

STATEMENT ON CORPORATE GOVERNANCE

12 March 2020

Good corporate governance – acting in accordance with the principles of responsible management aimed at increasing the value of the business on a sustainable basis – is an essential requirement for the BMW Group and embraces every aspect of the enterprise. The corporate culture of the BMW Group is firmly based on transparent reporting and communication, corporate governance in the best interest of all stakeholders, trustful cooperation between the Board of Management, the Supervisory Board and employees, and compliance with applicable law.

In this statement, the Board of Management and the Supervisory Board report on the corporate governance of the Company in accordance with § 289f and § 315d of the German Commercial Code (HGB) and section 3.10 of the German Corporate Governance Code (DCGK) in the version dated 7 February 2017 and principle 22 of the DCGK in the version dated 16 December 2019 respectively.

DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE

Pursuant to § 161 of the German Stock Corporation Act (AktG), the Board of Management and the Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft ("BMW AG") declare the following regarding the recommendations of the "Government Commission on the German Corporate Governance Code":

1. Since the last Declaration was issued in December 2018, BMW AG has complied with all the recommendations published officially in the Federal Gazette on 24 April 2017 (Code version dated 7 February 2017) with the exception – as previously reported – of section 4.2.5 sentences 5 and 6.

2. It is recommended in section 4.2.5 sentences 5 and 6 of the Code that specified information pertaining to management board compensation be disclosed in the Compensation Report in predefined model tables. These recommendations have been deviated from so far, in view of the transparency and understandability of the Compensation Report in the course of the implementation of the Second EU Shareholder Rights Directive and the expected deletion of the aforementioned tables by the Government Commission on the German Corporate Governance Code. Due to the delays in the last two steps, the recommendations on the

model tables will now be complied with for the financial year 2019.

3. In future, BMW AG will comply with all the recommendations published officially in the Federal Gazette on 24 April 2017 (Code version dated 7 February 2017).

Munich, December 2019

Current and previous Declarations of Compliance of Bayerische Motoren Werke Aktiengesellschaft can be viewed online at:

www.bmwgroup.com/compliancedeclaration

INFORMATION ON THE COMPANY'S GOVERNING CONSTITUTION

The designation "BMW Group" comprises Bayerische Motoren Werke Aktiengesellschaft (BMW AG) and all its Group entities. BMW AG is a stock corporation (Aktiengesellschaft) as defined in the German Stock Corporation Act (Aktengesetz) and has its registered office in Munich, Germany. It has three representative bodies: the Board of Management, the Supervisory Board and the Annual General Meeting. The duties and powers of these bodies derive from the Stock Corporation Act and the Articles of Incorporation of BMW AG.

As owners of the business, shareholders exercise their rights at the Annual General Meeting. The Board of Management is responsible for managing the BMW Group and is both monitored and advised by the Supervisory Board. The Supervisory Board appoints the members of the Board of Management and can revoke an appointment at any time if there is an important reason to do so. The Board of Management informs the Supervisory Board and reports to it regularly, promptly and comprehensively, in line with the principles of conscientious and faithful accountability and in accordance with the law and the reporting duties determined by the Supervisory Board. The Board of Management requires the approval of the Supervisory Board before conducting certain major business transactions. The Supervisory Board is not, however, authorised to undertake management measures in its own right. The close interaction between the Board of Management and the Supervisory Board in the interests of the BMW Group is also known as a "two-tier board structure".

BOARD OF MANAGEMENT

The Board of Management manages the enterprise under its own responsibility, acting in the best interests of the BMW Group and with the aim of achieving sustainable growth in value. The interests of shareholders, employees and other stakeholders are also taken into account in the pursuit of this aim.

Overview

In accordance with § 7 of the Articles of Incorporation, the Board of Management of BMW AG must comprise at least two persons; otherwise the number of members on the Board of Management is determined by the Supervisory Board. At 31 December 2019, the Board of Management comprised seven members.

The Board of Management decides on the principal guidelines for managing the Group, determines and agrees upon questions of strategy with the Supervisory Board, and ensures their implementation. The Board of Management is also responsible for ensuring that all statutory provisions and internal regulations are complied with. Further details regarding compliance within the BMW Group are available in the section on Corporate Governance, Compliance and Human Rights within the BMW Group contained in the Annual Report 2019. The Board of Management is also responsible for ensuring that appropriate risk management and risk controlling systems are in place throughout the Group.

When a new member is appointed to the Board of Management, the BMW Corporate Governance Officer is required to inform that new member of the framework conditions under which their duties are to be performed – in particular those enshrined in the BMW Group's Corporate Governance Code – as well as the duty to cooperate when a transaction or an event triggers reporting requirements or is subject to the approval of the Supervisory Board.

Members of the Board of Management are required to act in the BMW Group's best interests and may not pursue personal interests in their decisions or take advantage of business opportunities intended for the benefit of the enterprise as a whole. They may only undertake secondary activities, particularly supervisory board mandates outside the BMW Group, with the prior approval of the Supervisory Board's Personnel Committee.

Members of the Board of Management of BMW AG are required to disclose any conflicts of interest to the Supervisory Board without delay and inform the other members of the Board of Management accordingly.

During their period of employment for BMW AG, members of the Board of Management are bound by a comprehensive non-competition clause.

Board of Management work procedures

The Board of Management has adopted rules of procedure that include drawing up a plan for allocating areas of responsibility among the individual Board members.

These rules of procedure also set out the principle that the Board of Management bears joint responsibility for all matters of particular importance and scope. In all other respects, members of the Board of Management are individually responsible for the portfolio of duties allocated to them, whereby case-by-case rules can be put in place for matters pertaining to more than one area.

Board members continually provide the Chairman of the Board of Management with all the required information pertaining to major transactions and business developments within their remit. The Chairman of the Board of Management coordinates matters pertaining to more than one area of responsibility with the overall targets and plans of the BMW Group, involving other Board members to the extent that their remit is affected.

The Board of Management makes its decisions at full Board meetings and at Product and Customer Board meetings (since 1 November 2019). A Board of Management meeting may only be held if more than half of the Board members are present.

Full Board meetings are convened, coordinated and chaired by the Chairman of the Board of Management. In the event that the Chairman of the Board of Management is not present or is unable to attend a meeting, the member of the Board responsible for Finance will represent him.

A secretariat for Board of Management matters has been established to assist the Chairman and other Board members with the preparation and follow-up work connected with Board meetings.

A meeting is quorate to take resolutions if all Board members have been invited to the meeting in good time. Members unable to attend any particular meeting are also entitled to vote in writing, by fax or by telephone. However, votes cast by telephone must be confirmed in writing. Except in urgent cases, matters relating to an area for which the responsible Board member is not present will only be discussed and decided upon with that member's consent.

By order of the Chairman, decisions may also be taken outside of Board meetings if none of the Board members object to this procedure.

Unless otherwise stipulated by law or in BMW AG's Articles of Incorporation, the Board of Management makes decisions based on a simple majority of votes cast at meetings. Any changes to the Board's rules of procedure must be passed unanimously. Outside of Board meetings, decisions are taken on the basis of a simple majority of its members. In the event of a tied vote, the Chairman of the Board of Management has the casting vote.

Minutes are taken of all meetings as well as of the Board of Management's resolutions and signed by the Chairman. Decisions taken by the Board of Management are binding for all employees.

The Board of Management may, as required and depending on the subject matter being discussed, invite non-voting advisors to participate in meetings.

Generally, two to three full Board meetings were held per month during the financial year 2019.

Tasks of the full Board of Management

During the financial year 2019, deliberations were held and decisions taken by the Board of Management at full Board meetings, at Product and Customer Board meetings (since 1 November 2019) and at Sustainability Board meetings (combined with full Board meetings with effect from 1 November 2019).

The overall framework for developing business strategies, the use of resources, the implementation of strategies and matters of particular importance to BMW AG are decided upon at full Board meetings.

Product and customer-related issues of particular importance and significance for BMW AG as well as issues relating to automobile product strategy and all product projects (to the extent relevant for all brands) are decided upon at basic policy level at Product and Customer Board meetings.

In its function as Sustainability Board, the full Board usually meets twice a year to define the framework for strategy and resources with regard to sustainability and decide upon measures for implementing that strategy. The Sustainability Board was incorporated in full Board meetings with effect from 1 November 2019.

Board of Management committees

The Board of Management has established three committees, namely the Customer committee (since 1 November 2019), the Senior Executive committee and the Operations committee.

The Board's Customer committee (since 1 November 2019) advises and decides on sales and brand issues across all areas of responsibility as well as on the direct interaction of sales and brand issues with production

and purchasing issues. It usually meets once a month and at least four times a year in full session. Voting members of the Customer committee are the Board member responsible for Customer, Brand and Sales, who is also the Chairman, and the Board members responsible for Finance, Purchasing and Supplier Network, and Production. The meetings of the Customer committee are also attended in an advisory capacity by heads of department of the following areas: Customer/BMW Brand Management; MINI, Sales Management and Strategy; Group Controlling; Strategy/Projects/Central Functions; and Production Network/Logistics.

The Board's Operations committee generally meets every two weeks. At these meetings, it takes Group-wide decisions concerning automobile product projects based on the strategy and decision-making framework stipulated at Board of Management meetings. Voting members of the Operations committee are the Board member responsible for Development, who is also the Chairman, as well as the Board members responsible for Purchasing and Supplier Network and Production. The Head of Quality Assurance as well as the Head of Maturity Level Management, Approvals and Testing participate in Operations committee meetings in an advisory capacity.

The Board's Senior Executive committee deals with issues of relevance to the senior executive management of the BMW Group, either as a whole or individually. First and foremost, the committee plays an advisory and preparatory role (e.g. regarding fundamental issues relating to human resources policies such as compensation systems and planning, personnel development and assessment tools) and secondly the role of a decision-making body, such as that pertaining to the (further) development of rules and guidelines for senior executives. The committee has two members who are entitled to vote at meetings, namely the Chairman of the Board of Management (who also chairs the meetings) and the Board member responsible for Human Resources. The Head of Human Resources Management and Services as well as the Head of Human Resources Senior Executive Management also participate in these meetings in an advisory capacity.

The regulations pertaining to meetings held by and resolutions made by the full Board of Management also apply to the Board's committees accordingly.

Members of the Board of Management not represented in a committee are provided with the agendas and minutes of committee meetings. If the committee deems it appropriate or if a member of the Board of Management so requests, committee matters may also be dealt with at Board meetings.

Cooperation with the Supervisory Board

The Board of Management is represented by its Chairman in its dealings with the Supervisory Board. The Chairman of the Board of Management maintains regular contact with the Chairman of the Supervisory Board and keeps him informed of all important matters.

The Supervisory Board has passed a resolution specifying the information and reporting duties of the Board of Management. As a general rule, the Board of Management submits any reports required by law to the Supervisory Board in writing. To the extent possible, documents required as a basis for decision-making are sent to the members of the Supervisory Board in good time prior to the relevant meeting.

The Supervisory Board has passed a resolution that its specific approval is required for transactions of fundamental importance. If necessary, the Chairman of the Board of Management is required to obtain the approval of the Supervisory Board. It is also responsible for fulfilling its reporting obligations to the Supervisory Board. The Chairman is supported by all members of the Board of Management in the fulfilment of these tasks.

The fundamental principle the Board of Management follows when reporting to the Supervisory Board is that the information should be provided regularly, promptly and comprehensively regarding all significant matters pertaining to planning, business performance, risk exposures, risk management and compliance as well as any major variances between actual business developments and forecasts and targets as well as the relevant reasons.

Board of Management succession planning, diversity concept

In collaboration with the Board of Management, the Supervisory Board ensures that a long-term successor plan is in place. When assessing candidates for a post on the Board of Management, the underlying criteria applied by the Supervisory Board for determining their suitability are expertise in the relevant area of Board responsibility, outstanding leadership qualities, a proven track record, and a good understanding of the BMW Group's business. The Supervisory Board has adopted a diversity concept for the composition of the Board of Management, which is also aligned with recommendations of the German Corporate Governance Code. In considering which individuals would best complement the Board of Management, the Supervisory Board also takes diversity into account. The Supervisory Board understands diversity in the context of the decision-making process as encompassing a range of complementary individual profiles, work and life experience at

both national and international levels, and also the appropriate representation of genders. In reaching its decisions, the Supervisory Board also considers the following:

- Board of Management members need to have a long-standing track record of management experience, ideally in a variety of professional fields.
- At least two members of the Board should have international management experience.
- At least two members should have a technical background.
- Collectively, the Board of Management should have extensive experience in the fields of development, production, sales and marketing, finances and human resources.
- The Supervisory Board has stipulated a target for the proportion of women on the Board of Management, which is outlined in the section "Disclosures pursuant to the Act on Equal Gender Participation". The Board of Management reports to the Personnel Committee and the Supervisory Board at regular intervals on the proportion of and the development of women in senior management positions and in particular at first executive level.
- In accordance with the recommendation of the German Corporate Governance Code, the Supervisory Board has set a standard age limit for Board of Management membership, which aims at 60 years of age. The Supervisory Board also gives consideration to achieving an appropriate mixture of people of different ages within the Board of Management.

When actually selecting an individual for a post on the Board of Management, the Supervisory Board decides in the best interests of the BMW Group and after amply considering all the relevant circumstances. The Supervisory Board's Personnel Committee takes the above-mentioned diversity concept into account when selecting candidates to ensure that the Board of Management has a diverse composition.

In the Supervisory Board's opinion, the composition of the Board of Management at 31 December 2019 is in line with the stipulated diversity concept. The varying professional, academic and life experiences of the members of the Board of Management complement one another. To enable a comparison with the diversity concept, the curricula vitae of the members of the Board of Management are available on the Company's website.

SUPERVISORY BOARD

The Supervisory Board is charged with the task of advising and monitoring the Board of Management in its management of BMW AG.

Overview

The Supervisory Board of BMW AG consists of ten shareholder representatives (elected by the Annual General Meeting) and ten employee representatives (elected in accordance with the Co-Determination Act).

The ten employee representatives on the Supervisory Board are made up of

- seven Company employees, including one senior manager, and
- three members of the Supervisory Board, who are elected on the recommendation of trade unions.

The Supervisory Board is involved in decisions of fundamental importance for BMW AG.

It appoints the members of the Board of Management and decides upon the level of compensation they receive. It can also revoke appointments for important reasons.

Members of the Supervisory Board of BMW AG may not delegate their duties to others.

Members of the Supervisory Board are required to act in the best interests of the enterprise as a whole. They may not pursue personal interests in their decisions or take advantage of business opportunities intended to benefit the Group as a whole.

Members of the Supervisory Board are required to inform the full Supervisory Board of any conflicts of interest, particularly any that can result from a consultant or executive function with clients, suppliers, lenders or other business partners, in order to enable the Supervisory Board to report to the shareholders at the Annual General Meeting on its treatment of the issue. If a Supervisory Board member has significant and non-temporary conflicts of interest, it will lead to the termination of their mandate.

Members of the Supervisory Board of BMW AG are required to ensure that they have sufficient time to carry out their duties. If members of the Supervisory Board of BMW AG are also members of the management board of a listed company, they may not accept membership on more than a total of three non-BMW Group supervisory boards of listed companies or in supervisory bodies with comparable requirements.

The Supervisory Board regularly assesses the efficiency of its activities. To this end, a common discus-

sion is held within the Supervisory Board alongside individual meetings with the Chairman, prepared on the basis of a questionnaire sent in advance, which is drawn up by the Supervisory Board.

When nominating candidates for election to the Supervisory Board, care is taken that the body in its entirety has the required knowledge, skills and expertise to perform its tasks in a proper manner.

The Supervisory Board has stated specific targets for its composition, agreed to a diversity concept and determined a competency profile.

The members of the Supervisory Board are individually responsible for undertaking any training required for the performance of their duties, appropriately assisted by the Company.

Following the election of a new Supervisory Board member, the BMW Corporate Governance Officer is required to inform the new member of the principal issues affecting their duties – in particular those enshrined in the BMW Group Corporate Governance Code – including the duty to cooperate when a transaction or event triggers reporting requirements or is subject to the approval of the Supervisory Board.

Supervisory Board work procedures

The Supervisory Board holds a minimum of two meetings in each of the first and second six-month periods of the calendar year. As a rule, five Supervisory Board meetings are held per calendar year. One meeting per year is planned to extend over several days, partially to enable an in-depth exchange of thoughts and ideas on strategic and technical matters. The main topics of meetings during the period under report are summarised in the Report of the Supervisory Board. Shareholder representatives and employee representatives generally prepare Supervisory Board meetings separately, together with members of the Board of Management as the need arises.

The Chairman of the Supervisory Board coordinates work within the Supervisory Board, convenes and chairs its meetings, handles its external affairs and represents it in its dealings with the Board of Management.

The Supervisory Board is quorate if all members have been invited to the meeting and at least half of its total membership participate in the vote on a particular resolution. A resolution relating to an agenda item not included in the invitation is only admissible if none of the members of the Supervisory Board at the meeting object to the resolution and if at least two thirds of the members are present.

Supervisory Board resolutions are generally passed by a simple majority. The German Co-determination Act

contains specific legal requirements and procedural provisions with respect to majority voting, particularly regarding the appointment and dismissal of management board members and the election of a supervisory board chairman or deputy chairman.

If a Supervisory Board vote results in a tie, a new discussion will only take place if the majority of the Supervisory Board resolves to do so accordingly. In the event of a renewed vote on the same item, the Chairman of the Supervisory Board has two votes if the vote is again tied.

The resolutions of the Supervisory Board and its committees are regularly adopted at the meetings. Absent members of the Supervisory Board may have their vote submitted in writing by another member of the Supervisory Board. This rule also applies to the casting of the second vote by the Chairman of the Supervisory Board. Voting by fax or by means of electronic media is also deemed to be a written vote. Subsequent voting is permissible if the Chairman (or Deputy Chairman if the Chairman is unable to participate) consents to this prior to the vote in the meeting for all absent members of the Supervisory Board, based on a deadline for such subsequent voting set by the chairperson.

Minutes are taken of all resolutions and meetings, which are then signed by the relevant chair of the meeting.

The Supervisory Board may call on experts and other suitably informed persons to attend meetings to give advice on specific matters. The Supervisory Board may also meet without the Board of Management if required.

BMW AG ensures that the Supervisory Board and its committees are appropriately equipped to carry out their duties. This includes providing a central Supervisory Board office to support the chairpersons in their coordination work.

Presiding Board and Supervisory Board committees

Taking into account the specific circumstances of the BMW Group and the number of Board members, the Supervisory Board has set up a Presiding Board and four committees, namely the Personnel Committee, the Audit Committee, the Nomination Committee and the Mediation Committee. These serve to increase the efficiency of the Supervisory Board's work and facilitate the handling of complex issues. Committee chairpersons report in detail on committee work at each Supervisory Board meeting.

The composition of the Presiding Board and the committees is based on legal requirements, the Articles of Incorporation, the rules of procedure, and corporate

governance principles, particularly taking into account the professional expertise of their members.

According to the relevant rules of procedure, the Chairman of the Supervisory Board is, in this capacity, automatically a member of the Presiding Board, the Personnel Committee and the Nomination Committee, and also chairs these committees.

The number of meetings held by the Presiding Board and the committees depends on actual requirements. As a rule, the Presiding Board, the Human Resources Committee and the Audit Committee hold several meetings in the course of a year.

In line with the terms of reference for the activities of the Presiding Board and the various committees, the Supervisory Board has set out rules of procedure. Committees are only quorate when all members participate. Unless otherwise stipulated by law, resolutions taken by the committees are passed by a simple majority.

In accordance with the relevant rules of procedure, the Presiding Board comprises the Chairman and Deputy Chairpersons of the Supervisory Board. The Presiding Board prepares Supervisory Board meetings, assuming the subject matter to be discussed does not fall within the remit of any of the committees. This work includes, for example, preparing the annual Declaration of Compliance with the German Corporate Governance Code and the assessment of Supervisory Board efficiency.

The Personnel Committee prepares the decisions of the Supervisory Board with regard to the appointment and, where applicable, removal of members of the Board of Management and, together with the full Supervisory Board and the Board of Management, ensures long-term successor planning. The Personnel Committee also prepares Supervisory Board decisions regarding Board of Management compensation as well as the regular review of the compensation system. In conjunction with the resolutions taken by the Supervisory Board regarding the compensation of the Board of Management, the Personnel Committee is responsible for drawing up, amending and revoking employment contracts or, when necessary, preparing and concluding other relevant contracts with members of the Board of Management. In certain cases, the Personnel Committee is also authorised to grant the necessary approval of a business transaction on behalf of the Supervisory Board. This includes in particular the approval of loans to members of the Board of Management or Supervisory Board, certain contracts with members of the Supervisory Board (in each case taking account of the consequences of related party transactions), as well as

other activities of members of the Board of Management, including the acceptance of non-BMW Group supervisory board mandates.

The Audit Committee deals in particular with issues relating to the monitoring of the financial reporting process, the effectiveness of the internal control system, the risk management system, and the performance of Supervisory Board duties in connection with audits pursuant to § 32 of the German Securities Trading Act (WpHG). It also monitors the external audit, auditor independence, and any additional work performed by the external auditor. It prepares the proposal for the election of the external auditor at the Annual General Meeting, makes a recommendation regarding the election of the external auditor, issues the audit engagement letter and agrees on additional points of audit focus as well as the auditor's fee. The Audit Committee prepares the Supervisory Board's resolution relating to the Company and Group Financial Statements and discusses interim reports with the Board of Management prior to publication. It also addresses non-financial reporting matters, prepares the Supervisory Board's audit thereof, appoints an external auditor for non-financial reporting and issues the audit engagement contract. Moreover, the Audit Committee deals with the monitoring of the auditing system and compliance as well as the examination and supervision of any need for action relating to possible breaches of duty by members of the Board of Management in preparing a resolution for the Supervisory Board. It also decides on the Supervisory Board's agreement to use Authorised Capital 2019 (Article 4 no. 5 of the Articles of Incorporation) and on amendments to the Articles of Incorporation which only affect its wording.

In accordance with the provisions of the German Corporate Governance Code, the Chairman of the Audit Committee must be independent and not a former member of the Company's Board of Management. He is required to have specific knowledge and experience in applying financial reporting standards and internal control procedures. He must also fulfil the requirement of being a financial expert as defined by § 100 (5) and § 107 (4) of the Germany Stock Corporation Act (AktG).

The Nomination Committee is charged with the task of finding suitable candidates for election to the Supervisory Board as shareholder representatives and to propose them to the Supervisory Board for election at the Annual General Meeting. In line with the recommendations of the German Corporate Governance Code, the Nomination Committee consists exclusively of shareholder representatives.

The establishment and composition of a Mediation Committee are prescribed by the German Co-determination Act. The Mediation Committee has the task of

making proposals to the Supervisory Board if a resolution for the appointment of a member of the Board of Management has not been carried by the necessary two-thirds majority of members' votes. In accordance with statutory requirements, the Mediation Committee comprises the Chairman and the Deputy Chairman of the Supervisory Board, one member selected by shareholder representatives and one by employee representatives.

Composition targets for the Supervisory Board, compensation profile diversity concept

The Supervisory Board must be composed in such a way that its members collectively possess the knowledge, skills and experience required to perform its tasks in a proper manner.

To this end, BMW AG's Supervisory Board has passed a resolution specifying the competency profile, including objectives regarding its composition, which are listed below. These also underpin the overall concept for achieving diversity in the composition of the Supervisory Board (diversity concept):

- If possible, the Supervisory Board should have at least four members that have international experience or specialised knowledge of one or more non-German markets important to the BMW Group.
- Furthermore, if possible the Supervisory Board should include seven members who have in-depth knowledge and experience within the BMW Group, no more than two of whom may be former members of the Board of Management.
- Three of the shareholder representatives on the Supervisory Board should preferably be entrepreneurs or persons who have previous experience in the management or supervision of another medium-sized or large company.
- Three members of the Supervisory Board should preferably be figures from the worlds of business, science or research who have gained experience in areas relevant to the BMW Group such as chemicals, energy supply or information technology, or who have specialised knowledge in fields relevant for the future of the BMW Group, e.g. customer requirements, mobility, digitalisation, artificial intelligence, resources or sustainability.
- When seeking suitably qualified individuals for the Supervisory Board whose specialised skills and leadership qualities are most likely to be an asset to the Board as a whole, consideration also needs to be given to diversity. When preparing nominations, the extent to which the work of the Supervisory Board will benefit from diverse professional and personal backgrounds (including international aspects) and from an appropriate gender representation also

needs to be taken into account. It is the joint responsibility of all those participating in the nomination and election process to ensure that qualified women are considered for Supervisory Board membership.

- The Supervisory Board is required to include at least six independent shareholder representatives as defined in section 5.4.2 of the German Corporate Governance Code (version dated 7 February 2017).
- Two independent members of the Supervisory Board need to have expert knowledge of financial accounting or auditing.
- No persons carrying out directorship functions or advisory tasks for important competitors of the BMW Group may belong to the Supervisory Board. In compliance with applicable legislation, members of the Supervisory Board are required to ensure that no persons will be nominated for election with whom a serious, non-temporary conflict of interests could arise due to other activities and functions performed by them outside the BMW Group, particularly advisory activities or directorships with customers, suppliers, creditors or other business partners.
- The age limit of 70 years for membership in the Supervisory Board must be generally applied. In exceptional cases, members may remain in office until the end of the next Annual General Meeting after reaching the age of 73, in order to fulfil legal requirements or to facilitate smooth succession in the case of key roles or specialised qualifications.
- As a general rule, members of the Supervisory Board should not hold office for longer than the end of the Annual General Meeting at which the resolution is passed ratifying the member's activities for the 14th financial year after initially taking office, not including the fiscal year in which the member's period of office began. This rule does not apply to natural persons who either directly or indirectly hold significant investments in the Company. In the Company's interest, deviation from the general maximum period is possible, for instance, in order to work towards another composition target, with particular regard to the diversity of gender as well as members' technical, professional and personal backgrounds.

The time frame set by the Supervisory Board for achieving the above-mentioned composition targets is the period up to 31 December 2020. The Nomination Committee of the Supervisory Board already takes composition targets into account when selecting possible candidates as shareholder representatives. These measures lay the foundation for achieving a diverse composition and ensuring that the Supervisory Board collectively possesses the knowledge, skills and experience required to perform its duties in a proper manner. Proposals for nomination made by the Supervisory

Board at the Annual General Meeting – insofar as they apply to shareholding Supervisory Board members – should take account of the composition targets in such a way that they can be achieved with the support of appropriate resolutions at the Annual General Meeting. The Annual General Meeting is, however, not bound by nominations for election proposed by the Supervisory Board. The voting freedom of employees in the vote for the employee members of the Supervisory Board is also protected. Under the rules stipulated by the German Co-Determination Act, the Supervisory Board does not have the right to nominate employee representatives for election. The composition targets that the Supervisory Board has set itself are therefore not intended to be instructions to those entitled to vote or restrictions on their freedom to vote.

Self-assessment of the Supervisory Board at 31 December 2019

In the Supervisory Board's opinion, its composition at 31 December 2019 fulfilled the targets set out above. For ease of comparison with composition targets, brief curricula vitae of the current members of the Supervisory Board are available on the Company's website at www.bmwgroup.com. Information relating to members' practised professions and mandates in other statutorily formed supervisory boards and equivalent national or foreign corporate supervisory boards, including the lengths of their periods of service, is provided in the overview "Members of the Supervisory Board".

Based on this information, it is evident that the Supervisory Board of BMW AG is highly diversified, with significantly more than the targeted four members having international experience or specialised knowledge with regard to one or more of the non-German markets important to the BMW Group. In-depth knowledge and experience from within the enterprise are provided by the seven employee representatives as well as the Chairman of the Supervisory Board. Only one previous Board of Management member holds office in the Supervisory Board. At least four members of the Supervisory Board have experience in managing another entity. The Supervisory Board also has three entrepreneurs among its members. Most of the members of the Supervisory Board – including the employee representatives – have some experience in supervising another medium-sized or large company. In addition, more than three members of the Supervisory Board have experience and specialised knowledge in subjects particularly relevant for the future of the BMW Group, such as customer requirements, mobility, digitalisation, artificial intelligence, resources, sustainability and information technology.

For the purpose of assessing the independence of its members, the Supervisory Board followed the recommendations of the German Corporate Governance Code in the version dated 7 February 2017. In the opinion of the Supervisory Board, the fact that a member has a substantial shareholding in the Company, or holds office as an employee representative, or was previously a member of the Board of Management, does not rule out their independence. A substantial and not merely temporary conflict of interests as defined in section 5.4.2 DCGK does not apply to any of the Supervisory Board members.

Employees holding office in the Supervisory Board are protected by law when performing their duties. Furthermore, all other Supervisory Board members have a sufficient degree of economic independence from the Company. Any business with entities in which the members of the Supervisory Board carry out a significant function is conducted on an arms' length basis.

The Supervisory Board has therefore concluded that all of its members are independent. At the end of the reporting period the Board consisted of: Dr.-Ing. Norbert Reithofer, Manfred Schoch, Stefan Quandt, Stefan Schmid, Dr. Karl-Ludwig Kley, Christiane Benner, Dr. Kurt Bock, Verena zu Dohna-Jaeger, Dr.-Ing. Heinrich Hiesinger, Prof. Dr. Reinhard Hüttl, Susanne Klatten, Prof. Dr. Renate Köcher, Horst Lischka, Willibald Löw, Simone Menne, Dr. Dominique Mohabeer, Brigitte Rödig, Dr. Vishal Sikka, Dr. Thomas Wittig and Werner Zierer.

At least three members meet the requirements of an independent financial expert. These are Dr. Kurt Bock, Dr. Karl-Ludwig Kley and Simone Menne.

At the end of the reporting period, the Supervisory Board had seven female members (35%), comprising three shareholder representatives and four employee representatives. The Supervisory Board has 13 male members (65%), comprising seven shareholder representatives and six employee representatives. The Company therefore complies with the statutory gender quota of at least 30% female members applicable in Germany since 1 January 2016. The Supervisory Board does not currently have any members more than 70 years old.

SHAREHOLDERS AND ANNUAL GENERAL MEETING

The shareholders of BMW AG exercise their control and co-determination rights at the Annual General Meeting.

The Annual General Meeting decides in particular on the utilisation of unappropriated profit, the ratification of the acts of the members of the Board of Management and of the Supervisory Board, the appointment of the external auditor, changes to the Articles of Incorporation as well as specified capital measures and elects the shareholder representatives to the Supervisory Board.

Moreover, in the event of significant changes, but at least every four years, the compensation system for the members of the Board of Management is submitted to the Annual General Meeting for approval.

Shareholders may exercise their voting rights at the Annual General Meeting either in person, via a proxy or via a representative designated by BMW AG. Voting rights may also be exercised by postal vote.

MEMBERS OF THE BOARD OF MANAGEMENT

Financial year 2019



Oliver Zipse (*1964)

Chairman (since 16 August 2019)
Production (until 15 August 2019)

Mandates

- BMW (South Africa) (Pty) Ltd.*, Chairman (until 31 October 2019)
- BMW Motoren GmbH*, Chairman (until 7 October 2019)



Harald Krüger (*1965)

Chairman (until 15 August 2019)

Mandates

- Deutsche Telekom AG



Milagros Caiña Carreiro-Andree (*1962)

Human Resources, Labour Relations Director (until 31 October 2019)

Mandates

- LOGISTRIAL Real Estate AG* (23 September 2019 until 17 December 2019)



Klaus Fröhlich (*1960)

Development

Mandates

- E.ON SE



Ilka Horstmeier (*1969)

Human Resources, Labour Relations Director (since 1 November 2019)



Dr. Milan Nedeljković (*1969)

Production (since 1 October 2019)

Mandates

- BMW (South Africa) (Pty) Ltd.*, Chairman (since 1 November 2019)
- BMW Motoren GmbH*, Chairman
(Member since 7 October 2019, Chairman since 4 December 2019)



Pieter Nota (*1964)

Customer, Brands, Sales (since 1 April 2019)
Sales and Brand BMW, Aftersales BMW Group (until 31 March 2019)

Mandates

- Rolls-Royce Motor Cars Limited*, Chairman (since 1 April 2019)



Dr. Nicolas Peter (*1962)

Finance

Mandates

— BMW Brilliance Automotive Ltd.♦, Deputy Chairman



Peter Schwarzenbauer (*1959)

Transformation Electromobility (1 April 2019 until 31 October 2019)

MINI, Rolls-Royce, BMW Motorrad, Customer Engagement and
Digital Business Innovation BMW Group (until 31 March 2019)

Mandates

— Scout24 AG

— Rolls-Royce Motor Cars Limited♦, Chairman (until 31 March 2019)



Dr.-Ing. Andreas Wendt (*1958)

Purchasing and Supplier Network

Production (16 August 2019 until 30 September 2019)

General Counsel:

Dr. Andreas Liepe

- ♦ not listed on the stock exchange
- Membership of other statutory supervisory boards
- Membership of equivalent national or foreign boards of business enterprises

MEMBERS OF THE SUPERVISORY BOARD

Financial year 2019



Dr.-Ing. Dr.-Ing. E.h. Norbert Reithofer (*1956)

Member since 2015, elected until the Annual General Meeting 2020
Chairman of the Supervisory Board
Former Chairman of the Board of Management of BMW AG

Mandates

- Siemens Aktiengesellschaft
- Henkel AG & Co. KGaA (Shareholders' Committee)

Competency profile/diversity concept

Mobility, Technology



Manfred Schoch¹ (*1955)

Member since 1988, elected until the Annual General Meeting 2024
Deputy Chairman of the Supervisory Board
Chairman of the European and General Works Council
Industrial Engineer

Competency profile/diversity concept

Mobility, Human Resources



Stefan Quandt (*1966)

Member since 1997, elected until the Annual General Meeting 2024
Deputy Chairman of the Supervisory Board
Entrepreneur

Mandates

- DELTON Health AG*, Chairman
- DELTON Technology SE*, Chairman
- Frankfurter Allgemeine Zeitung GmbH* (since 24 June 2019)
- AQTON SE*, Chairman
- Entrust Datacard Corp.*

Competency profile/diversity concept

Energy Supply, Digital Security, Logistics



Note: Mr. Stefan Quandt holds all shares in DELTON Health AG, DELTON Technology SE and AQTON SE. He also holds a majority interest in Entrust Datacard Corp.



Stefan Schmid¹ (*1965)

Member since 2007, elected until the Annual General Meeting 2024
Deputy Chairman of the Supervisory Board
Chairman of the Works Council, Dingolfing

Competency profile/diversity concept

Mobility, Human Resources, Chemistry



Dr. jur. Karl-Ludwig Kley (*1951)

Member since 2008, elected until the Annual General Meeting 2021
Deputy Chairman of the Supervisory Board
Chairman of the Supervisory Board of E.ON SE and of Deutsche Lufthansa Aktiengesellschaft

Mandates

- E.ON SE, Chairman
- Deutsche Lufthansa Aktiengesellschaft, Chairman

Competency profile/diversity concept

Mobility, Energy Supply, Capital Markets



**Christiane Benner² (*1968)**

Member since 2014, elected until the Annual General Meeting 2024
Second Chairwoman of IG Metall

Mandates

- Continental AG, Deputy Chairwoman

Competency profile/diversity concept

Mobility, Digitalisation,
Change Management

**Dr. rer. pol. Kurt Bock (*1958)**

Member since 2018, elected until the Annual General Meeting 2023
Former Chairman of the Board of Management of BASF SE

Mandates

- FUCHS PETROLUB SE, Chairman (since 7 May 2019)
- Fresenius Management SE*
- Münchener Rückversicherungs-Gesellschaft Aktiengesellschaft in München

Competency profile/diversity concept

Chemistry, IT, Sustainability

**Verena zu Dohna-Jaeger² (*1975)**

Member since 16 May 2019, elected until the Annual General Meeting 2024
Department head with the Executive Board of IG Metall

Mandates

- ABB AG

Competency profile/diversity concept

Mobility, Human Resources, Compliance

**Franz Haniel (*1955)**

Member from 2004 to 16 May 2019
Entrepreneur

Mandates

- Franz Haniel & Cie. GmbH*, Chairman
- DELTON Technology SE*
- Heraeus Holding GmbH*
- TBG AG*

**Ralf Hattler³ (*1968)**

Member from 2017 to 16 May 2019
Head of Purchasing Indirect Goods and Services, Raw Material, Production Partner

**Dr.-Ing. Heinrich Hiesinger (*1960)**

Member since 2017, elected until the Annual General Meeting 2022
Former Chairman of the Board of Management of thyssenkrupp AG

Mandates

- Deutsche Post AG (since 15 May 2019)

Competency profile/diversity concept

Mobility, Digitalisation, Compliance,
Change Management





Prof. Dr. rer. nat. Dr. h.c. Reinhard Hüttl (*1957)

Member since 2008, elected until the Annual General Meeting 2023
Chairman of the Executive Board of Helmholtz-Zentrum Potsdam
Deutsches GeoForschungsZentrum – GFZ
University Professor

Competency profile/diversity concept

Science, Resources, Sustainability



Susanne Klatten (*1962)

Member since 1997, elected until the Annual General Meeting 2024
Entrepreneur

Mandates

- SGL Carbon SE, Chairwoman
- ALTANA AG*, Deputy Chairwoman
- UnternehmerTUM GmbH*, Chairwoman

Competency profile/diversity concept

Future Technologies, Chemistry,
Human Resources



Prof. Dr. rer. pol. Renate Köcher (*1952)

Member since 2008, elected until the Annual General Meeting 2022
Director of Institut für Demoskopie Allensbach Gesellschaft zum Studium
der öffentlichen Meinung mbH

Mandates

- Infineon Technologies AG
- Nestlé Deutschland AG*
- Robert Bosch GmbH*

Competency profile/diversity concept

Customer Needs, Financial Services



Horst Lischka² (*1963)

Member since 2009, elected until the Annual General Meeting 2024
General Representative of IG Metall Munich

Mandates

- KraussMaffei Group GmbH*
- MAN Truck & Bus SE* (since 19 March 2019, former MAN Truck & Bus AG)
- Städtisches Klinikum München GmbH*

Competency profile/diversity concept

Mobility, Human Resources



Willibald Löw¹ (*1956)

Member since 1999, elected until the Annual General Meeting 2024
Chairman of the Works Council, Landshut

Competency profile/diversity concept

Mobility, Human Resources



Simone Menne (*1960)

Member since 2015, elected until the Annual General Meeting 2021
Member of supervisory boards

Mandates

- Deutsche Post AG
- Springer Nature AG & Co KGaA*
- Johnson Controls International plc
- Russell Reynolds Associates Inc.* (since 19 January 2019)

Competency profile/diversity concept

Mobility, IT, Capital Markets





Dr. Dominique Mohabeer¹ (*1963)

Member since 2012, elected until the Annual General Meeting 2024
Member of the Works Council, Munich

Competency profile/diversity concept

Digitalisation, IT, Human Resources

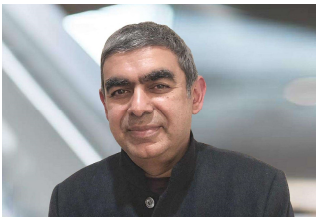


Brigitte Rödig¹ (*1963)

Member since 2013, elected until the Annual General Meeting 2024
Member of the Works Council, Dingolfing

Competency profile/diversity concept

Mobility, Human Resources



Dr. Vishal Sikka (*1967)

Member since 16 May 2019, elected until the Annual General Meeting 2024
CEO & Founder, Vianai Systems, Inc.

Mandates

- Oracle Corporation (since 6 December 2019)

Competency profile/diversity concept

Digitalisation, Artificial Intelligence, IT, Business Transformation



Jürgen Wechsler² (*1955)

Member from 2011 until 16 May 2019
Former Regional Head of IG Metall Bavaria

Mandates

- Schaeffler AG, Deputy Chairman
- Siemens Healthcare GmbH*, Deputy Chairman (until 18 March 2019)



Dr. Thomas Wittig³ (*1960)

Member since 16 May 2019, elected until the Annual General Meeting 2024
Senior Vice President Financial Services

Mandates

- BMW Bank GmbH*, Chairman
- BMW Automotive Finance (China) Co. Ltd.*, Chairman

Competency profile/diversity concept

Financial Services



Werner Zierer¹ (*1959)

Member since 2001, elected until the Annual General Meeting 2024
Chairman of the Works Council, Regensburg

Competency profile/diversity concept

Mobility, Human Resources



¹ Employee representatives (company employees)
² Employee representatives (union representatives)
³ Employee representatives (members of senior management)

♦ not listed on the stock exchange

— Membership of other statutory supervisory boards
 — Membership of equivalent national or foreign boards of business enterprises

International experience or specialist knowledge of one or more non-German markets important to the BMW Group

In-depth knowledge and experience within the BMW Group

Entrepreneur, individual with previous experience in the management or supervision of another company (shareholder representative)

Independent financial expert

Independence based on the self-assessment of the Supervisory Board

OVERVIEW OF SUPERVISORY BOARD COMMITTEES AND THEIR COMPOSITION

Principal duties, basis for activities	Members
PRESIDING BOARD	
<ul style="list-style-type: none"> — preparation of Supervisory Board meetings to the extent that the subject matter to be discussed does not fall within the remit of a committee — activities based on terms of procedure 	<p>Norbert Reithofer¹ Manfred Schoch Stefan Quandt Stefan Schmid Karl-Ludwig Kley</p>
PERSONNEL COMMITTEE	
<ul style="list-style-type: none"> — preparation of decisions relating to the appointment and revocation of appointment of members of the Board of Management, the compensation and the regular review of the Board of Management's compensation system — conclusion, amendment and revocation of employment contracts (in conjunction with the resolutions taken by the Supervisory Board regarding the compensation of the Board of Management) and other contracts with members of the Board of Management — decisions relating to the approval of ancillary activities of Board of Management members, including acceptance of non BMW Group supervisory mandates as well as the approval of transactions requiring Supervisory Board approval by dint of law (e.g. loans to Board of Management or Supervisory Board members) — established in accordance with the recommendation contained in the German Corporate Governance Code, activities based on terms of procedure 	<p>Norbert Reithofer¹ Manfred Schoch Stefan Quandt Stefan Schmid Karl-Ludwig Kley</p>
AUDIT COMMITTEE	
<ul style="list-style-type: none"> — supervision of the financial reporting process, the effectiveness of the internal control system, the risk management system, as well as the performance of Supervisory Board duties in connection with audits pursuant to § 32 of the German Securities Trading Act (WpHG) — supervision of external audit, in particular auditor independence and additional work performed by external auditor — preparation of proposals for election of external auditor at Annual General Meeting, engagement (recommendation) of external auditor, determination of additional areas of audit emphasis and fee agreements with external auditor — preparation of Supervisory Board's resolution on Company and Group Financial Statements — discussion of interim reports with Board of Management prior to publication — preparation of the Supervisory Board's audit of the non-financial reporting, preparation of the selection of the auditor for non-financial reporting and engagement of the auditor — supervision of internal audit system and compliance as well as the audit and supervision of any needs for action related to possible violations of duties by members of the Board of Management in preparation of a resolution in the Supervisory Board — decision on approval for utilisation of Authorised Capital 2019 — amendments to Articles of Incorporation only affecting wording — established in accordance with the recommendation contained in the German Corporate Governance Code, activities based on terms of procedure 	<p>Karl-Ludwig Kley^{1,2} Norbert Reithofer Manfred Schoch Stefan Quandt Stefan Schmid</p>
NOMINATION COMMITTEE	
<ul style="list-style-type: none"> — identification of suitable candidates as shareholder representatives on the Supervisory Board to be put forward for inclusion in the Supervisory Board's proposals for election at the Annual General Meeting — established in accordance with the recommendation contained in the German Corporate Governance Code, activities based on terms of procedure 	<p>Norbert Reithofer¹ Susanne Klatten Karl-Ludwig Kley Stefan Quandt</p> <p>In line with the recommendations of the German Corporate Governance Code, the Nomination Committee comprises only shareholder representatives.)</p>
MEDIATION COMMITTEE	
<ul style="list-style-type: none"> — proposal to Supervisory Board if resolution for appointment of Board of Management member has not been carried by the necessary two-thirds majority of Supervisory Board members' votes — established as required by law 	<p>Norbert Reithofer Manfred Schoch Stefan Quandt Stefan Schmid</p> <p>(In accordance with statutory requirements, the Mediation Committee comprises the Chairman and Deputy Chairman of the Supervisory Board and one member each selected by shareholder representatives and employee representatives.)</p>

¹ Chair

² (Independent) financial expert within the meaning of §§ 100 (5) and 107 (4) AktG, no. 5.3.2 GCGC

It is planned to bring about a change in the position of chair of the Audit Committee directly following the 2020 Annual General Meeting. In line with the require-

ments profile, the intention is for an independent financial expert to continue to hold this position in the future.

DISCLOSURES PURSUANT TO THE ACT ON EQUAL GENDER PARTICIPATION

Targets for the proportion of women on the Board of Management and at executive management levels I and II

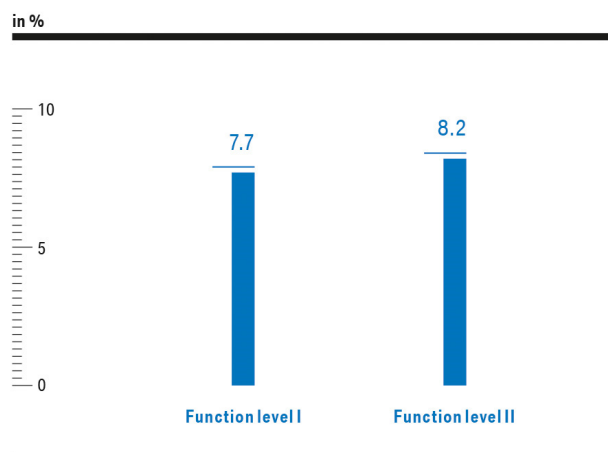
The Act on Equal Participation of Women and Men in Executive Positions in the Private and the Public Sector ("Act on Equal Gender Participation") was passed into German law in 2015.

In accordance with this legislation, the Supervisory Board of BMW AG is required to set a target for the proportion of women on its Board of Management and a time frame for meeting this target. Likewise, the Board of Management of BMW AG is required to establish targets and a time frame for attaining these targets with respect to the two executive management levels below the Board of Management. As its target for the Board of Management for the time frame from 1 January 2017 to 31 December 2020, the Supervisory Board has stipulated that the Board of Management should continue to have at least one female member. At 31 December 2019, one of the seven members of the Board of Management was female (14.3%). The Supervisory Board considers it desirable to raise the proportion of women on the Board of Management and fully supports the Board of Management's endeavours to increase the proportion of women at the highest executive management levels within the BMW Group.

For the time frame from 1 January 2017 to 31 December 2020, the Board of Management has set a target range of 10.2% to 12.0% for the first level of executive management and 8 to 10% for the second. At 31 December 2019, the proportion of women working within the first and second executive management levels stood at 7.7% and 8.2% respectively. Management levels are defined in terms of their functional level and

follow a comprehensive job evaluation system based on Mercer.

Proportion of female executives within management / function levels I and II at BMW AG



Diversity contributes to greater competitiveness and innovation at the BMW Group. Working together in mixed, complementary teams not only raises performance levels, it also sharpens customer focus. Promoting an appropriate gender ratio is an essential component of the BMW Group's diversity concept. For this reason, further increasing the proportion of women remains an objective of the Board of Management.

Further information on the topic of diversity within the BMW Group is available in the Management Report.

INFORMATION ON CORPORATE GOVERNANCE PRACTICES APPLIED BEYOND MANDATORY REQUIREMENTS

Core values and principles of action

Within the BMW Group, the Board of Management, the Supervisory Board and the employees base their actions on the five core values that form the basis of the BMW Group's success:

Responsibility

We make consistent decisions and take personal responsibility for them, allowing us to work with greater freedom and effectiveness.

Appreciation

We reflect on our own actions, respect one another, provide clear feedback and acknowledge achievements.

Transparency

We acknowledge concerns and identify inconsistencies in a constructive way. We act with integrity.

Trust

We rely on one another as the best and quickest way to achieve our goals.

Openness

We think in terms of opportunities and are not afraid of change. We learn from our mistakes.

Social responsibility towards employee and along the supplier chain

The BMW Group stands by its social responsibilities. Our corporate culture combines the drive for success with open-mindedness, trust and transparency. We are well aware of our responsibility towards society. Socially sustainable human resources policies and general compliance with social standards are based on various internationally recognised guidelines. The BMW Group is therefore committed to adhering to the OECD's guidelines for multinational companies, the contents of the ICC Business Charter for Sustainable Development and the UN Guiding Principles for Business and Human Rights. Details of the contents of these guidelines and other relevant information are available at www.oecd.org, www.iccwbo.org and www.ohchr.org. In 2001, the Board of Management of the BMW Group signed the United Nations Global Compact and, in 2005, together with employee representatives, issued a Joint Declaration on Human Rights and Working

Conditions in the BMW Group, which was reconfirmed in 2010. With the signing of these documents, we have committed to abiding worldwide by internationally recognised human rights and the fundamental working standards of the International Labour Organization (ILO). The most important of these are freedom of employment, non-discrimination, freedom of association and the right to collective bargaining, the ban on child labour, appropriate remuneration, legally compliant working hours and compliance with work and safety regulations. In 2018, we published the BMW Group Code on Human Rights and Working Conditions, which supplements the 2010 Joint Declaration on Human Rights and Working Conditions in the BMW Group. The Code is based on a due diligence process that allows us to identify relevant aspects and determine measures. It reaffirms our commitment to respecting human rights and specifies how the BMW Group promotes human rights as well as implementing the ILO core labour standards in its business activities worldwide.

The complete wording of the UN Global Compact, the recommendations of the ILO, the UN Guiding Principles and other relevant information are available at www.unglobalcompact.org and www.ilo.org. The Joint Declaration on Human Rights and Working Conditions in the BMW Group and the BMW Group Code on Human Rights and Working Conditions are available at www.bmwgroup.com under the menu items "Downloads" and "Responsibility".

The BMW Group complies with these fundamental principles and rights worldwide as a matter of course. For this reason, since 2005 our employees' awareness of this issue has been raised by means of regular internal communication and training on recent developments in this area. The "Compliance Contact" helpline and the BMW Group SpeakUP Line are available to employees wishing to raise queries or complaints relating to human rights issues. With effect from 2016, human rights have been incorporated as an integral component of the BMW Group's worldwide Compliance Management System, representing a further step in the systematic implementation of the UN Guiding Principles on Business and Human Rights. Further information on the Group's social responsibility towards its employees is provided in the section "Workforce" in the Annual Report 2019.

However, sustainable business management can only be effective if it covers the entire value chain. That is why the BMW Group not only sets high standards for itself, but also expects its suppliers and partners to

meet the ecological and social standards it sets and strives continually to improve the efficiency of processes, measures and activities. For instance, we are successively requiring our dealership partners and importers to contractually comply with ecological and social standards. Moreover, corresponding criteria are embedded throughout the entire purchasing system including in enquiries to suppliers, in the sector-wide OEM Sustainability Questionnaire, in our purchasing terms and in our evaluation of suppliers – in order to promote sustainability aspects in line with the BMW Group Sustainability Standard. The BMW Group expects suppliers to ensure that their sub-suppliers also

adhere to the BMW Group's sustainability criteria. We conduct random checks of supplier facilities by means of sustainability audits and assessments. In 2017, the Human Rights Contact Supply Chain was established for reporting sustainability infringements in the supply chain. Purchasing terms and conditions and other information relating to purchasing are available on the BMW Group website at www.bmwgroup.com/en/responsibility/supply-chain-management.html.

We also work in close partnership with our suppliers and encourage their commitment to sustainability.