

Information on Inyova's nomination for election

Agenda item 6: Elections to the Supervisory Board

Bayerische Motoren Werke Aktiengesellschaft, Annual General Meeting, 11 May 2022



Disclaimer

This publication was prepared based on own research as well as a review of publications by and/or interviews with experts, NGOs, think tanks and other relevant stakeholders including among others Agora Verkehrswende, ACE Automobil Club Europa, Clean Energy Wire, ClimateAction100+, Climate Group, Deutsche Umwelthilfe (DUH), Fraunhofer Institute, Greenpeace, InfluenceMap, International Council on Clean Transportation (ICCT), NewClimate Institute, ShareAction, Stiftung KlimaWirtschaft, Transport & Environment and the World Wildlife Fund (WWF).

The publication serves exclusively as information and for informational purposes only. It is only intended to assist investors or proxy advisers to make informed decisions at annual general meetings; yet, the voting decision remains within their sole responsibility. The publication does not constitute a portfolio investment tool nor advice for investment in securities. It cannot be considered as an offer, nor a solicitation of an offer to purchase or sell securities or any financial instrument or other investment product. The publication and the information contained therein does not represent a personal recommendation on transactions with financial instruments. The publication is further not intended for advertising purposes and does not constitute advertising.

All information and statements presented in the publication were obtained from sources Yova AG believes to be reliable and trustworthy. However, Yova AG does not assume any liability with regard to and makes no representation or warranty, neither express nor implied, to the accuracy and/or completeness of any information and statements in expressed in the publication. Yova AG undertakes no obligation to update the information contained herein

Executive Summary

BMW Group is relying on potentially soon-to-be obsolete technologies amid an accelerating climate crisis and mobility transition. The group **risks becoming the “Blackberry of Automotive”**.

The latest [IPCC report](#) shows that climate breakdown is happening faster than expected and that the window for action is closing fast. Public and regulatory pressure are rising quickly, representing **a material risk to BMW**.

The future of mobility most likely is electric and will presumably shift from manufacturing to the provision of innovative services and solutions. The transition requires entirely new capabilities that differ strongly from traditional car making. Key competitors are moving fast, and **BMW risks harming their reputation** as an innovative leader by turning from pioneer to laggard within the mobility transition.

BMW undermines its science-based target by focusing on internal combustion engine-driven technologies and publicly **lobbying against key climate regulation**.

The group’s **Supervisory Board lacks diversity** (in terms of age, gender and, nationality) **and it is disputable whether the board’s combined level of expertise** regarding climate change mitigation and future mobility solutions is at an optimal level.*

Please find more information on pages 4, 5 and 6.

A **change on the supervisory board** would mark an important first step to allow changing course. Therefore, we nominate **Prof. Susan Shaheen as a candidate** for BMW Group’s Supervisory Board.

Susan Shaheen is likely to affect positive change including maximizing long-term shareholder value by **contributing profound academic and practical insight** into critical competitive dimensions as well as industry access to priority geographic markets and innovation markets.

She is a **widely recognized international expert** and thought-leader in innovative mobility and the strategic requirements in managing mobility transitions.

Susan Shaheen has worked extensively with leading carmakers and mobility technology innovators in Germany, Europe and globally and will provide **in-depth views on the industry’s state-of-the-art** as well as industry access and presence in the US, one of BMW’s key markets.

She will **boost the board’s diversity** in terms of age, gender and, nationality as a US national from Northern California and brings extensive independent board experience.

Please find more information on page 7.

*Latest recommendations (in consultation phase) by the German Corporate Governance Code will require that “The Supervisory Board’s skills and expertise profile shall also comprise expertise regarding sustainability issues relevant for the enterprise.” (Please find more details here: [German Corporate Governance Code \(Consultations Draft\)](#))

Situation:
Accelerating industry transition

The mobility transition is accelerating strongly.

Key competitors are investing in the capabilities needed in the future.

Transport emissions continue to fuel the climate crisis. However, **solutions are developed and fully deployable**.¹

The future most likely is **electric and goes beyond vehicle-sales**. Innovative and **profitable mobility-as-a-Service concepts** may become key.²

Tipping point Ukraine war: The Russian invasion of Ukraine stresses the **need to reduce reliance on fossil fuels** in energy and transport.³

Road transport accounts for 12% of global GHG emissions. In Europe, transport is the only sector where emissions have risen since 1990. In Germany, transport is the third largest emitter, with 96% of emissions caused by road transport.

Yet, transport has one of the largest emission saving potentials.

To achieve zero emission transport, battery electric vehicles (BEV) are the preferred choice for cars and light vehicles, according to several industry experts.

Demand for BEV is growing at a fast pace. Initiatives like the Climate Group's EV100 Initiative aim to electrify fleets of more than 100 companies.

The EU is likely to provide charging capacity with their Trans-European Transport Network (TEN-T) policy and a federal infrastructure plan just allocated 7.5 billion USD to build a national network of 500,000 EV charging stations in the US.

However, to mitigate the climate crisis, the overall number of vehicles needs to be reduced. Identifying ways to make profit from mobility services is likely to become the main capability for carmakers in the near future.

Drastic increase in public awareness and political pressure could lead to shifts in consumer demand and accelerated regulatory actions.

The EU is likely to be determined to push through their ambitious targets (announced in July 2021), which imply a decrease of average CO2 emissions from cars by 55% in 2030 and zero emissions by 2035, a de facto phase-out of the internal combustion engine (ICE).

Other countries and regions have similar or even more ambitious targets.

Complication:
BMW Group's strategy and performance

BMW Group's current course entails the risk of **becoming the "BlackBerry of automotive"** with the window of opportunity to act pro-actively closing rapidly.

BMW Group is **perfecting a bridge technology** that may turn into **a stranded asset** sooner than expected.⁴

BMW's overreliance on outdated, climate change-fueling ICE technology **impedes their climate accountability**. BMW is looking to fix all but 70% of their emissions.⁵

Key competitors on the fast track. A focus shift and respective investments must happen now to keep pace with peers.⁶

About 70% of electrified cars sold by BMW in 2021 were plug-in hybrid electric vehicles (PHEV). PHEVs are a costly technology as they require an ICE, an electric motor and a battery.

Unforeseen cost reductions in BEVs and improvements in range and charging infrastructure as well as tightening CO2 emissions standards for PHEVs and a cut in tax subsidies may render PHEVs obsolete much earlier than anticipated.

About two-thirds of cars sold worldwide are fleet vehicles and companies may turn to fully-electrics when looking to reduce their business travel emissions.

BMW claims to be Paris-aligned and has a GHG emissions reduction target approved by the Science Based Target initiative (SBTi).

However, more than 70% of their emissions occur in the use phase. BMW has not committed to phase-out ICEs but still invests in these technologies. Various organizations criticize BMW for not having set relevant interim targets, nor a decarbonisation strategy to achieve their target.

In contrast, BMW lobbies against Paris-aligned policy. CEO Oliver Zipse publicly pushes back on the EU's zero-emission 2035 CO2 emissions target.

From 2025 onwards, all newly launched Mercedes-Benz vehicle architectures will be electric-only.

Audi's 'Vorsprung 2030' electrification strategy has set a 2033 expiry for ICE models and Volvo is committed to become a fully electric car company by 2030.

In 2021, Tesla almost reached one million vehicle deliveries – all of them fully-electric and has turned into the most valuable carmaker worldwide within just 16 years.

Why change in BMW Group's Supervisory Board is warranted

BMW's Supervisory Board lacks **diversity and** could benefit from additional **specific expertise** among the Shareholder Representatives **to navigate the upcoming transition.**

From pioneer to laggard: BMW course entails operational and reputational risks.⁷

Female underrepresentation in key board committees and **missing breadth and depth in experience** to adequately address BMW's current and future key markets, operations and stakeholders.⁸

Upskilling board capabilities is a multi-year process, but **climate change is happening now.**⁹

In 2013, BMW was the first premium German carmaker to launch a mass-produced electric model, the i3. Since then, BMW reversed the trend and now pledges to keep outdated, harmful technologies alive.

Without a clear commitment to future technologies, BMW may not be able to attract and retain key talent needed in the mobility transition.

BMW's reputation is under pressure after being sued by NGOs for their lack of climate action. As an asset manager focused on sustainable investments, Inyova is receiving more and more push-back from its retail investor base about offering BMW stock.

BMW's workforce is mainly based in Germany (67% in 2021), USA (10%) and UK (5%). The by far largest production site (in terms of units produced) is located in Spartanburg, USA. The top 3 key markets (as a percentage of sales volume) were China (33.6% in 2021), USA (14.6%) and Germany (10.6%).

There is a single female member (heir Susanne Klatten) in one of four board committees and no female member on the Presiding board. 19 of 20 board members are German. One of ten Shareholder Representatives is younger than age 50, while six are 60 years or older.

While there is just one member from academia, there is a overrepresentation of members' links to BASF SE and Fresenius Management SE (each represented twice).

According to BMW, three board members have expertise in sustainability but the company fails to provide details on such expertise. It is disputable whether the board's combined level of expertise regarding climate change mitigation and future mobility solutions is at an optimal level.

Shareholder representative are elected for a 4-year period. Upskilling the capability set required to oversee BMW's navigation of the industry transition takes time. In order to make BMW fit for 2025 and 2030, change is needed asap.

How Prof. Susan Shaheen will affect positive change

Prof. Susan Shaheen will strengthen BMW Group's Supervisory Board with **specific expertise, an increase in diversity and key market experience.**

More information: [University of Berkeley](#)
[Susan Shaheen on LinkedIn](#)

Prof. Susan Shaheen's contributions to the board

Prof. Susan Shaheen will provide her extensive expertise, industry access, networks with non-profit and community-based organizations as well as strong policy understanding to the board.

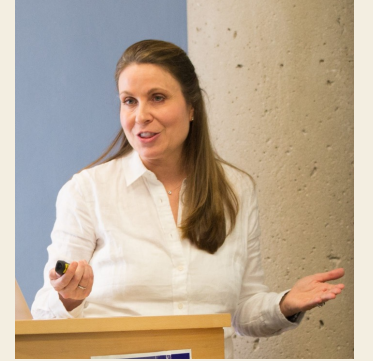
She provides an objective, in-depth view on the industry's state-of-the-art, based on research and data.

Susan will provide insights regarding:

- Zero emissions propulsion systems and corresponding infrastructure
- Business model innovation for mobility ecosystems beyond cars and private transport ("from car manufacturer to mobility service provider"), including insights from US mobility innovation leaders

Moreover, she will boost the board's diversity regarding age, gender and nationality and will bring extensive independent board experience in the US – one of BMW's key markets.

About Susan Shaheen



Professor in Civil and Environmental Engineering at the University of California, Berkeley.

- Co-Director of the Transportation Sustainability Research Center of the Institute of Transportation Studies (ITS)-Berkeley
- Director of the UC ITS' Resilient and Innovative Mobility Initiative

Variety of board mandates:

- Transportation Research Board's (TRB) Executive Committee
- California Transportation Foundation

Internationally leading expert in mobility strategies, mobility policy and behavioural understanding in managing mobility transitions.

Has worked closely with various large carmakers including BMW and mobility service providers.

Sources & references

- 1:
<https://ourworldindata.org/emissions-by-sector>
<https://api.shareaction.org/resources/reports/European-Auto-Makers-Driving-Slow.pdf>
<https://www.bundesregierung.de/breg-en/issues/climate-action/climate-friendly-transport-1795842>
<https://www.isi.fraunhofer.de/en/presse/2022/presseinfo-05-efi-e-mobilitaet-klimaziele-industrie-plug-in.html>
https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf
- 2:
<https://www.statista.com/statistics/1254513/battery-electric-vehicle-market-size-forecast>
<https://www.mckinsey.com/industries/automotive-and-assembly/our-insights/why-the-automotive-future-is-electric>
https://www.transportenvironment.org/wp-content/uploads/2021/08/202106_EV_Report-Final-1.pdf
<https://www.iea.org/reports/global-ev-outlook-2021/trends-and-developments-in-electric-vehicle-markets>
<https://www.theclimategroup.org/ev100>
https://ec.europa.eu/commission/presscorner/detail/en/ganda_21_6725
<https://www.whitehouse.gov/briefing-room/statements-releases/2021/12/13/fact-sheet-the-biden-harris-electric-vehicle-charging-action-plan>
https://report.ipcc.ch/ar6wg3/pdf/IPCC_AR6_WGIII_FinalDraft_FullReport.pdf
- 3:
<https://www.dw.com/en/eu-unveils-plan-to-reduce-russia-energy-dependency/a-61047997>
<https://theicct.org/wp-content/uploads/2021/12/eu-ev-pv-co2-emission-performance-sept21.pdf>
https://theicct.org/wp-content/uploads/2021/12/update-govt-targets-ice-phaseouts-jun2021_0.pdf
- 4:
https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup_com/ir/downloads/en/2022/bericht/BMW-Group-Report-2021-en.pdf
<https://www.press.bmwgroup.com/global/article/detail/T0364013EN/electro-offensive-and-number-one-in-premium-segment-bmw-group-posts-strong-sales-for-2021?language=en>
<https://www.isi.fraunhofer.de/en/presse/2022/presseinfo-05-efi-e-mobilitaet-klimaziele-industrie-plug-in.html>
<https://www.reuters.com/business/retail-consumer/once-green-plug-in-hybrid-cars-suddenly-look-like-dinosaurs-europe-2021-04-12>
<https://www.cleanenergywire.org/news/germany-introduce-stricter-requirements-plug-hybrid-subsidies>
<https://klimawirtschaft.org/themen/verkehr-und-mobilitaet/compan-e-wege-zur-elektrischen-und-nachhaltigen-unternehmensmobilitaet> (German only)
- 5:
<https://sciencebasedtargets.org/companies-taking-action>
https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup_com/ir/downloads/en/2021/hv/Convening_AGM_2021.pdf
https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup_com/ir/downloads/en/2022/bericht/BMW-Group-Report-2021-en.pdf
<https://observer.com/2022/02/bmw-ceo-warns-premature-electric-vehicle-takeover-gas-cars/>
<https://newclimate.org/wp-content/uploads/2022/02/CorporateClimateResponsibilityMonitor2022.pdf>
<https://www.climateaction100.org/company/bayerische-motoren-werke-aktiengesellschaft-bmw/>
<https://www.msci.com/research-and-insights/esg-ratings-corporate-search-tool/issuer/bayerische-motoren-werke-aktiengesellschaft/ILD000000002148933>
<https://lobbymax.org/company/BMW-Group/projectlink/BMW-Group-In-Climate-Change>
<https://www.politico.eu/article/bmw-ceo-wants-a-delay-in-eu-combustion-engine-phaseout-plans/>
<https://influencemap.org/report/German-Automakers-And-Climate-Policy-a3edf15c64b2e258c29f83beb93337f6>
<https://lobbymax.org/filter/List-of-Companies-and-Influencers#3>
- 6:
https://www.transportenvironment.org/wp-content/uploads/2021/08/202106_EV_Report-Final-1.pdf
<https://group.mercedes-benz.com/company/strategy/mercedes-benz-strategy-update-electric-drive.html>
<https://www.audi-mediacycenter.com/en/press-releases/audi-accelerates-transformation-with-a-strong-2021-for-fully-electric-vehicles-14466>
<https://www.statista.com/statistics/502208/tesla-quarterly-vehicle-deliveries/>
<https://www.forbes.com/sites/jamesmorris/2020/06/14/how-did-tesla-become-the-most-valuable-car-company-in-the-world/?sh=481dd742f473>
<https://www.cleanenergywire.org/factsheets/teslas-berlin-gigafactory-will-accelerate-shift-electric-cars>
- 7:
<https://www.businessinsider.de/wirtschaft/mobility/verschlaeft-bmw-den-sprung-ins-elektro-zeitalter-a/> (German only)
<https://www.press.bmwgroup.com/global/article/detail/T0143924EN/the-bmw-i3?language=en>
<https://observer.com/2022/02/bmw-ceo-warns-premature-electric-vehicle-takeover-gas-cars/>
<https://www.wsi.com/articles/bmw-loses-core-development-team-of-its-i3-and-i8-electric-vehicle-line-1461086049>
<https://www.electrive.com/2021/11/26/vw-hires-battery-experts-from-bmw-and-apple/>
<https://www.reuters.com/business/autos-transportation/why-are-bmw-daimler-being-sued-over-climate-change-2021-09-21/>
https://www.duh.de/fileadmin/user_upload/download/Pressemitteilungen/Umweltpolitik/Klimaschutz/Klageschrift_BMW.pdf
- 8:
https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup_com/ir/downloads/en/2022/bericht/BMW-Group-Report-2021-en.pdf
<https://www.bmwgroup.com/en/company/leadership-and-governance.html#scroll=Supervisory-Board>
https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup_com/company/downloads/en/2021/BMW_Group_Corporate_Governance_Key_Aspects.pdf
https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup_com/company/downloads/en/2022/Supervisory-Board-Committees-2021.pdf
- 9:
https://www.bmwgroup.com/content/dam/grpw/websites/bmwgroup_com/ir/downloads/en/2022/hv/E1.1.pdf
<https://www.ipcc.ch/report/ar6/wg2/>

About Inyova Impact Investing

Inyova is a brand of Yova AG.

Yova AG is an independent asset manager focused on investments with a sustainability impact and manages the portfolios of several thousand shareholders in BMW.

Inyova's customers represent a new generation of investors (50% below 35 years old).

Contact

Dr. Tillmann Lang
CEO & Co-founder

✉ tillmann@inyova.com

Yova AG
Limmatstrasse 123
8005 Zürich
Switzerland
CHE-138.068.018

