Sustainable tyres for BMW X5 Plug-in Hybrid: BMW Group becomes first automotive manufacturer to use new Pirelli tyres containing FSC-certified natural rubber and rayon

• 22-inch tyres using certified sustainable natural rubber and rayon, a wood-based material used to strengthen the tyres

• Plantations certified to standards of independent Forest Stewardship Council™ (FSC™) organisation

• Wendt: “We are helping preserve biodiversity and forests to counteract climate change”

The BMW Group is stepping up its activities in the field of sustainability, becoming the first automotive manufacturer worldwide to equip its cars with tyres using

certified sustainable natural rubber and rayon, a wood-based material used to strengthen the tyres. The company will source 22-inch tyres in the first instance exclusively from Pirelli and, from August of this year, will use them in the BMW X5 xDrive45e Plug-in-Hybrid (fuel consumption combined: 1.7-1.2 l/100km (WLTP), 2.1-1.6 l/100 km (NEDC); power consumption combined: 27.7-24.3 kWh/100 km (WLTP), 25.2-23.5 kWh/100 km (NEDC); CO2 emissions combined: 39-27 g/km (WLTP), 47-37 g/km (NEDC)). Certification of the rubber plantations and the complex supply chain for natural rubber and rayon takes place in accordance with the strict standards of the independent Forest Stewardship Council (FSC).

“As a premium manufacturer, we aspire to lead the way in sustainability and take responsibility,” said Dr Andreas Wendt, member of the Board of Management of BMW AG responsible for Purchasing and Supplier Network. “We have been committed to improving cultivation of natural rubber and increasing transparency in the supplier network since 2015. The use of tyres made of certified natural rubber is a pioneering achievement for our industry. In this way, we are helping preserve biodiversity and forests to counteract climate change.”

Natural rubber is the basic material for many products we use in our daily lives, such as boots and mattresses. About six million small farmers worldwide are responsible for over 80% of the world’s natural rubber cultivation. In the so-called rubber belt across the tropical regions, they run farms of between one and two hectares in size under a wide variety of different conditions. Agreeing uniform social and environmental growing conditions with these millions of small individual farms is therefore a major challenge. By far the largest share of natural rubber grown worldwide goes into tyre production. Natural rubber’s high elasticity and sturdiness currently make it irreplaceable for tyre production.

Small label, big impact

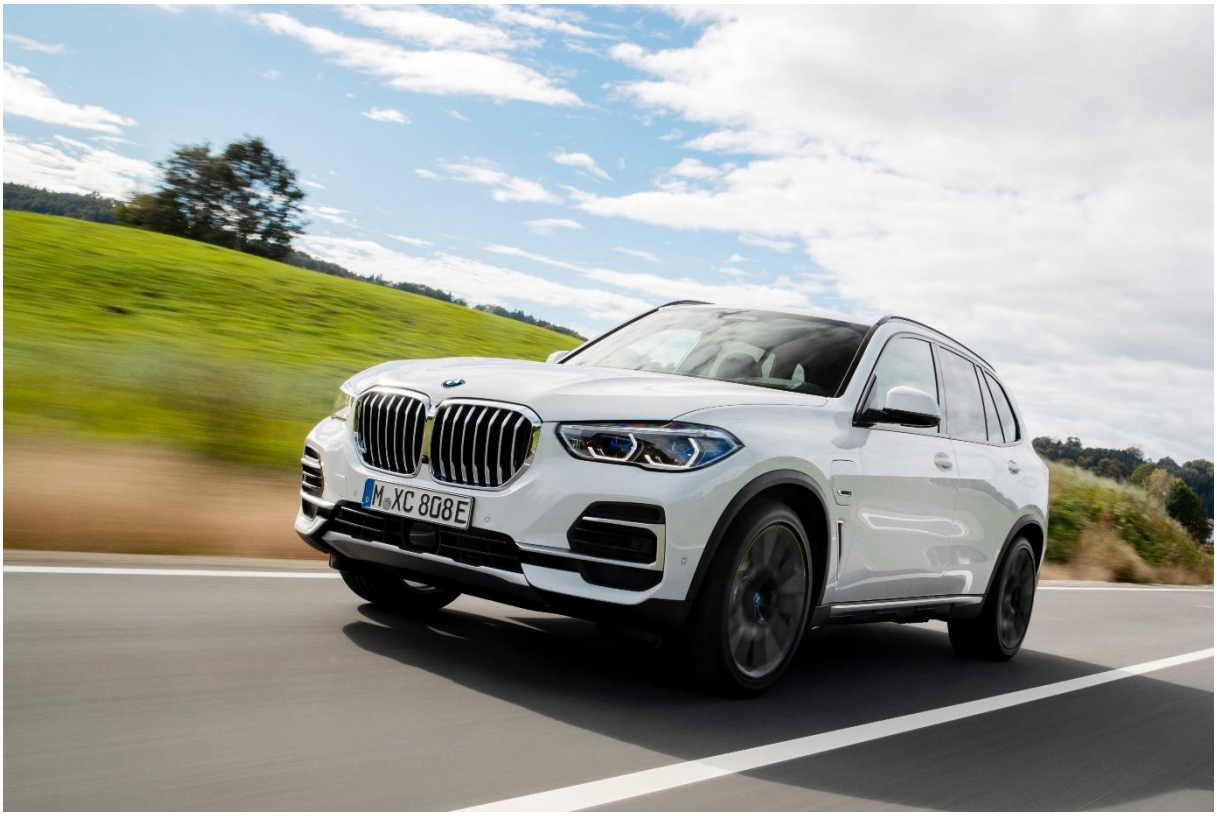
As an independent organisation, FSC has developed an internationally recognised and demanding certification standard in recent years that is used worldwide for environmentally appropriate, socially beneficial and economically viable management of the forests. The organisation, whose well-known logo is already established in the wood and paper industry, also applies this standard to products made of natural rubber.

The new 22-inch P ZERO ↔ tyre has now become the world's first tyre to receive the coveted FSC label. To earn this certification, Pirelli adapted its US plant in Rome, Georgia, to produce tyres using FSC-certified natural rubber and rayon. From there, the tyres are delivered to BMW Group Plant Spartanburg, around 370 km away, and mounted on the BMW X5 Plug-in Hybrid. The star ↔in the name indicates that the new tyre meets the BMW Group's strict performance requirements, including particularly low rolling resistance and noise level.

Giovanni Tronchetti Provera, Pirelli's Senior Vice President for Sustainability and Future Mobility, said: "Before even reaching the road, sustainable mobility begins with raw materials. With the world's first FSC-certified tyre, Pirelli once again demonstrates its commitment to pursuing increasingly challenging goals in terms of sustainability, a testament to the constant work on innovative materials and increasingly cutting-edge production processes. We continue to invest in sustainable growth for our planet, aware that this is also essential for the future of our businesses."

Jeremy Harrison, Chief Markets Officer, FSC International, added: "The new FSC-certified Pirelli Tyre is a significant milestone in the drive to deliver economic,

social, and environmental benefits across the natural rubber value chain. This is a major step forward in the journey towards a more sustainable natural rubber value chain, thereby helping to mitigate deforestation and support the fight against climate change."



Long-standing commitment to greater transparency and sustainability in the natural rubber supplier network

The use of the first tyres containing certified sustainable natural rubber and rayon at the BMW Group is the result of the company's extensive commitment in this area. In 2019, the BMW Group joined forces with well-known tyre manufacturers, NGOs, rubber producers and consumers to create the Global Platform for Sustainable Natural Rubber (GPSNR). Small farmers are also represented in this initiative. The GPSNR is committed to improving social and environmental

conditions for cultivation of natural rubber and pushing for more sustainability. It also implements measures to stop deforestation and make supply chains more transparent. The GPSNR currently has almost 100 members, who are responsible for about 50 percent of the global natural rubber market.

Through its activities in the GPSNR and close cooperation with its suppliers, the BMW Group is constantly working to further improve sustainability in the natural rubber supply chain. The BMW Group is stepping up these activities and plans to steadily expand its sourcing of tyres made from sustainably grown natural rubber.

The BMW Group has been working with the FSC organisation for many years (Licence code FSC-N002012). The company decided to use FSC-certified wood in the BMW i3, which was first launched onto the market in 2013. The BMW iX for release later this year will also feature FSC-certified wood. In 2017, the BMW Group and FSC advocated for further development of FSC standards for cultivation of natural rubber in Thailand.

Sustainability an integral part of all purchasing activities

Independently of these measures, the BMW Group has contractually obligated all its direct suppliers to respect human rights, comply with expanded environmental and social standards and to introduce management systems to promote occupational safety and protect the environment since 2014. This also includes protecting forests and biodiversity.

These requirements must also be contractually passed on to subcontractors. BMW Group Purchasing does not rely on contractual obligations alone for this but is also

implementing a large number of additional measures in a transparent process. A risk filter is used to evaluate potential supplier locations worldwide even before the call for bids. The next step is to require possible suppliers to outline their sustainability activities in a detailed questionnaire. External partners also work with internal appraisers to review selected locations. Throughout the contract period, external partners work with internal appraisers to verify compliance with sustainability requirements through questionnaires and audits. In this way, BMW Group Purchasing is able to monitor thousands of locations every year.

Sustainable mobility with the BMW X5 xDrive45e

The BMW Group has completed full lifecycle CO2 certification for the BMW X5 xDrive45e – from raw material procurement, through the supply chain, production and use phase, all the way to recycling. If charged during the use phase with the average European electricity mix, this gives it an advantage of around 40 percent over the BMW X5 xDrive40i. If charged with green power, the advantage is around 70 percent. The electric range amounts to 77-88 kilometres (WLTP).

CO2 EMISSIONS AND CONSUMPTION: BMW X5 xDrive45e Plug-in-Hybrid: Fuel consumption combined: 1.7-1.2 l/100km (WLTP), 2.1-1.6 l/100 km (NEDC); Power consumption combined: 27.7-24.3 kWh/100 km (WLTP), 25.2-23.5 kWh/100 km (NEDC); CO2 emissions combined: 39-27 g/km (WLTP), 47-37 g/km (NEDC)