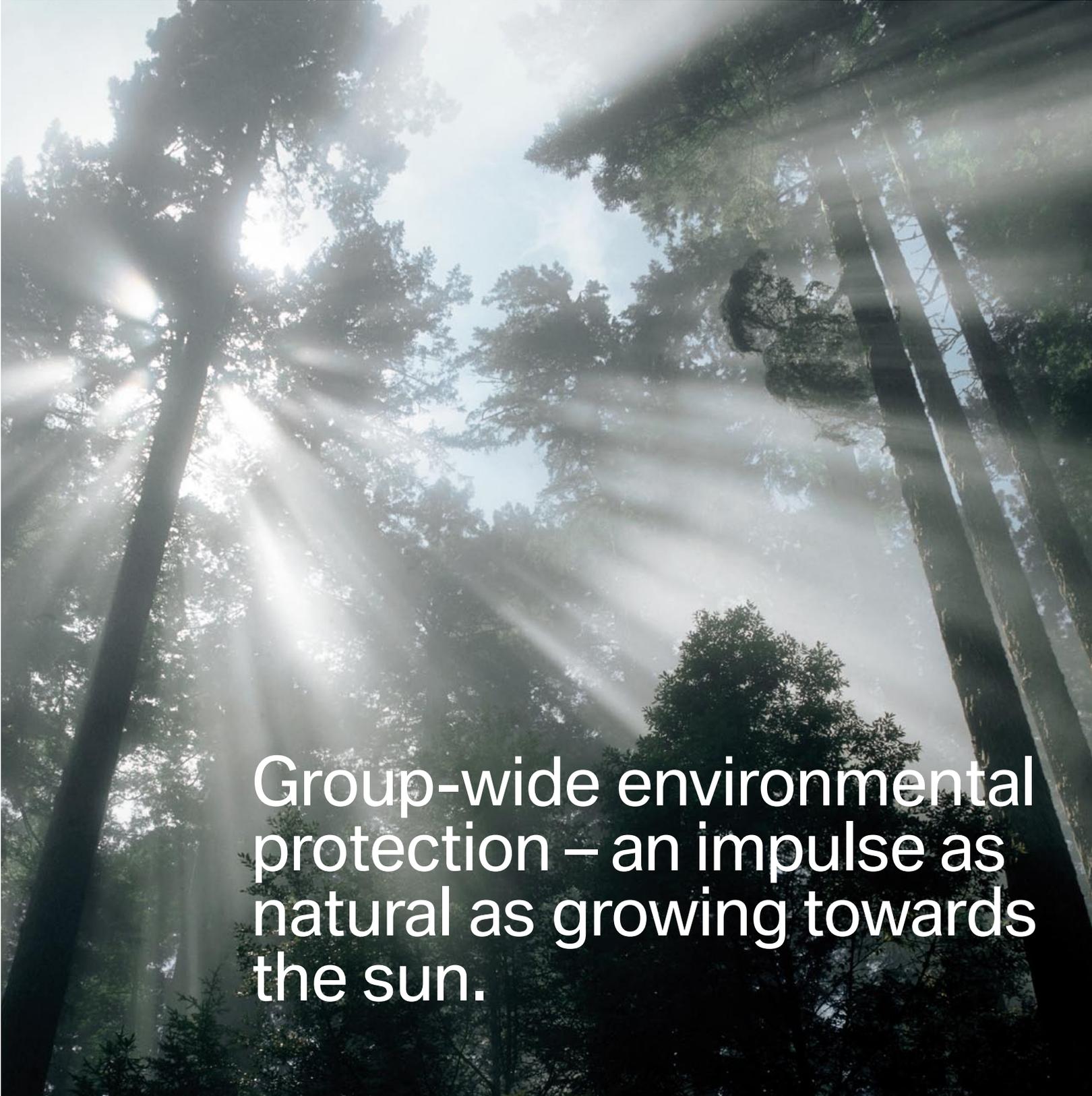
The BMW Group's retail partners are a vital point of customer contact. The company therefore offers its 3,000

Satisfied customers are the best recommendation

Recent studies show that the BMW Group has been able to improve customer satisfaction with product quality even further from the already high level of the past few years. 91 % of all MINI customers would definitely recommend their car (J.D. Powers Study IQS 2008). Customers are also highly satisfied with their dealerships: According to an internal customer study carried out in Germany, Japan and the US in 2008, 87 % of all customers would recommend their dealership.

04 — Group-wide environmental protection

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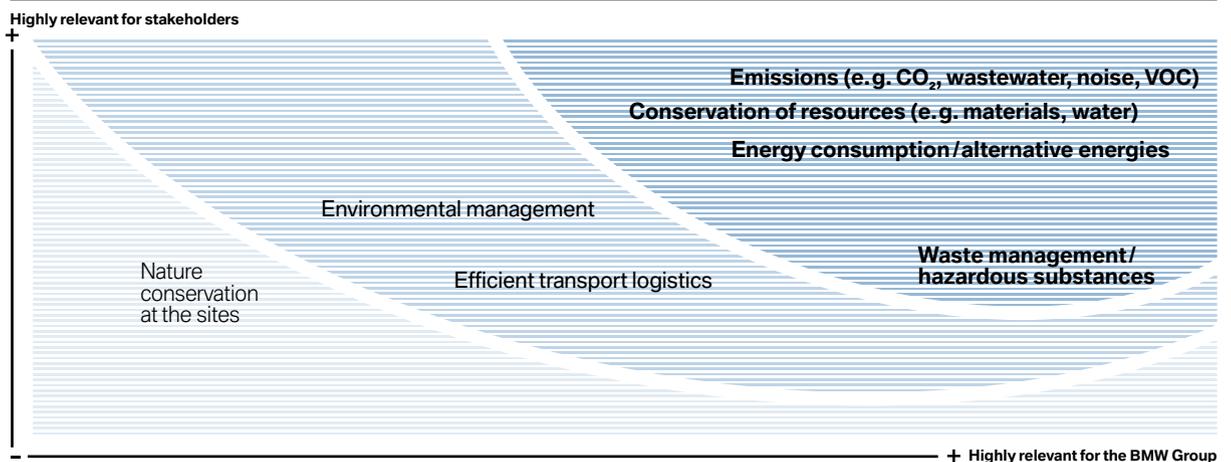
Group-wide environmental protection – an impulse as natural as growing towards the sun.

04 — Group-wide environmental protection

The BMW Group is committed to implementing activities to further resource conservation and environmental protection throughout the Group. To this end, the company continuously evaluates all environmentally relevant processes and develops strategies and measures to help minimise consumption of resources and environmental impact. These activities are not just based on the Group's own findings and priorities, but also take into consideration the

views of their stakeholders, which have been recorded in various surveys and then analysed. The following materiality analysis shows these topics on the vertical axis. The horizontal axis represents the current importance of the respective environmental issues for the BMW Group. A low priority may also indicate that the topic is already being successfully managed.

Materiality analysis – Group-wide environmental protection



Issues of high relevance for stakeholders and the BMW Group, these are the focus of this Sustainable Value Report 2008.

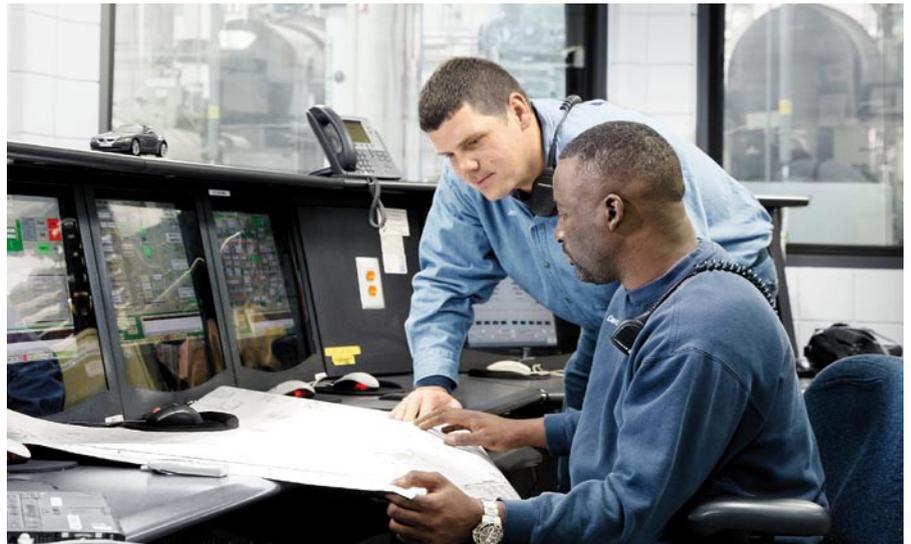
Issues of medium relevance for stakeholders and the BMW Group, these are described in less detail.

Issues addressed by the BMW Group, but mentioned not at all or only in passing in this report.

Back in 1973

the BMW Group appointed its first environmental officer. Today, a global network of environmental managers works constantly to lower environmental impact and resource consumption. Top priorities include the reduction of energy consumption and the use of alternative energies. The BMW plant in Spartanburg meets more than 60% of its energy needs using methane from a nearby landfill.

Energy Centre at the BMW Plant Spartanburg (USA)



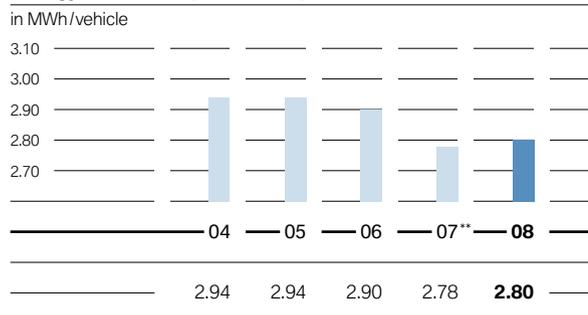
Challenges

- Climate change and rising energy prices demand efficient energy usage as well as the increased use of alternative energy sources
- Dwindling natural resources make efficient handling of these resources essential, and necessitate a search for substitutes and the use of recycled materials
- Increasingly strict environmental regulations require the continuous reduction of the environmental impact attributed to wastewater, waste and production-induced emissions, e. g. from solvents (VOC)

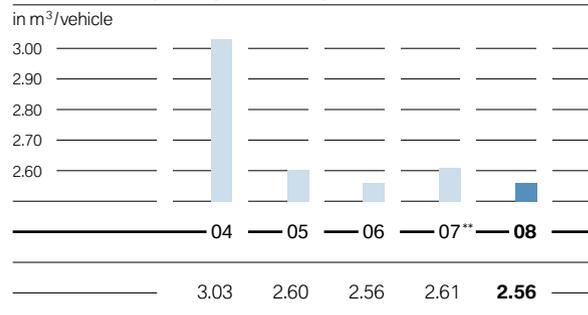
Key performance indicators (KPIs)

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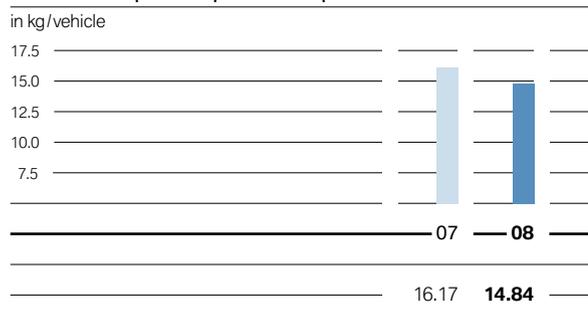
Energy consumed per vehicle produced



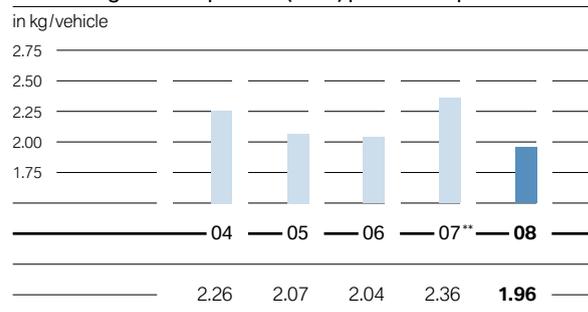
Water consumption* per vehicle produced



Waste for disposal*** per vehicle produced



Volatile organic compounds (VOC) per vehicle produced



Key performance indicator "Process wastewater per vehicle produced" page 92

* The water consumption includes the process water input for the production as well as the general water consumption, e.g. for sanitation facilities.

** Basis for data collection expanded in 2007 from ten to 17 locations. Until 2006: Munich, Dingolfing, Landshut, Regensburg, Leipzig, Steyr, Rosslyn, Spartanburg, Hams Hall, Oxford. Since 2007: Berlin (brake disc production), Eisenach, Swindon, Goodwood, Rayong (assembly), Chennai (assembly) and BMW Brilliance in Shenyang.

*** "Waste for disposal per vehicle produced" became a performance indicator in 2007 and has been reported since then.

Achievements

- Further Group-wide energy savings of 1.1 million MWh of energy between 2007 and 2008 as well as a reduction in carbon emissions per vehicle produced from 0.84 tons in 2007 to 0.82 tons in 2008.
- Water-saving measures such as wastewater-free production in Steyr (Austria) and the new paint shop structure in Spartanburg (USA) led to a reduction in water consumption of 335,000 m³ of water and 68,000 m³ of process wastewater in 2008.
- The use of a new entry port in Brunswick (USA) has reduced the truck distance for over 10 % of the vehicles in the US market by almost 40 %.

Objectives

- Reducing the above-mentioned key performance indicators by 30 % from 2006 to 2012, i. e. by an average of 5 %* per year, in the global production network
- Evaluating and promoting the option of using wind and geothermal energy at various locations
- Developing a biodiversity parameter for the entire production network
- Increasing the percentage of low-emissions transport usage by developing new supply concepts

* This target is subject to changes due to vehicle start of production, end of production or fluctuations in production volumes.

04.1 — Resource management and environmental protection. The BMW Group takes a systematic approach to improving resource efficiency throughout its global production network: year by year, site by site. Today, no other carmaker can match the BMW Group's efficient use of resources – this was confirmed by a benchmark study carried out in 2008. By 2012, the resource consumption and emissions are to be reduced by another 30 % below the 2006 level – resulting in a noticeable benefit for the environment and the company's balance sheet.


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www.bmwgroup.com/cleanproduction
www.bmwgroup.com/production
www.bmwgroup.com/guidelines


www.unep.fr/scp/cp


www.iccwbo.org

In order to meet this goal, the BMW Group has introduced a systematic Group-wide environmental management system. This system includes the integration of environmental aspects in the early stages of all major investment decisions, targeted implementation of the company's internal best-practice approach, and ongoing monitoring of all relevant environmental parameters.

All activities are based on the principle of preventive environmental protection and conservation of resources; this principle defines all corporate processes. In accordance with its Clean Production philosophy, the BMW Group designs its global production processes to minimise environmental impact – or, ideally, prevent it altogether. To this end, the BMW Group adheres to the UNEP's International Declaration on Cleaner Production, which it signed in 2001. Back in 1993, the BMW Group established environmental guidelines based on the ICC Charter for Sustainable Development and Agenda 21.

Environmental management systems

Environmental management systems have been established at all production sites as well as in central planning departments. These systems are certified by external auditors in accordance with ISO 14001; the German and Austrian plants are additionally certified in accordance with the European environmental management standard EMAS. The latest additions to the list of ISO 14001 certified plants were Kaliningrad (Russia) in August 2008 and Chennai (India) in November 2008. The motorcycle company Husqvarna, acquired in October 2007, aims to receive certification for its production facilities by 2010.

As part of the company's risk management activities, all BMW Group sites continuously monitor, analyse and evaluate the development of risk factors, taking into consideration potential climate changes.

5% cut in fuel consumption and emissions per year

However, the BMW Group does not stop at applying conventional environmental management systems. Three years ago, the company established a system that allows it to manage the resource consumption and emissions as rigorously as it does the use of financial resources.

The objective is to reduce the consumption of energy and water, the emissions of solvents and carbon dioxide, as well as waste and process wastewater per vehicle produced to

30 % below 2006 levels by 2012. These are highly ambitious goals: every plant is required to improve efficiency by 5 % per year. However, these requirements may vary for individual indicators due to vehicle start of production and end of production as well as fluctuations in production volumes, as became especially noticeable in 2008. The environmental efficiency index is applied to check whether the agreed reductions have been achieved across all key indicators. This process is supported by the environmental information system "ecofacts", which is used to record all environmentally relevant reporting figures at all locations worldwide every month.

From best-practices to reference system

Comparing the environmental performance of the individual locations helps identify examples of particularly effective implementation. Activities and improvements that have proven effective at one site are analysed and evaluated for their potential for implementation at further locations. Six competence centres (water, waste, energy, emissions, qualification and environmental management system) staffed by environmental experts from the plants and from Corporate Environmental Protection discuss these best-practice solutions and develop reference systems for future planning and process improvements.

A new tool to assist plants in planning and revising their structures is the "Planner Portal for Occupational Safety, Fire Prevention and Environmental Protection". This offers information about reference systems and particularly successful best-practices, worldwide and in real time. In addition, some 600 planners were trained in topics such as environmental legislation and reduction of solvent and water consumption between October 2006 and October 2008. This comprehensive training programme guarantees that planning experts have all the information they need to plan and implement future structures in an ecological and resource-friendly manner right from the start. As a result, the BMW Group basically has its own built-in catalyst for improvement that continuously replenishes its momentum – pre-empting foreseeable but inevitable future price increases for resources and emissions.

Think ahead today. Benefit tomorrow.

To identify efficiency potential early and prevent costly modifications later on, environmental aspects are taken into consideration in the initial stage of all investment decisions. In this way, any potential positive or negative im-



The BMW Group is committed to nature conservation at all locations and has initiated various measures to improve biodiversity. One example: The Rolls-Royce manufacturing plant at Goodwood, UK, has the largest “living roof” in Europe.

impact on the environment and on resource consumption is evaluated in the early phases of developmental and structural projects. If necessary, more ecologically favourable options are proposed. At the light-alloy foundry at the Landshut plant, for instance, the synthetic resin binders previously applied were replaced by low-odour, low-emissions mineral binders in late 2006. These new mineral binders will be used in the production of future products. This move reduces the proportion of organic elements in exhaust air by an impressive 98%. The plant intends to convert the entire foundry to this inorganic binder system by 2010. Another example in this context is that a high rate of energy efficiency has now become a major purchasing criterion for new presses.

The BMW Group’s own Alpine conference hotel is currently being built according to sustainability criteria in Ammerwald (Austria). Materials used include woods from sustainable forestry as well as environmentally-friendly paints and varnishes. Heating for the hotel will be provided by means of a pellet heater and a heat recovery facility. Wastewater will be purified at a biological wastewater treatment facility. At all locations worldwide, the BMW Group also considers the impact of its activities on flora and fauna. In 2007/2008, ecological reviews were carried out on the grounds of the Leipzig plant, the proving ground in Aschheim and at Enduropark Hechlingen. The external environmental audit at Leipzig found that the plant’s natural landscaping provides a habitat for a large variety of spe-

cies. In the future, a Group-wide biodiversity index will ensure that the objective of maintaining or increasing biodiversity at all sites is met.

First efficiency targets met

The Group-wide environmental protection activities require both the company and its employees to make great efforts. But these efforts are already paying off. In 2008 alone, the BMW Group reduced its energy consumption by over 650,000 MWh – thus reducing not only the environmental impact but also its energy bill by approximately 35 million euros. At the same time, improvements in other key parameters – water consumption, process wastewater and waste for disposal – have led to savings of 1.2 million euros. Compared to the previous year, the amount of waste for disposal, solvent emissions and water per vehicle produced declined significantly in 2008. Only energy consumption increased slightly, from 2.78 MWh per vehicle produced in 2007 to 2.80 MWh in 2008: this can be explained by the considerable drop in automobile production volumes and the fact that resources are also consumed in production-free periods. Nevertheless, the environmental efficiency index shows that overall resource efficiency improvements are in the agreed target range.

04.2 — Energy consumption and emissions. At a time when resources are becoming scarcer and the consequences of their uncontrolled consumption can no longer be ignored, the BMW Group is stepping up its efforts to use materials and energy as efficiently as possible. The consumption of resources is recorded at Group level, managed according to efficiency criteria and thereby reduced to a minimum.

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A top priority for Group-wide resource management is the company's energy consumption and the CO₂ emissions thereby generated. The BMW Group uses systematic energy management in its efforts to reduce energy consumption and carbon emissions to 30 % below 2006 levels by 2012. This achievement will not only improve the company's environmental impact assessment but – given the anticipated increase in energy prices over the medium term – also the company's profitability.

Reduce, optimise, regenerate

The strategic objectives set out in the Group-wide energy project launched in mid-2006 are as follows:

- systematic reduction of energy consumption,
- highly efficient use of energy and energy regeneration whenever possible (e.g. by combined heat and power plants or rotating heat exchangers),
- increase the proportion of regenerative energies.

Representatives from all divisions work towards meeting these targets. In addition, the energy project team cooperates with experts from central and plant technologies as well as Corporate Sustainability and Environmental Protection. Almost all sites have established their own working groups to identify potential energy savings.

Thanks to the energy data management system introduced in 2008 as part of the established environmental information system "ecofacts", the company can now record its energy consumption in even greater detail. At the plants, the savings target of 5 % annually refers to the consumption per vehicle produced. At headquarters and in support areas, the reference value is energy consumption per square metre of space used. The calculation of the "carbon emissions" indicator is based on the energy consumption and the mix of energies used, taking into consideration both direct carbon emissions – arising from energy and heat generation, e.g. in the BMW Group's combined heat and power plants – and indirect carbon emissions at external energy providers.

Fields of action – the key to optimising consumption

The implementation of the BMW Group's energy strategy rests on four strategic pillars:

Employees

The company needs to get managers and employees on board to pursue energy efficiency targets and make their

own suggestions for potential savings. One example: At the 2008 Energy Days, 80,000 employees at the German locations and the Austrian engine plant in Steyr learned about responsible energy utilisation. After the event, employees submitted approximately 1,000 suggestions as to how energy consumption could be reduced further. The best ideas were rewarded with a prize and implemented.

Operations

All operational processes have to be evaluated and optimised in terms of their energy efficiency. A Group-wide project team has developed an action plan detailing how production sites and central areas can gradually reduce energy consumption. Major savings can be achieved by minimising energy consumption during production-free periods, for instance.

Planning and technologies

How to achieve maximum energy efficiency is already taken into consideration in the planning phase of new buildings and facilities. But where does the most significant potential lie hidden? In 2008, the company set up a pilot project to find answers to this question. The project team analysed the consumption structures and energy flows at facilities and in processes at the Munich BMW plant. The findings will gradually be incorporated at the other locations in the production network.

Energy sources

The long-term goal is to use more energy from renewable sources to meet energy requirements. In 2008, the percentage of renewable energy purchased from external providers stood at close to 15%. The BMW Group is now evaluating the additional potential of using technologies such as photovoltaics, wind and geothermal energy, heat pumps and solar heat.

Savings realised on schedule

In the first two full project years (2007 and 2008), the energy project generated energy savings of approximately 1.1 million MWh, the equivalent of the annual consumption of a German city with 170,000 inhabitants, as well as a reduction in CO₂ emissions of about 500,000 tons and savings in energy costs of approximately 62 million euros.

However, as a result of the substantial production cuts of more than 100,000 units in 2008 (–6.6%), energy consumption per vehicle produced increased slightly from 2007

— a
The BMW Group is investing another 12 million euros to increase capacity and efficiency of the methane project at BMW's plant in Spartanburg (USA).

— b
At the South African BMW plant, more than 70 solar panels heat the water for the paint shop. Savings: 569,000 kWh per year.



— a



— b

(2.78 MWh) to 2008 (2.80 MWh). This is why absolute energy consumption decreased disproportionately to the relative consumption per vehicle produced. Thanks to a change in the energy mix, carbon emissions were reduced by 2.4 % from 0.84 tons (2007) to 0.82 tons (2008). In 2008, the BMW Group did not need to make full use of the emissions allowances allocated to the company by the European Union's Emissions Trading System.

The improvement in the environment efficiency index (UEZ)* from the original 1.00 at the project launch in 2006 to now 0.89 (2008) proves that all in all, the economical and efficient consumption of resources is proceeding according to plan. This efficiency leap can be attributed to a variety of individual programmes and initiatives that overall made a big difference.

One striking example is the application of a new adhesives technology in the body shops at the plants in Spartanburg (USA), Munich, Regensburg, Leipzig and Rosslyn (South Africa) which has made heat drying in gas furnaces obsolete. Savings: about 40,000 MWh of energy and 19,000 MWh of natural gas per year. Another Group-wide initiative focuses on further improving the efficiency of the ventilation systems, which usually account for about 30% of a plant's total energy needs. Furthermore, all locations have now optimised their light control systems and gradually reduced the number of compressed air levels. By modifying the settings of employee computers, energy consumption was reduced by another 27,000 MWh.

Efficient energy use and regeneration

Today, high-efficiency combined heat and power plants with an efficiency of over 80% generate both heat and power at the plants in Dingolfing, Landshut, Regensburg, Steyr, Oxford, Spartanburg as well as at the Munich-based Research and Innovation Centre (FIZ). In the first half of 2009, the Leipzig plant also commissioned a CHP facility at an original investment of 3 million euros. At the Regensburg and Spartanburg plants, waste heat from the CHP facilities is used to operate thermally powered cooling plants for controlling the temperature in facilities and buildings. Another efficient measure is the regeneration of brake and heat energy at the engine laboratories of the Research and Innovation Centre. Overall, these savings amount to

4,500 MWh of energy per year and a reduction in carbon emissions of about 3,500 tons.

Expansion of environmentally-friendly and regenerative energy sources

The heating system at the Swindon plant has been converted to run on low-emissions natural gas. At the US plant in Spartanburg, which has been supplied with methane from a nearby landfill since 2002, two new high-efficiency gas turbines generate power and heat. These new turbines cover almost 30 % of the entire energy needs of the plant, compared with 14 % previously. While the new turbines double the total amount of energy generated from the same amount of methane, more than 60 % of the total energy needs at the Spartanburg plant are met by generating power and warm water from methane from the nearby landfill. From 2010 on, savings in the Spartanburg area will amount to about 92,000 tons of CO₂ and about 7 million US

Environmental award for Shenyang

The Chinese plant received the 2008 Environmental Award for the best energy management in the region.

dollars per year. At the Rosslyn plant in South Africa, most of the water needed for the paint shop is heated by more than 70 solar panels on the roof. The roof of BMW Welt in Munich also generates energy via 3,660 photovoltaic modules. At the Research and Innovation Centre, near-surface ground water is used for cooling parts of the buildings. Annual savings: 10,000 MWh of energy and 6,300 tons of carbon emissions. The Landshut plant also uses ground water to cool the foundry.

In addition, the Spartanburg and Leipzig plants are currently testing the possibility of using wind energy to generate power. The Dingolfing plant plans to heat with biomass. In the future, the increased use of renewable energy sources will reduce the BMW Group's carbon emissions disproportionately to energy demand.

* In 2006, the UEZ for parameters such as energy, CO₂, water, wastewater, solvents and waste per vehicle produced was normalised at 1, totalled and divided by the number of resources. So, the initial value at the introduction of the UEZ in 2006 was 1.00. In 2008, the UEZ decreased to 0.89, in line with the agreed targets.



www.bmwusfactory.com
www.bmwgroup.com/production
www.bmwplant.co.za
www.bmw-werk-leipzig.de

04.3 — **Materials use and waste management.** Top priorities in the production process are to make efficient use of materials, to reduce waste and to minimise the amount of raw materials and supplies used in production. The BMW Group's environmental experts not only optimise established processes but actually question them – sometimes abolishing them altogether. This is how sophisticated control of input translates into a decreasing output of waste and solvent emissions.

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With regard to the key performance indicators “Solvent emissions” and “Waste for disposal”, i. e. waste that can neither be reused nor recycled, the BMW Group is also aiming for a steady reduction of 5 % per year and vehicle produced.

Sustained reduction in the environmental impact of paint shops

Traditionally, the environmental impact of painting the car body has been high. Accordingly, the BMW Group has been working hard on reducing the amount of solvents and chemicals required in the paint process for many years. All locations use low-solvent water-based paints as standard. At the Spartanburg plant, pre-treatment and dip-coating systems were replaced by rotating procedures in 2008. This conversion has lowered the amount of water and chemicals required by about 10 %.

In autumn 2008, the foundry at the Leipzig plant started production of the cylinder heads for the new BMW 7 Series, the first large-scale series component to be produced using inorganic mineral binders instead of conventional odour-intensive resin binders. The new procedure has reduced the percentage of organic elements in the exhaust air by 98 %.

Achieving more using fewer supplies

The automotive industry uses drawing oil at its press plants to facilitate the processing of sheet steel. In the course of this process, minute oil particles are dispersed into the air, which then require laborious filtering. As recently as 2005, 150 grams of oil were required to make a ton of sheet steel. Following large-scale optimisation at the press plants, only a few body parts still require additional oiling. Today, oil consumption per ton of steel stands at only 40 grams. The Leipzig plant has even found a way to do without drawing oil altogether in the future. This innovation not only reduces investment in ventilation facilities by more than 50 %, but also cuts running expenses for ventilation and heating systems by 70 %.

Since 2000, the BMW Group has also been promoting the reduction of surface protection for new cars by means of wax, adhesive films and protective sheaths. In 2008, some 82 % of new cars were delivered without surface protection (2007: 72 %). As a result, the last remaining facilities for wax coating were switched off in 2008, saving over 75 tons of preserving wax per year. Last but not least, the energy de-

mand and the use of chemicals and solvents needed for applying, de-waxing and recycling the surface protection were significantly reduced.

Avoid rather than recycle

The BMW Group's waste management sets clear standards: the top priority is to avoid waste in the first place: 13.5 million units of reusable packaging are used throughout the Group. The second option is re-utilisation of materials. Only if those two options are not available, waste (e.g. paper, cardboard, scrap metal) is recycled or, the fourth option, used for energy recovery. This way, waste can at least be put to use as fuel for combined heat and power plants instead of fossil resources. Only if all these options have been exhausted, is the waste properly disposed of. The BMW Group records its waste flows using its own information system. The disposal routes are evaluated by the company's environmental units in regular audits at the waste utilisation companies.

In 2008, various plants introduced a number of programmes to reduce the amount of waste, focusing on waste for disposal. At the Leipzig plant, the metalliferous vacuum cleaner bags used in the body shop are no longer disposed of but reused. Also in 2008, the Munich plant carried out a pilot project to optimise the application technology at the paint shop so that PVC waste from the underbody coating could be reduced by 80 % or about 100 tons per year. This approach has meanwhile been implemented at other plants such as Regensburg.

Reduction targets exceeded

Overall Group-wide reductions in solvent emissions amounted to 800 tons in 2008; emissions decreased by 17 % from the 2007 level to 1.96 kg per vehicle produced. The BMW Group also exceeded its targets – a reduction of 5 % – with regard to waste for disposal. By avoiding waste altogether, improving waste separation and sorting, waste for disposal was cut from 2007 to 2008 by 8 % to 14.84 kg per vehicle produced. A total of 21,365 tons of waste remained to be disposed of (2007: 24,923 tons).



www.bmwgroup.com/cleanproduction

04.4 — Water and wastewater.

Even though it is not obvious when looking at the finished product, vehicle production requires substantial amounts of water. At the same time, water is a resource that is becoming more and more valuable worldwide. The BMW Group has recognised this major challenge and is constantly working to cut its water requirements. The company plans to avoid or reduce as much process wastewater as possible or – in cases where this is not possible – to condition it properly.

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Thanks to the consistent application of its water management system, the company plans to cut both the company's water consumption and wastewater per vehicle produced by an annual average of 5%, amounting to total savings of 30% by 2012 compared to the 2006 level. Besides the top priority of reducing water consumption and wastewater, it is also important to use as little potable water as possible. This is why the water quality required for each individual process is evaluated. The consumption of potable, ground, surface and rain water is recorded separately. The company's objective is to use potable water for production purposes only if absolutely necessary for hygienic reasons, e.g. in circumstances where people are in direct contact with the water.

Save water, close cycles

As a rule, the company only withdraws as much water from ground water resources as can be replenished naturally.

To compensate for the water withdrawn, unpolluted rain water is seeped via underground drainage ditches that guide rain water into the ground. Unlike feeding it into a wastewater treatment plant or a body of water, this measure helps to replenish ground water levels. Production wastewater at the BMW Group is generally conditioned in a company-owned facility before being discharged to a public wastewater treatment plant.

Whenever possible, the company recycles wastewater and thus cuts both wastewater levels and fresh water demand. One example: In 2007, the Steyr plant introduced a system comprising specific filters and membrane technologies to condition all production wastewater and feed it back into the production process. This saves the plant up to 30 million litres of water per year and renders a wastewater canal in production obsolete. For the last 15 years, the BMW Group has made use of hybrid cooling towers that require 98% less water than conventional cooling towers.

The BMW Group tests new cars for their water tightness in random samples. The respective facilities treat the water in the cycle, reuse it and thus keep water demand to a minimum. This solution was adopted as a standard by the BMW Group's global production network in early 2009. All new car wash facilities work with water recycling technologies that are based on biological procedures and have meanwhile replaced the previous chemical water preparation process.



Production at the BMW plant in Steyr, Austria, has completely closed the water cycle and is thus wastewater-free.

The BMW plant in Rosslyn, South Africa, has commissioned a new wastewater treatment plant (costs: 1.7 million rand or approximately 150,000 euros) that not only purifies the water, but also allows 40% of the plant's wastewater to be fed back into the process – a quantity equal to about 2 million litres of water per year.

Thanks to these large and small water saving measures, the BMW Group was able to cut water consumption by 8.3%, from about 4,017,541 m³ in 2007 to 3,682,420 m³ in 2008. The reduction in water consumption per vehicle produced amounted to 1.9%. Despite the significant drop in production volumes in 2008 as well as the fact that resources are also consumed in production-free periods, it was possible to cut water consumption per vehicle produced at least slightly.

The Munich, Berlin, Leipzig and Goodwood sites have installed digital ground water models for additional water pollution control. These systems simulate the spread and flow of pollutants through the ground water. If pollution occurred, the BMW Group would be able to extract the pollutant using wells installed with special pumps. The simulation can also analyse the impact of ground water withdrawal, rainwater drainage or building structures extending into the ground water. Responsible ground water management also entails frequent level measurements and chemical analyses for monitoring purposes.



www.bmw-werk-steyr.at

04.5 — Efficient transport logistics.

As a company with a worldwide production and dealership network, the BMW Group moves considerable quantities of materials, spare parts and vehicles every day. Transport capacity in 2008 amounted to a total of 15.8 billion ton kilometres, resulting in carbon emissions of 360,000 tons*. The BMW Group's logistics department is therefore developing efficient transport solutions to minimise the environmental impact of the logistics process.

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www.bmwgroup.com/logistics

Supplying materials to the global production network and delivering new vehicles to dealerships in about 140 countries are complex processes. Additional challenges arise from changes in the logistics chain: efficiency improvements in the supply chain in turn require just-in-time delivery to production facilities. Most of these deliveries are made by truck. The entire transport of materials, spare parts and new cars is handled by external service providers. Finally, market fluctuations and shifts have an impact on the selection of the ideal mode of transport. Though the BMW Group's influence on the transport market is limited, the company has set itself ambitious goals in the field of environmentally-friendly logistics, namely to increase the percentage of low-emissions carriers and capacity utilisation. Year by year, the target values are determined on the basis of a comprehensive parameter system and implementation is assessed accordingly. Key parameters are the percentage of ton kilometres covered by rail, road, sea and air as well as the percentage of rail transport used to dispatch vehicles from the plants.

Choosing low-emissions transport

In 2008, transport-related carbon emissions per new car decreased from 0.32 tons to 0.28 tons. This can be attributed mainly to the utilisation of reduced-emissions trucks. The BMW Group requires its logistics partners to use only vehicles that meet or exceed the Euro 4 standard. The company also managed to reduce the percentage of road transport from 16.1% (2007) to 14.5% (2008). The introduction of a new logistics train to transport materials and spare parts from the Bremen/Hanover region to BMW's Bavarian plants has alone reduced the number of truck trips by 22 a day. In the course of a full year, this innovation will cut truck kilometres by 3.4 million. And thanks to a new entry port in Brunswick, distances covered by truck in the US have been reduced significantly.

At the same time, activities have been overshadowed by external conditions beyond the influence of the company, such as the decrease in rail deliveries by 4.5% in 2008. This has primarily been due to a shift in sales to markets such as China, which requires long-distance marine transport and has thus resulted in a reduction in the percentage of rail traffic.



www.tremod.de

* calculated according to Tremod

Employee mobility

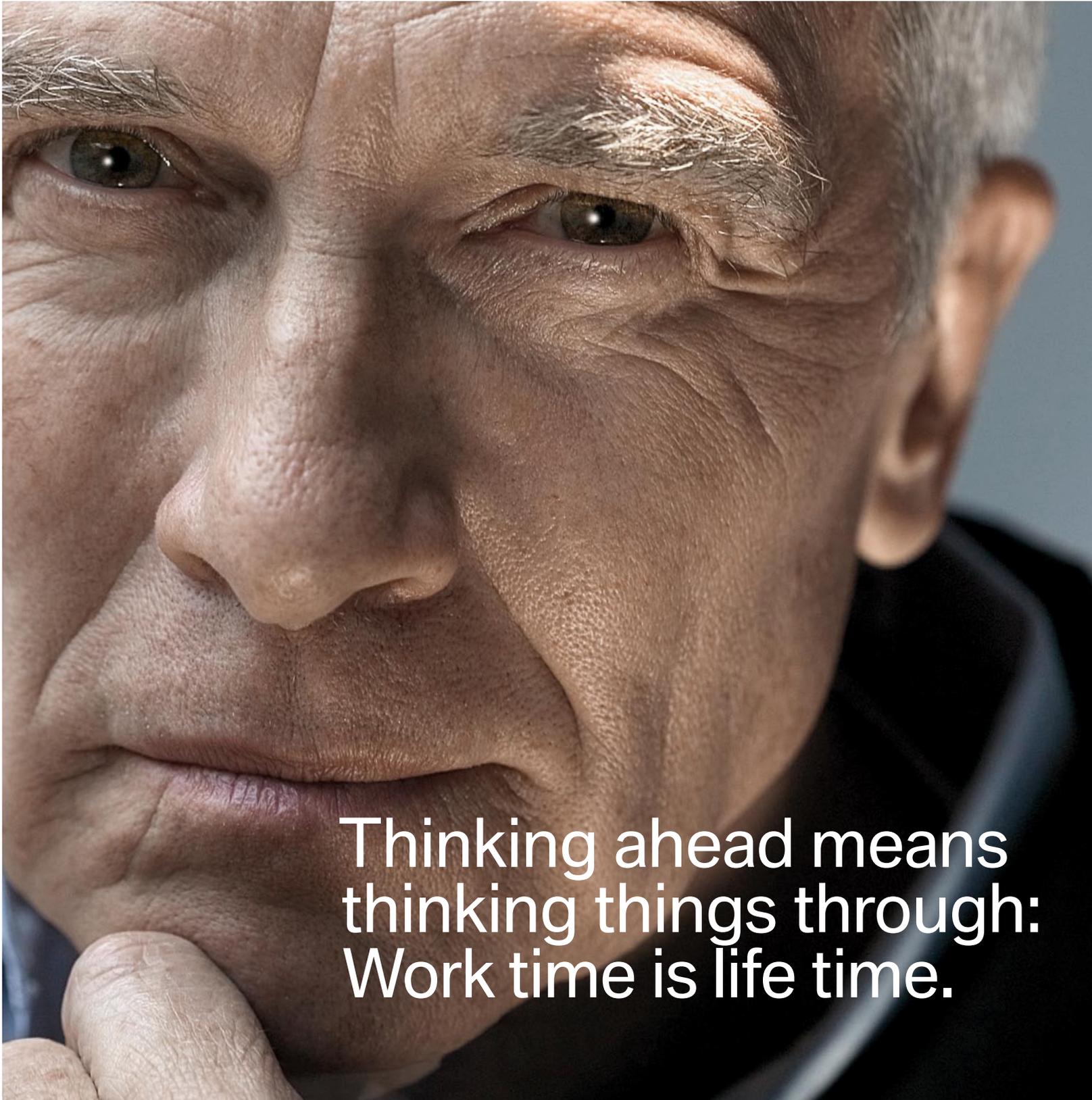
Staff commuting is a significant item on the BMW Group's logistics balance sheet. Since 1992, the BMW Group has studied how its employees travel to and from work at most of the German locations in an effort to minimise the environmental impact. To this end, various programmes have been launched, including the operation of plant buses (83 in Munich, 70 in Regensburg and 267 in Dingolfing each day), financial support for the use of public transport ("job ticket"), a traffic portal on the intranet as well as bicycle stands at all sites. As a consequence, the percentage of employees using public transport to get to work actually rose at the four largest German locations between 2007 and 2008. Last year's efforts to motivate employees to use plant buses and public transport led to a reduction in carbon emissions of 28,000 tons from the 2007 level. In 2008, the so-called "job ticket" was further extended to include railway services. In addition, the company advertised low-emissions vehicles to its employees. At the location in Munich, the human resources department and the Works Council signed a mobility agreement in 2005 that still serves as an example for other sites. The BMW Group also plans to extend the "job ticket" offer to other locations.

Increased transport capacity utilisation

The optimisation of transport capacity utilisation is a further lever. Having introduced a volume-based system for freight billing, the BMW Group offers its logistics partners worldwide an incentive to plan their transport services more efficiently. At the same time, the BMW Group pushes for the optimisation of reusable and disposable packaging in order to leave as little freight capacity as possible unused. In 2008, the company achieved a much improved container load for the Chinese plant in Shenyang where 2,882 fewer maritime containers (40-foot containers) were used than last year. Similar improvements were introduced with regard to supplying the assembly plants in Russia, Thailand, Egypt, India, Indonesia and Malaysia, achieving another reduction in containers used of 753.

05 — Employees

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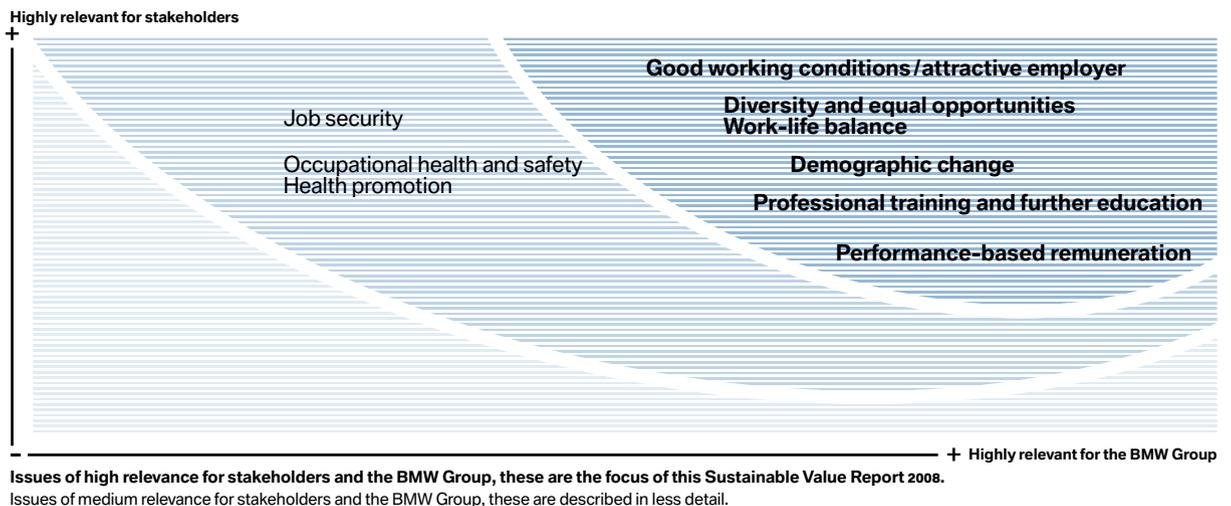
Thinking ahead means
thinking things through:
Work time is life time.

05 — Employees

The BMW Group's success is first and foremost the success of its employees. This is why human resources aspects are always considered comprehensively. While standardised procedures have been established for many human resources issues, other topics still need to be integrated into or redesigned in line with corporate processes. The BMW Group's present areas of focus are shown below on the

horizontal axis of the materiality analysis (relevant items only determine the current focus and do not make a statement about the topic's general priority). Issues which are of major importance to stakeholders have been determined through various surveys. They are depicted on the vertical axis.

Materiality analysis – Employees



28,000 employees

have participated in free health checks since the project "Forum Health" was launched in 2006.

Forum Health at the Munich site

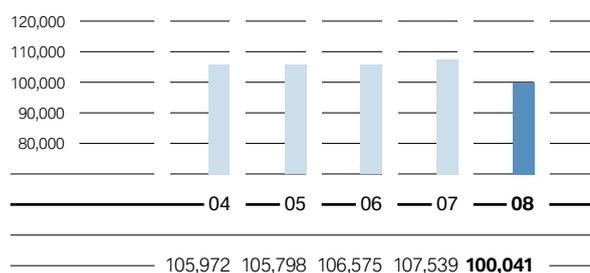


Challenges

- To maintain the leading position as an attractive employer within an increasingly fierce competitive environment in order to be able to attract new, highly qualified employees for the BMW Group and retain them in the long term
- To maintain employees' performance by strengthening required competencies and by promoting employee satisfaction, health, diversity and attractive development opportunities within the company
- To safeguard jobs also in times of economic crisis via various instruments such as measures to improve flexibility

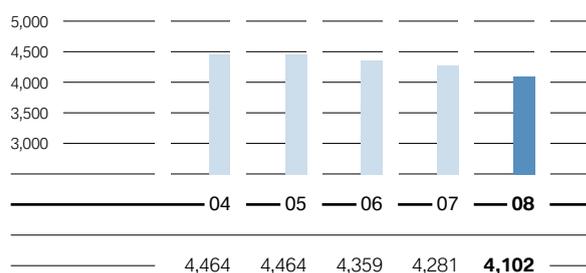
Key performance indicators (KPIs)

BMW Group Employees at end of year*

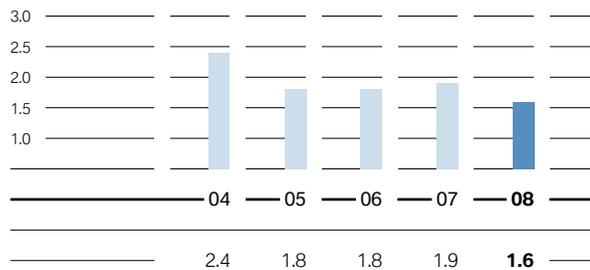


* Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.

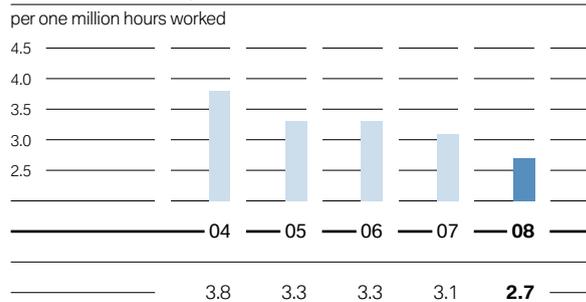
BMW Group Apprentices at 31 December



Average days of further training per BMW Group employee



Accident frequency at BMW Group



Achievements

- The BMW Group was once again named one of the top three attractive employers.
- Bachelor programme “Speed Up” developed
- Work time model “Full-Time Select” implemented
- Pilot project “KRONOS” on the ergonomic evaluation of shift schedules completed (Berlin and Steyr plants)
- Project on providing aging staff with ergonomic workplaces completed (Dingolfing plant)
- Project on fighting personal over-indebtedness set up (Rosslin plant)
- According to the most recent staff survey, 89.2% of employees are very satisfied with working for the BMW Group.

Objectives

- Complementing training schedules with future technologies
- Setting up a systematic competence management
- Defining strategic fields of action and diversity targets
- Establishing occupational health and safety management systems at all BMW Group locations

05.1 — **Attractive employer.** Companies are made by people. The more people are encouraged to draw on their individual competencies, ideas and capabilities, the better the company performs as a whole. In turn, an efficient, staff-oriented company offers attractive workplaces for motivated, talented employees.

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www.bmwgroup.com/responsibility



www.unglobalcompact.org
www.ilo.org
www.oecd.org
www.iccwbo.org

“Employees are our number one success factor. This is why human resources decisions are among the key decisions we take.” This statement is one of the basic principles stipulated in BMW Group’s corporate Strategy Number ONE which are the foundation for the present advancement of the company’s human resources and social policies and thus of the entire field of personnel work. These policies are also based on other guidelines including the requirements detailed in the United Nations Global Compact, the ILO, the OECD, the ICC Business Charter for Sustainable Development as well as the BMW Group’s Joint Declaration of Human Rights and Working Conditions.

100,000 success factors

The BMW Group has been in a strong position with regard to the competition for specialists and executive staff for years. With a total of approximately 100,000 employees worldwide (previous year: 107,539), the BMW Group has the team it needs to stay on the road to success in the medium term. Nevertheless, the company will continue to look for and hire top professionals with specific qualifications for specific tasks. This is a major challenge, in particular in times of demographic change and an increasing lack of available professional staff. To be able to retain highly qualified staff in the long term, the BMW Group intends to further strengthen its position as an attractive employer.

Promote performance, show appreciation

But what characterises an attractive employer? A company’s ability to attract and retain employees is revealed in many different aspects that can be summarised in four main points:

Guaranteeing performance

The BMW Group promotes the expansion of skills as well as staff’s mental and physical productivity. It supports a diversity of cultures and ways of life at the company. This includes a variety of working models that help employees achieve a work-life balance.

Attractive, performance-based remuneration

Competitive, performance-based pay as well as numerous benefits are the reward for employees’ commitment.

Reliable future prospects

The flexibility of both employees and the company is a key prerequisite for safeguarding employment in the long term.

Show appreciation

Thanks to the fruitful cooperation of employees’ representatives and the management as well as the opportunity to actively shape the company by means of the change management programme, the BMW Group offers staff great room for ideas. The company encourages the motivational management of staff and thus guarantees great employee satisfaction.

The BMW Group provides the environment for employees to deliver exceptional performance on behalf of the company – to set the stage for lasting success.

In 2008

the location Goodwood was granted the “Investor in People” status that honours employers who strategically promote, support and train their employees.

Restructuring the human resources organisation

Based on the new targets established in the corporate Strategy Number ONE, the BMW Group human resources organisation was restructured in 2009. New challenges for human resources development have also arisen from the global sales and economic crisis as well as from the subsequent need to reduce costs in all areas of the company. To master these challenges, the BMW Group human resources sees itself today mainly as an innovative, efficient and effective network that assumes a global role in structuring and designing processes. Just as in other divisions, target achievement is supported by the company-wide use of the Balanced Scorecard.

Following the structural and strategic realignment, the BMW Group human resources as a business and service partner sets out to make a contribution to meeting the ambitious targets established in Strategy Number ONE. It already has the crucial success factors, namely 100,000 of them.



www.investorsinpeople.co.uk



www.bmwgroup.com/guidelines



UN Global Compact

05.2 — Perfect conditions for the number one success factor

Page 96 et seqq.

Guarantee productivity, support peak performance

Success, as automotive pioneer Henry Ford once said, “is to have exactly the skills demanded at the moment.” That basically holds true to this day. However, Ford’s success formula has to be expanded by several key questions: What exactly are these skills? Which competencies are not only in demand today but will continue to be in demand in the near or far future? And how does one guarantee that these skills are further developed and applied at the right place and time? In other words: How can a company maintain and expand its staff’s productivity?

These are the questions that drive the BMW Group’s human resources strategy. Answering these questions will help the BMW Group find the right employees, retain them and offer them the perfect environment to deliver peak performance. With regard to the employees’ competencies, three core fields of action have been defined:

- Identify the skills needed and develop the corresponding human resources planning activities
- Develop existing competencies further
- Recruit and develop new competencies

The right people at the right place

Just as customer requirements, market demands, technologies and corporate strategies change, so does the need for certain competencies in the company. One example: The development of electric mobility solutions and hybrid drives has stepped up the demand for engineers and technicians with experience and expertise in these fields.

In a first step, the BMW Group’s personnel planning determines the future demand for specific competencies in line with certain strategic focus areas. In a second step, existing staff is scrutinised with regard to employees who could provide these competencies thanks to acquired skills or completed training courses. The goals are, firstly, to provide employees with a long-term employment perspective and, secondly, to cover the company’s need for certain competencies in the most time and cost-efficient manner.

Attracting tomorrow’s high-performers

The company does not have all the competencies at its disposal today which will be in demand tomorrow. Although the headcount is likely to remain more or less unchanged in the medium term, the BMW Group will continue to hire a limited number of specialists and will cover competencies at the company by means of junior training programmes. Human resources marketing strategically targets university graduates and professionals in fields in which new talent is needed right now as well as in the short and medium term: This applies primarily to electrical and information engineering, electronics, IT, mechatronics as well as industrial and mechanical engineering. As a global corporation, the BMW Group is increasingly shifting the focus of its human resources marketing towards international target groups.

In the competition for specialists and executive staff, the BMW Group benefits from the company’s excellent reputation among students and university graduates. In 2008 and 2009 young academics in the fields of economic and engineering science named the BMW Group one of the top three employers, both in Trendence’s “German Graduates Barometer” and the European “Universum Student Survey”.

Cross-functional training

For the BMW Group, professional training means much more than providing young people with perfect professional qualifications. The company’s 4,102 apprentices in 23 professions training with the BMW Group at the end of 2008 received numerous opportunities in Germany and abroad to complement their current professional skills with further qualifications. Options include, for example, the training programme Dynamic Drive, a feedback instrument set up in 2007 to promote apprentices’ team spirit and social skills. AQua, a qualification programme for apprentices at German dealerships and service partners, prepares future mechanics for the increasing demands in the areas of technology and customer. While still in training, they can experience first-hand the dynamics and laws of the business world in their own junior companies.

A main task of the BMW Group’s apprenticeship unit is to align apprenticeship programmes with the new technological



www.trendence.com
www.universumeurope.com



www.bmwgroup.com/career

— a
The new “BMW Training Center Shanghai” opened in May 2009.

— b
The new Training Center in Shanghai offers classes for employees to help them further improve customer satisfaction.



— a



— b

requirements, such as those in the field of electric mobility. One example: In 2008, the BMW Group incorporated a new training module called “Hybrid Technology” into the professional training programme for vehicle mechatronic technicians.

Attract and convince graduates

In 2007/2008, the BMW Group employed a total of 8,844 interns, last-semester students and PhD candidates. What is new is that the BMW Group now also offers part-time and split internships as well as further models. In addition, the BMW Group is implementing the principles of fair employment conditions and opportunities for interns as stipulated in the initiative “Fair Company”.

The BMW Group’s academic young talent programmes are continuously adapted to meet changing internal and external requirements. The company reacted to the new bachelor and master structure at the universities by introducing the two programmes “Speed Up” and “Fastlane”.

Education and passion for automotive mobility

Many students do not wait for graduation and already get in contact with the BMW Group whilst still at university. Thanks to the intensive, long-term cooperation with various universities and colleges, the company does not only guarantee a continuous exchange between research and practical application as well as a more practical university training, but also attracts motivated, excellent students early on as potential BMW Group employees. It is also important to make sure that, during university studies, students acquire the skills the company considers important in the long term. Good examples for this kind of cooperation are CAR@TUM (joint project of the BMW Group and the TU Munich) as well as the collaboration with the International Center for Automotive Research at Clemson University in South Carolina (USA).

In addition to these direct collaborations, the BMW Group representatives work at and for universities. At the company’s Bavarian locations, plant and production managers are active in the respective University Councils. On the European level, the BMW Group is the employers’ representative on the “European Quality Assurance Register”, a body that intends to improve the quality of academic training at European universities.

To counter the impending lack of specialists, the BMW Group raises passion for technology and automotive mobility in many areas of the educational system.

Paying interest on brain capital

100,000 BMW Group employees – this means 100,000 opportunities to develop manifold ideas and competencies. This is what the BMW Group does by offering employees demand-driven further education programmes. The goal is to support all employees in the endeavour of lifelong learning and expanding their skills. Besides professional competencies, the BMW Group encourages staff to improve their methodological and social skills, such as leadership qualities. In 2008, for example, numerous locations offered executives classes in “Leadership and Behaviour”, “Labour Law for Executives” and “Healthy Leadership”.

In light of the challenging economic climate, last year’s further training activities were concentrated upon select target groups and key topics. At 154 million euros, the BMW Group’s training and education expenditure was down 14.9% year-on-year. On average, BMW employees took 1.6 days of training last year (previous year: 1.9 days).

The BMW Group places particular emphasis on improving the integration of learning and working environments. “Drive”, the 18 to 24-month programme for young professionals with up to three years of work experience, is the BMW Group’s way to help young professionals gain a foothold in team and work processes. The “Drive” programme currently has 100 participants.

In 2008/2009, the BMW Group set up new training centres in the two key markets China and the US, tailored specifically to the needs of sales staff. In China, the company now operates two own training centres as well as four training units at universities. With a total capacity of 50,000 training days per year, the BMW Group will help employees in the Far East improve their performance – a major prerequisite for increasing customer satisfaction. The basic training for technical staff in China, introduced last year, was expanded further. The programme concept and its modules are available to all markets worldwide. In Germany, for example, the programme complements the school training that BMW Group apprentices receive.



www.bmwgroup.com/career



www.clemson.edu/centers-institute/cu-icar



www.bmwgroup.com/science



www.eqar.eu

— c
Workplaces in transmission mounting were redesigned to make it possible for blind employees to work there.

— d
Women in technical professions: Sabine Häfelein is a master automotive technician.



— c



— d



UN Global Compact

Versatile competencies for a versatile company

Today the BMW Group is active in more than 140 markets worldwide. However, it is only possible to tap into the full potential of international business by understanding the various customer groups, cultures and requirements. Ideally, this task is handled by employees who have a deep understanding of this diversity thanks to their own biographies, life situations, experiences and interests. At the same time, it is crucial to retain staff competencies for the company throughout employees' different stages of life. This is why the BMW Group has established a wide range of possibilities, such as various assignment and work time models, that allow employees bound by different family circumstances or conditions (e.g. disabilities or age-related restrictions) to fully develop their performance potential. Because their versatile experiences and skills are much too valuable to lose. This claim is derived from the Strategy Number ONE and is promoted throughout the company under the label of "Diversity Management". Current priorities in Germany are the promotion and long-term retention of female staff as well as work-life balance.


www.bmwgroup.com/career

Attracting female staff

Women are clearly underrepresented among apprentices (23%), interns, last-semester students and PhD candidates (27.9%) as well as in managerial positions (7.8% at BMW AG). However, the share of female managers at BMW AG has risen 66% over the last six years. Overall, female employees make up 13.2% of BMW AG's workforce today. The company intends to increase the share of female staff and to support them on their way from apprenticeship to executive positions.


www.girls-day.de

With "Technology Camps for Girls" (in cooperation with the Educational Institute of Industry and Commerce in Bavaria) and "Girls' Days" (in 2008: 800 participants at the German locations), the BMW Group tries to awaken female teenagers' interest in technical professions. In addition, the company strategically supports women, e.g. by means of various mentoring programmes and internal networks.

Working time and family time

Many couples in their mid-20s to mid-40s – who are also right in the decisive phase of setting the course for their careers – ask themselves how to manage both a family and work. An increasingly large group of people takes care of elderly or sick relatives, a time-intensive task that is difficult to adapt to the requirements of working in a regular job. This is why the BMW Group offers employees a wide range of flexible work time models which help people achieve a work-life balance. These models include teleworking, part-time work and sabbaticals. Since 2008, long-term permanent staff at BMW AG and Plant Steyr can take an additional unpaid leave of absence of up to 20 days a year. In the first year, 780 BMW AG employees took advantage of this new work time model Full-Time Select. The offering also explicitly addresses male employees whose opportunities to take on the responsibilities of childcare have improved dramatically, thanks to the options of parental or family leave available in Germany. For further information on childcare offerings and family services, please refer to www.bmwgroup.com/career.

Intercultural diversity at the top

The BMW Group promotes the diversity of its staff at all locations worldwide. One of the goals is to raise awareness among executives for diversity issues and support for local junior managers.

91% of all executives

in South Africa are locals, in Great Britain the share is 90% and at US plant Spartanburg 81%.

In the future, the BMW Group intends to expand its diversity programmes and focus more strongly on aspects such as cultural diversity. Another important step will be to establish the organisational framework for Diversity Management by incorporating it into the corporate target system and by assigning responsibilities.



Healthy exercise at the workplace: a workout that strengthens the back muscles, carried out by assembly workers.

Stay healthy, be motivated at work

Large companies also reflect social trends. And today's society, at least in Western Europe, can be described by a few main demographic trends: The average age is rising. People have to work longer. It is becoming harder to find top-notch professionals. And demand for certain competencies is on the rise.

A large company that does not want to be steamrolled by certain trends but wants to benefit from them, needs to guarantee two things: It has to keep its staff healthy and productive and has to make it possible for everyone to continue to contributing to the company's success, even in the case of – maybe age-related – performance restrictions.

The following fields of action arise from these assumptions:

- Guaranteeing workplace safety and ergonomics to keep staff healthy and to minimise the risk of occupational accidents
- Integrating staff with performance restrictions
- Supporting staff in leading a healthy and balanced life-style

Occupational safety in line with international standards

A basic prerequisite for keeping healthy is a safe work environment. At present, the BMW Group has health and occupational safety management systems in line with OHRIS and OHSAS requirements at 12 out of 24 locations as well as corresponding systems complying with national standards at four additional locations. This means that the workplaces of approximately 80% of all employees are certified according to management systems. Additional locations are to follow by 2010.

A first measurable result of the consistent implementation of these management systems: The accident frequency decreased from 3.1 (2007) to 2.7 accidents per one million hours worked. The industry average stands at 4.0 accidents per one million hours worked.

— a/b
 “Financial Wellness Program”: Customised consulting on financial matters in South Africa



— a

— b



www.bmw.co.za

Adequate work environment for older staff

What are the implications of an aging production workforce? How can manual labour be organised in a more ergonomic and age-appropriate manner? These questions were used as the basis for a pilot project at the Dingolfing plant between October 2007 and September 2008. At a production line for rear-axle transmission assembly, the age structure forecast for 2017 is implemented already today. The result: thanks to “Work System 2017”, an older team of employees is just as efficient as production areas with considerably younger workers. Key measures are the “strain-optimised staff rotation” as well as the development of age and health-appropriate shift models based on a requirements / capacity analysis.

Joint responsibility for health issues

Employees can make a significant contribution to staying healthy by leading a healthy lifestyle and undergoing preventive check-ups. The BMW Group supports its staff with a variety of customised offerings for specific groups of employees and different health-care aspects. This includes a free health check-up at “Forum Health”, nutrition campaigns and the fitness concept “MoveUp”. In 2008, the company cooperated with the Technical University (TU) of Munich to run a “Personal Health Manager” pilot project targeted at employees at the Munich plant who had never done any sports and showed at least two risk factors for metabolic syndrome. The result: Almost all of the 100 participants improved their risk profile, some of them significantly.

The BMW Group also continued various programmes on addiction and disease prevention, e.g. “Dealing with Alcohol”, “Smoke-free” as well as flu shots. Together with the health insurer BKK BMW, the Munich plant organised classes on breast cancer early diagnosis in 2008. There were also colon cancer preventive checks at all German plants in 2009.

These comprehensive programmes help the BMW Group raise awareness among employees and enhance the staff’s personal accountability. Obviously, it is up to the employees themselves to take advantage of such offers.

Financial health

The specific concepts and activities in the area of health promotion depend to a certain extent on the requirements at the locations, which might differ from region to region. A good example in this context is the “Financial Wellness Program” in South Africa.

Studies show that many workers in South Africa have to deal with a mountain of debt, which impairs their physical and psychological well-being as well as their performance at work. Many people are unable to handle this pressure: they arrive at work late or stop coming altogether or else they are subject to the court-ordered wage garnishments. The most common reasons for massive over-indebtedness are unexpected costs, failure to plan for the long term, a lack of financial knowledge and family reasons, as well as high interest rates and the increasing number of unreliable lenders in the country.

As a prevention and aid package, the BMW Group launched the “Financial Wellness Program” two years ago. In a first step, a team of three social workers with sound knowledge of the legal and economic environment determines the debt level and a person’s “financial wellness profile”. In a second step, they develop a customised strategy to help the employee escape the debt trap. Between April 2007 and July 2008, a total of 1,130 employees were issued a confidential credit report on their financial status.

05.3 — Performance and reward.

The BMW Group can only be successful if employees apply all their productivity and knowledge to making corporate success happen. In turn, the company rewards employees' performance with fair, transparent, competitive and attractive remuneration.

The BMW Group counts on intrinsically motivated staff, i.e. high performers for whom the commitment to their work and the willingness to perform are a matter of course. In this understanding, the annual income is not the prime incentive but the expression of appreciation for services rendered. The design of the BMW Group's remuneration system is based on fairly rewarding both an individual's performance and the performance of the entire team. This is a crucial factor today as, within an increasingly fierce competitive environment, the BMW Group wants to improve efficiency not only by reducing costs but primarily by becoming more efficient.

Participation in the company's success

The BMW Group implements its philosophy of performance and reward consistently in all markets and across all hierarchical levels. Employees, executives and the Board of Management all participate in the company's success according to the same system. The performance-based remuneration element increases with the employee's hierarchical position. This is why, due to the dramatically decreased operating result, in 2009 a pay-scale employee will earn about 10 % less while department heads will receive about one-third less and Board Members about 40 % less than last year.

Comparability and transparency

The remuneration paid by the BMW Group is in the upper third of the relevant labour market and thus at a very attractive competitive level compared with other companies. In 2008, the BMW Group's remuneration system was revised to guarantee fairness and balance. Following the performance-and-reward principle, there are natural differences in income for individual employees. Nevertheless, the income of all members in a salary bracket develops rather similarly and the BMW Group can prevent the gap between lower and higher salary groups from widening.

The BMW Group also guarantees consistency and transparency among locations and plants. Each employee's remuneration package worldwide is comprised of comparable components. Country-specific differences (e.g. with regard to health insurance or retirement benefits) are taken into consideration so as to allow the BMW Group to offer an attractive overall package in each region. The salary components in detail:

1. Fixed salary

Each employee receives a fixed remuneration of 12 monthly salaries. The fixed salary is complemented with further elements according to local conditions and is assessed and adapted once a year. There is no difference in remuneration between male and female employees.

2. Company bonus

Corporate success is largely the result of successful teamwork. This is why BMW AG complements the fixed remuneration with participation in the corporate result. The amount of the company bonuses paid out is based on the overall result of the company. In 2008, for instance, the total remuneration for BMW AG's pay-scale employees amounted to 15.5 monthly salaries.

3. Individual bonus

Besides the teams' overall achievement, the BMW Group also rewards employees' individual performance via certain salary components. The amount depends on the result of the evaluation carried out by their superior.

4. Retirement benefits

In times of demographic change, the company pension plan increasingly gains in importance. The BMW Group offers its staff attractive pension models that are tailored to the specific market's structures.

5. Additional benefits

Depending on local requirements or a person's classification, the BMW Group offers employees additional benefits such as favourable conditions on vehicles, a collective accident insurance for executives in Germany or additional insurance coverage for health services in India and China.

05.4 — Shaping change flexibly. The business of individual mobility is changing. To emerge from this period of change even stronger than before, companies and their staff have to be one thing above all others: adaptable.

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For the BMW Group, adaptability means first of all to continue to offer staff reliable future perspectives also in difficult times. After all, highly qualified and committed employees are the crucial competitive advantage of tomorrow. On the other hand, a company needs to be able to react to economic downswings, fluctuations in sales and cost pressure. This can only be done if both the company and its employees adapt flexibly to any new situation.

This is why the BMW Group has cooperated with staff representatives to develop a variety of measures that allow for maximum flexibility with regard to time, place and assignment – which makes them the perfect means to guarantee reliable job security in the future. Thanks to these models, the company was able to adapt production to a global decrease in demand early on in 2008 without having to make people redundant.

Temporal flexibility

An important element is the “BMW time account”, which gives employees the possibility to save or overdraw up to 300 hours a year. At the same time, it gives the company more leeway in case of market fluctuations.

In addition, many BMW Group employees take advantage of flexible work time models such as part-time work or Full-Time Select (see Chapter 05.2). The partial retirement programme that helps people master the transition from work to retirement is taken advantage of by 85 % to 90 % of all employees in the respective age group. In 2008 alone, the BMW Group concluded approximately 1,250 new partial retirement contracts with employees. However, starting in 2010, the additional amount of benefits presently paid by the Federal Employment Office will be omitted. The BMW Group will nevertheless continue its partial retirement programme and adapt the existing company agreement based on the collective agreement “Flexible Transition into Retirement”.

In today's very difficult economic climate, in which the usual flexibility activities are not sufficient, BMW AG also applies the legal means of short-time work to safeguard employment. This happened in the first half year of 2009 when the Board of Management and the Works Council agreed to counter the volume adjustments in production with short-time work at several German plants with the goal of reducing costs as necessary while safeguarding employment.



A specifically established shuttle bus brings employees from Regensburg to Leipzig.

In motion – geographically and professionally

In 2008, BMW took advantage of natural fluctuation and mutual termination agreements to reduce the headcount by 7,498 to approximately 100,000 employees. This is the workforce with which the BMW Group wants to develop new tasks, technologies and markets.

In this endeavour, employees are also required to show local flexibility and mobility, aspects which have long been crucial competitive advantages of the BMW Group's production network. A temporary change in the place of assignment is an established, well-proven approach that does not only strengthen the exchange of knowledge but also makes a significant contribution to safeguarding jobs.

New tasks and technologies also require different or new skills. To cover certain deficiencies, an increasing number of employees need to undergo further professional training. For employees, this means remaining “employable”.

200 Regensburg staff — are supporting the Leipzig plant in 2009 to reestablish two-shift operations.

For the company it means covering required skills and expertise internally, through experienced staff (see Chapter 05.2). In this context, employees are transferred to other areas, either temporarily or permanently. In 2008, over 6,000 employees found new long-term assignments within the company this way.

05.5 — Cooperation and appreciation. In the same manner in which the BMW Group expects its staff to show full commitment to value creation, the company shows staff great appreciation.

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UN Global Compact

This aspect is most visible in the vast range of possibilities for staff to become actively involved in shaping the company – via co-determination and the improvement management system. However, appreciation is also obvious in the fruitful cooperation of the two parties, in the new, behaviour-driven leadership style and the regular staff surveys, a systematic way for the BMW Group to obtain employees' feedback.

Co-determine

The BMW Group implements the institutionalised co-determination system worldwide according to the various countries' respective regulations. At all BMW AG plants and locations, elected members of the Works Council represent staff in co-determination issues. They negotiate with the management about, for example, company agreements such as those dealing with work time models, accompany the company's development from an employee's point of view and are in constant – and critical – dialogue with the company's management. The Works Council and Board of Management attach great importance to working cooperatively.

In an international context, employees are represented by the Euro Works Council (Great Britain, Austria and Germany). The locations in Spartanburg and Rosslyn as well as the BMW Group's sales and production joint venture, BMW Brilliance Automotive Ltd. (China), have local works councils to handle the respective tasks.

Active participation

The BMW Group's innovation and improvement culture gives staff numerous opportunities to have a share in shaping the company by providing ideas and suggestions. The improvement management system "imotion" is a tool that helps staff implement suggestions for improvement. However, in 2008 the number of suggestions handed in declined significantly. Nevertheless, 60% of all processed ideas were implemented and rewarded accordingly. In 2009, the BMW Group set up an international pilot project on idea management in the marketing division, "improVe international", the next step in the company's effort to integrate improvement initiatives on a global level.



www.hewittassociates.com

Staff-oriented leadership

Last year, the BMW Group developed its understanding of leadership further and included it in the leadership model of the new "House of Management". This forms the basis for manager evaluations. The most important change: Today's executives are now more than ever expected not only to deliver excellent results but also to set a good example by leadership. Both the achievement of great results and the path executives take to get there together with their teams is crucial.

Co-evaluate

But how are all these initiatives evaluated by employees? Do they actually consider the BMW Group an attractive employer? And which needs for improvement do employees see?

Questions like these are systematically addressed every two years in the BMW Group staff survey. 74,794 employees from 41 countries – or 81.7% of the entire workforce – participated in the most recent survey, carried out between March and November 2007. 89.2% of those surveyed were very satisfied with working for the BMW Group – an excellent result compared to others in the industry, though 3% down from the satisfaction index of the 2005 staff survey. Participants saw the main need for action in the fields of work processes, learning and development opportunities as well as the leadership culture – an incitement seized by the BMW Group and included in the new "House of Management".

As the company is currently implementing Strategy Number ONE, the key questions of the staff survey are to be aligned with the new strategy as well. Therefore, the staff survey 2010 is to be accompanied by the "High Performance Organization Index" that evaluates the em-

BMW Group

is the only automotive manufacturer in the "Hewitt Top Companies for Leaders Europe" study 2007.

ployees' and the company's productivity. This is why the staff survey scheduled for 2009 has been postponed by one year.

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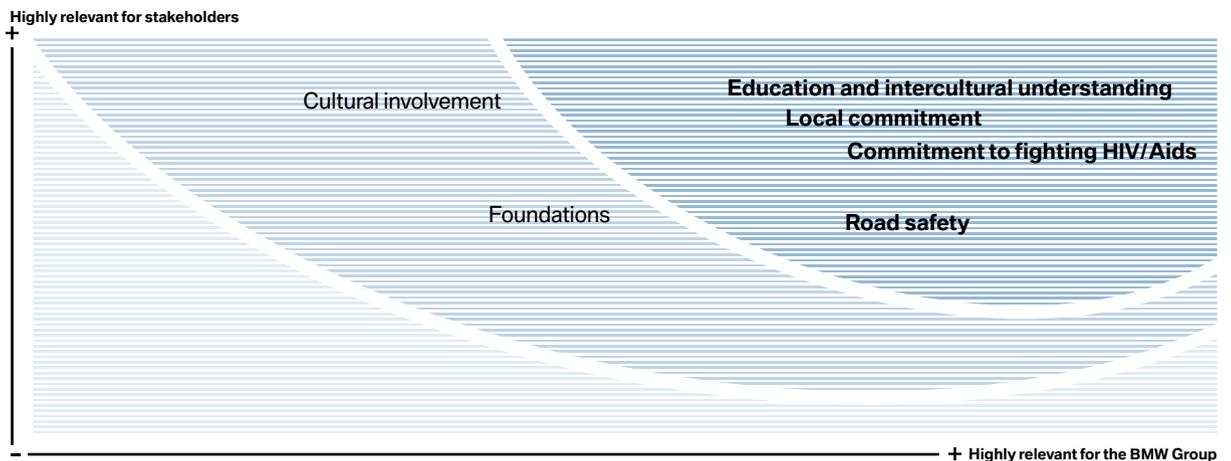
**Stronger together:
Accepting and
promoting social
responsibility.**

06 — Society

The BMW Group considers itself a reliable partner for society. This means tackling social challenges and issues of particular concern to the communities and regions where the company's sites are located. Regular stakeholder consultation identifies the issues and what needs to be done. The materiality analysis below reflects their

relevance from both the stakeholders' and the BMW Group's perspective. The following chapter describes the strategies and programmes related to these topics. To begin with, the most important challenges and performance indicators are listed on the next page, alongside objectives and achievements.

Materiality analysis – Society



Issues of high relevance for stakeholders and the BMW Group, these are the focus of this Sustainable Value Report 2008.

Issues of medium relevance for stakeholders and the BMW Group, these are described in less detail.

Global support

for a multitude of social projects:

One focus of the BMW Group's activities is on educational activities for children and teenagers.

Junior Campus of the BMW Welt in Munich



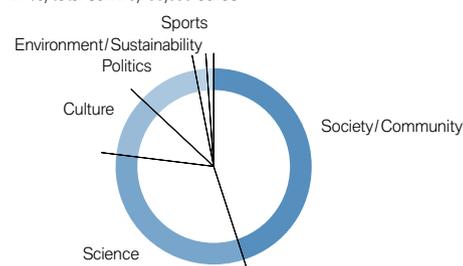
Challenges

- Communities need more and more local commitment, but priorities vary from country to country: activities in India focus on education, but in South Africa HIV/Aids is the pressing issue
- The complexity of mobility issues and the spread of megacities demand a new approach to road safety programmes
- Demographic change and global migration are creating new requirements and conditions that must be taken into account.

Key performance indicators (KPIs)

BMW Group donations worldwide in 2008*

in %, total sum: 5,706,696 euros



Society/Community	45
Science	32
Culture	10
Politics	10
Environment/Sustainability	2
Sports	1

*The sum indicated here does not include either cause-related marketing or sponsorship and does not contain the projects and activities carried out in the context of the company's social and cultural commitment.

Achievements

- Reconstruction of settlements for tsunami victims in India completed in 2009
- Emergency financial aid for those affected by the bush fires in Australia and the victims of the 2009 earthquake in Italy
- Road safety training for a total of 3,200 children throughout China in 2008
- Presentation of the AMULETT research project in Munich in May 2009
- The publication “Doing Business in a Multicultural World”, issued by the UN Global Compact and the UN Alliance of Civilizations, cited the BMW Group Award for Intercultural Commitment and the corresponding course material as a best-practice example.
- Elements of the BMW HIV/Aids programme also implemented by several South African dealerships
- Dedication of the BMW LoveLife youth centre for HIV/Aids prevention in Knysna, South Africa, in 2007

Objectives

- Offering Junior Campus as a mobile out-of-classroom learning experience throughout Germany
- Using the BMW Group's core competences to contribute to the development of communities at international sites
- Implementing the new concept of the BMW Group Award for Intercultural Commitment
- Expanding the foundations' project work and transferring the gained experience to further areas in need of social action

06.1 — General concept and priorities. For the BMW Group, a broad social commitment is an integral part of how it defines itself as a company.



The BMW Group feels both the desire and the obligation to be a reliable partner for society. As such, the BMW Group is particularly committed to those issues that are important to the company and the regions where it operates. It concentrates on projects and concepts where the company's core competences can help realise a specific and measurable improvement. The BMW Group focuses on finding long-term solutions to global challenges which can be transferred to other parts of the world and which help people help themselves, thereby achieving a substantial and lasting effect.



The BMW Group is involved in a multitude of initiatives to promote maximum road safety. The company is obviously committed not only to the safety of its own customers but to that of all road users. Education initiatives are a further focus of its social commitment. With these, the BMW Group helps to impart skills which are essential to the company itself and to society at large.



The BMW Group is also committed to the promotion of research and teaching, especially in technical subjects. It has, for instance, facilitated the establishment of the "TUM Institute for Advanced Study" at the Technical University (TU) of Munich and has been supporting the endowed chair in lighting engineering at the Technical University of Darmstadt since 2008. Besides technical expertise, the BMW Group also values social skills and intercultural awareness and experience – skills which are indispensable to the success of a global company.

Another focus is the challenge of HIV/Aids – since this affects both BMW Group employees and their communities. The company has developed programmes for disease prevention and education in a number of locations. Once they had proven successful, these programmes were transferred to several communities.

The BMW Group encourages the exchange of ideas and intercultural understanding through a variety of cultural initiatives. Its two foundations, the BMW Foundation Herbert Quandt and the Eberhard von Kuenheim Foundation, are dedicated to socio-political issues as well.

All projects are adapted to local needs and therefore managed by the BMW Group locally. Priorities and guidelines are determined by Corporate and Governmental Affairs and the Corporate Strategy division at the headquarters in Munich.

Local commitment

In addition to its global concept and local adaptations, the BMW Group also supports the communities in which it operates. As a good corporate citizen, the company puts its competences and capacities to the service of sustaining and enhancing these communities. This helps create an environment where society and company can rely on each other and face challenges together.

Rapid disaster relief is just one example: In China, BMW China and BMW Brilliance Automotive, together with the China Charity Foundation – one of the largest non-governmental charities in the country – have set up the "BMW Warm-Heart Fund". This foundation, which received seed capital equivalent to 930,000 euros from the BMW Group, funded rebuilding activities and supports long-term aid and development programmes in the severely affected province of Sichuan. The May 2008 earthquake in the region killed 80,000 people and wounded a further 400,000.

After the bush fires in the Australian state of Victoria in January and February 2009, in which 200 people died and thousands lost their homes, BMW Group Australia donated 100,000 Australian dollars to the "Victorian Bushfire Appeal Fund" as a first step. Employee donations were then matched by the company.

The way in which spontaneous disaster relief develops into an effective long-term commitment can be observed in the Cuddalore district in India. There, the BMW Group helped with the reconstruction of villages and the construction of flood-proof housing. Following the completion of reconstruction activities in 2009, the participants in the project are now working to provide education opportunities for the communities' children and teenagers. The BMW Group has contributed 350,000 euros to this project.

06.2 — Road safety projects. As a premium supplier of individual mobility, championing maximum road safety is a natural focus for the BMW Group.



www.bmwgroup.com/roadsafety

The BMW Group is not only committed to the safety of its own customers, but to the safety of all road users through its support for research and prevention projects worldwide. A particular focus in this field is the safety of children and teenagers, who, as experience shows, are at the greatest risk.

High tech for lower accident rates

The BMW Group is breaking new ground in this field. AMULETT (the German acronym for “Active mobile accident avoidance and mitigation of accidents through co-operative data acquisition and tracking technology”) is an example of its innovative approach. This technology has been developed over the last three years by BMW Group Research and Technology in cooperation with the Fraunhofer Institute for Integrated Circuits (IIS), the Technical University (TU) of Munich and other partners. The context: In 40 % of all fatal pedestrian accidents, the driver does not see the pedestrian until immediately before the collision. With AMULETT (see also Chapter 03.3), however, the vehicle communicates with a radio transponder the pedestrian wears and gives the driver ample warning of road users concealed by obstacles. The pilot project, which was sponsored by the Bavarian Ministry of Economic Affairs, Infrastructure, Traffic and Technology, was presented to the public in May 2009.



www.bmwdrivertraining.com.ar

While the implementation of such safety technologies is still being researched, pedestrians can already change their behaviour to improve their safety. This is particularly true for inexperienced road users, for whom the BMW Group opened a children’s traffic school at BMW Welt in 2009. On certain days, trained educators teach children aged three to six how to use the roads in a fun way.

Safely to school

2008 saw the beginning of the pilot project “Safely to School with Jim Button” which the BMW Group developed jointly with the German Automobile Association ADAC for Bavarian elementary schools. In this project, groups of up to eight children in first and second grade are accompanied on their way to school and familiarised with road traffic.



www.adac.de

The BMW Group – in cooperation with road safety volunteers, parents’ associations and other partners – also provides “School Route Maps for Primary School Children” to first graders at about 130 Munich and 226 Berlin schools. On these maps, particular danger spots are highlighted and a safe and accident-free route to school recommended.



The slogan for the BMW Group’s 2009 road safety programme in China is “I am a pioneer of road safety”. The activities promoting better road safety reach around 100,000 children per year.

The BMW Group has been involved in this safety project in Munich for 25 years now.

The children’s road safety programme in China, on the other hand, is a comparatively recent addition. Since 2005, safety training has got Chinese children “fit for traffic”. In 2008, 3,200 children from more than 160 preschools throughout China participated in the programme. In addition, the BMW Group provided free road safety packs to 500 preschools with more than 100,000 children over the same period.

Half a world away, in South America, the company has continued its driver training for young drivers. The programme, which had been available only to high school students in Argentina and Brazil, was extended last year to include interested university students and staff of small companies. 3,400 students and young drivers have taken part in the “Road Education Programme” in Brazil and Argentina since 2006. The number of road fatalities is particularly high in these countries: in Argentina, 29 people are killed on the roads for every 100,000 of the population; in Brazil, 17; in Germany, 8.

06.3 — Education and intercultural understanding.

The BMW Group's success is built primarily on its employees' skills and knowledge. The company thrives on expertise and a thirst for knowledge. That is why it does so much to support these competences outside of the company.



www.jerusalemfoundation.org

Besides providing access to technical and scientific knowledge, the emphasis lies on encouraging social skills such as teamwork capabilities and intercultural understanding. The BMW Group is committed to promoting education and intercultural exchange at its locations and beyond through multiple initiatives. It sees cultural diversity as an opportunity from which both the company and society as a whole stand to benefit. One example: For over twenty years, the BMW Group has been involved in various projects initiated by the Jerusalem Foundation, which works mainly in Israel but receives support from all over the world.



www.bmwgroup.com/sustainablemobility

Further priorities include projects to educate young people about issues such as mobility and new technologies. The BMW Group funds the education of talented youngsters in the fields of science and technology at a number of educational facilities around the world. In economically underdeveloped regions, the company furthermore helps raise school students' awareness about healthy living and environmental issues. With extensive course material on hydrogen under the title of "H₂ – Mobility of the Future", the BMW Group familiarises students with environmentally-friendly technologies. More than 5,000 classroom folders were distributed to 1,624 schools and other educational institutions in 20 countries worldwide in 2008.



www.bmw-welt.com



www.bmweducation.co.uk



www.bmwgroup.com/award-life

Mobility and technology are also a focus at BMW Welt in Munich, where young visitors between the ages of seven and thirteen have been experiencing mobility with all their senses since October 2007. The BMW Junior Campus's educational concept features, among other things, a campus lab with experiments related to drive systems and safety. In addition, young people can take a Mobility Tour. Under the motto "The journey is the destination", the BMW Museum has also been offering educational programmes since its re-opening in 2008, making it a place of culture, encounter and learning for children and teenagers.

Start-up aid for school and university students

The BMW Group's global education initiatives take into account countries' local needs. While visitors are informed about the wider environmental background of tsunamis in the "Tsunami Education Park" in Aceh, Indonesia, the South African SEED programme (School Environmental Education Development) raises awareness for health and environmental issues among students at 49 elementary schools. Around the Rosslyn plant, the "BMW Excellence Project for the Advancement of Maths, Science and Technology" transforms simple classrooms into lively learning labs (in

2008, there were 15 schools participating). In Italy, the BMW Group – in cooperation with the University La Sapienza in Rome and ten schools – has initiated a project developing informative material on hydrogen and regenerative energies and raising students' awareness of these topics.

Supporting tomorrow's experts

The BMW Group provides about 50 vehicles a year to vocational schools, other educational institutions and rehabilitation clinics in Germany for training and education purposes. But a special focus of the educational projects is to nurture young technical talent. The following are just some examples of the wide range of projects: The BMW engine plant in Hams Hall (UK) cooperates with Coleshill School, a college specialising in mathematics and software programming for students aged 11 to 18. Every year, the BMW Group provides 50 students from nine technical universities with training in South Korea. In the US, it supports "Automotive Youth Education Systems" which introduce students to career possibilities in the automotive industry. BMW UK's extensive educational portal is another example.

Commitment to intercultural competence

The BMW Group presents the international "BMW Group Award for Intercultural Commitment" to support innovative intercultural projects worldwide which build bridges of understanding between people living in seemingly disparate environments. In this way, the company promotes further understanding and dialogue between cultures, languages, religions and nations.

The award concept has been revised this year for greater employee involvement and to reflect the company's core competences. Another goal is to support groundbreaking projects through volunteer activities.



www.seedprog.co.za
www.bmw.co.za

06.4 — Commitment to fighting HIV/Aids. A particular focus of the BMW Group's social commitment is to establish and support HIV/Aids prevention programmes in affected countries where the company operates. For years, this has included a workplace programme for employees and their families at the South African plant as well as activities directed at supporting local communities.



An important element of the BMW Group's HIV/Aids workplace programme is the option of voluntary testing.


www.bmwgroup.com/aidsprogram


www.seedprog.co.za
www.bmw.co.za
www.gbciimpact.org
www.sabcoha.org
www.lovelife.org.za


www.unglobalcompact.org
www.un.org/millenniumgoals

Over the past 25 years, HIV/Aids has become a pandemic which, according to UNAID estimates, has so far claimed about 25 million lives. Currently, about 33 million people are infected with the virus. In 2007 alone, more than 2.7 million people worldwide were newly infected. HIV/Aids is a global threat and therefore also affects the BMW Group and its environment.

For this reason, the company has long been working on concepts to help contain the pandemic and mitigate its consequences for society and staff. This also helps the company meet its commitment to the United Nations Millennium Development Goals, which includes "Combat HIV/Aids, malaria and other diseases" as its goal no. 6.

Like other health topics, the fight against HIV/Aids is coordinated by the BMW Group's Human Resources and Social Services division. Related social and community activities are managed by Corporate Communications at the headquarters in Munich. Operational implementation of the projects is carried out locally at the respective sites.

Prevention beyond the company

One of most successful projects in this field is the workplace programme which the BMW Group set up for its employees and their family members in South Africa in 2001. It includes extensive education, prevention and treatment measures and has been effective far beyond the company. Today, many South Africans benefit from the project,

which originated as an in-house project of the South African plant, through a community centre in Soshanguve, the collaboration with the SEED Schools (School Environmental Education Development), the LoveLife centre in Knysna as well as through membership of the Global Business Coalition (GBC) and SABCOHA (South African Business Coalition on HIV and Aids). The LoveLife centre in Knysna, which the BMW Group opened in cooperation with the LoveLife organisation in 2007, provides counselling and prevention programmes for young people.

Taking action at affected sites

The BMW Group intends to transfer elements of its successful workplace programme to other sites. In China, BMW Brilliance has been educating staff about infectious diseases, including HIV and Aids, as part of its employee programmes since 2006 and also offers voluntary HIV testing. In Thailand, the BMW Group has supported the "Baan Gerda" Children's Village for HIV-infected orphans since 2002. In India, it supports an educational project for schoolchildren that also includes HIV/Aids education and prevention measures.

With its support for scientific projects at the University of San Raffaele in Milan, for instance, the company also contributes to research into new medical treatments.

06.5 — **Worldwide cultural commitment.** For more than 30 years, cultural engagement has been an integral part of the BMW Group's corporate communications activities. The company currently supports well over a hundred cultural projects in Europe, Asia, North and Central America, Australia and Africa. It is primarily drawn to formats from architecture and design, music and contemporary art which have an affinity with the competence and positioning of its brands.



www.bmwgroup.com/culture



www.freunde-der-nationalgalerie.de



www.staatsoper.de/operfueralle

This is exemplified on the one hand by joint projects, such as the BMW composition prize “musica viva” (in partnership with Bayerischer Rundfunk), the public-private partnership “Spielmotor” with the City of Munich or the Berlin National Gallery's prize for young art. On the other hand, the company supports projects that put it right at the heart of where vehicle technology, design and contemporary art meet – such as the BMW Art Car Collection (comprising sixteen cars so far) or the joint initiative with street art artist Robin Rhode to mark the debut of the BMW Z4 Roadster. The BMW Group focuses in particular on cultural events which make high art accessible to a wide audience. The “Festival de México” in Mexico City or “Opera for all” in Munich and Berlin are good examples of this.

In all its ventures, the BMW Group respects artists' creative freedom, the expression of cultural diversity and the distinctiveness of great ideas – the very attributes which distinguish the BMW Group's own work. Cultural commitments are managed by Corporate Communications, but individual sites and plants also sponsor their own cultural activities.

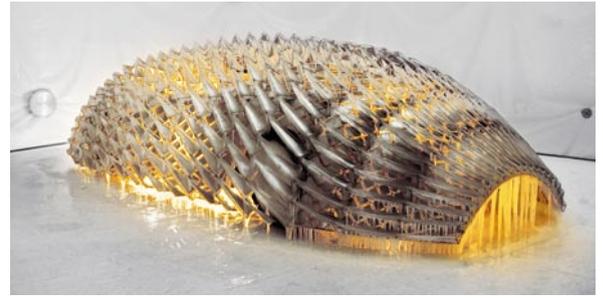
Targeted support

Through its involvement, the BMW Group supports cultural development in the communities where its operations are based, and at the plants themselves, where a programme of cultural activities is often available for staff. With its many and varied sponsorship activities, the BMW Group meets its responsibilities as a good corporate citizen and also strengthens its reputation as a company that assumes social responsibility.

By evaluating feedback, surveys, academic studies and media reports, the BMW Group constantly monitors the effectiveness of its activities. Thus, cultural sponsorship is something which is not only valuable to society, but also to corporate strategy.

Highlights from the fields of art, music and design

Worldwide, a high single-digit million euro sum is earmarked for cultural sponsorship in the annual budget. In addition, the BMW Group invested more than 560,000 euros in cultural projects in 2008 – this represents 10% of its total donations. One highlight of its involvement in design and architecture projects last year was the opening of the expanded BMW Museum in Munich. In the striking building, visitors can now experience BMW vehicles from more than nine decades.



The 16th BMW Art Car by Olafur Eliasson.



BMW Culture Night – BMW Brilliance (China) sponsors the Liaoning Ballet Troupe.

Musical events sponsored include, for instance, the “Concerts Sauvages” at Munich's Prinzregententheater, the “Baltic Sea Festival” in Stockholm, the “Jazz at the Castle” concert series in Prague, with 12 performances for 300 to 400 people each, and the “BMW Culture Night” with the Liaoning Ballet Troupe, which made guest performances in Shenyang, Dalian, Harbin and Changchun thanks to the support of BMW Brilliance Holdings Ltd.

Last year, the BMW Group entered uncharted territory in its commitment to contemporary art: As part of the MINI ROOFTOP NYC, the company invited designers, musicians and fashion designers to a series of events on a rooftop in New York City. With the “BMW Young Asian Artists Series” in Singapore, the “Leipzig International Art Programme” and the “Ludlow 38” series of events (in cooperation with the New York Goethe Institute), it made the works of young artists accessible to a wide audience.



www.bmw-museum.com

06.6 — Foundations. The BMW Group's two independent foundations have been initiating and supporting efforts to solve society's challenges for many years.



www.bmwstiftung.de



www.kuenheim-stiftung.de

BMW Foundation Herbert Quandt

The BMW Foundation Herbert Quandt was founded by BMW AG in 1970 on the occasion of Herbert Quandt's 60th birthday. It was intended to honour his achievements for the company and is dedicated to promoting dialogue between politics, academia, science and society. The foundation, headquartered in Berlin and Munich, sees itself as a "relay station" transferring academic analyses and practical competences from various sectors and regions of the world to other areas where they may be used. The foundation's programmes foster an open exchange of opinions and knowledge, and establish long-term partnerships across various sectors in the quest for innovative solutions to society's problems.



www.joblinge.de

Addressing the role managers can play in advancing society, both within and beyond their professional capacities, is one of the foundation's central tasks. The foundation promotes interdisciplinary knowledge transfer and the dissemination of successful structures and projects through forums, competitions, sponsorship programmes, scholarships and publications. To this end, it sponsors both innovative approaches to public welfare work, such as social businesses and social entrepreneurs, and classic non-profit organisations. The foundation is currently working with organisations such as "Common Purpose e.V.", "self eG" and "startsocial e.V."



www.commonpurpose.org.uk

In cooperation with the German State Department, the foundation also enables young diplomats from the Near and Middle East, North Africa, South and South East Asia to gain deeper insights into how major German organisations and institutions think and work, as part of their international training. In addition, it also sponsors various publications, such as the foundation report issued by the Association of German Foundations and a study for Social Business and Impact Strategies by the GENISIS Institute which highlight different possibilities for social commitment.



www.tatfunk.de

The foundation's assets from BMW AG funds amount to 50 million euros. BMW AG's annual donations also help finance the foundation's staff and material costs. In total, the BMW Foundation Herbert Quandt executed and supported projects totalling 3.15 million euros last year (2007: 2.96 million euros).

BMW AG's Eberhard von Kuenheim Foundation

The Eberhard von Kuenheim Foundation was founded by BMW AG in 2000 and named for its long-standing Chairman of the Board of Management and Supervisory Board, Eberhard von Kuenheim. Since then, the Munich-based foundation has become a catalyst for exemplary social initiatives. Under the motto "Freude am neu:wagen", it works with partners to develop and test pilot projects, setting things in motion in areas of society where action needs to be taken. It sees itself as a provider of best-practice approaches for society – approaches which may be operated independently after successful testing and have a far-reaching impact in their everyday application.

One of these innovative approaches is the "Joblinge" project which aims to place unemployed young people in professional training and careers. The project's concept was developed together with the Boston Consulting Group and other partners, with an emphasis on providing individual and practical support for young people. Every young person in the programme is mentored by an experienced volunteer who can offer practical help and advice on starting a career. BMW Group employees are among the mentors. One decisive factor is the project's support structure: It is implemented by regionally organised non-profit public limited companies (gAGs) and shareholders such as companies, private individuals or local authorities, pooling the combined competence and possibilities of various sectors. BMW AG, too, is one of the founding shareholders of the Joblinge gAG in Munich. In keeping with the foundation's principles, the project is regarded as a model. Once the pilot phase has been completed in 2010, the foundation plans to transfer it to other locations through social franchising.

A good example for how the foundation initiates long-term change is its successful "Tatfunk" project, which originated in cooperation with the BMW Group. It is a course for older secondary school students in which they develop and produce their own radio show. The students plan their school year themselves and work together as a project team. The teacher takes on the role of moderator; an external professional shares technical expertise. Because of its experience with Tatfunk, the foundation was asked to assist the Bavarian Ministry of Education in introducing a mandatory practical project component for schools called the P-Seminar. The Tatfunk approach has thus become part of the Bavarian secondary school syllabus.

— Challenge the present.
Let your visions
define your actions.
Never stop being a pioneer.

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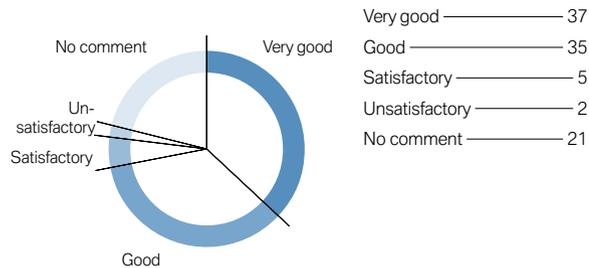
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01 — Sustainability management

01.2 Stakeholder dialogue

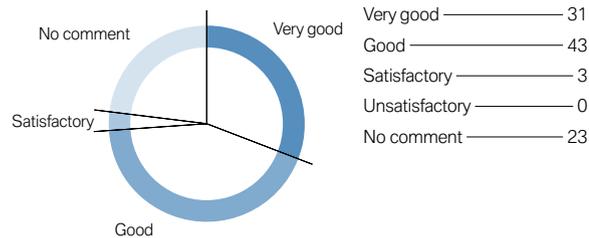
Evaluation of BMW Group sustainability activities* (telephone survey)

in %

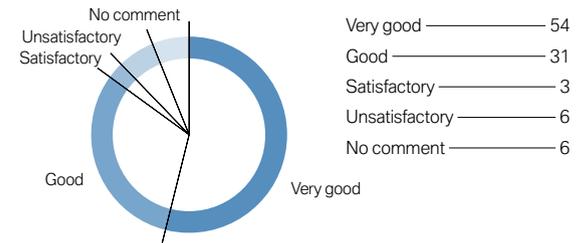


The evaluation is based on stakeholder statements concerning the BMW Group's activities in the areas of sustainability management, product responsibility, environmental protection in production, employees and corporate social responsibility. Multiple answers were permitted. 100% refers to the combined number of mentions for all topics.

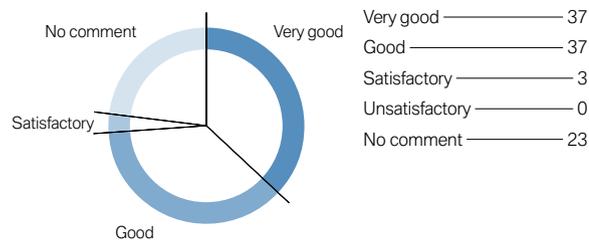
Sustainability management



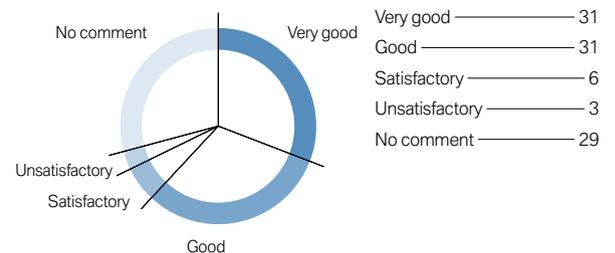
Product responsibility



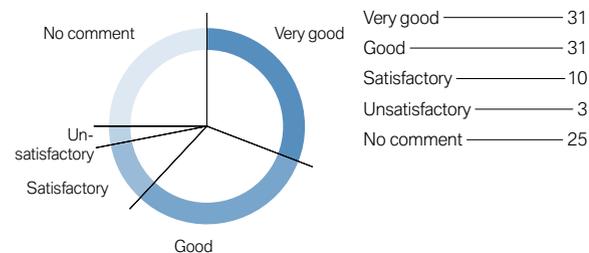
Environmental protection in production



Employees



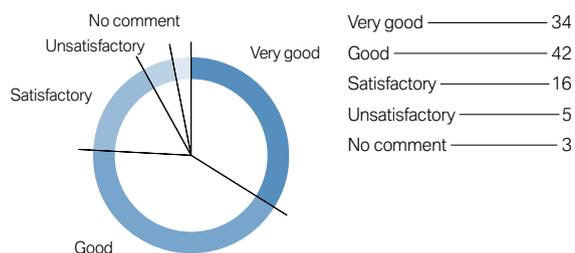
Corporate social responsibility



* International stakeholder survey (via telephone) in winter 2008/2009 among 32 stakeholders from seven countries

Evaluation of BMW Group sustainability activities* (online survey)

in %

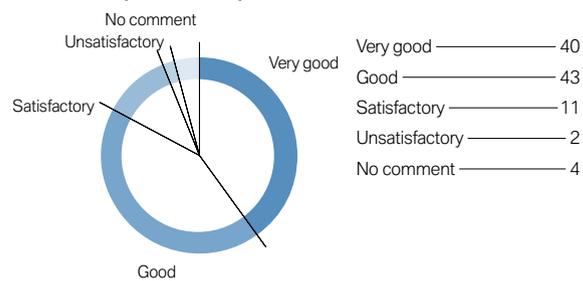


The evaluation is based on the participants' statements concerning the BMW Group's activities in the areas of climate protection and alternative drives, environmental protection in production, employees and corporate social responsibility. Multiple answers were permitted. 100% refers to the combined number of mentions for all topics.

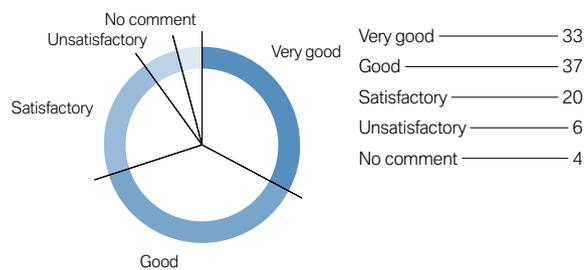
Climate protection and alternative drives



Environmental protection in production



Employees



Corporate social responsibility



* Online survey in winter 2008/2009 among 238 participants

1 — Sustainability management

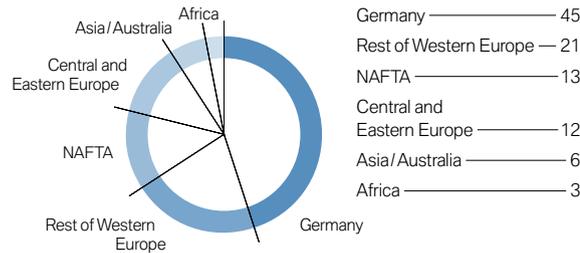
01.3 Sustainability in the supply chain



GRI G3 Indicator EC6

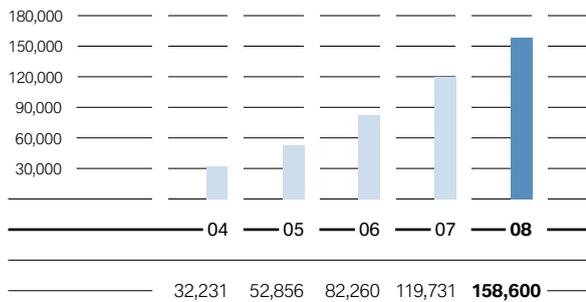
Regional mix of BMW Group purchase volumes 2008

in %, basis: production material



Information on environmental compatibility of components

Number of technical data sheets for purchased parts (accumulated)



The BMW Group continuously manages and optimises the environmental impact of components in the supply chain. In 2008 alone, about 39,000 data records for series parts were transferred and assessed. Information on materials used is requested and evaluated for vehicle homologation. Recyclability is thus assessed without the need to dismantle the car. Instead, the process is carried out by means of virtual cars, following a certified procedure. The BMW Group's purchasing conditions furthermore define the requirements regarding the environmental impact of supplied components. These requirements are detailed further in performance specifications as well as material and component tests. As soon as development scopes are commissioned or purchased parts developed, involved parties are advised of the obligation to take certain environmental standards – such as component recyclability – into consideration. In this way, the BMW Group guarantees that the strict standards are adhered to and met at all stages of the product development process. The working group "Substances" assesses risks arising from the use of certain materials in advance and manages the selection process and development activities accordingly. But not only series parts undergo a strictly defined validation process, the same applies to all substances and materials necessary for production, such as paints and adhesives. The existing processes are a key prerequisite for mastering the challenges involved in implementing further environmental laws and bans of certain substances. An important example in this context is the EU's REACH directive that also applies to suppliers. By adopting and enforcing these rules, the BMW Group fulfils its obligations as a carmaker, importer and downstream user.

Status of objectives in the area of sustainability management*

Strategic objectives	Measures	Deadline	Status
Strategy and organisation			
Further development of BMW Group sustainability management	Further development of the sustainability strategy and increased coordination of individual divisions worldwide	2008	Sustainability strategy developed cross-functionally. Adopted in July 2009. Sustainability Circle and Sustainability Board established.
	Further development of the sustainable value approach to corporate sustainability controlling	2009	Further development of sustainable value approach and specific implementation of wastewater-free production at the Steyr plant as well as monetary evaluation/ costs of environmental resources
Investor relations			
Integration of sustainability issues in investor relations activities	Socially responsible investment (SRI) roadshows, conference calls, in 2006 approximately 5% of all IR contacts specifically on SRI, 2008 target: 10% of roadshows on SRI issues and alternative/ environmentally-friendly drives	2008	SRI roadshows hosted in Zurich, Paris and London in November 2008. In addition, numerous conference calls with investors and analysts on the BMW Group's sustainability concepts and programmes carried out. Specific implementation details are included in the standard investor relations presentation.
Stakeholder dialogue			
Extend stakeholder dialogue	Strengthen integration of stakeholder surveys and events	2009	Online survey and second phone survey in winter 2008/2009 completed. First Stakeholder Roundtable on sustainable mobility hosted in February 2009.
Sustainability in the supply chain			
Integration of ecological and social standards in processes between purchasing and suppliers/partners	Increase random sampling tests on compliance with social and ecological standards at suppliers through frequent visits	2009	Further development of the questionnaire for the supplier selection process and self-assessment as well as definition of exclusion criteria and escalation scheme. The company's purchasing conditions, revised and updated in autumn 2009, require direct suppliers and sub-suppliers (so-called Tier 2 suppliers) to commit themselves to and implement the same social and ecological standards.
	Develop suitable indicators to identify deviations and room for improvement early on	2009	Revised questionnaire for self-assessment of suppliers includes an evaluation matrix with exclusion criteria from the fields of environmental protection, social standards and product development. Suppliers are requested to provide information about materials and substances used in the form of technical data sheets as well as on REACH requirements.

* Previously published in the Sustainable Value Report 2007/2008

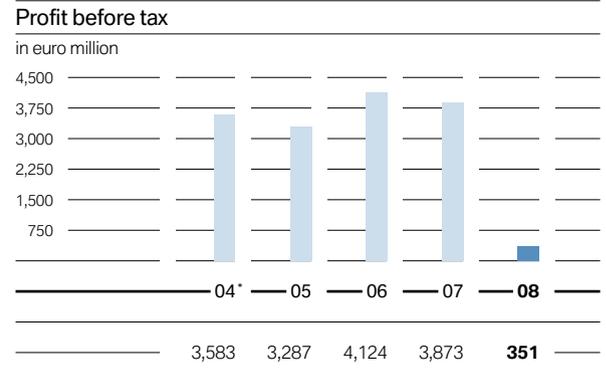
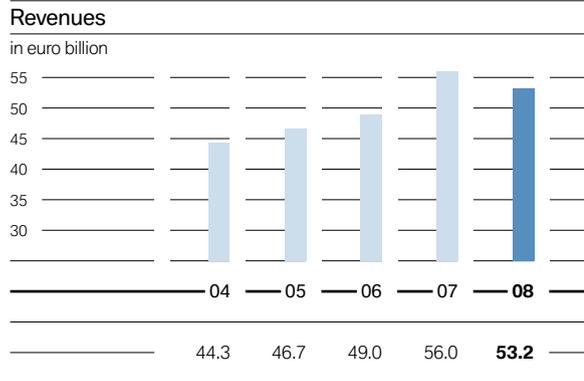
New objectives in the area of sustainability management

Strategic objectives	Measures	Deadline
Sustainability management		
Further development of BMW Group sustainability management	Integration of sustainability strategy in subsidiaries and retail organisations worldwide	2010
	Extending the risk management system to include ecological and social factors	2010
	Top listings in external sustainability ratings	annually
Stakeholder dialogue		
Continuation of stakeholder dialogue	Host further Stakeholder Roundtables in 2009 and 2010	2009/2010
Sustainability in the supply chain		
Efficient supply chain that applies the same ambitious sustainability standards worldwide and at all steps of value creation	Establish assessment processes at suppliers' locations and take sustainability aspects into consideration at all steps of value creation already in the concept phase of new vehicle projects	2010 et seq.
	Raise awareness among purchasers for the importance of ecological and social standards and validate supplier partners	2010 et seqq.

02 — Economics

02.1 The year 2008

GRI G3 Indicator EC1



* adjusted for new accounting treatment of pension obligations

GRI G3 Indicator EC1

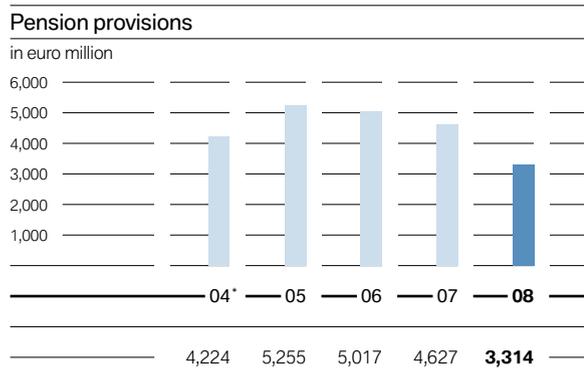
Financial figures
in euro million

	2004	2005	2006	2007	2008	Change in %
Revenues	44,335	46,656	48,999	56,018	53,197	-5.0
Capital expenditure	4,347	3,993	4,313	4,267	4,204	-1.5
Depreciation and amortisation	2,672	3,025	3,272	3,683	3,670	-0.4
Operating cash flow*	6,157	6,184	5,373	6,246	4,471	-28.4
Profit before financial result (EBIT)	3,774	3,793	4,050	4,212	921	-78.1
Profit before tax	3,583**	3,287	4,124	3,873	351	-90.9
Net profit	2,242**	2,239	2,874	3,134	330	-89.5

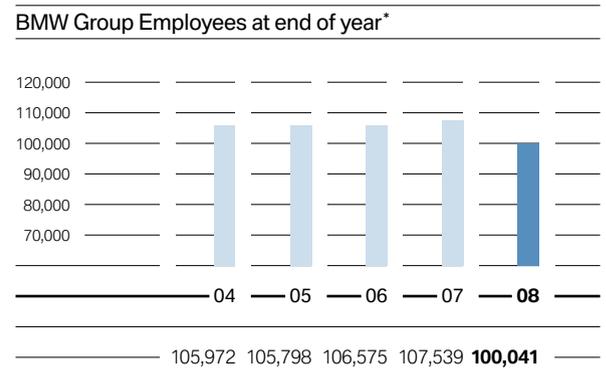
* reported in the cash flow statement up to 2006 as cash inflow from operating activities of Industrial Operations and from 2007 as cash inflow from operating activities of the Automobiles segment.

** adjusted for new accounting treatment of pension obligations

GRI G3 Indicator EC3
(chart on the left)
GRI G3 Indicator LA1
(chart on the right)



* adjusted for new accounting treatment of pension obligations
The fluctuations in pension provisions result from the changes to the actuarial calculation parameters, in particular discounting rates. In turn, these are in principle guided by the applicable current market interest rates.

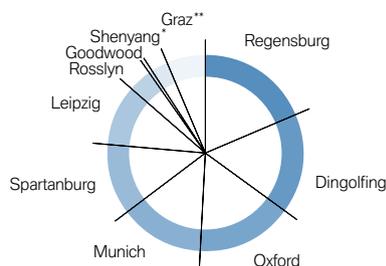


* Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.

GRI G3 Indicator EC9

Automobile production of the BMW Group by plant in 2008

in 1,000 units



Regensburg	274.0	Leipzig	150.0
Dingolfing	241.3	Rossllyn	48.0
Oxford	235.0	Goodwood	1.4
Munich	202.9	Shenyang*	33.7
Spartanburg	170.7	Graz (Magna Steyr)**	82.9

* Joint venture

** Contract production

GRI Indicator A4
(Sector Supplement)

BMW Group Deliveries to customers by vehicle

	2004	2005	2006	2007	2008
BMW	1,023,583	1,126,768	1,185,088	1,276,793	1,202,239
MINI	184,357	200,428	188,077	222,875	232,425
Rolls-Royce	792	796	805	1,010	1,212
Total automobiles	1,208,732	1,327,992	1,373,970	1,500,678	1,435,876
Motorcycles*	92,266	97,474	100,064	102,467	101,685

* excluding Husqvarna Motorcycles (13,511 motorcycles)

GRI Indicator A4
(Sector Supplement)

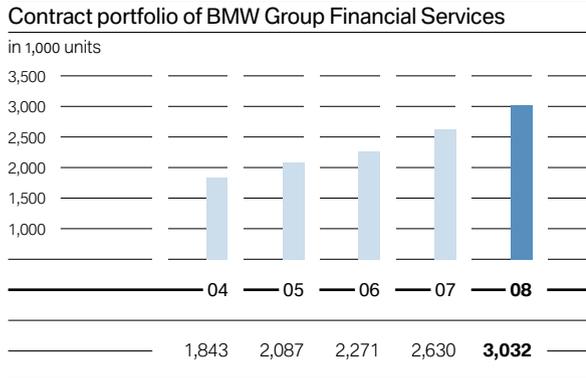
BMW Group Deliveries of automobiles by region and market

in 1,000 units

	2004	2005	2006	2007	2008
Rest of Europe	299.7	350.8	375.0	443.6	432.2
North America	315.9	329.0	337.4	364.0	331.8
Germany	283.6	295.9	285.3	280.9	280.9
Asia	106.4	125.7	142.2	159.5	165.7
United Kingdom	145.3	156.2	154.1	173.8	151.5
Other markets	57.8	70.4	80.0	78.9	73.8
Total	1,208.7	1,328.0	1,374.0	1,500.7	1,435.9

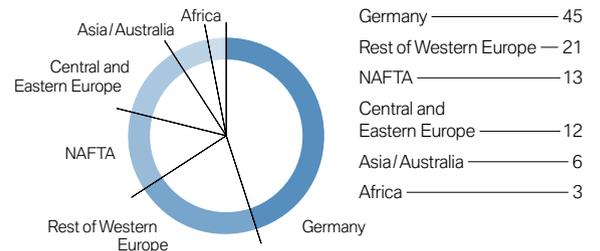
2 — Economics

GRI G3 Indicator EC6
(chart on the right)

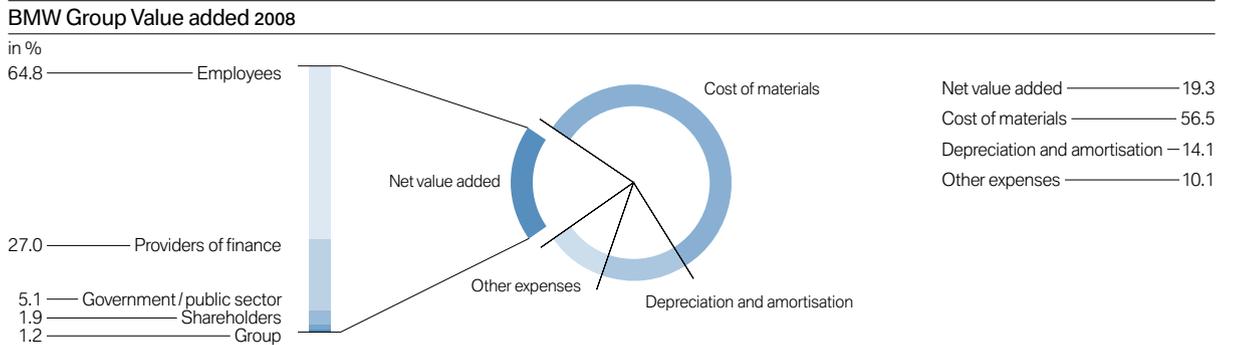


Regional mix of BMW Group purchase volumes 2008

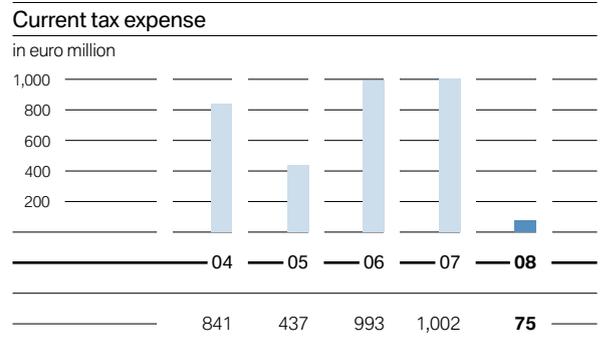
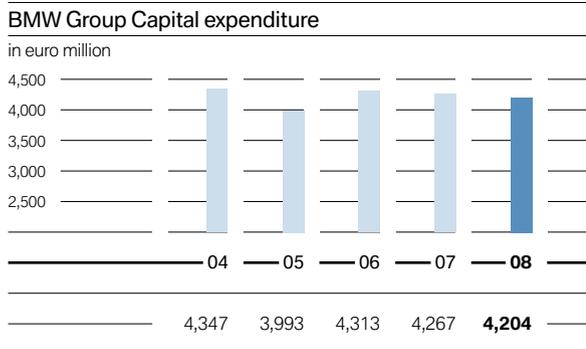
in %, basis: production material



GRI G3 Indicator EC1



GRI G3 Indicator EC1





GRI G3 Indicator EC1

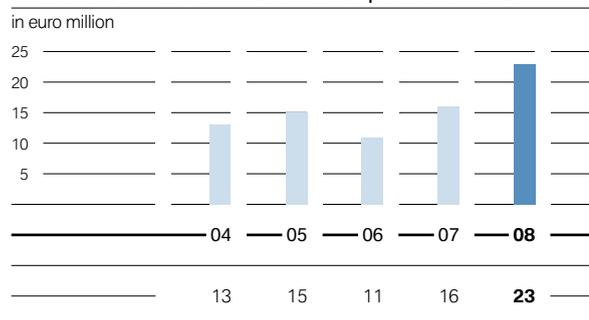
Return on Capital Employed

	Earnings for ROCE purposes in euro million		Capital employed in euro million		Return on Capital Employed in %	
	2008	2007	2008	2007	2008	2007
BMW Group	639	4,193	28,315	27,321	2.3	15.3
Automobiles	690	3,450	14,056	13,953	4.9	24.7
Motorcycles	60	80	432	444	13.9	18.0

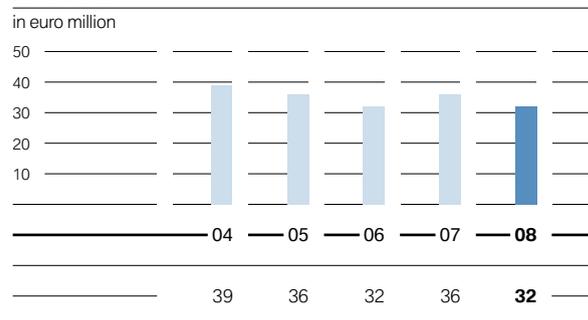


GRI G3 Indicator EC4

Public sector grants: Public subsidies in the form of reduced taxes on assets and consumption-based taxes



Public sector grants: Allowances from public sector institutions



Status of objectives in the area of economics*

Strategic objectives	Measures	Deadline	Status
Economics			
Most successful premium manufacturer	Sales target as established in Strategy Number ONE	2012	1.4 million units (2008)

* Previously published in the Sustainable Value Report 2007/2008

New objectives in the area of economics

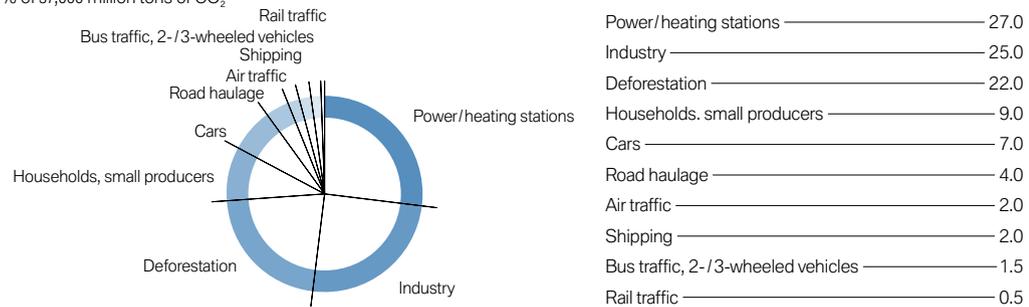
Strategic objectives	Measures	Deadline
Result/profitability and sustained value creation		
Most successful premium manufacturer	Reduction in cost of material of 4 billion euros	2012
	Return on Capital Employed (ROCE) in excess of 26% as well as an EBIT margin of 8–10% in the automobile segment	2012
Compliance and anti-corruption		
Continuous optimisation of compliance organisation	Complete the implementation of the compliance organisation at BMW AG, BMW Bank GmbH and other German subsidiaries	2009
	Continue the rollout of compliance processes in business units at BMW Group in Germany and abroad, including the completion of the second phase of the compliance training rollout for an additional 3,000 executives at all international group companies	2009
	Translation of the Legal Compliance Code into seven additional languages to complement the German and the English versions	2009

03 — Product responsibility

03.1 Understanding and embedding

Share of traffic sector in worldwide CO₂ emissions in 2004

in % of 37,000 million tons of CO₂



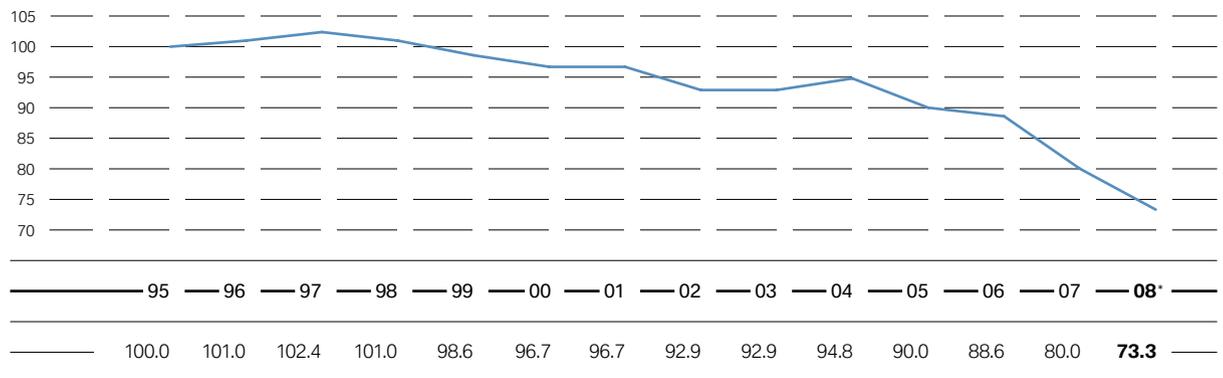
Sources: IPCC Fourth Assessment Report, WG III, 2007. World Business Council for Sustainable Development, 2004. Figures rounded.

03.2 Technologies for sustainable mobility

GRI Indicator A7
(Sector Supplement)

Development of CO₂ emissions of BMW Group cars in Europe (EU-15)

(Index: 1995 = 100; Basis: fleet consumption of newly registered cars in Europe (EU-15) measured on the basis of the New European Driving Cycle in accordance with the ACEA commitment)



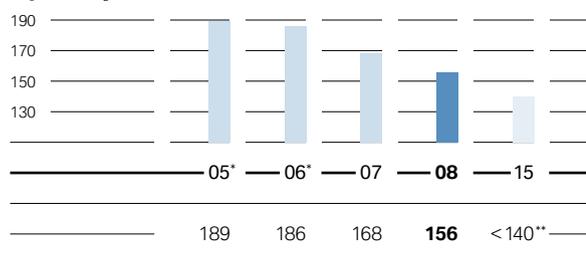
* CO₂ emissions of newly registered cars in Europe for 2008 stood at 154 grams CO₂ per kilometre driven (EU-15) and 156 grams CO₂ per kilometre driven (EU-27).

GRI Indicator A7
(Sector Supplement)

CO₂ emissions of BMW Group vehicles (EU-27)

Fleet consumption of newly registered vehicles in Europe (EU-15/EU-27) in the New European Driving Cycle

in grams CO₂/km



* Values for 2005 and 2006 refer to EU-15.

** The target is based on long-term production planning. The target for the introductory period 2012 to 2014 is to meet the EU's CO₂ emissions performance standards for passenger cars.



Fuel efficiency and CO₂ emissions of the most efficient and best-selling models in 2008*

	Combined in l/100 km	CO ₂ emissions in grams CO ₂ /km
Most efficient model:		
— MINI Cooper D**	3.9	104
Best-selling models in Germany:***		
— 1 st BMW 320d Touring	4.9 (5.8)	130 (150)
— 2 nd BMW 118d	4.5 (5.5)	119 (146)
Best-selling models in the EU:***		
— 1 st BMW 118d	4.5 (5.5)	119 (146)
— 2 nd BMW 320d Touring	4.9 (5.8)	130 (150)

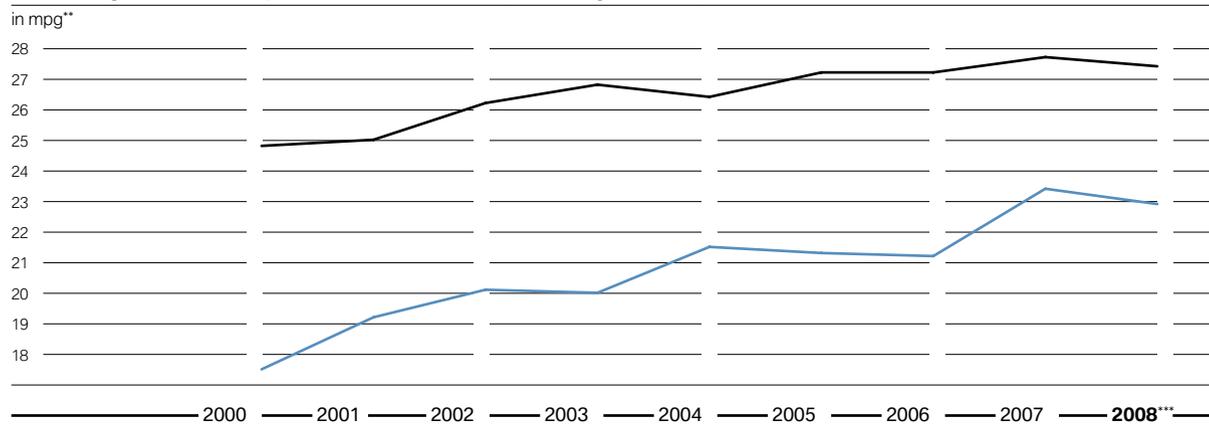
* Values measured in accordance with the New European Driving Cycle (EU Directive; 80/1268/EEC in the relevant applicable version). Valid for vehicles with a European country specification.

** manual transmission

*** Figures in brackets refer to automatic transmission.



Fuel savings of BMW Group vehicles sold in the US (according to CAFE*)



■ Fleet average of vehicles sold ■ Fleet average of light trucks sold

* CAFE: Corporate Average Fuel Economy

** mpg: miles per gallon

*** preliminary figures

3 — Product responsibility



GRI Indicators A6, A7
(Sector Supplement)

Consumption and emissions data of BMW Group vehicles

Values measured in accordance with the New European Driving Cycle (EU Directive: 80/1268/EEC in the relevant applicable version). Valid for vehicles with a European country specification.

Model*	Urban (l/100 km)	Extra-urban (l/100 km)	Combined (l/100 km)	CO ₂ emissions (g/km)	Model*	Urban (l/100 km)	Extra-urban (l/100 km)	Combined (l/100 km)	CO ₂ emissions (g/km)
BMW					BMW				
116i 3-door ⁴	7.9 (8.7)	5.1 (5.4)	6.1 (6.6)	143 (154)	330i xDrive Touring ⁴	11.2 (11.3)	6.6 (6.7)	8.3 (8.4)	193 (195)
116i 3-door ^{4,6}	7.9 (8.9)	5.1 (5.5)	6.1 (6.8)	143 (158)	335i Touring	13.4 (13.2)	6.9 (7.0)	9.3 (9.3)	222 (223)
118i 3-door ⁴	7.9 (8.7)	5.1 (5.4)	6.1 (6.6)	143 (154)	335i xDrive Touring	14.2 (13.9)	7.2 (7.4)	9.8 (9.8)	235 (235)
120i 3-door ⁴	8.6 (8.9)	5.4 (5.3)	6.6 (6.6)	153 (155)	318d Touring^{4,7}	5.8 (7.5)	4.2 (4.8)	4.8 (5.8)	125 (150)
130i 3-door ⁴	12.4 (12.5)	6.3 (6.2)	8.5 (8.5)	199 (199)	320d Touring^{4,7}	6.1 (7.5)	4.2 (4.8)	4.9 (5.8)	130 (150)
116d 3-door¹	5.3	3.9	4.4	118	320d xDrive Touring	6.9 (8.0)	4.8 (4.9)	5.6 (6.0)	146 (159)
118d 3-door⁴	5.4 (6.9)	4.0 (4.5)	4.5 (5.4)	119 (144)	325d Touring	7.8 (8.2)	4.8 (5.2)	5.9 (6.3)	155 (165)
120d 3-door⁴	6.1 (7.2)	4.1 (4.4)	4.8 (5.4)	128 (144)	330d Touring ⁴	7.5 (8.1)	5.0 (5.3)	5.9 (6.3)	155 (165)
123d 3-door⁴	6.5 (7.3)	4.4 (4.6)	5.2 (5.6)	138 (148)	330d xDrive Touring ⁴	8.4 (8.9)	5.6 (5.8)	6.6 (6.9)	174 (181)
116i 5-door ⁴	7.9 (8.7)	5.1 (5.4)	6.1 (6.6)	143 (154)	335d Touring ²	9.2	5.4	6.8	178
116i 5-door ^{4,6}	7.9 (8.9)	5.1 (5.5)	6.1 (6.8)	143 (158)	316i Coupé ^{1,4}	8.1	5.3	6.3	146
118i 5-door ⁴	7.9 (8.7)	5.1 (5.4)	6.1 (6.6)	143 (154)	320i Coupé ⁴	8.6 (9.3)	5.4 (5.3)	6.6 (6.8)	154 (159)
120i 5-door ⁴	8.6 (8.9)	5.4 (5.3)	6.6 (6.6)	153 (155)	325i Coupé ⁴	9.8 (10.0)	5.7 (5.9)	7.2 (7.4)	168 (174)
130i 5-door ⁴	12.4 (12.5)	6.3 (6.2)	8.5 (8.5)	199 (199)	325i xDrive Coupé ⁴	11.0 (11.1)	6.4 (6.5)	8.1 (8.2)	188 (192)
116d 5-door¹	5.3	3.9	4.4	118	330i Coupé ⁴	10.0 (10.2)	5.9 (5.9)	7.4 (7.5)	173 (175)
118d 5-door⁴	5.4 (6.9)	4.0 (4.5)	4.5 (5.4)	119 (144)	330i xDrive Coupé ⁴	11.1 (11.2)	6.5 (6.6)	8.2 (8.3)	191 (193)
120d 5-door⁴	6.1 (7.2)	4.1 (4.4)	4.8 (5.4)	128 (144)	335i Coupé	13.2 (12.5)	6.7 (6.7)	9.1 (8.8)	218 (210)
123d 5-door⁴	6.5 (7.3)	4.4 (4.6)	5.2 (5.6)	138 (148)	335i xDrive Coupé	14.1 (13.8)	7.1 (7.3)	9.7 (9.7)	232 (232)
120i Coupé ⁴	8.6 (8.9)	5.4 (5.3)	6.6 (6.6)	153 (155)	320d Coupé^{4,7}	6.0 (7.4)	4.1 (4.7)	4.8 (5.7)	128 (149)
125i Coupé ⁴	11.9 (11.7)	6.0 (6.2)	8.2 (8.2)	190 (190)	320d xDrive Coupé	6.7 (7.9)	4.6 (4.8)	5.4 (5.9)	143 (156)
135i Coupé	13.0 (13.2)	7.0 (6.9)	9.2 (9.2)	220 (221)	325d Coupé	7.6 (8.1)	4.6 (5.1)	5.7 (6.2)	153 (164)
118d Coupé⁴	5.4 (6.9)	4.0 (4.5)	4.5 (5.4)	119 (144)	330d Coupé ⁴	7.3 (8.0)	4.8 (5.2)	5.7 (6.2)	152 (164)
120d Coupé⁴	6.1 (7.2)	4.1 (4.4)	4.8 (5.4)	128 (144)	330d xDrive Coupé ⁴	8.3 (8.8)	5.5 (5.7)	6.5 (6.8)	171 (178)
123d Coupé⁴	6.5 (7.3)	4.4 (4.6)	5.2 (5.6)	138 (148)	335d Coupé ²	9.1	5.3	6.7	177
118i Convertible ⁴	8.5 (9.2)	5.5 (5.7)	6.8 (7.0)	159 (164)	M3 Coupé ³	17.9 (17.0)	9.2 (9.0)	12.4 (11.9)	295 (285)
120i Convertible ⁴	8.8 (9.4)	5.6 (5.6)	6.6 (6.8)	158 (163)	320i Convertible ⁴	8.8 (9.8)	5.6 (5.8)	6.8 (7.3)	159 (169)
125i Convertible ⁴	12.1 (11.9)	6.2 (6.4)	8.4 (8.4)	195 (195)	325i Convertible ⁴	10.2 (10.6)	5.9 (6.3)	7.5 (7.9)	176 (185)
135i Convertible	13.3 (13.5)	7.1 (7.0)	9.4 (9.4)	224 (225)	330i Convertible ⁴	10.5 (11.1)	6.2 (6.5)	7.8 (8.2)	182 (190)
118d Convertible^{4,7}	5.8 (7.3)	4.4 (4.9)	4.9 (5.8)	129 (152)	335i Convertible	13.6 (12.8)	7.1 (7.0)	9.5 (9.1)	226 (217)
120d Convertible^{4,7}	6.4 (7.6)	4.3 (4.7)	5.1 (5.8)	134 (152)	320d Convertible^{4,7}	6.9 (7.7)	4.3 (5.0)	5.3 (6.0)	140 (157)
123d Convertible ⁴	6.7 (7.6)	4.6 (4.9)	5.4 (5.9)	144 (154)	325d Convertible	8.0 (8.3)	5.0 (5.3)	6.1 (6.4)	162 (170)
316i Sedan ⁴	8.1 (8.9)	5.3 (5.5)	6.3 (6.8)	146 (159)	330d Convertible ⁴	7.7 (8.2)	5.2 (5.4)	6.1 (6.4)	162 (170)
318i Sedan ⁴	8.1 (8.7)	5.3 (5.4)	6.3 (6.6)	146 (155)	M3 Convertible	18.7 (17.3)	9.6 (9.4)	12.9 (12.3)	309 (293)
320i Sedan ⁴	8.3 (9.3)	5.3 (5.3)	6.4 (6.8)	148 (159)	520i Sedan	9.2 (9.4)	5.4 (5.4)	6.7 (6.9)	162 (164)
325i Sedan ⁴	9.8 (10.0)	5.7 (5.9)	7.2 (7.4)	168 (174)	523i Sedan	10.4 (10.6)	5.8 (6.0)	7.5 (7.7)	177 (181)
325i xDrive Sedan ⁴	11.0 (11.1)	6.4 (6.5)	8.1 (8.2)	188 (192)	525i Sedan	10.6 (10.7)	5.8 (6.0)	7.6 (7.7)	179 (182)
330i Sedan ⁴	10.0 (10.2)	5.9 (5.9)	7.4 (7.5)	173 (175)	525i xDrive Sedan	11.6 (11.5)	6.4 (6.4)	8.3 (8.3)	196 (196)
330i xDrive Sedan ⁴	11.1 (11.2)	6.5 (6.6)	8.2 (8.3)	191 (193)	530i Sedan	11.2 (11.0)	6.0 (5.8)	7.9 (7.7)	186 (182)
335i Sedan	13.2 (13.1)	6.7 (6.9)	9.1 (9.2)	218 (221)	530i xDrive Sedan	11.9 (11.9)	6.4 (6.2)	8.4 (8.3)	198 (196)
335i xDrive Sedan	14.1 (13.8)	7.1 (7.3)	9.7 (9.7)	232 (232)	540i Sedan	15.8 (14.4)	7.4 (6.9)	10.5 (9.7)	250 (232)
316d Sedan^{1,4}	5.4	4.0	4.5	118	550i Sedan	16.6 (15.5)	7.6 (7.2)	10.9 (10.3)	260 (246)
318d Sedan^{4,7}	5.7 (7.3)	4.1 (4.6)	4.7 (5.6)	123 (148)	520d Sedan⁵	6.5 (7.5)	4.3 (4.6)	5.1 (5.6)	136 (149)
320d Sedan^{4,7}	6.0 (7.3)	4.1 (4.6)	4.8 (5.6)	128 (148)	525d Sedan	8.2 (8.5)	5.0 (5.3)	6.2 (6.5)	165 (172)
320d xDrive Sedan	6.7 (7.9)	4.6 (4.8)	5.4 (5.9)	143 (156)	525d xDrive Sedan	8.8 (9.1)	5.4 (5.6)	6.7 (6.9)	179 (183)
325d Sedan	7.6 (8.1)	4.6 (5.1)	5.7 (6.2)	153 (164)	530d Sedan	8.6 (9.1)	5.1 (5.2)	6.4 (6.6)	170 (176)
330d Sedan ⁴	7.3 (8.0)	4.8 (5.2)	5.7 (6.2)	152 (164)	530d xDrive Sedan	9.2 (9.6)	5.5 (5.5)	6.9 (7.0)	183 (186)
330d xDrive Sedan ⁴	8.3 (8.8)	5.5 (5.7)	6.5 (6.8)	171 (178)	535d Sedan ²	9.0	5.4	6.7	178
335d Sedan ²	9.1	5.3	6.7	177	M5 Sedan ³	21.7	10.2	14.4	344
M3 Sedan ³	17.9 (17.0)	9.2 (9.0)	12.4 (11.9)	295 (285)	520i Touring	9.4 (9.5)	5.6 (5.5)	6.9 (7.0)	166 (167)
316i Touring ^{1,4}	8.1	5.3	6.3	147	523i Touring	10.9 (10.9)	6.1 (6.2)	7.9 (7.9)	186 (186)
318i Touring ⁴	8.1 (8.9)	5.3 (5.6)	6.3 (6.8)	147 (159)	525i Touring	11.1 (11.0)	6.0 (6.1)	7.9 (7.9)	186 (186)
320i Touring ⁴	8.3 (9.5)	5.3 (5.5)	6.4 (7.0)	149 (164)	525i xDrive Touring	12.0 (11.8)	6.6 (6.7)	8.6 (8.6)	203 (204)
325i Touring ⁴	9.9 (10.2)	5.8 (6.1)	7.3 (7.6)	170 (178)	530i Touring	11.5 (11.4)	6.1 (5.9)	8.1 (7.9)	191 (187)
325i xDrive Touring ⁴	11.1 (11.2)	6.5 (6.6)	8.2 (8.3)	190 (194)	530i xDrive Touring	12.3 (12.4)	6.6 (6.4)	8.7 (8.6)	205 (204)
330i Touring ⁴	10.2 (10.7)	6.1 (6.2)	7.6 (7.9)	177 (184)	550i Touring	17.0 (16.1)	7.8 (7.5)	11.2 (10.7)	267 (254)
					520d Touring⁵	6.7 (7.7)	4.5 (4.7)	5.3 (5.8)	140 (154)

Model*	Urban (l/100 km)	Extra-urban (l/100 km)	Combined (l/100 km)	CO ₂ emissions (g/km)
BMW				
525d Touring	8.4 (8.6)	5.2 (5.4)	6.4 (6.6)	171 (176)
525d xDrive Touring	9.1 (9.2)	5.6 (5.7)	6.9 (7.0)	184 (187)
530d Touring	8.8 (9.3)	5.3 (5.3)	6.6 (6.8)	176 (180)
530d xDrive Touring	9.6 (9.9)	5.8 (5.6)	7.2 (7.2)	192 (192)
535d Touring ²	9.2	5.6	6.9	182
M5 Touring ³	21.7	10.5	14.6	348
535i Gran Turismo ^{2,4}	12.3	6.9	8.9	209
550i Gran Turismo ^{2,4}	16.2	8.3	11.2	263
530d Gran Turismo ^{2,4}	8.1	5.6	6.5	173
630i Coupé	11.2 (11.0)	6.0 (5.8)	7.9 (7.7)	188 (184)
650i Coupé	17.8 (15.9)	8.1 (7.4)	11.7 (10.5)	279 (249)
635d Coupé ²	9.2	5.6	6.9	183
630i Convertible	11.8 (11.6)	6.3 (6.0)	8.3 (8.1)	198 (192)
650i Convertible	19.2 (16.5)	8.8 (7.7)	12.6 (10.9)	299 (258)
635d Convertible ²	9.6	5.8	7.2	190
M6 Coupé ³	21.4	10.2	14.3	342
M6 Convertible ³	22.0	10.6	14.7	352
740i ^{2,4}	13.8	7.6	9.9	232
740Li ^{2,4}	14.0	7.7	10.0	235
750i ^{2,4}	16.4	8.5	11.4	266
750Li ^{2,4}	16.4	8.5	11.4	266
750i xDrive ^{2,4}	17.1	8.9	11.9	278
750Li xDrive ^{2,4}	17.1	8.9	11.9	278
760i ^{2,4}	18.8	9.5	12.9	299
760Li ^{2,4}	18.9	9.6	13.0	303
730d ^{2,4}	9.0	5.5	6.8	178
730Li ^{2,4}	9.1	5.6	6.9	180
740d ^{2,4}	9.0	5.7	6.9	181
X1 xDrive28i ^{2,4}	13.0	7.3	9.4	219
X1 sDrive18d ^{1,4}	6.1	4.7	5.2	136
X1 xDrive18d ^{1,4}	6.7	5.1	5.7	150
X1 sDrive20d ^{1,4}	6.4	4.7	5.3	139
X1 xDrive20d ⁴	7.0 (7.7)	5.1 (5.4)	5.8 (6.2)	153 (164)
X1 sDrive23d ^{2,4}	7.8	5.5	6.3	167
X3 xDrive20i ¹	12.6	6.9	9.0	215
X3 xDrive25i	12.8 (13.1)	7.3 (7.4)	9.3 (9.5)	224 (228)
X3 xDrive30i	13.4 (13.3)	7.3 (7.6)	9.5 (9.7)	229 (233)
X3 xDrive18d ⁴	7.9	5.2	6.2	165
X3 xDrive20d ⁴	8.2 (8.3)	5.5 (5.8)	6.5 (6.7)	172 (178)
X3 xDrive30d	9.7 (9.9)	6.0 (6.4)	7.4 (7.7)	196 (206)
X3 xDrive35d ²	9.7	6.7	7.8	208
X5 xDrive30si ²	13.8	8.3	10.3	247
X5 xDrive48i ²	17.0	9.3	12.1	289
X5 xDrive30d ²	10.4	7.0	8.2	217
X5 xDrive35d ²	10.5	7.1	8.3	220
X5 M ^{2,4}	19.3	10.8	13.9	325
X6 xDrive35i ^{2,4}	14.9	8.9	11.1	259
X6 xDrive50i ^{2,4}	17.7	9.9	12.8	299
X6 xDrive30d ²	10.4	7.0	8.2	217
X6 xDrive35d ²	10.5	7.1	8.3	220
ActiveHybrid X6 ^{2,4}	10.8	9.4	9.9	231
X6 M ^{2,4}	19.3	10.8	13.9	325
MINI				
MINI One (55 kW/70 kW)	6.8 (9.0)	4.4 (5.0)	5.3 (6.5)	128 (155)
MINI One D	4.7	3.5	3.9	104
MINI Cooper	6.9 (9.1)	4.5 (5.0)	5.4 (6.5)	129 (156)
MINI Cooper D	4.7 (6.5)	3.5 (4.2)	3.9 (5.0)	104 (134)
MINI Cooper S ⁴	7.9 (9.5)	5.5 (5.7)	6.4 (7.1)	149 (165)
MINI John Cooper Works ¹	9.2	5.6	6.9	165
MINI Cooper Convertible	7.4 (9.3)	4.7 (5.2)	5.7 (6.7)	137 (161)
MINI Cooper S Convertible ⁴	8.1 (9.7)	5.7 (5.9)	6.6 (7.3)	153 (170)
MINI John Cooper Works Convertible ¹	9.3	5.8	7.1	169
MINI One Clubman	6.9 (9.1)	4.5 (5.1)	5.4 (6.6)	130 (158)
MINI Cooper Clubman	7.1 (9.2)	4.5 (5.1)	5.5 (6.6)	132 (159)
MINI Cooper D Clubman	4.9 (6.6)	3.6 (4.2)	4.1 (5.1)	109 (136)
MINI Cooper S Clubman ⁴	7.9 (9.6)	5.5 (5.8)	6.4 (7.2)	150 (168)
MINI John Cooper Works Clubman ¹	9.3	5.7	7.0	167
Rolls-Royce				
Rolls-Royce Phantom ²	23.2	11.3	15.7	377
Rolls-Royce Phantom extended Wheelbase ²	23.3	11.4	15.8	380
Rolls-Royce Phantom Drophead Coupé ²	23.2	11.3	15.7	377
Rolls-Royce Phantom Coupé ²	23.2	11.3	15.7	377
Rolls-Royce Ghost	20.5	9.6	13.6	317

* Vehicles with average CO₂ emissions of below / maximum 140 grams CO₂/km are highlighted.

Figures in brackets only valid for automatic transmissions.

¹ only available with manual transmission

² only available with automatic transmission

³ only with SMG Drivelogic, 7-speed

⁴ EU-5 series equipment

⁵ EU-5 series equipment for left-hand drive vehicles

⁶ variant with 1.6-litre cubic capacity

⁷ Consumption values for models with automatic transmission in right-hand drive vehicles vary.

Further information and constantly updated data for the vehicles is available on the Internet at www.bmw.com, www.mini.com and www.rolls-roycemotors.com.

As of September 2009

Values measured in accordance with the New European Driving Cycle (EU Directive: 80/1268/EEC in the relevant applicable version). Valid for vehicles with a European country specification.

3 — Product responsibility

GRI G3 Indicator EN26

Fuel efficiency enhancing technologies incorporated into BMW Group vehicles in Europe

(model-specific variations possible – as of September 2009)

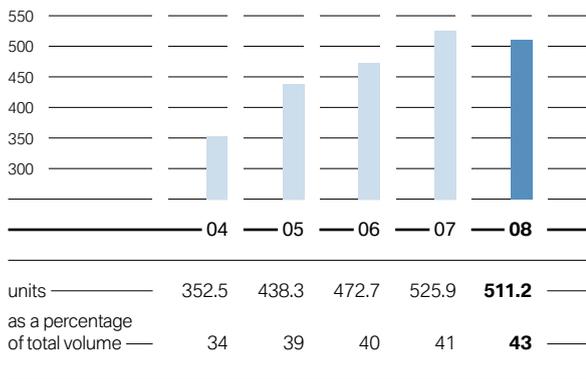
	BMW 1 Series	BMW 3 Series	BMW 5 Series	BMW 6 Series	BMW 7 Series	BMW X1	BMW X3	BMW X5	BMW X6	BMW Z4	MINI
High Precision Injection with lean operation	—	—	—	—	—	—	—	—	—	—	—
Fully variable valve train (VALVETRONIC in BMW models)	—	—	—	—	—	—	—	—	—	—	*
TwinPower turbo technology	—	—	—	—	—	—	—	—	—	—	—
Eight-speed automatic transmission	—	—	—	—	—	—	—	—	—	—	—
Auto Start Stop function (only for 4-cylinder manual transmission)	—	—	—	—	—	—	—	—	—	—	—
Brake Energy Regeneration	—	—	—	—	—	—	—	—	—	—	—
Electric steering assistance	—	—	—	—	—	—	—	—	—	—	—
Active aerodynamics (e.g. air flap control)	—	—	—	—	—	—	—	—	—	—	—
Gear shift indicator (only for manual transmission)	—	—	—	—	—	—	—	—	—	—	—
Reduced rolling resistance tyres	—	—	—	—	—	—	—	—	—	—	—
Demand-controlled fuel, coolant and oil pump	—	—	—	—	—	—	—	—	—	—	—

* System comparable to VALVETRONIC

GRI Indicator A4 (Sector Supplement)

Deliveries of BMW diesel automobiles

in 1,000 units and as a percentage of total volume



GRI Indicator A5 (Sector Supplement)

Compliance with emissions performance standards (as of autumn 2009)

Standard	Mandatory as of	Number of models	Degree of coverage
Euro 4 (EU-4)	1 Jan 2005	185	100
Euro 5 (EU-5)	1 Sept 2009*/1 Jan 2011**	90	about 48.6
Euro 6 (EU-6)	1 Sept 2014*/1 Sept 2015**	2***	about 1.1

* mandatory for new type approvals

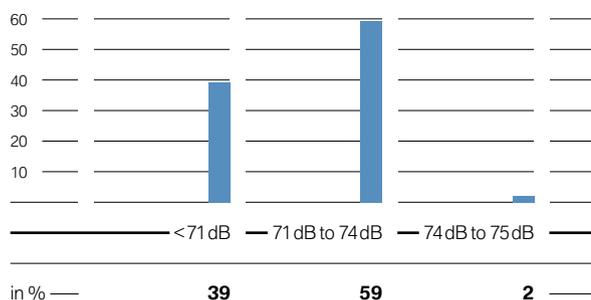
** mandatory for all new vehicle registrations

*** The BMW 330d with optional BMW BluePerformance technology and the BMW 730d BluePerformance (from September 2009) already comply with the EU-6 emissions performance standard.

GRI Indicator A8
(Sector Supplement)

Average noise emissions of BMW Group vehicles*

Share of models in % (of passenger cars sold in Germany in 2008)



All BMW Group vehicles comply with the legal requirements in dB(A) (referring to test procedures of the EG Directive 92/97/EG).

* Weighted market average for noise emissions (logarithmic average) for noise produced by accelerating while passing (values of type evaluation; in accordance with EU Directive 92/97/EG).

GRI G3 Indicator SO5

Cooperation among all stakeholders within the integrated approach

	Automotive industry and suppliers	Petroleum industry	Politics/ Infrastructure	Customer
Further develop efficient vehicle technologies and increase market share	■	■	■	■
Increase percentage of alternative fuels (blending)	■	■	■	■
Implement driver assistance systems, e.g. gear shift and efficiency indicators	■	■	■	■
Improve fuel efficiency	■	■	■	■
Enhance reduced rolling resistance tyres and increase market share	■	■	■	■
Tyre pressure control systems	■	■	■	■
Guarantee consistent legislation	■	■	■	■
Improve traffic infrastructure/management	■	■	■	■
Support research and development of new technologies	■	■	■	■
Support CO ₂ -based motor vehicle tax and CO ₂ labelling	■	■	■	■

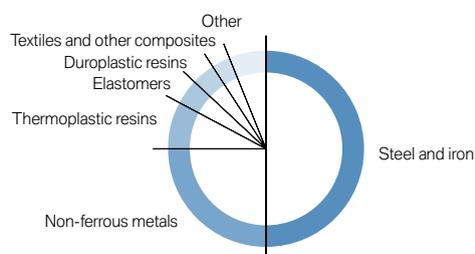
■ Responsibility ■ Support/cooperation

03.5 Recycling

GRI G3 Indicators EN1, EN2
GRI Indicator A10
(Sector Supplement)

Average distribution of materials in BMW Group vehicles

in % of total vehicle weight



Steel and iron	50
Non-ferrous metals	25
Thermoplastic resins	8
Elastomers*	4
Duroplastic resins	4
Textiles and other composites	3
Other	6

* such as tyres, seals

3 — Product responsibility

Status of objectives in the area of product responsibility*

Strategic objectives	Measures	Deadline	Status
Innovative technologies			
Reduction of CO ₂ emissions as the BMW Group's contribution to reducing CO ₂ emissions in the ACEA fleet average (i. e. of all European carmakers) to 140 grams CO ₂ /km for 2008	Introduction and refinement of innovative drive concepts based on the Efficient Dynamics concept: <ul style="list-style-type: none"> – consumption-optimised combustion engine technology with High Precision Injection in BMW 4-cylinder and 6-cylinder engines – Auto Start Stop function in large-scale BMW and MINI models – Brake energy regeneration in large-scale BMW and MINI models 	2008	From 1995 to 2008, the CO ₂ emissions of new BMW Group vehicles sold in Europe (EU-15) fell by close to 27%, which means that the BMW Group exceeded the target of the ACEA voluntary commitment. The average CO ₂ emissions of newly registered BMW Group vehicles in Europe (EU-27) were 156 grams CO ₂ /km in 2008.
	Hybrid drive cooperation with GM and Daimler	ongoing	The BMW ActiveHybrid X6 and BMW ActiveHybrid 7 will make their world debut at the 2009 IAA.
Diesel vehicles in the US/ Canada	Introduction of diesel vehicles with SCR technology (Selective Catalytic Reduction) in the US/ Canada	2008	In December 2008, the BMW Group launched diesel vehicles in the US and in Canada.
Promotion of biofuels	Contribution to introducing increased system-compatible amounts of biofuels in traffic	ongoing	All BMW Group vehicles can process the increased share of biofuels according to E10 and B7.
	Contribution to initiatives to evaluate biofuels by applying sustainability criteria in an international context	ongoing	Supporting the creation of minimum standards and internationally accepted certification procedures for sustainably produced biofuels.
Development of hydrogen infrastructure	Partnerships on global introduction of hydrogen as an energy source: both for technology and hydrogen infrastructure <ul style="list-style-type: none"> – Participation in demo projects to prove that hydrogen can be used safely in road traffic and that renewable energy sources can be used – Continued participation in the Clean Energy Partnership (CEP) project in Berlin 	ongoing	The BMW Group successfully proved the BMW Hydrogen 7's technical maturity and the safety of the vehicle concept in customer operations and as a part of the Clean Energy Partnership (CEP).
Product safety			
Increase in vehicle safety thanks to a wide range of driver assistance systems	Driver assistance systems providing high levels of safety, such as lane departure warning and Night Vision in a number of models	ongoing	With the launch of the new 7 Series, the BMW Group has expanded its active safety and driver assistance systems, thus making a major contribution to reducing the accident rate. Systems introduced in the new BMW 7 Series in winter 2008: Lane Departure Warning and Collision Warning, Side View, extended Night Vision system, which warns the driver of potential collisions with pedestrians, especially in the dark.
Product recycling			
Recovery of end-of-life vehicles	Continue to refine recovery systems	2008	No change in 2008
Environmental protection in service			
Reduction of products' environmental impact at each stage of the life cycle	Establish and enhance recovery systems for end-of-life parts from maintenance and repair in service garages in Western Europe and optimise recovery paths	2008	Completed in Italy and the Czech Republic
	Develop methods for a streamlined life cycle assessment approach, i. e. comprehensive assessment of material groups for a more efficient and faster accounting of entire vehicles	2009	Will probably be delayed to 2010, as data acquisition turned out to be a demanding process
	Determine the ideal product life cycle of vehicles with regard to technological, economical, ecological and legal criteria	2008	Project completed in 2009

* Previously published in the Sustainable Value Report 2007/2008

Status of objectives in the area of product responsibility*

Strategic objectives	Measures	Deadline	Status
Environmental protection in the service sector			
Inform markets about product responsibility requirements in accordance with environmental laws	Promote cooperation in matters of environmental protection in the retail organisations and expand the network of environmental officers in the individual sales markets	2008	Environmental officers appointed in all markets, training material developed to be sent out in the third quarter 2009.
	Global introduction to the dealer and service operations of one of the market-specific shop disposal systems that are recommended by the BMW Group as well as integration of related requirements in importer contracts	2008	Completed in Italy and the Czech Republic

* Previously published in the Sustainable Value Report 2007/2008

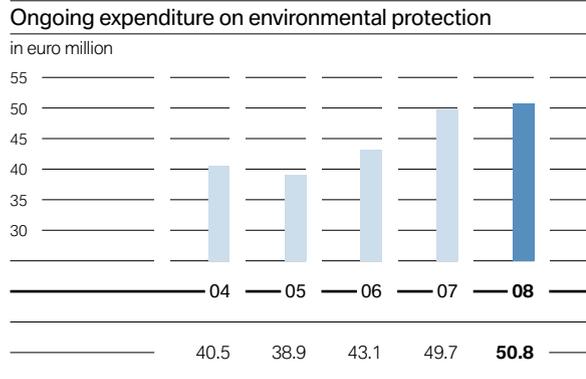
New objectives in the area of product responsibility

Strategic objectives	Measures	Deadline
Innovative technologies		
Compliance with the EU's CO ₂ emissions performance standards (average CO ₂ emissions of new cars sold in the EU of max. 140 grams CO ₂ /km) for 2015	– Further development of Efficient Dynamics technologies such as the thermoelectric generator or Auto Start Stop function in automatic-transmission models	2012 2010 2010
	– Reduction in fuel consumption of up to 20% compared to vehicles with combustion engines by applying hybrid technology	
Advancement in alternative drive technologies	Development of a series-produced electric car, the so-called Megacity Vehicle, in the context of project i	first half of the next decade
Product safety		
Increase vehicle safety by integrating active and passive safety systems	Development of preventive measures, particularly for passenger, partner and pedestrian protection	2015
Traffic management and mobility research		
Identify strategic challenges and develop options for guaranteeing future sustainable mobility	Completion and publication of the study "Future of Mobility – Scenarios for 2030" (follow-up study based on "Future of Mobility – Scenarios for 2025")	2010
Development and implementation of measures to increase traffic efficiency	– Operation and assessment of the second stage of the dynamic progressive signal system in Munich	2009
	– Development of best-practice examples in cooperation with partners in the public sector; objectives: reduce traffic congestion, stoppages and fuel consumption by guaranteeing smoother traffic flow for all drivers	
Product recycling		
Use of recyclates in vehicles	Further determination of suitable components to be used as recyclates. At present, the percentage of approved plastic recyclates used currently accounts for up to 15%.	ongoing

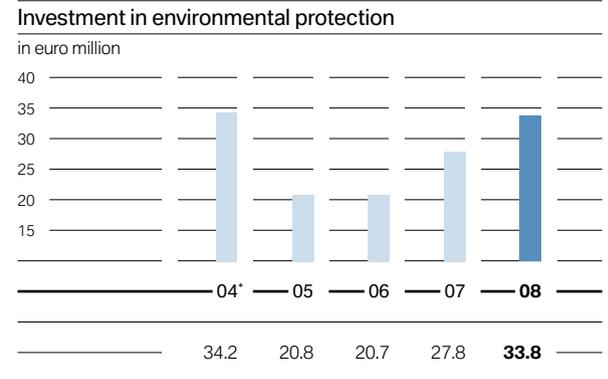
04 — Group-wide environmental protection

04.1 Resource management and environmental protection

GRI G3 Indicator EN30



Figures for German production sites



Information refers to German production sites of BMW AG
* including BMW plant Leipzig from 2004 on.

Environmental management systems at BMW Group sites

Plant	Environmental management system	Year of initial certification
Berlin plant	ISO 14001/EMAS	1997
Dingolfing plant	ISO 14001/EMAS	1999
Eisenach plant	ISO 14001/EMAS	2002
Goodwood plant, UK	ISO 14001	2003
Hams Hall plant, UK	ISO 14001	2001
Landshut plant	ISO 14001/EMAS	1997
Leipzig plant	ISO 14001/EMAS	2005
Munich plant	ISO 14001/EMAS	1997
Oxford plant, UK	ISO 14001	1997
Regensburg plant	ISO 14001/EMAS	1997
Rossllyn plant, South Africa	ISO 14001	1999
BMW Brilliance Automotive Ltd., Shenyang, China	ISO 14001	2006
Spartanburg plant, USA	ISO 14001	1997
Steyr plant, Austria	ISO 14001/EMAS	1998
Swindon plant, UK	ISO 14001	1996
Wackersdorf plant*	ISO 14001	1997
Husqvarna Motorcycles S.r.l., Cassinetta di Biandronno, Italy	national standard	2007
Contract production Magna Steyr Fahrzeugtechnik, Austria	ISO 14001/EMAS	1998/1999
CKD production Cairo, Egypt	ISO 14001	2005
CKD production Chennai, India	ISO 14001	2008
CKD production Jakarta, Indonesia	ISO 14001	2004
CKD production Kaliningrad, Russia	ISO 14001	2008
CKD production Kulim, Malaysia	ISO 14001	2004
CKD production Rayong, Thailand	ISO 14001	2004

* Joint certificate with BMW plant Regensburg

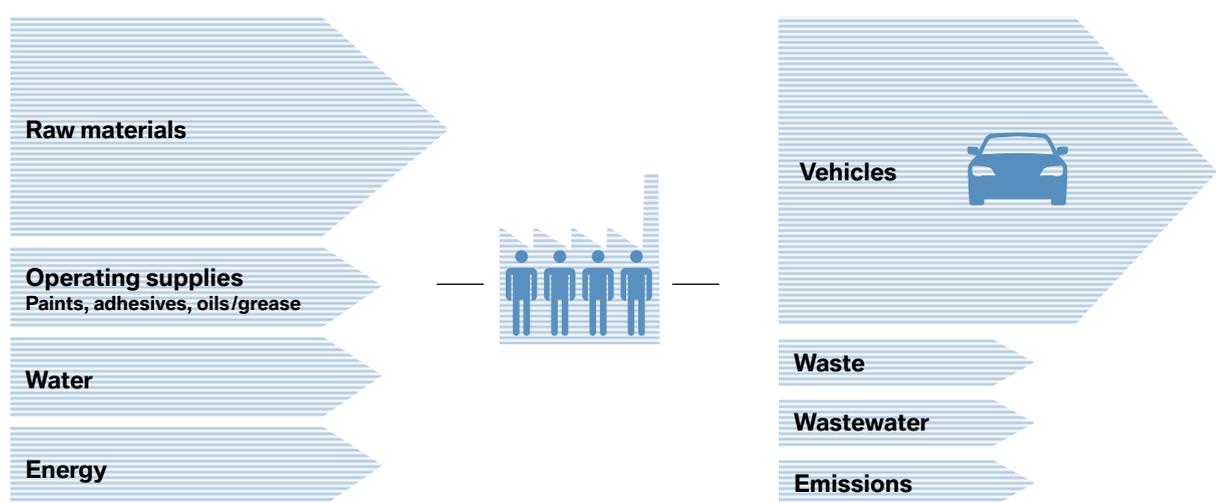
Land development

	2003	2005	2007	2008
Land development* in %	21.5	24.7	17.6	17.4
Size of property in m ²	15,746,127	15,278,584	27,505,189	28,500,467

* Percentage of developed and undeveloped space; reported annually since 2007 (before: every two years). Until 2005, only production sites recorded; since 2007, entire BMW Group recorded. The figures for 2007 have been adjusted accordingly.

BMW Group input/output assessment 2008

GRI G3 Indicators EN1, EN3-4, EN8, EN16, EN20-22



Input

Raw materials	
— Steel	1,798,000 t
— Plastics	365,700 t
— Aluminium	338,700 t
— Magnesium	5,800 t
Water	3,682,420 m ³
Energy	4,034,442 MWh

Output

Vehicles	
— BMW Group vehicles produced	1,439,918
— Motorcycles*	101,685
Waste	519,353 t
— thereof recyclable	497,988 t
— thereof non-recyclable	21,365 t
Wastewater	2,454,760 m ³
CO ₂ emissions	1,183,641 t
— Volatile organic compounds (VOC)	2,827 t
— NO _x	491 t
— CO	428 t
— SO _x	10 t
— Particulates, dust	27 t

* from 2006 including BMW G 650 X assembled by Piaggio S.p.A., excluding Husqvarna Motorcycles (14,232 motorcycles)

4 — Group-wide environmental protection

04.2 Energy consumption and emissions

BMW Group key figures include the following production sites worldwide: Dingolfing, Landshut, Leipzig, Munich, Regensburg, Rosslyn (South Africa), Spartanburg (USA), Steyr (Austria); since 2002 Oxford (UK); since 2003 Hams Hall (UK); since 2007 Berlin (brake disc production), Eisenach, Swindon (UK), Goodwood (UK), Rayong assembly plant (Thailand), Chennai assembly plant (India) and BMW Brilliance Shenyang (China).



GRI G3 Indicators EN3, EN4, EN5

Energy consumption in detail

in MWh

	2004	2005	2006	2007	2008
Total energy consumption	3,672,212	3,861,253	3,959,908	4,283,922	4,034,442
Energy consumed per vehicle produced	2.94	2.94	2.90	2.78	2.80
Electricity (external source)	1,586,457	1,671,928	1,667,122	1,853,961	1,700,828
Electricity (produced in-house)	127,981	125,229	125,414	125,182	136,963
Community heating	187,418	180,403	295,245	328,998	320,645
Share of electricity (external source) from renewable energy sources in %*				14.40%	14.85%
Fossil fuels					
— Fuel oil**	17,008	14,021	14,364	56,012	67,949
— Natural gas	1,881,329	1,994,901	1,983,177	1,722,337	1,601,342
— Coal	0	0	0	0	0
— Mineral oil	0	0	0	0	0
Non-fossil fuels					
— Biogas (landfill gas)				322,610	343,675
Regenerative fuels					
— Solar energy (photovoltaics)				4	4

* Conservative calculation based on country-specific shares

** 2007 figure adjusted. The values increased due to the fact that the data sources were expanded in 2007 from ten to 17 locations.

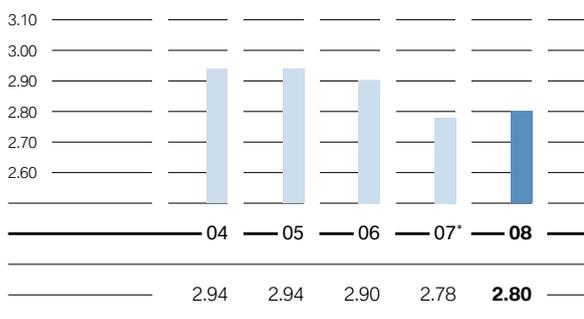


GRI G3 Indicator EN3
(chart on the left)

GRI G3 Indicators EN16, EN18
(chart on the right)

Energy consumed per vehicle produced

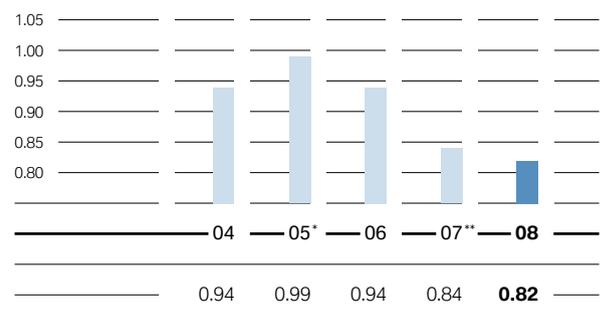
in MWh/vehicle



* Basis for data expanded in 2007 from ten to 17 locations.

CO₂ emissions per vehicle produced

in t/vehicle



* The increase is attributable to a change in the energy mix.

** Basis for data expanded in 2007 from ten to 17 locations.

GRI G3 Indicators EN16, EN18, EN20



Emissions

in t

	2004	2005	2006	2007	2008
Total CO ₂ emissions [†]	1,169,786	1,304,971	1,280,639	1,298,863	1,183,641
— thereof CO ₂ direct ^{**}		408,034	349,927	354,617	308,605
— thereof CO ₂ indirect ^{***}		896,938	930,711	944,246	875,036
Total CO ₂ emissions per vehicle produced	0.94	0.99	0.94	0.84	0.82
Nitrogen oxide (NO _x)	559	546	586	756	491
Particulates, dust ^{****}	43	35	35	38	27
Sulphur dioxide (SO ₂)	10	8	9	10	10
Carbon monoxide (CO)	399	397	561	608	428
Volatile organic compounds (VOC)	2,817	2,726	2,783	3,634	2,827
Volatile organic compounds (VOC) per vehicle produced	2.26	2.07	2.04	2.36	1.96

According to the Greenhouse Gas (GHG) Protocol, other emissions in CO₂ equivalents (e.g. CH₄, N₂O, SF₆, PFCs, HFCs) account for < 1% of total CO₂ equivalent emissions and are thus not reported.

[†] including CO₂ emissions from external power generation

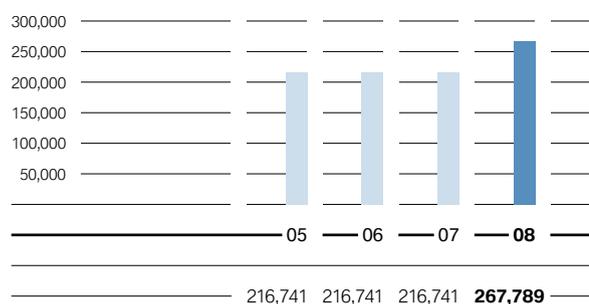
^{**} Emissions from BMW Group sources that arise from generating own energy from fuels (e.g. combined heat and power generation)

^{***} Emissions from external sources (e.g. energy providers). Indirect emissions arise due to the generation of energy, heat or steam, which are provided to the BMW Group.

^{****} Calculated based on the VDA's emissions factors, including dust from external power generation.

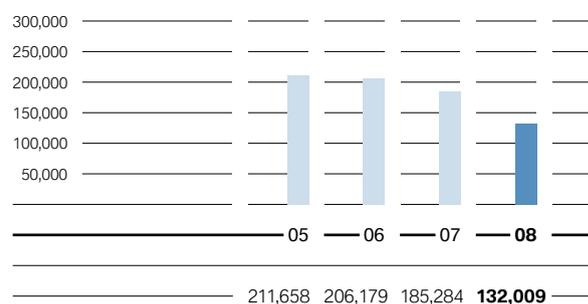
Number of CO₂ emissions allowances allocated by the EU Emissions Trading System

in t



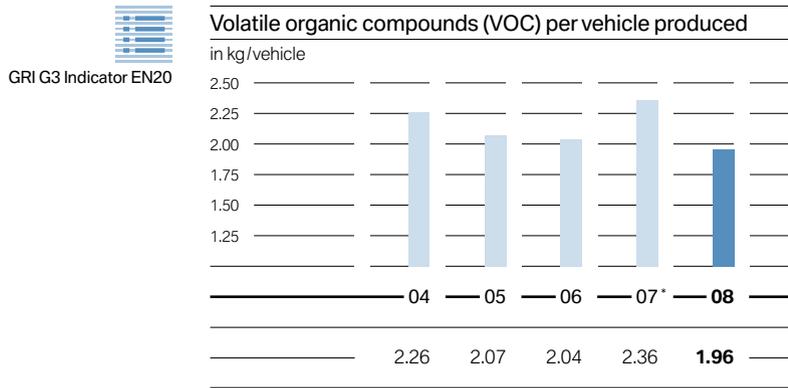
CO₂ emissions of locations participating in the EU Emissions Trading System

in t



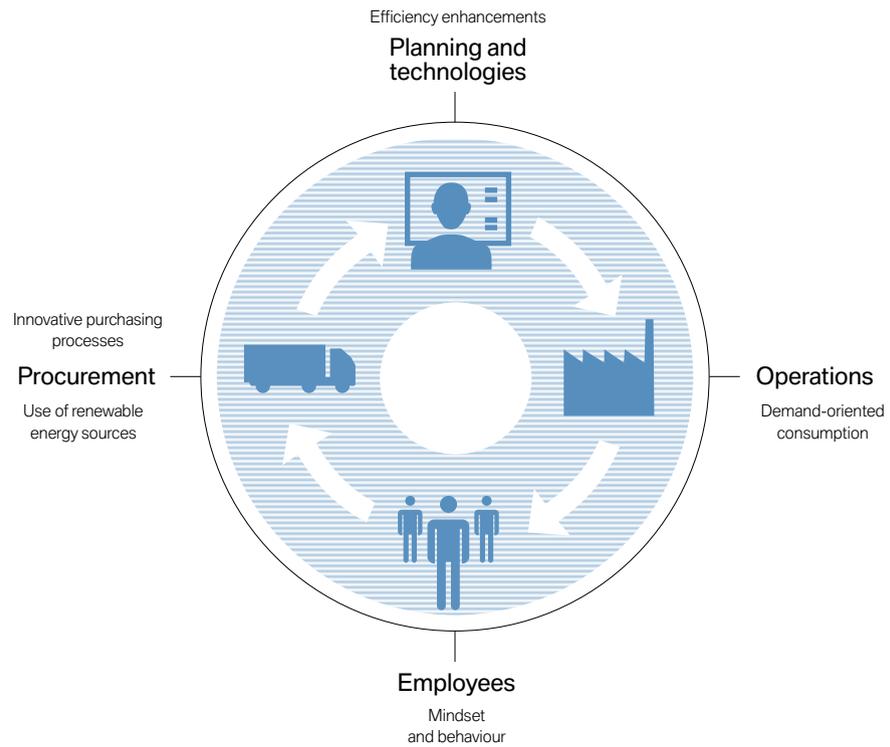
The rise in the number of emissions allowances from 2007 to 2008 is due to the change in the application process from the first period (2005–2007) to the second (2008–2012) period.

4 — Group-wide environmental protection



* Basis for data expanded in 2007 from ten to 17 locations.

BMW Group energy strategy



04.3 Materials use and waste management

BMW Group key figures include the following production sites worldwide: Dingolfing, Landshut, Leipzig, Munich, Regensburg, Rosslyn (South Africa), Spartanburg (USA), Steyr (Austria); since 2002 Oxford (UK); since 2003 Hams Hall (UK); since 2007 Berlin (brake disc production), Eisenach, Swindon (UK), Goodwood (UK), Rayong assembly plant (Thailand), Chennai assembly plant (India) and BMW Brilliance Shenyang (China).



GRI G3 Indicator EN1

Amount of raw materials used

in t

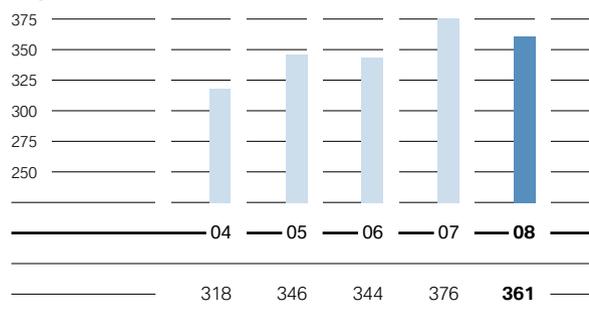
	2007	2008
Steel	1,890,650	1,798,000
Plastics	371,000	365,700
Aluminium	342,300	338,700
Magnesium	6,000	5,800



GRI G3 Indicator EN22

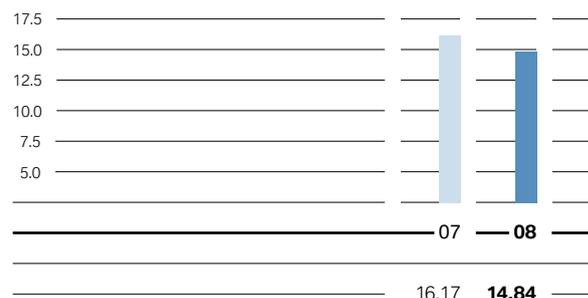
Waste for disposal per vehicle produced

in kg/vehicle



Waste for disposal per vehicle produced*

in kg/vehicle



* "Waste for disposal per vehicle produced" became a performance indicator in 2007 and has been reported since then.



GRI G3 Indicator EN22

Waste

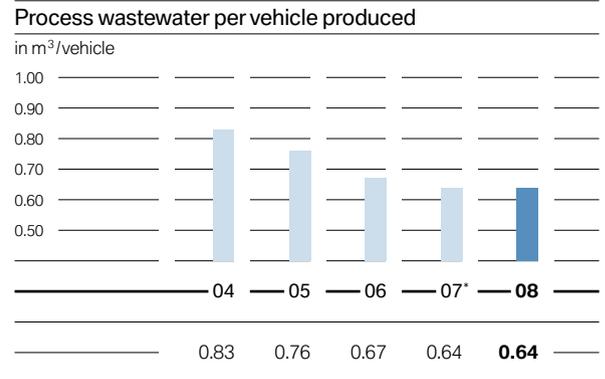
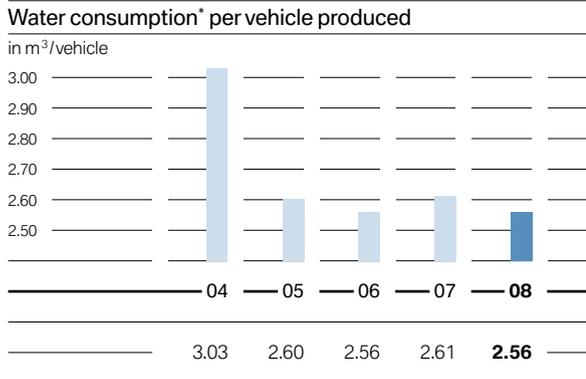
	2004	2005	2006	2007	2008	
Total waste	in t	397,151	454,821	469,691	580,010	519,353
Total waste per vehicle produced	in kg/vehicle	318	346	344	376	361
Materials for recycling	in t	375,924	438,436	450,165	555,087	497,988
— Scrap	in t	344,746	366,347	383,301	408,755	433,580
Waste for disposal	in t	21,227	16,385	19,526	24,923	21,365
Waste for disposal per vehicle produced*	in kg/vehicle			16.17	14.84	

* The key performance indicator "Waste for disposal per vehicle produced" has been reported as a control parameter since 2007.

4 Group-wide environmental protection

04.4 Water and wastewater

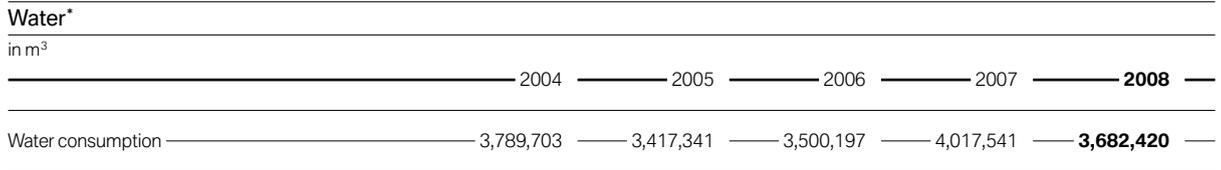
GRI G3 Indicator EN8
(chart on the left)
GRI G3 Indicator EN21
(chart on the right)



* The water consumption includes the process water input for the production as well as the general water consumption, e.g. for sanitation facilities.

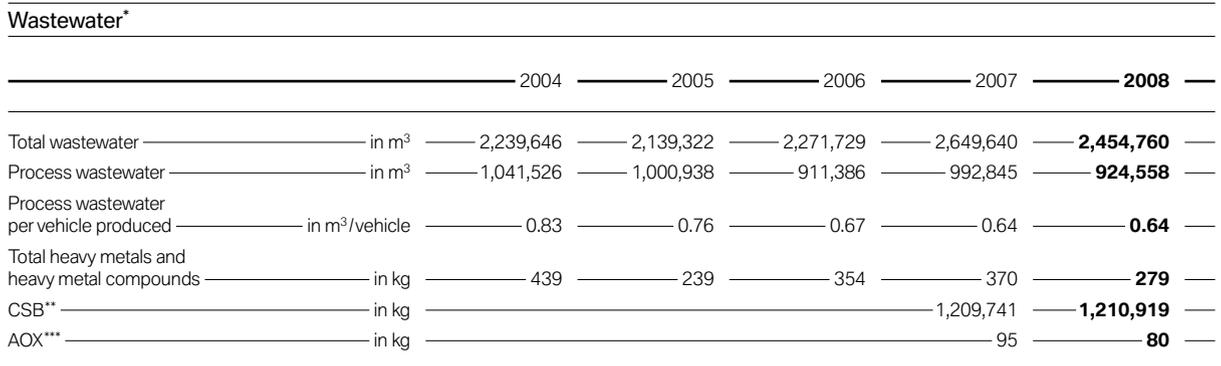
Process wastewater parameters refer to wastewater from production activities.
* Basis for data expanded in 2007 from ten to 17 locations.

GRI G3 Indicator EN8



* The water consumption includes the process water input for the production as well as the general water consumption, e.g. for sanitation facilities.

GRI G3 Indicator EN21



* The key performance indicator "Process wastewater" is measured by the wastewater treatment in BMW Group plants. Together with the wastewater from sanitary facilities at the plants, this is the figure for total wastewater. Due to factors such as evaporation, the water input does not correspond to total wastewater.

** CSB: chemical oxygen demand

*** AOX: absorbable organic halides in water

4 Group-wide environmental protection

GRI G3 Indicators EN7, EN17, EN29
GRI Indicator A9
(Sector Supplement)

Means of transport used by BMW Group employees and indirect CO₂ emissions from employees' commuter traffic

	2007*		2008**	
	in %	in t CO ₂	in %	in t CO ₂
Cars	47	52,360	43	46,086
Public transport	10	2,860	17	5,113
Plant bus	38	21,180	37	14,793
Bicycle/on foot	5	0	3	0
Total	100	76,400	100	65,992

Calculation basis for 2007 was only employees' journeys to work, not from work. 2008 figures are based on journeys to and from work. Furthermore, updated consumption figures for vehicles were used. Excluding data from the Leipzig plant.

* Research and Innovation Centre Munich as well as plants in Munich, Dingolfing, Regensburg and Leipzig. Corresponds to 59% of BMW Group employees.

** Research and Innovation Centre Munich as well as plants in Munich, Dingolfing and Regensburg. Corresponds to 59% of BMW Group employees.

Status of objectives in the area of Group-wide environmental protection*

Strategic objectives	Measures	Deadline	Status
Environmental protection management			
Environmental management	Further development of the central environmental strategy for the entire BMW Group	2008	Environmental strategy integrated into the revised sustainability strategy, adopted in July 2009.
	Definition of breakthrough goal of a 30% reduction in energy consumption as well as VOC, water, process wastewater and waste per vehicle produced between 2006 and 2012	2012	The following developments were achieved from 2007 to 2008: – Energy consumption: rise by 0.7%, from 2.78 to 2.80 MWh/vehicle – VOC emissions: reduction by 17.0%, from 2.36 to 1.96 kg/vehicle – Water consumption: reduction by 1.9%, from 2.61 to 2.56 m ³ /vehicle – Process wastewater: no change from 2007 level (0.64 m ³ /vehicle) – Waste: reduction by 4.0%, from 376 to 361 kg/vehicle The energy efficiency index shows that overall resource efficiency enhancements are in the agreed target range.
Energy consumption and emissions			
Implementation of the energy strategy, reduction in energy consumption	Reduction in relative energy consumption per vehicle in 2008 by about 5% – by further optimising the operation of buildings and production facilities (combined heat and power generation, optimised control of ventilation units) – by increasing the implementation of innovative alternative concepts for energy generation	2008	From 2007 to 2008, energy consumption per vehicle produced increased slightly due to the drop in automotive production volumes, from 2.78 to 2.80 MWh. Total energy consumption has decreased by 1.1 million MWh.
Conservation of resources			
Introduction of waste management worldwide	Introduction of ABIS at the plants in Goodwood (UK), Rayong (Thailand) and Chennai (India)	2008	The Chennai plant introduced the waste information system ABIS in 2008.
Efficient transport logistics			
Reduction in environmental impact of surface protection materials for new vehicle transport	Conversion of vehicle distribution to exclude surface protection (by the start of 2008, 95% of BMW Group vehicles were to be delivered without extra surface protection)	2008	Last wax coating facility in the BMW Group production network switched off. The goal of delivering 95% of vehicles without surface protection by early 2008 had to be revised downwards due to delivery problems for the closed wagons needed for transportation. In 2008, 82% of new cars were delivered without surface protection.

* Previously published in the Sustainable Value Report 2007/2008

New objectives in the area of Group-wide environmental protection

Strategic objectives	Measures	Deadline
Resource and environmental protection management		
Breakthrough goal of a 30% reduction in energy consumption as well as VOC, water, process wastewater and waste per vehicle produced between 2006 and 2012 (5% per year)	- Further measures to raise employee awareness of energy saving potential	2010
	- Integration of findings from the pilot project on consumption structures and energy flows in Munich in 2008 into all German locations	2009/2010
	- Full implementation of odour-free foundry at the Landshut plant by 2010 with the subsequent further reduction in VOC emissions	2010
	- Decrease in potable water consumption as a result of recycling in production and the use of other water categories such as near-surface ground water	ongoing
Increased application of renewable energies	Evaluate and promote the option of using wind and geothermal power at various locations	2010
Waste management	Integrate the locations Goodwood and Rayong into the BMW Group waste information system	2011
Nature conservation and biodiversity	Develop a biodiversity indicator for the entire BMW Group	2011
Efficient transport logistics		
Increase percentage of low-emissions transport usage	Development of supply concepts from global procurement sources to BMW Group production sites under consideration of sustainable, environmentally-friendly transport concepts	2009
Optimisation of transport volumes	Development of concepts on traffic reduction (capacity utilisation) and traffic relocation to more environmentally-friendly carriers	2009

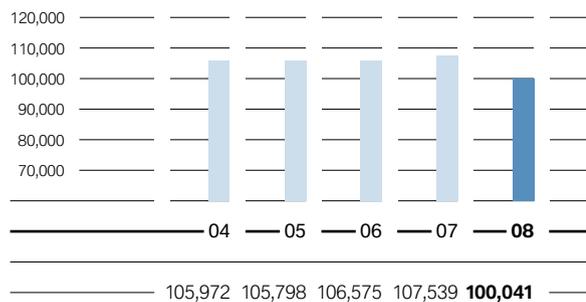
05 — Employees

05.1 Attractive employer



GRI G3 Indicator LA1

BMW Group Employees at end of year*



The reduction in headcount at BMW Group by 7.0% compared with the previous year is primarily due to the implementation of the announced staff reductions as well as the sale of non-core activities of the company in 2008.

* Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.



GRI G3 Indicator LA1

BMW Group Employees

	2004	2005	2006	2007	2008
Employees at end of year*	105,972	105,798	106,575	107,539	100,041
— thereof in Germany	80,005	80,020	79,896	80,128	73,916
— thereof abroad	25,967	25,778	26,679	27,411	26,125
Workforce according to segment					
— Automobiles	99,043	98,260	98,505	98,548	92,924
— Motorcycles	2,918	2,838	2,782	2,989	2,917
— Financial Services	2,841	3,093	3,478	4,097	4,077
— Other	1,170	1,607	1,810	1,905	123**
Apprentices	4,464	4,464	4,359	4,281	4,102

* Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.

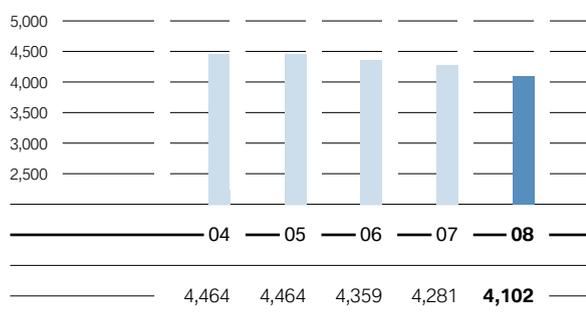
** Reduction in staff numbers due to the sale of the majority interest in the IT consulting company Cirquent

05.2 Perfect conditions for the number one success factor



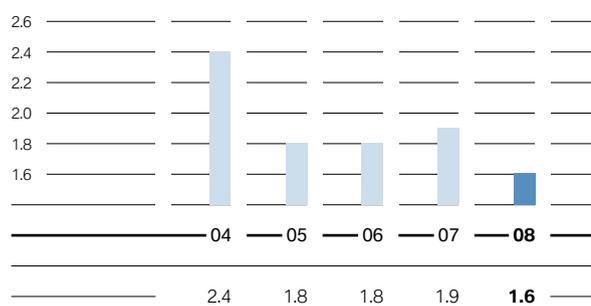
GRI G3 Indicator LA1

BMW Group Apprentices at 31 December

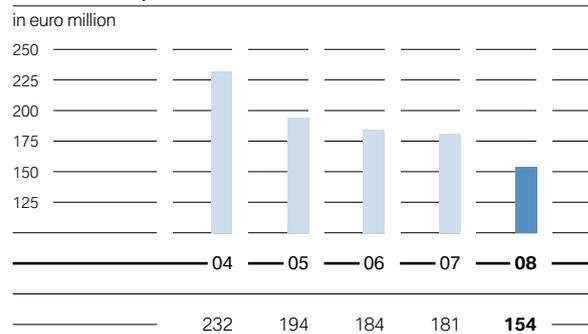


GRI G3 Indicator LA10
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Average days of further training per BMW Group employee



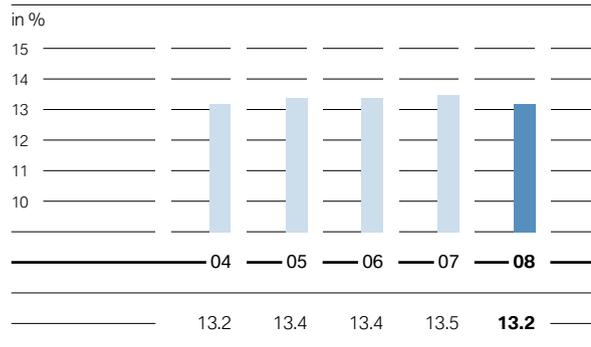
Investment in further education and training* at BMW Group



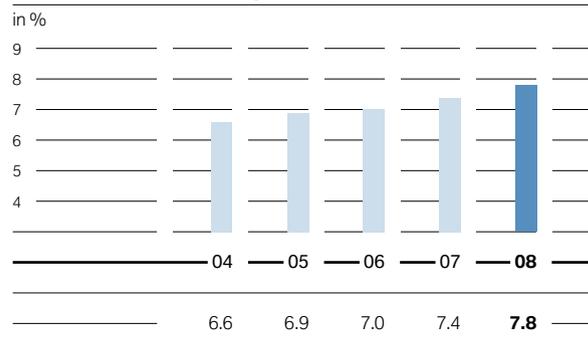
* BMW Group investments are dependent upon the current need for further education and training, which may lead to fluctuations compared year-on-year.

GRI G3 Indicator LA13

Share of women in the total workforce of BMW AG



Share of women in management positions at BMW AG



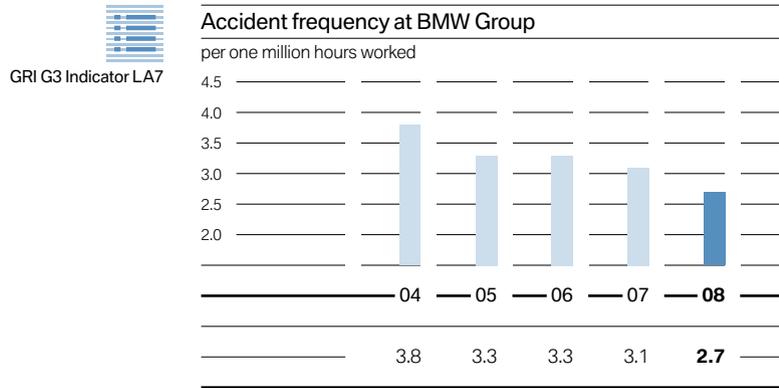
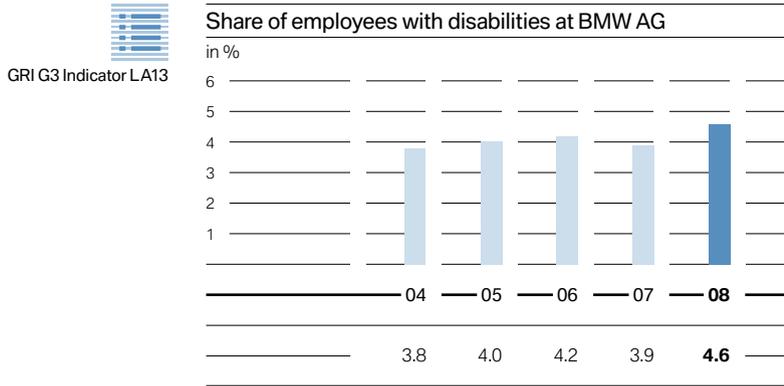
GRI G3 Indicator LA1

Alternative work forms at BMW AG

	2004	2005	2006	2007	2008
Part-time employees at BMW AG	2,800	2,909	3,070	3,068	2,778
— in % of total number of employees*	4.0	4.2	4.4	4.5	4.2
Teleworking positions at BMW AG	3,936	4,276	4,836	6,149	7,702
— in % of total number of employees*	5.6	6.2	7.0	8.9	11.7
Sabbaticals	915	1,559	1,401	1,033	1,366
— in % of total number of employees*	1.3	2.2	2.0	1.5	2.1

* Employees with permanent contracts

5 — Employees



GRI G3 Indicators LA7, LA8

Occupational safety at BMW Group

	2004	2005	2006	2007	2008
Total accidents	Quantity 479	413	409	380	346
Accident frequency*	3.8	3.3	3.3	3.1	2.7
Fatal accidents	Quantity 0	1	0	0	0
Only refers to BMW AG					
Courses on occupational safety					
Occupational safety courses	Quantity 2,001	1,982	1,799	1,766	2,239
Risk assessments**	Quantity 5,625	3,044	1,426	2,293	1,908

* Number of notifiable industrial accidents per one million hours worked.

** Assessment of workplaces and sub-processes with regard to possible ergonomic and health strains (ABATECH method).



Occupational health and safety management systems at BMW Group sites

Site	Occupational health and safety management system	Year of certification
Berlin plant	OHSAS 18001	2004
Dingolfing plant	OHRIS*	2003
Eisenach plant	OHRIS	not certified**
Goodwood plant, UK	OHSAS 18001	planned 2009/10***
Hams Hall plant, UK	HS(G) 65****	2001
Landshut plant	OHRIS*	2003
Leipzig plant	OHRIS*	2006 (OHSAS 2003)
	OHSAS 18001	2003
Munich plant	OHRIS*	2003
Oxford plant, UK	OHSAS 18001	planned 2009/10***
Regensburg plant	OHRIS*	2001
Rosslyn plant, South Africa	OHSAS 18001	1999
BMW Brilliance Automotive Ltd., Shenyang, China	OHSAS 18001	2008
Spartanburg plant, USA	OHSAS 18001	planned 2009/10***
Steyr plant, Austria	OHRIS*	planned 2009/10***
Swindon plant, UK	OHSAS 18001	planned 2009/10***
Wackersdorf plant*****	OHRIS*	2001
Husqvarna Motorcycles S.r.l., Cassinetta di Biandronno, Italy	national standard	2007
Contract production Magna Steyr Fahrzeugtechnik, Austria	OHSAS 18001	2005
CKD production Cairo, Egypt	OHSAS 18001	2005
CKD production Chennai, India	OHSAS 18001	end of 2008
CKD production Jakarta, Indonesia	national standard	introduced
CKD production Kaliningrad, Russia	national standard	1999
CKD production Kulim, Malaysia	national standard	introduced
CKD production Rayong, Thailand	OHSAS 18001	planned 2009/10***

* OHRIS includes OHSAS

** OHRIS is used as occupational safety management system; however, the site is not certified.

*** Certification offers are available and expenditure planned for 2010.

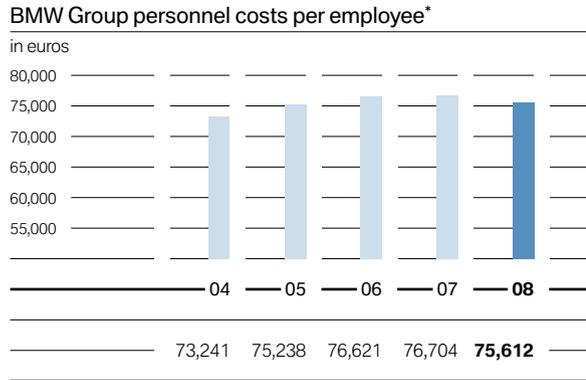
**** HS(G) 65, successful health and safety management, British government guideline on safety at the workplace

***** jointly certified with BMW Regensburg plant

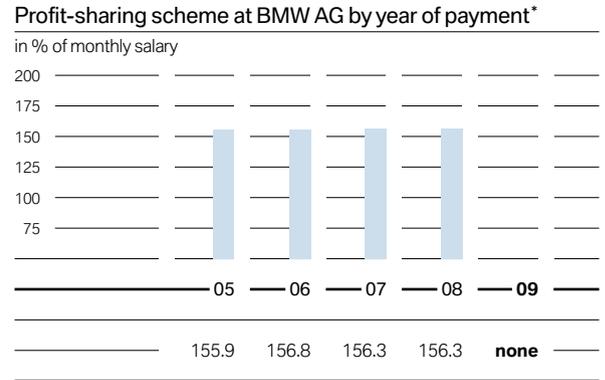
5 — Employees

05.3 Performance and reward

GRI G3 Indicator EC1
(chart on the left)



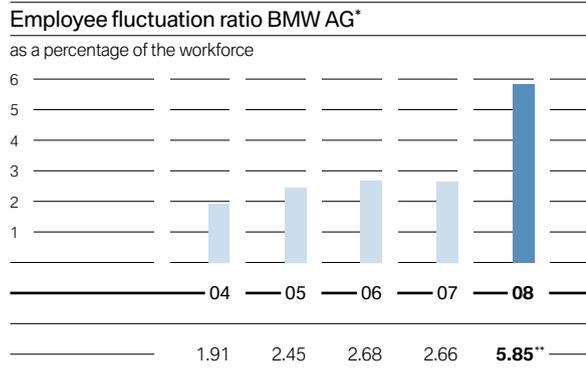
* Figures exclude suspended contracts of employment, employees in the non-work phases of pre-retirement part-time arrangements and low income earners.



* New employees receive full bonuses after four years of employment. Due to the significant decline in profit, in 2009, BMW AG employees did not receive any bonuses for 2008.

05.4 Shaping change flexibly

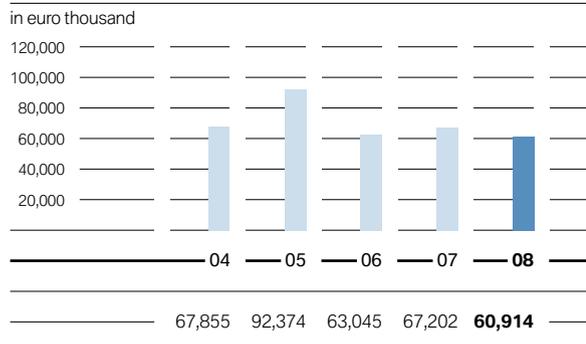
GRI G3 Indicator LA2



* Number of employees on unlimited employment contracts leaving the company
** after implementation of previously reported measures to reduce the size of the workforce

05.5 Cooperation and appreciation

Savings for BMW Group resulting from suggestions for improvement



Status of human resource objectives*

Strategic objectives	Measures	Deadline	Status
Attractive employer (internal and external image)			
Promote personal responsibility of apprentices with new work structures	Further development of the Junior Company concept and rollout at further sites; at Oxford site by 2008	2008	Completed: Independent Junior Company at the Oxford site; regular exchange between Steyr and Dingolfing
Joining BMW Group			
Balanced proportion of female apprentices in technical professions and integration into the hiring departments	Further development of the concept of hiring after apprenticeship is completed	ongoing	20% of apprentices in technical professions are female (as of 2008).
Lifelong learning			
Develop the training academies	Establishment of a training centre for aftersales in China	2009	Opened in May 2009
Deepened and expanded implementation of essential elements of long-term HP policy (LPP) worldwide	Creating the conditions for the specific stages of life and individual safeguarding of professional and private obligations and interests of the employees within the long-term human resources policy.	ongoing	In the course of the strategic realignment of the company, the human resources strategy was derived and the basic principles were defined as the foundation for cooperation.
	Further development of the human resources systems on the basis of the long-term human resources policy worldwide	ongoing	Human resources restructuring in 2009
Healthy employees			
Occupational safety	Introduction of a new IT-supported accident management system in conjunction with BMW Group Health Service	2007	The new system was seamlessly incorporated into the former system, the handling is improved with ongoing release.
Combating HIV/Aids	HIV retesting campaign with the slogan "Vision of Life" at BMW South Africa	2008	A second retest was completed at BMW South Africa. 86% of employees participated by the end of 2008.

* Previously published in the Sustainable Value Report 2007/2008

New objectives in the area of human resources

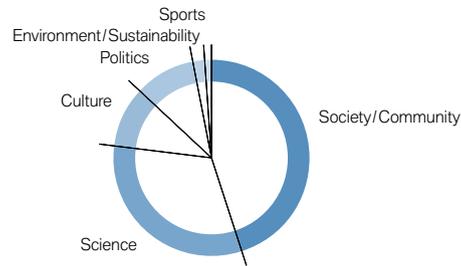
Strategic objectives	Measures	Deadline
Ideal conditions for the most important success factor		
Employee recruitment and training Adaptation of the apprenticeship to meet new technical requirements	Expand the apprenticeship to include future technologies (keyword: project i)	by 2010
Further education and lifelong learning Maintenance and target-oriented further development of skills in the company	<ul style="list-style-type: none"> - Establish systematic competence management - Redesign executive qualification scheme 	from 2009 2009
Diversity and equal opportunities Promote diversity at the company (also other aspects of diversity apart from the advancement of women)	<ul style="list-style-type: none"> - Develop strategic fields of action and targets in the area of diversity - Raise awareness at the company for diversity issues 	2010 2010
Occupational health and safety protection and promotion Company-wide coverage by occupational safety management systems	<ul style="list-style-type: none"> Introduce occupational safety management systems at all BMW Group sites: - Introduce occupational safety management systems in accordance with OHSAS at British, US and Thai sites - Certification of Steyr plant according to OHRIS 	2010 2010 2010
Shaping change flexibly – demographic change		
Increase and maintenance of the productivity and employability of BMW Group employees and enabling of flexible, demand-oriented retirement	- Implement the new partial retirement regulation	2009
	- Develop standards for the creation of age-appropriate work systems in production	2010
Cooperation and appreciation – leadership		
Further development of the leadership model	Measure excellent leadership by means of High Performance Organization Index	2010

06 — Society



BMW Group donations worldwide in 2008*

in %, total sum: 5,706,696 euros



Society/Community	45
Science	32
Culture	10
Politics	10
Environment/Sustainability	2
Sports	1

*The sum indicated here does not include either cause-related marketing or sponsorship and does not contain the projects and activities carried out in the context of the company's social and cultural commitment.

Status of objectives in the area of society*

Strategic objectives	Measures	Deadline	Status
Road safety projects			
Internationalisation	Further internationalisation of road safety projects at BMW Group sites	2009	In April 2009, BMW's children's road safety training celebrated its fifth anniversary at the Beijing Children's Palace.
Education and intercultural understanding			
Focus on education projects	Increased integration of BMW Group competences into educational projects in the field of natural sciences	2008	<ul style="list-style-type: none"> – Implemented in the Junior Campus at BMW Welt and the educational programme at the BMW Museum as well as in the updated version of "H₂ – Mobility of the Future" – Revision of the concept of the Award for Intercultural Commitment
HIV/Aids commitment in society			
Expansion of activities to fight HIV/Aids to other sites	Transfer the programme from South Africa, e.g. to China, Russia and Thailand	ongoing	Financial aid for the "Baan Gerda" Children's Village for HIV-infected orphans in Thailand. Voluntary HIV/Aids testing in China
	Expand HIV/Aids programme from BMW South Africa to include local dealerships	2011	Several dealerships have adopted the programme, in full or in part. The Dealer HIV/Aids project in South Africa lays the foundation for HIV programmes in the vicinity of BMW dealerships through social network mapping.

* Previously published in the Sustainable Value Report 2007/2008

New objectives in the area of society

Strategic objectives	Measures	Deadline
Social commitment		
Further development of communities at the international locations using BMW Group core competences	Improve educational opportunities in the communities at the Indian plant in Chennai	2010
Road safety projects		
Internationalisation	International road safety and mobility portal for road users of all ages	2010/2011
Education and intercultural understanding		
Implementation of the new concept for the BMW Group Award for Intercultural Engagement	Combine the company's experience and its award-winning projects with a corporate volunteering programme	2009/2010
Foundations		
Expansion of project work and transfer of experiences to other areas in need of social action	Eberhard von Kuenheim Foundation Focus on new concepts for education management Constructive integration of community involvement into specific projects	2009/2010
	BMW Foundation Herbert Quandt Development and advancement of new interdisciplinary and innovative solutions for socio-political problems (integration, education, social cohesion, globalisation, etc.)	2009
	More intensive communication of key messages to the target group (young managers from all industries) with the aim of entering into strategic, interdisciplinary collaborations with innovative partners and making a lasting contribution for the benefit of all members of society	2009

GRI Index

This index identifies how the GRI indicators (G3) were taken into account in this Sustainable Value Report.*

Profile	Degree of performance**	Reference
1. Strategy and Analysis		
1.1 Statement from the Board of Management	—	02–03
1.2 Impacts of operational activity, key risks and opportunities	—	07–10, 18–22, 24–26, 38–39, 48–49, 60–61, AR (pp. 62–67), C
2. Organisational Profile		
2.1 Name of the organisation	—	04
2.2 Primary brands, products and services	—	04
2.3 Operational structure of the organisation (www.bmwgroup.com)	—	04, AR (pp. 148–149, 152–153)
2.4 Location of organisation's headquarters	—	04
2.5 Countries where the organisation operates (www.bmwgroup.com/locations)	—	04, AR (pp. 152–153)
2.6 Ownership structure and legal form	—	04, AR (pp. 45–46)
2.7 Markets served	—	75, AR (pp. 152–153)
2.8 Scale of the organisation	—	04, 74, AR (pp. 06–07, 150–151)
2.9 Significant changes regarding size, structure or ownership	—	C
2.10 Awards (www.bmwgroup.com/responsibility)	—	16
3. Report Parameters		
3.1 Reporting period	—	Cover in the front
3.2 Date of most recent previous report	—	Cover in the front
3.3 Reporting cycle	—	Cover in the front, C
3.4 Contact persons for questions regarding the report	—	111
3.5 Process for defining report content	—	Cover in the front
3.6 Boundary of the report	—	Cover in the front
3.7 Limitations on the scope or boundary of the report	—	Cover in the front
3.8 Basis for reporting on joint ventures	—	Cover in the front
3.9 Data measurement techniques and bases of calculations	—	C
3.10 Restatements of information	—	C
3.11 Changes from previous reporting periods in the scope, boundary or measurement methods	—	Cover in the front
3.12 GRI Content Index	—	104–106
3.13 External assurance for the report	—	Cover in the front
4. Governance, Commitments and Engagement		
4.1 Governance structure of the organisation	—	10–11, 22, 28, AR (pp. 134–147), C
4.2 Independence of the Chairman of the Supervisory Board	—	AR (pp. 134–147)
4.3 Number of independent members in the highest governance body	—	AR (pp. 134–137)
4.4 Co-determination right of employees and shareholders	—	22, 58, AR (pp. 09–13, 138)
4.5 Linkage between executive compensation and achievement of sustainability goals	—	09, 56, AR (pp. 141–146)
4.6 Process in place to avoid conflicts of interest	—	12, 22, AR (p. 126)
4.7 Qualifications and expertise of the highest governance body regarding economic, environmental and social topics	—	02–03, 8–11, AR (pp. 134–135), C
4.8 Values, mission statements, principles and codes of conduct of the organisation relevant to sustainability (www.bmwgroup.com/guidelines)	—	14, 20, 22, 40, 50, C
4.9 Oversight of the sustainability performance and relevant risks by the Board of Management	—	09–11, 22, C
4.10 Assessment of the performance of the Board of Management regarding sustainability	—	08–11
4.11 Precautionary approach	—	09–10, 22, 26–28, 32–33, 35, 40–41, C
4.12 Support for external economic, environmental and social activities	—	11, 13, 107
4.13 Memberships in associations and advocacy organisations	—	12–13
4.14 Stakeholder groups engaged by the organisation	—	12–13
4.15 Basis for identification and selection of stakeholders	—	Cover in the front, 12–13, C
4.16 Approaches to stakeholder engagement (www.bmwgroup.com/responsibility)	—	Cover in the front, 12–13
4.17 Key stakeholder topics	—	Cover in the front, 12–13, C
Indicator	Degree of performance**	Reference
Economic		
EC1 Management approach	—	18–22, 73–77
EC1 Direct economic value generated	—	74, 76–77, 100, 102, AR (pp. 06–07, 56), C
EC2 Financial implications due to climate change	—	26–28, 39, 42–43, C
EC3 Organisation's defined benefit plan obligations	—	74, AR (pp. 52–53, 66, 105–109)
EC4 Significant financial assistance received from government	—	77, AR (p. 99)

Indicator	Degree of performance**	Reference
EC5	Range of ratios of standard entry level compared to local minimum wage	56, C
EC6	Policy, practices and proportion of locally based suppliers	14, 72, AR (p. 39), C
EC7	Procedures for local hiring and local senior management	53, C
EC8	Impact of infrastructure investments and services	61–65, 67, C
EC9	Indirect economic impacts (www.bmwgroup.com/sustainability, archive/Sustainable Value Report 2007/2008)	21, 75
Environment		
	Management approach (Environmental statement of the plants www.bmwgroup.com/sustainability/publications)	11, 38–46, 86–95
EN1	Materials used by weight or volume	44, 83, 91
EN2	Percentage of used materials that are recycled materials	35, 83, C
EN3	Direct energy consumption	88
EN4	Indirect energy consumption	88
EN5	Energy savings	39, 42–43, 88
EN6	Energy-efficient products and services	24–31, 78–85
EN7	Reduction of indirect energy consumption	46, 94
EN8	Total water withdrawal	45, 92, C
EN9	Water sources affected by withdrawal of water	C
EN10	Percentage of water recycled and reused	45
EN11	Production plants in protected areas (www.bmwusfactory.com)	C
EN12	Significant impacts upon biodiversity in protected areas	41, C
EN13	Habitats protected and restored (www.bmwgroup.com/responsibility as well as Sustainable Value Report 2007/2008 page 47)	41, C
EN14	Strategies for managing impacts on biodiversity	39, 41, 95, C
EN15	Endangered species in areas affected by operations of the organisation	C
EN16	Direct and indirect greenhouse gas emissions	42–43, 46, 88–89, 93, C
EN17	Other relevant greenhouse gas emissions	46, 94
EN18	Initiatives to reduce greenhouse gas emissions and reductions achieved	38–43, 46, 88–89, 93–94
EN19	Emissions of ozone-depleting substances	C
EN20	NO _x , SO _x and other significant emissions	89–90
EN21	Total water discharge	45, 92, C
EN22	Total weight of waste by type and disposal method	39, 44, 91
EN23	Significant spills	C
EN24	Cross-border transport or treatment of hazardous waste	C
EN25	Areas impacted by the organisation's discharges of water and runoff	45, C
EN26	Initiatives to mitigate harmful environmental impacts of products	26–31, 34–35, 82, C
EN27	Percentage of products sold and their packaging materials that are reclaimed by category	44, 46, 93
EN28	Significant fines and sanctions for non-compliance with environmental laws	C
EN29	Significant environmental impacts of transporting products, goods, materials and members of the workforce	46, 93–94
EN30	Environmental protection expenditures and investments	40–41, 86
Employees		
	Management approach	11, 14–15, 48–58, 96–101
LA1	Breakdown of workforce by employment type, contract and region	96–97
LA2	Number and rate of employee turnover	21, 57, 100, C
LA3	Benefits provided only to full-time employees	53, C
LA4	Percentage of employees covered by collective bargaining agreements	58, C
LA5	Minimum notice period(s) regarding significant operational changes	C
LA6	Percentage of total workforce represented in occupational health and safety committees	C
LA7	Injuries, occupational diseases, working days lost, absentee rate and work-related fatalities	49, 98, C
LA8	Preventive healthcare, counselling and training regarding serious diseases	54–55, 98–99
LA9	Health and safety topics covered in agreements with trade unions	C
LA10	Education and further training measures	51–52, 97, C
LA11	Skills management and lifelong learning that support the continued employability of employees	50–52
LA12	Employee performance and career development reviews	56, 58, C

* The GRI Index with comments on individual indicators is available on the Internet at www.bmwgroup.com/sustainability

** — This indicator is answered completely and supported with information.

*** GRI Sector Supplement Automotive Sector, Pilot Version 1.0, 2004

AR Refers to the BMW Group Annual Report 2008, available online at www.bmwgroup.com/ir

C Comments on this indicator may be found in the GRI Index online at www.bmwgroup.com/sustainability

All main indicators are printed in bold.

Indicator	Degree of performance**	Reference
LA13	Diversity in senior management and employee structure	— 53, 97–98, C
LA14	Ratio of basic salary of male and female employees	— 56, C
Human Rights		
	Management approach	— 07, 11, 14–15, 50, 58, 73
HR1	Investment agreements that include human rights clauses	— 14–15, C
HR2	Percentage of suppliers that have undergone screening on human rights	— 14–15
HR3	Employee training on human rights	— 14–15, C
HR4	Incidents of discrimination and actions taken	— C
HR5	Operations with significant risk concerning the freedom of association and collective bargaining	— 15, 50, 58, C
HR6	Operations with significant risk for incidents of child labour	— 14–15, 50
HR7	Operations with significant risk for incidents of forced and compulsory labour	— 14–15, 50
HR8	Percentage of security personnel trained on aspects of human rights that are relevant to operations	— C
HR9	Incidents of violations involving rights of indigenous people	— C
Society		
	Management approach (www.bmwgroup.com/responsibility)	— 06–11, 18–19, 22, 50, 60–62, 73, 77, 102–103
SO1	Impacts of operations on local communities and regions (Sustainable Value Report 2007/2008, pp. 22–23)	— 21
SO2	Number of business units analysed for corruption-related risks	— 18–22, AR (pp. 140–141)
SO3	Employee training regarding anti-corruption	— 18–22
SO4	Anti-corruption measures	— 19, 22, AR (pp. 140–141)
SO5	Public policy positions and participation in public policy development and lobbying (www.bmwgroup.com)	— 30–31, 61, 67, 83, C
SO6	Financial and in-kind contributions to political parties and politicians	— 61, 102, C
SO7	Number of legal actions for anti-competitive behaviour	— AR (pp. 65–66)
SO8	Number of fines for non-compliance with laws	— AR (pp. 65–66)
Product Responsibility		
	Management approach	— 24–36, 78–85
PR1	Life cycle stages in which health and safety impacts of products and services are assessed	— 26, 32–33, 35
PR2	Incidents of non-compliance with regulations concerning health and safety of products	— C
PR3	Principles and measures related to product and service information and labelling	— 26–33, 35
PR4	Incidents of non-compliance with regulations and voluntary codes concerning product information and labelling	— C
PR5	Customer satisfaction	— 36
PR6	Programmes for compliance with laws, standards and voluntary codes related to marketing communications	— C
PR7	Incidents of non-compliance with regulations and voluntary codes related to marketing communications	— C
PR8	Number of substantiated customer data protection complaints	— C
PR9	Significant fines for non-compliance with laws and regulations concerning the provision and use of products	— AR (pp. 65–66)
Sector Supplement***		
A1	Stipulated work hours per week and average hours worked overtime in production	— C
A2	Percentage of employees not managed with overtime compensation schemes	— C
A3	Percentage of major Tier 1 supplier facilities with independent trade union organisations	— C
A4	Numbers of vehicles sold, broken down by type, fuels, power train technologies and region	— 75, 82, AR (pp. 20–23), C
A5	Compliance of vehicles sold with the respective existing and next defined emissions standards	— 26, 28, 82
A6	Average fuel economy by type of vehicle	— 79–81
A7	Average carbon dioxide emissions by type of vehicle	— 78–81
A8	Compliance of vehicles sold with the respective existing and next defined noise standard	— 83
A9	EN29 – relevant indicator for automotive sector	— 46, 93–94
A10	Weight of vehicle and percentage breakdown of generic, recycle and renewable material of a best-selling vehicle	— 35, 83, C

* The GRI Index with comments on individual indicators is available on the Internet at www.bmwgroup.com/sustainability

** This indicator is answered completely and supported with information.

*** GRI Sector Supplement Automotive Sector, Pilot Version 1.0, 2004

AR Refers to the BMW Group Annual Report 2008, available online at www.bmwgroup.com/ir

C Comments on this indicator may be found in the GRI Index online at www.bmwgroup.com/sustainability

All main indicators are printed in bold.

UN Global Compact – Communication on Progress (COP)

Communication on Progress (COP): implementation of UN Global Compact Principles 2009

The BMW Group has been committed to the ten principles of the UN Global Compact since July 2001, and is continuously working on integrating sustainability criteria into all corporate processes. The company actively promotes compliance with internationally adopted standards and regulations in the fields of human rights, occupational standards, environmental protection and the fight against corruption. The BMW Group also requires its suppliers to adhere to the same standards.

This Sustainable Value Report 2008 is also the company's COP on the UN Global Compact. The following chart lists examples of established BMW Group guidelines and management systems that support compliance with the ten principles as well as progress made during the reporting period (July 2008–July 2009).

Company guidelines and management systems	Substantial progress made	References	GRI (G3)
Principle 1: Support and respect the protection of internationally proclaimed human rights			
BMW Group: – Human Resources and Social Policies – Joint Declaration on Human Rights and Working Conditions Supply chain: – Purchasing conditions – Supplier management	BMW Group: – Continued development of Human Resources and Social Policies and thus also personnel work in keeping with Strategy Number ONE Supply chain: – Purchasing conditions revised in 2009 – Questionnaire for supplier selection process and self-assessment revised and supplemented with social standards criteria	07, 11, 14–15, 49–50, 53–56, 58, 73, 97–98, 101 Further documents: ^{1,2}	EC5, LA4 LA6–9 LA13–14 HR1–9, SO5 PR1–2, PR8
Principle 2: Make sure there is no complicity in human rights abuses			
BMW Group: – see Principle 1 – Corporate Compliance System Supply chain: – see Principle 1	see Principle 1	14–15, 22, 50, 53, 58, 77 Further documents: ^{1,2}	HR1–9 SO5
Principle 3: Uphold the freedom of association and recognition of the right to collective bargaining			
BMW Group: Joint Declaration on Human Rights and Working Conditions Supply chain: – Purchasing conditions – Supplier management	see Principle 1	14–15, 50, 58 Further documents: ¹	LA4–5 HR1–3 HR5, SO5
Principle 4: Elimination of all forms of forced and compulsory labour			
see Principle 3	see Principle 1	14–15, 50 Further documents: ¹	HR1–3 HR7, SO5
Principle 5: Effective abolition of child labour			
see Principle 3	see Principle 1	14–15, 50 Further documents: ¹	HR1–3 HR6, SO5
Principle 6: Elimination of discrimination in respect of employment and occupation			
BMW Group: – see Principle 1 – Diversity management – Legal compliance code (LCC) Supply chain: – see Principle 1	BMW Group: Continued development of Human Resources and Social Policies and thus also personnel work in keeping with Strategy Number ONE	14–15, 22, 50, 53, 56, 77, 97–98, 101 Further documents: ^{1,2,3}	EC7 LA2 LA13–14 HR1–4 SO5

Further documents:

¹ Joint Declaration on Human Rights and Working Conditions at the BMW Group – www.bmwgroup.com/guidelines

² Value-oriented Human Resources Policy: The 8 guidelines of the personnel policy of the BMW Group – www.bmwgroup.com/guidelines

³ BMW Group Legal Compliance Code – www.bmwgroup.com/guidelines, www.bmwgroup.com/compliance

Company guidelines and management systems	Substantial progress made	References	GRI (G3)
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Principle 7: Support a precautionary approach to environmental challenges

BMW Group: – Sustainability management – Environmental management in accordance with ISO 14001 and EMAS – Clean Production philosophy – Environmental guidelines – Legal compliance code (LCC) – Life cycle assessments – Design for Recycling Supply chain: – Purchasing conditions – Supplier management	BMW Group: – Determination of environmental goal: to reach a 30% reduction in energy consumption as well as water, wastewater, waste and solvents per vehicle produced between 2006 and 2012. Initial efficiency targets with regard to these key performance indicators have been met. – Back in May 2008, the company was one of the first carmakers to present a virtual materials balance sheet in accordance with ISO 22628.	02–03, 07–11, 14–15, 22, 24–28, 34–35, 38–41, 73, 77 Further documents: ^{3,4,5}	EC2 EN18 EN26 EN30 SO5
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Principle 8: Undertake initiatives to promote greater environmental responsibility

see Principle 7	BMW Group: – Improving environmental protection and recycling in service – Company-wide energy project initiated; Energy Days held at various locations Supply chain: – Raising suppliers' awareness of sustainability issues through the questionnaire; condition included that the BMW Group has the right to require suppliers to provide environmental data	07–11, 14–15, 24–31, 34–35, 38–46, 72–73, 78–85, 86–95 Further documents: ^{3,4,5}	EN1–30 SO5 PR3–4
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Principle 9: Development and diffusion of environmentally friendly technologies

see Principle 7	BMW Group: – Further reduction of the fleet's carbon emissions due to Efficient Dynamics (by almost 27% from 1995 level) – Presentation of first series-produced hybrid vehicles in 2009 – Road test with 600 electric-drive MINI E cars as part of project i – Nearly 4 million kilometres driven with the hydrogen vehicle fleet (Hydrogen 7)	07–11, 24–31, 35, 38–46, 78–85, 86–95 Further documents: ^{3,4,5}	EN2 EN5–7 EN10, EN18 EN26–27 EN30, SO5
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Principle 10: Work against corruption in all its forms, including extortion and bribery

BMW Group: – Legal compliance code (LCC) – Compliance Committee and Compliance Office established – Risk management	BMW Group: – Introduction of the BMW Group compliance organisation for BMW AG and several German subsidiaries in 2008; international rollout since spring 2009 – Compliance training for 5,100 executives in 2008	18–22, 77, Annual Report	SO2–6
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Further documents:

³ BMW Group Legal Compliance Code – www.bmwgroup.com/guidelines, www.bmwgroup.com/compliance

⁴ BMW Group Efficient Dynamics strategy – http://www.bmwgroup.com/bmwgroup_prod/d/o_0_www_bmwgroup_com/verantwortung/umwelt/nachhaltige_mobilitaet/Alexblatt_ED_Stand_220807.pdf

⁵ BMW Group environmental guidelines – www.bmwgroup.com/guidelines

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The glossary of this report can be found at www.bmwgroup.com/glossary.

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