

 CASE STUDY:

# BMW

## Background

BMW is an automotive manufacturer based in Munich, Germany. We have been engaging with the company since 2008 and are also the Climate Action 100+ engagement co-lead. Our engagement focus with BMW has been on its electric vehicles strategy and its public policy advocacy.

We began engagement on the energy transition in 2017 when we were concerned with the level of ambition and lack of intermediate targets for the company's electric vehicles strategy. We were also concerned by reports of misaligned lobbying by industry associations which it supported, associations that were misaligned with the goals of the Paris Agreement. This concern was amplified by the CEO of BMW becoming the president of the European Automobile Manufacturers' Association.

## Our engagement

We have engaged consistently on these issues over a five-year period, demonstrated by a site visit of BMW's largest production plants in 2017, participating in an investor day in 2018 and multiple in-person and virtual meetings with investor relations, the supervisory board chair and the head of external affairs and sustainability executives in the following years. We have also written to the chair and CEO, and submitted questions at annual general meetings in 2020, 2021 and 2022. Pushing forward our dialogue on the company's electrification strategy and emissions reduction targets, we explained the importance of the new Climate Action 100+ Net Zero benchmark and its key indicators. We also shared key investor expectations documents such as the IIGCC investor expectations on climate lobbying (2018) and the new Global Standard on Corporate Climate Lobbying (2022).

### We have also written to the chair and CEO, and submitted questions at annual general meetings in 2020, 2021 and 2022.

We also supported dialogue between the company and a group of investors proposing a shareholder resolution that requested more detailed disclosures of the company's direct and indirect

## Engagement objectives:



### Environmental:

Electric vehicles strategy



### Strategy, risk and communication:

Public policy advocacy

## Sustainable Development Goals:



lobbying. As part of this investor group, we reiterated the benefits of undertaking a review on such activity. The company agreed and said that the external affairs team would investigate how it could better communicate its approach via annual reporting. We also reiterated this in a meeting with the supervisory board chair, highlighting that one of its German peers had now published a lobbying report.

### We also supported dialogue between the company and a group of investors proposing a shareholder resolution that requested more detailed disclosures of the company's direct and indirect lobbying.

## Changes at the company

BMW has significantly increased its ambition regarding electric vehicles, including interim sales targets. In July 2020, BMW announced intermediate reduction targets across the life cycle of its products: from the supply chain through production to the end-of-use phase. CO<sub>2</sub> emissions per vehicle are to be reduced by 40% by 2030 from a 2019 baseline<sup>1</sup>, with carbon emissions from production and sites to be lowered by 80% per vehicle, a

<sup>1</sup> BMW | CO<sub>2</sub> reduction and circular economy

50% reduction per vehicle in the use phase and a 20% reduction per vehicle in the supply chain<sup>2</sup>. In addition, the company will make its suppliers' carbon footprint a decision criterion in its contract award processes.

In December 2021, the company shared ambitious sales targets for fully-electric vehicles, planning sales of a total of two million vehicles by 2025. An investor presentation by the company set out plans for a 30% minimum share of electrified cars in total deliveries by 2025, as well as a reduction in CO2 emissions of at least 50% per vehicle in the use phase by 2030 versus 2019. We welcomed news that the company had joined the Business Ambition for 1.5°C under the Science Based Targets initiative.

### **In addition, the company will make its suppliers' carbon footprint a decision criterion in its contract award processes.**

On lobbying, the company promisingly stated in April 2022 that "To ensure that our government affairs activities and our engagement through the company's memberships are consistent with the long-term goals of the Paris Climate Agreement, we are constantly reviewing these engagements" and that "we will provide more information on the company's individual government affairs activities so that our stakeholders can better understand our efforts to achieve carbon neutrality."<sup>3</sup>

The company committed to providing greater transparency to stakeholders by reporting "annually on relevant engagement and activities and list [...] climate related public policy actions". In May 2022, the company shared with investors the publication of its first "BMW Group Climate Engagement Report"<sup>4</sup> – a significant and positive step forward. However, key improvements remain that would better align the company with the Global Standard on Corporate Climate Lobbying (2022).<sup>5</sup> This is illustrated by the company only scoring 7/100 points on the quality of its lobbying disclosure in the InfluenceMap CA100+ Lobbying reviews.<sup>6</sup>

### **The company shared with investors the publication of its first "BMW Group Climate Engagement Report"<sup>4</sup> – a significant and positive step forward.**

<sup>2</sup> BMW | Sustainability | CO<sub>2</sub> reduction

<sup>3</sup> BMW | Responsibility

<sup>4</sup> BMW | Responsibility | BMW Group Policy Stakeholder Dialogue

<sup>5</sup> Global Standard on Corporate Climate Lobbying

<sup>6</sup> InfluenceMap CA100+ | Lobbying disclosures



#### **Next steps**

**Following the production of its inaugural report, the next step for the company should be to improve its disclosures to better align with investor expectations on climate lobbying. We will continue to engage with the company on this issue and offer to provide feedback.**

**We also continue to engage with the company to demonstrate its alignment of its Scope 3 targets with a 1.5°C scenario, approach to reducing emissions in its supply chain and its security of minerals supply. We would also like to see BMW develop an explicit just transition strategy that better communicates how the company has considered the impacts of its transition strategy on its stakeholders and identified actions to mitigate these.**



This case study has been fact-checked by BMW to ensure a fair representation of EOS work carried out, including meetings and correspondence, and actions taken by the company, such as targets set and reports published, are factually accurate.



**Lisa Lange**  
**Engagement**  
EOS

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