

CARBON ACCOUNTING

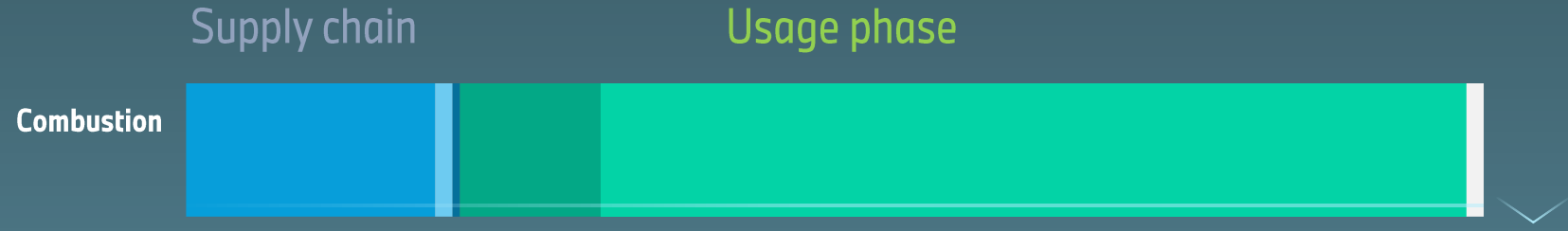
SUMMARY

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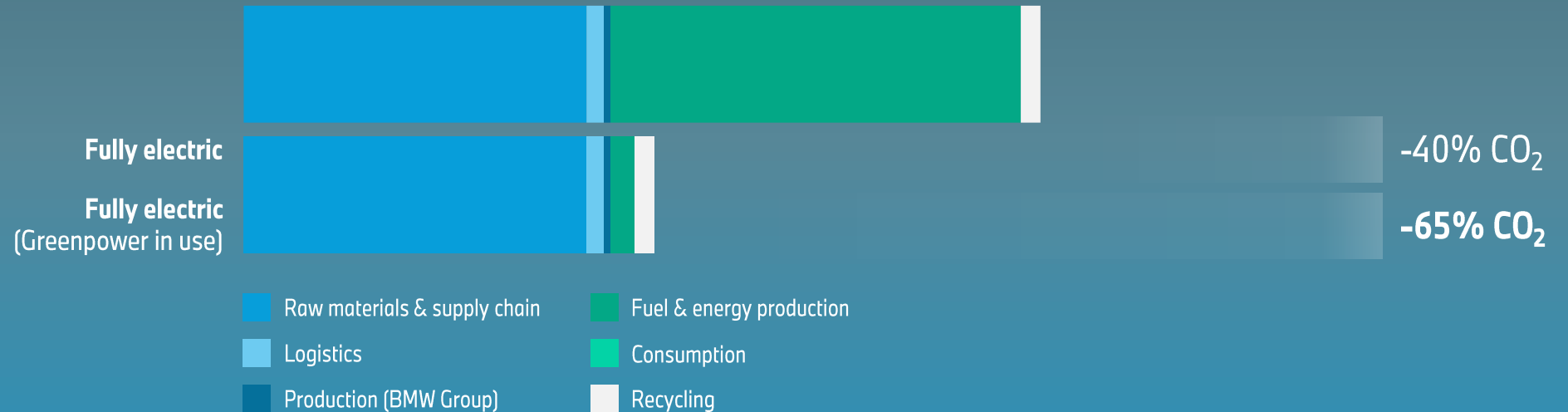
ELECTRIC MOBILITY REDUCES THE CO2 FOOTPRINT OVER THE ENTIRE LIFE CYCLE SHIFTING THE EMISSIONS FROM USAGE PHASE TO THE SUPPLY CHAIN...



X3



iX3



...MAKING THE STEERING OF UPSTREAM CO2 EVEN MORE COMPELLING.

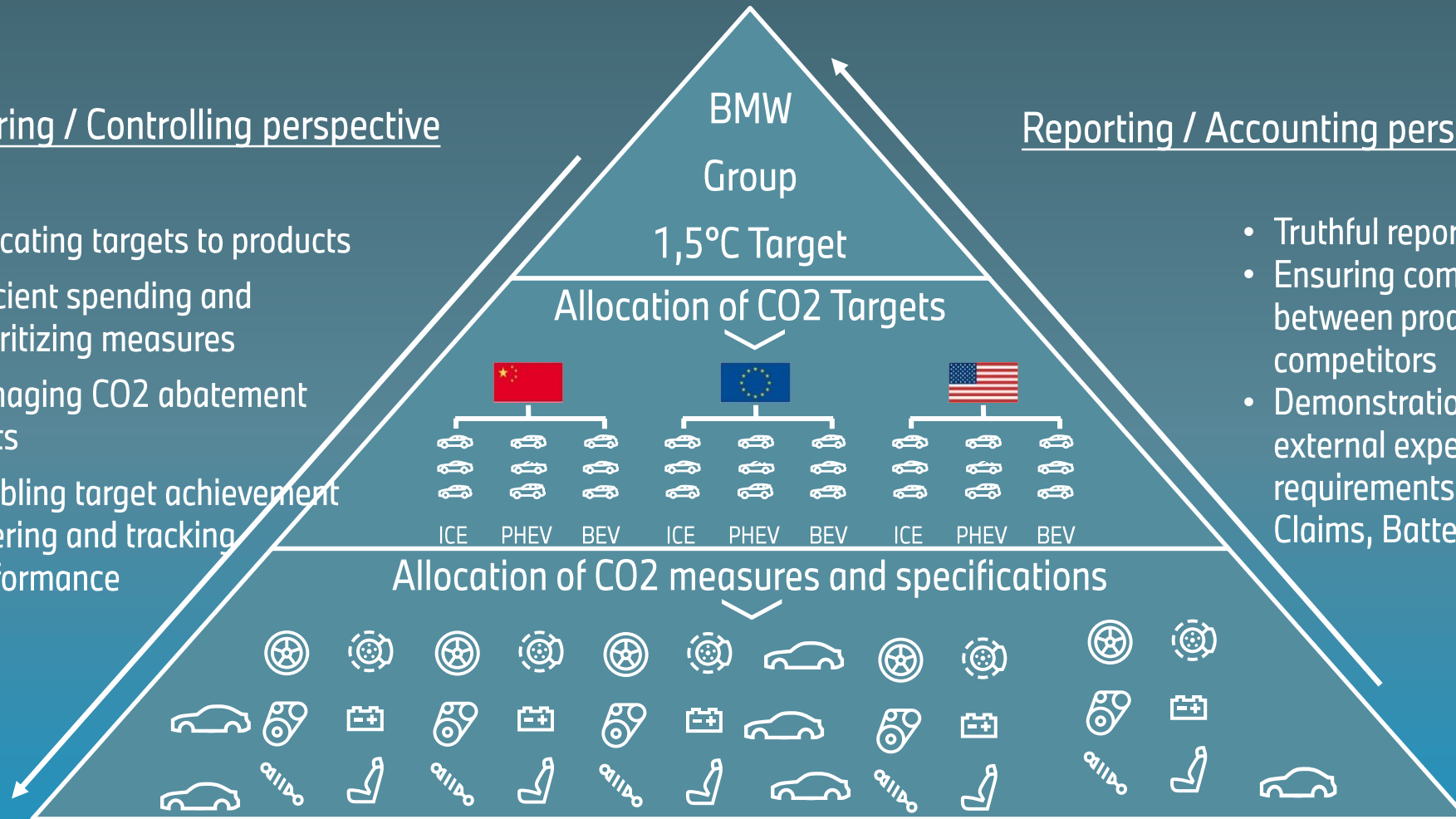
WE NEED A FUNCTIONING CARBON ACCOUNTING BOTH FOR STEERING AND REPORTING.

Steering / Controlling perspective

- Allocating targets to products
- Efficient spending and prioritizing measures
- Managing CO2 abatement costs
- Enabling target achievement steering and tracking performance

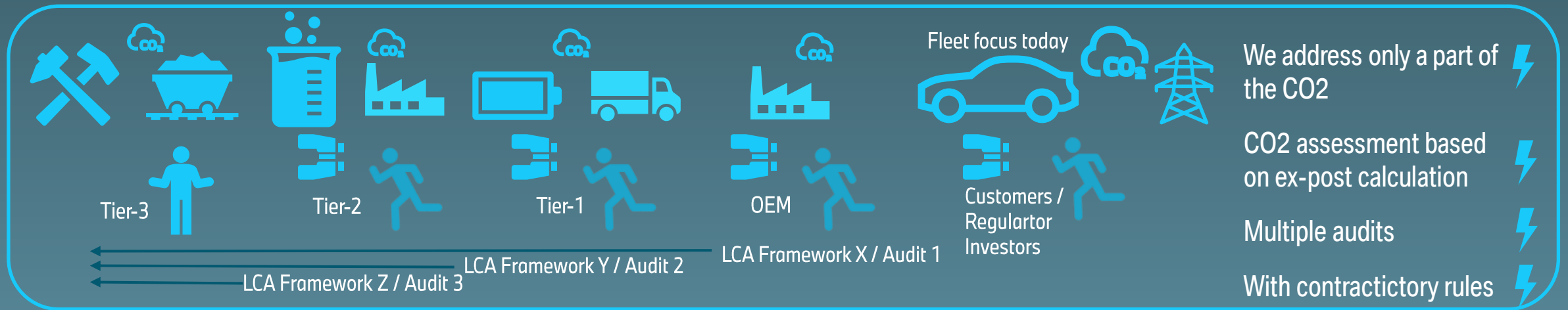
Reporting / Accounting perspective

- Truthful reporting of performance
- Ensuring comparability: Over time, between products and among competitors
- Demonstration of compliance with, external expectations and legal requirements (CBAM, CSRD, Green Claims, Battery footprint)



WE NEED A NEW APPROACH AND POLITICAL AND METHODOLOGICAL FRAMEWORK FOR CARBON ACCOUNTING ALONG THE ENTIRE VALUE CHAIN.

State of Play:



Future Vision:



CARBON ACCOUNTING: SUMMARY OF THE BMW GROUP POSITION

- We support the creation of an **internationally agreed political and methodological framework** that clearly focuses on the measured benefits for the climate
- The BMW Group supports and drives forward the **migration** from a CO2 calculation based on **secondary and average or default data** to a CO2 calculation based on **primary and product specific data** related to the firms value chain.
- The BMW Group **aims to reduce its carbon emissions** across our operating geographies with locally suitable measures, by choosing the right suppliers and the right technologies. Every measure in the chain needs to count.
- We strive for the **recognition of all effective sustainability measures** in regulations that govern market access and incentives / penalties based on sustainability attributes.
- We support a carbon accounting solution using these principles:
 - One **globally accepted** method
 - **Audit only once** at the place where CO2 is emitted
 - **Digital** data transfer

BACKUP

CARBON ACCOUNTING FROM SEVERAL PERSPECTIVE:

Demonstration of performance /outcome	<p>Examples:</p> <ul style="list-style-type: none"> Tracking of scope 3 Review of Climate target achievement Measurement of performance according to PSC Impact on remuneration 	<p>Examples:</p> <ul style="list-style-type: none"> Disclosures according to CSRD, ISSB Strategic messaging to investors, stakeholders etc. Product Carbon Footprint for Customers 	<p>Controlling View:</p> <ul style="list-style-type: none"> Efficient spending and prioritizing measures Managing abatement costs Enabling target achievement steering and tracking performance Toolbox development emphasis on being "fit for the job" <p>State of Play:</p> <ul style="list-style-type: none"> Early-phase toolbox development (CO2MOS) Insufficient database: predominantly average data and LCA methodology Urgent need to address Scope 3 Basis for external accounting with increased robustness Standards required in the supply chain (Catena X, etc.) 	<p>Accounting View:</p> <p>Truthful reporting of performance Demonstration of compliance with:</p> <ul style="list-style-type: none"> External expectations Legal requirements <p>Ensuring comparability:</p> <ul style="list-style-type: none"> Over time Among competitors <p>Data quality is critical</p> <p>State of Play:</p> <p>Need for binding accounting rules:</p> <ul style="list-style-type: none"> Internationally agreed & Cross-sectoral <p>Current frameworks deemed insufficient</p> <ul style="list-style-type: none"> Reliance on private initiatives (CATENA X, PACT, etc.) Lack of global alignment <p>Questions about the level of government intervention (regarding corporate performance & technical solutions)</p>
	Decision Making / Measures	<p>Examples:</p> <ul style="list-style-type: none"> Accepted price of green steel Replacement timing of paintshop BEV-share steering Climate related PREP elements 	<p>Examples:</p> <ul style="list-style-type: none"> Alignment of strategy with Paris agreement Fulfillment of technical regulation Maximum Battery footprint, SRQ and recycling quotas 	<p>Core elements:</p> <p>Focus on volume of CO2 reduced</p> <p>Technology openness</p> <p>Auditing of</p> <ul style="list-style-type: none"> Correct measurement Proper allocation of CO2 to products <p>System fitness check of both</p> <ul style="list-style-type: none"> controlling and accounting <p>Possible basis for future</p> <ul style="list-style-type: none"> Corporate CO2-taxation and enlarged CO2-trading
Internal		External		