

# CONVENING OF ANNUAL GENERAL MEETING.

12 MAY 2021



# Bayerische Motoren Werke Aktiengesellschaft.

Annual General Meeting on 12 May 2021.

Dear Shareholders,

We would like to invite you to the **101st Annual General Meeting** of Bayerische Motoren Werke Aktiengesellschaft on **12 May 2021**. Due to the still ongoing corona pandemic, we will once again hold the Annual General Meeting in the form of a **virtual Annual General Meeting without the physical presence of shareholders**. This serves to protect the health of everyone involved and counteracts the spread of the corona virus.

This year we have expanded our online service for shareholders further. You have the opportunity of following the **Annual General Meeting live on the internet**. You may exercise your voting rights by postal vote or authorise the Company's proxies to vote on your behalf in accordance with your instructions. This is already possible in the run-up to the Annual General Meeting and online even during the Annual General Meeting.

In addition, you can use our online service to submit questions to be answered at the Annual General Meeting up to one day before the meeting, i.e. until 10 May 2021 (12 p.m.). This year we are also offering you the opportunity to submit **statements as videos or in text form** for publication in the online service. For your information, we will publish summaries of the speeches by the Board of Management and Supervisory Board planned for the Annual General Meeting on our website prior to the meeting (on 8 May 2021 at the latest).

Please bear in mind that you must nevertheless **register for the Annual General Meeting** in the usual manner via your custodian bank if you wish to use the online options described above or otherwise exercise your voting rights.

At this point, we would like to give you a brief review of the 2020 financial year and a preview of our strategic thrusts for the future:

The global spread of the pandemic also had far-reaching effects for the BMW Group. In retrospect, however, one thing is certain: In a difficult environment with unpredictable developments, your **company** has proven how **robust and flexible**, as well as **adaptable and innovative** it is. That's why the BMW Group never stood still! In the Board of Management, we made far-reaching decisions and once again significantly accelerated the transformation of the BMW Group.

**Even in this challenging environment**, the BMW Group and its employees were able to **ensure** that **business processes kept functioning**. Every single vehicle launch was carried out as planned. Our **supply chains worked at all times** and **withstood the stress test** they were subjected to in the year of corona. We always stayed in touch with our customers – personally and digitally. Thanks to our new Mobile Sales Office, consulting and sales also proceeded contactless in over 60 markets.

**Solid profitability** is a strong sign **despite high expenditures in securing the future and the distortions caused by the consequences of the pandemic**. After taxes, the BMW Group reported a profit of EUR 3.9 bn (previous year EUR 5.0 bn). The free cash flow generated by the automobile segment amounted to EUR 3.4 bn (previous year EUR 2.6 bn).

Our customers purchased over 2.3 million BMW, MINI and Rolls-Royce vehicles. We expanded our product range of electrified vehicles **and delivered** around **a third more electrified BMW and MINI vehicles** than in the previous year. Against this backdrop, the BMW Group was able to significantly undercut its EU CO<sub>2</sub> fleet target for 2020. We also believe that we are well prepared for the EU requirements for 2021.

**We are accelerating electric mobility** in line with the growing demand. Our plans are ambitious: **By 2025**, the BMW Group aims to increase **sales of all-electric models** by an average of well over 50 per cent per year, more than **tenfold** compared to 2020. Overall, the company plans to have

delivered around two million fully electric vehicles to customers by the end of 2025. We also see potential in the fuel cell and are planning a small series of the BMW i Hydrogen NEXT from 2022.

This year – in addition to the already marketed BMW i3, MINI SE and BMW iX3 – we are bringing two key innovation vehicles, the BMW iX and BMW i4, to the road; the BMW i4 even three months earlier than originally planned. Following the popular BMW X3, the high-volume models BMW 5 Series and X1 as well as the BMW 7 Series and MINI Countryman will also be available with four types of drive. With our broad product and drive range we will tap the full potential of a globally differentiated demand. Our plants are able to build different drives on the same production line. **In 2022, each of our vehicle plants in Germany will produce at least one fully electric vehicle.**

Sustainable action is a common thread for us in our business activities. In July 2020, the BMW Group **adopted its integrated sustainability strategy** with concrete, science-based targets for 2030 – in line **with the Paris Climate Agreement**. We are reducing our CO<sub>2</sub> footprint substantially across the entire value chain, production, use phase and supply chain. We are convinced: if we act consistently in a sustainable manner, this will create a competitive advantage.

Our perspective is always long-term. Our **decisions** are aimed at **increasing value, profitability and growth** in close conjunction with **sustainability, climate protection and secure jobs**. Built on this foundation, your company remains a value-creating, secure and at the same time attractive investment.

We wish you an informative Annual General Meeting. Stay healthy!

Yours sincerely



Oliver Zipse  
Chairman of the Board of Management



Dr Nicolas Peter  
Member of the Board of Management (Finance)

## **Bayerische Motoren Werke Aktiengesellschaft, Munich.** Convening of Annual General Meeting.\*

We hereby give notice to shareholders of Bayerische Motoren Werke Aktiengesellschaft, Munich, that the 101<sup>st</sup> Annual General Meeting of the Company will take place

**on Wednesday, 12 May 2021, at 10.00 a.m. (CEST).**

The Annual General Meeting will be held as a **virtual Annual General Meeting without the physical presence** of the shareholders or their proxies (with the exception of the proxies of the Corporation). The virtual Annual General Meeting will be broadcast live on the internet for registered shareholders from BMW Welt, Am Olympiapark 1, 80809 Munich at [www.bmwgroup.com/agm-service](http://www.bmwgroup.com/agm-service).

### **I. Agenda.**

#### **1. Presentation of the adopted Company Financial Statements and the approved Group Financial Statements together with the combined Company and Group Management Report as of 31 December 2020 and the report of the Supervisory Board for the 2020 financial year.**

In accordance with the statutory provisions, no resolution of the Annual General Meeting is planned for this agenda item, as the Supervisory Board has already approved the Company Financial Statements and the Group Financial Statements. The Company Financial Statements are thus adopted.

The aforementioned documents, which include the explanatory report of the Board of Management on the disclosures pursuant to § 289a and 315a of the German Commercial Code (HGB), and the Statement on Corporate Governance pursuant to §§ 289f, 315d HGB with the Corporate Governance Report are available on the Company's website at [www.bmwgroup.com/agm](http://www.bmwgroup.com/agm). They will also be accessible and explained in more detail at the Annual General Meeting.

#### **2. Resolution on the utilisation of unappropriated profit.**

The Board of Management and the Supervisory Board propose that the unappropriated profit for the financial year 2020 amounting to € 1,252,975,858.00 be utilised as follows:

Payment of a dividend of € 1.92 per share of preferred stock, each with a par value of € 1, on the preferred stock entitled to receive a dividend (56,867,180 shares of preferred stock), amounting to:	€ 109,184,985.60
Payment of a dividend € 1.90 per share of common stock, each with a par value of € 1, on the common stock entitled to receive a dividend (601,995,196 shares of common stock), amounting to:	€ 1,143,790,872.40
Unappropriated profit	€ 1,252,975,858.00

The number of shares entitled to receive dividends shown above is based on the situation at the date on which the financial statements were drawn up and may change prior to the Annual General Meeting. In this case, the Board of Management and the Supervisory Board will put forward an updated resolution at the Annual General Meeting based on the same dividend rates and will propose that any part of the unappropriated profit which is not paid as a dividend be carried forward.

The dividend falls due for payment on the third business day following the Annual General Meeting, § 58 (4) sentence 2 of the German Stock Corporation Act (AktG). Accordingly, payment is scheduled for 18 May 2021.

### **3. Resolution on the ratification of the acts of the Board of Management.**

The Board of Management and the Supervisory Board propose that the acts of the members of the Board of Management in the financial year 2020 be ratified for this period.

### **4. Resolution on the ratification of the acts of the Supervisory Board.**

The Board of Management and the Supervisory Board propose that the acts of the members of the Supervisory Board in the financial year 2020 be ratified for this period.

### **5. Election of the auditor.**

On the recommendation of the Audit Committee, the Supervisory Board proposes that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft, Frankfurt/Main, be appointed as Company and Group auditor for the financial year 2021 and as auditor to carry out a review of the Condensed Interim Group Financial Statements and Interim Group Management Report for the first six months of the financial year 2021.

In its recommendation to the Supervisory Board, the Audit Committee stated that its recommendation was free from improper influence by a third party and that no clause of the kind referred to in Article 16 (6) of Regulation (EU) No. 537/2014 (EU Statutory Auditor Regulation) has been imposed on it.

### **6. Elections to the Supervisory Board.**

Three Supervisory Board members are to be elected by the shareholders at the Annual General Meeting. The terms of office of the Supervisory Board members Dr Karl-Ludwig Kley and Simone Menne end with the conclusion of the Annual General Meeting on 12 May 2021. Neither are standing for re-election. With effect from the same date, Prof Dr Reinhard Hüttl resigned from the Supervisory Board.

The Supervisory Board is composed in accordance with §§ 96 (1) and (2), § 101 (1) AktG and § 7 (1) sentence 1 no. 3 of the German Co-Determination Act (MitbestG). It therefore consists of ten members each from among the shareholders and the employees. In addition, the Supervisory Board must be composed of at least 30 % women and at least 30 % men (statutory rule for minimum gender quotas).

The shareholder representatives on the Supervisory Board have objected to the fulfilment of the ratio by the Supervisory Board as a whole pursuant to § 96 (2) sentence 3 AktG, so the minimum ratio for these Supervisory Board elections must be complied with separately on the shareholder representatives side. The shareholders must therefore be represented on the Supervisory Board by at least three women and three men. Excluding the above-mentioned

Supervisory Board members, two women and five men belong to the Supervisory Board on the shareholder side. In order to remain in compliance with the statutory rule for minimum gender ratios, at least one woman must therefore be elected to the Supervisory Board.

The Supervisory Board proposes that the following persons be elected as shareholder representatives on the Supervisory Board with effect from the end of the Annual General Meeting on 12 May 2021:

- 6.1 Dr Marc Bitzer, St. Joseph, Michigan (USA), Chairman, Chief Executive Officer and President of Whirlpool Corporation, for a term of office until the end of the Annual General Meeting at which the ratification of the acts of the Supervisory Board is resolved for the financial year 2024,
- 6.2 Ms Rachel Empey, Königstein im Taunus (Germany), Member of the Management Board of Fresenius Management SE (Finance Division), for a term of office until the end of the Annual General Meeting at which the ratification of the acts of the Supervisory Board is resolved for the financial year 2024, and
- 6.3 Prof Dr Dr hc Christoph M. Schmidt, Essen (Germany), President of RWI – Leibniz Institute for Economic Research e.V. and university professor, for a term of office until the end of the Annual General Meeting at which the ratification of the acts of the Supervisory Board is resolved for the financial year 2024.

It is planned that the elections will be carried out individually.

The proposed nominations for election to the Supervisory Board are based on the recommendation made by the Nomination Committee, taking into account the targets decided upon by the Supervisory Board for its own composition and in an effort to meet the competence profile for the Supervisory Board as a whole (cf. the information under II.1. below).

The Supervisory Board (shareholder representatives) considers the proposed candidates to be independent within the meaning of the recommendations of the German Corporate Governance Code (version dated 16 December 2019). Ms Empey has expertise in the areas of accounting and auditing.

A close family member of Ms Empey is an employee of the Company. He is not among the executive employees. Based on the Supervisory Board's evaluation, apart from the foregoing none of the proposed nominees have personal or business relations with the Company or Group companies, bodies of the Company or a shareholder with a material interest in the Company within the meaning of the recommendations contained in the German Corporate Governance Code.

## **7. Resolution on the approval of the remuneration system for the members of the Board of Management.**

Pursuant to § 120a (1) AktG, the Annual General Meeting of a listed company shall resolve on the approval of the remuneration system for the members of the Board of Management presented by the Supervisory Board whenever there is a significant change, but at least every four years. The regulation derives from the Act Implementing the Second Shareholders' Rights Directive (ARUG II) of 12 December 2019.

The Supervisory Board, on the recommendation of the Personnel Committee and taking into account the requirements of § 87a AktG, has adopted changes to the remuneration system for the Board of Management with effect from 1 January 2021. The adopted remuneration system is set out and explained under II.2.

Based on the recommendation of the Personnel Committee, the Supervisory Board proposes to approve the remuneration system for the members of the Board of Management described under II.2

## **8. Resolution on the confirmation of the remuneration of the members of the Supervisory Board.**

In the case of listed companies, a resolution on the remuneration of the members of the Supervisory Board must be passed by the General Meeting of Shareholders at least every four years according to the statutory requirement of § 113 (3) AktG. A resolution confirming the previous remuneration is permissible.

The currently applicable regulation for the remuneration of the members of the Supervisory Board is laid down in § 15 of the Articles of Incorporation and was adopted by the Annual General Meeting on 14 May 2020 for financial years starting in 2020.

The remuneration of the Supervisory Board is structured as a purely fixed remuneration plus an attendance fee. Variable remuneration is not paid. The increased time commitment on the part of the Chairman, his Deputy and the members and chairpersons of the Committees is taken into account by means of multipliers. The remuneration is based on the highest-paid function. The amount of remuneration of a member of the Supervisory Board therefore also depends on whether and which additional functions relevant to remuneration they perform on the Supervisory Board or on the Committees of the Supervisory Board. The remuneration regulation complies with the recommendations and suggestions of the German Corporate Governance Code on Supervisory Board remuneration.

The description of the remuneration system for the Supervisory Board and the wording of the fixed remuneration in § 15 of the Articles of Incorporation are reproduced below under II.3.

In the opinion of the Board of Management and the Supervisory Board, the remuneration for the Supervisory Board continues to be appropriate with regard to the situation of the Company and the tasks of the members of the Supervisory Board.

The Board of Management and the Supervisory Board propose to confirm the remuneration for the members of the Supervisory Board set forth under § 15 of the Articles of Incorporation, including the remuneration system set forth in II.3 of this Convening Document.

## **9. Resolution on amendments to §§ 16 and 17 of the Articles of Incorporation (regulations on participation in the General Meeting of Shareholders).**

- 9.1 The Articles of Incorporation contain in § 16 a provision with groups of cases in which members of the Supervisory Board may be permitted to participate in the General Meeting of Shareholders by way of audio and video transmission. Experience with the COVID-19 pandemic indicates that it is expedient to expand these case groups. The person chairing the General Meeting of Shareholders should be able to permit such participation if physical attendance at the site of the General Meeting of Shareholders would involve unreasonably long travel time, other travel difficulties (such as quarantine obligations) or health risks for the Supervisory Board member in question.

The Board of Management and the Supervisory Board propose to amend the Articles of Incorporation in § 16 (1) sentence 5 as follows:

“The person chairing the General Meeting of Shareholders may exceptionally permit members of the Supervisory Board to participate in the General Meeting by means of audio and video transmission if attendance at the location of the General Meeting of

Shareholders would entail an unreasonably long travel time, other travel difficulties or health risks for the Supervisory Board member concerned.”

- 9.2 The Act on the Implementation of the Second Shareholders’ Rights Directive (ARUG II) of 12 December 2019 amended, among other things, the statutory requirements regarding proof of entitlement to attend the General Meeting of Shareholders and to exercise voting rights. § 123 (4) AktG now provides that in the case of bearer shares of listed companies, proof pursuant to § 67c (3) AktG is sufficient. The corresponding provision in the Articles of Incorporation should therefore be amended for clarification.

However, the statutory regulation does not exclude proof in other forms. Since implementation of the requirements of § 67c (3) AktG may still cause difficulties for some custodian banks, the current provision of the Articles of Incorporation, which also allows other proof of shareholdings by the custodian bank in text form in German or English, shall be retained for the time being. As such, only the term “custodian bank” has to be adapted to the term “ultimate intermediary” now used in the law.

The Board of Management and the Supervisory Board propose to amend § 17 (1) sentence 3 of the Articles of Incorporation as follows and to add an additional sentence 4:

“For this purpose, documentary proof of the shareholding issued by the ultimate intermediary shall be required in text form (§ 126b German Civil Code) in either German or English. Proof of shareholding pursuant to § 67c (3) German Stock Corporation Act shall be sufficient.”

- 9.3 Pursuant to § 118 (1) sentence 2 AktG, the Articles of Incorporation may authorise the Board of Management to provide that shareholders may participate in the General Meeting of Shareholders without being present at its venue and without a proxy and may exercise all or some of their rights in whole or in part by means of electronic communication. Experience with the COVID-19 pandemic indicates that there are situations in which the possibility of exercising shareholder rights by means of electronic communication is very useful both for shareholders and for the holding of the General Meeting of Shareholder as a whole.

This authorisation of the Board of Management should therefore be included in the Articles of Incorporation of the Company in order to have the relevant options available even after the expiry of the Act on Measures in Corporate, Cooperative, Association, Foundation and Home Ownership Law to Combat the Effects of the COVID 19 Pandemic (COVMG). It should be noted that this provision of the Articles of Incorporation does not allow for the holding of a purely virtual General Meeting of Shareholders without the physical presence of the shareholders. According to the current legal situation, this would still require a statutory regulation as currently stipulated in § 1 (2) COVMG. The proposed provision in the Articles of Incorporation only allows for the granting of additional forms of exercising rights for shareholders, not a restriction.

The Board of Management and the Supervisory Board propose to insert a new subarticle 2 as follows after § 17 (1) of the Articles of Incorporation and to change the numbering of the previous subarticles 2 and 3 accordingly to subarticles 3 and 4 respectively:

“2. The Board of Management is authorised to provide that shareholders may participate in the General Meeting of Shareholders without being present at its venue and without a proxy and may exercise all or some of their rights in whole or in part by means of electronic communication. The Board of Management is also empowered to determine in detail the extent and procedure of such participation and exercise of rights.”



## **10. Resolution on the approval of the Amendment Agreement of 9 March 2021 on the Profit and Loss Transfer Agreement between the Company and BMW Bank GmbH.**

There is a Profit and Loss Transfer Agreement between the Company as the controlling enterprise and its subsidiary BMW Bank GmbH with registered office in Munich as the controlled entity. This was last revised in an agreement dated 15 March 2010. The General Meeting of Shareholder of the Company approved this agreement in the then new version on 18 May 2010.

It is important for BMW Bank GmbH that its equity is classified as “Common Equity Tier 1 capital” for regulatory purposes. To this end, it is necessary to adapt the Profit and Loss Transfer Agreement to legal amendments in Art. 28 (3) of EU Regulation No. 575/2013 (Capital Requirements Regulation, CRR) and in § 10 (5) of the German Banking Act (KWG).

For the regulatory recognition of BMW Bank GmbH’s equity as “hard core capital” under an existing profit and loss transfer agreement, § 28 (3) CRR now requires, among other things, that BMW Bank GmbH has the discretion to allocate all or part of its profit to a revenue reserve within the meaning of § 272 (3) HGB or to the special item for general banking risks within the meaning of § 340g HGB. In addition, the profit and loss transfer agreement must provide for a period of notice according to which the agreement can only be terminated at the end of a financial year. This may not alter the Company’s obligation to provide BMW Bank GmbH with full compensation for all losses incurred during the current financial year.

In addition, pursuant to § 10 (5) KWG, as amended on 29 December 2020, the option to terminate inter-company agreements for good cause pursuant to § 297 AktG does not apply to credit institutions.

In order to comply with these regulatory requirements, the Corporation and BMW Bank GmbH entered into an Amendment Agreement on 9 March 2021 to the existing Profit and Loss Transfer Agreement.

The Board of Management and the Supervisory Board propose to approve the Amendment Agreement dated 9 March 2021 to the Profit and Loss Transfer Agreement existing between the Company and BMW Bank GmbH.

Further information on the content of the Amendment Agreement and on supplementary documents is set out in II.4 of this Convening Document.

## **II. Further information on the agenda items.**

### **1. Supplementary information on agenda item 6 (Elections to the Supervisory Board).**

Curricula vitae and information relating to memberships of other supervisory boards (□) and of comparable domestic and foreign supervisory bodies of business enterprises (○)

**Dr Marc Bitzer**

St. Joseph, Michigan (USA)

Chairman, Chief Executive Officer and President of Whirlpool Corporation

Year/place of birth: 1965, Balingen

Nationality: German

Career and education

- since 2017 Chairman, Chief Executive Officer and President of Whirlpool Corporation, USA
- 2015-2017 President, Chief Operating Officer and Director on the Board of Whirlpool Corporation, USA
- since 1999 Various management positions with the Bauknecht Brand Group and Whirlpool Corporation in Italy and North America respectively
- 1991-1999 The Boston Consulting Group with periods spent in Munich and Toronto (Canada), most recently as Vice President, Recruiting Director and member of the German Consumer Goods Practice Group
- since 1990 Co-Founder Simex Trading AG, Switzerland
- 1984-1991 Degree and doctorate in economics, University of St. Gallen, Switzerland

Expertise and main areas of activity

Dr Bitzer has many years of international management experience at Whirlpool Corporation, one of the world's leading manufacturers of household appliances with market shares in more than 170 countries. His extensive expertise in the areas of product development, technologies, customer needs, sales, marketing and logistics perfectly matches the requirement profile of the Supervisory Board of BMW AG. In the field of consumer goods, he is very familiar with international product and distribution strategies and the mechanisms of global supply chains. He is therefore especially well qualified to identify consumer developments and to take into account important signals from the world markets, especially from the US market, in the Supervisory Board's work, and to be able to monitor and advise the Company with regard to strategic orientation and adaptability to customer expectations.

Composition targets and diversity concept

Dr Bitzer fulfils the following criteria in terms of the composition targets and diversity concept for the Supervisory Board of BMW AG:

- Personality with experience in the management/supervision of another company
- International experience and specialist expertise in one or more markets important to the Company
- Experience in industries that are important to the BMW Group and expertise in at least one business-related topic area
- Independent according to the self-assessment of the Supervisory Board (shareholder representatives)

Mandates

- Board of Directors, Whirlpool Inc. (Chair)
- Simex Trading AG\*

\* not publicly listed



## **Rachel Empey**

Königstein im Taunus (Germany)

Member of the Management Board of Fresenius Management SE (Chief Financial Officer)

Year/place of birth: 1976, Truro (UK)

Nationality: British, German

### Career and education

- since 2017 Member of the Management Board of Fresenius Management SE (Fresenius Management SE is the General Partner of Fresenius SE & Co KGaA)
- 2016-2021 Non-Executive Director of Inchcape plc (UK)
- 2011-2017 Member of the Management Board of Telefónica Deutschland Holding AG (Finance, Strategy and Innovation); Joint Leader of the Board, General Manager of Operating Business (2014)
- 2003-2011 Various positions in the Telefónica Group in the UK and Germany
- 2002-2003 Commercial Director, Weir Group plc (UK)
- 2000-2002 Business Analyst, Lucent Technologies (UK)
- 2000 Institute of Chartered Accountants in England and Wales (ICAEW): Chartered Accountant
- 1997-2000 Audit Executive Ernst & Young, Bristol (UK)
- 1994-1997 Degree in Mathematics, University of Oxford (UK)

### Expertise and main areas of activity

Ms Empey has extensive experience of managing and overseeing global, publicly traded companies. Her position as Chief Financial Officer, first at Telefónica Deutschland Holding AG and currently at Fresenius Management SE, affords her special expertise and a high level of analytical competence in the areas of capital markets, financial management, strategy and accounting. She also gained expertise in telecommunications, IT and reorganisation while working at Telefónica. Furthermore, Ms Empey possesses a keen instinct for customer needs relating to complex products and services. As a long-standing Non-Executive Director with the British car dealer and importer Inchcape plc, she is also particularly familiar with the specific challenges and perspectives of the automotive industry.

### Composition targets and diversity concept

Ms Empey fulfils the following criteria in terms of the composition targets and diversity concept for the Supervisory Board of BMW AG:

- Personality with experience in the management/supervision of another company
- International experience and special expertise in one or more markets important to the Corporation
- Experience in industries that are important to the BMW Group and expertise in at least one business-related topic area
- Experience in the field of accounting and auditing of financial statements
- Independent according to the self-assessment of the Supervisory Board (shareholder representatives)

### Mandates

- Fresenius Kabi AG\* (Fresenius Group mandate, Deputy Chair)
- Fresenius Medical Care Management AG\* (Fresenius Group mandate)
- Inchcape plc (Non-Executive Director) until 30.04.2021

\* not publicly listed



## **Prof Dr Dr hc Christoph M. Schmidt**

Essen (Germany)

President of RWI – Leibniz Institute for Economic Research e.V.; University Professor

Year/place of birth: 1962, Canberra (AUS)

Nationality: German, Australian

### Career and education

- since 2020 Vice president science and member of the executive board of the German Academy of Science and Engineering (acatech)
- since 2019 Member of the Franco-German Council of Economic Experts (co-chair since 2020)
- since 2002 President of RWI – Leibniz Institute for Economic Research e.V., Essen and Professor for economic policy and applied econometrics, Ruhr University Bochum
- 2009-2020 Member of the German Council of Economic Experts (from 2013 – 2020 chair)
- 1999-2002 Program Director „Evaluation of Labor Market Policies and Projects”, Institute of Labor Economics (IZA), Bonn
- 1995-2002 Professor for econometrics, Alfred Weber-Institute (AWI), University of Heidelberg (since 1996 ordinarius & co-chair of AWI)
- 1991-1995 Research associate / habilitation scholarship of the German Research Foundation (DFG), Seminar for Labor and Population Economics (SELAPO), Ludwig-Maximilians-University of Munich
- 1987-1995 Diploma in economics (University of Mannheim), master und PhD in Economics (Princeton University) and habilitation (University of Munich)

### Expertise and main areas of activity

Prof Dr Schmidt is President of RWI – Leibniz-Institute for Economic Research e.V., Essen, and holds the Chair of Economic Policy and Applied Econometrics at Ruhr University Bochum. His research focuses on applied economics, macroeconomics as well as energy, health and labour market economics. Prof Dr Schmidt is also a member of numerous advisory and expert boards in the scientific community, e.g. the Advisory Board of the Energy and Climate Policy and Innovation Council e.V. (EPICO) and the Corona Expert Council of the Minister President of North Rhine-Westphalia, as well as a member of several science academies, in addition to acatech, in particular the Leopoldina – National Academy of Science. As an empirical economic researcher, he is able to analyse complex relationships between economically relevant variables and to derive potential for economic policy measures from them, for example in the fields of energy and climate policy.

### Composition targets and diversity concept

Prof Dr Schmidt fulfils the following criteria in terms of the composition targets and diversity concept for the Supervisory Board of BMW AG:

- International experience and special expertise in one or more markets important to the Corporation
- Personality from science and research with expertise in at least one business-related topic area
- Independent according to the self-assessment of the Supervisory Board (shareholder representatives)

### Mandates

- Basalt-Actien-Gesellschaft\*
- Thyssen Vermögensverwaltung GmbH\* (Administrative Board)
- Anita Thyssen-Foundation\* (Advisory Board)

\* not publicly listed

## **2. Supplementary information on agenda item 7 (Remuneration of the Board of Management).**

### **2.1 Principles of the remuneration system and contribution of the remuneration to the promotion of the business strategy and the long-term development of the Company.**

The BMW Group aims to be the most successful and sustainable premium provider of individual mobility. The business strategy focuses on customer orientation and the provision of sustainable individual mobility in the premium segment, taking into account a high level of profitability in order to ensure the Company's continued independence in the future.

The remuneration system contributes to the implementation of the business strategy and the sustainable and long-term development of the Company. It also takes into account the concerns of important stakeholders of the Company (in particular shareholders, customers and employees).

The incentives of the various remuneration components are complementary in their effect:

- The fixed base salary counters the taking of disproportionately high risks to achieve short-term goals, thereby contributing to the long-term development of the Company.
- The variable bonus is divided into two parts, each of which has a different steering effect: The earnings-related component of the bonus rewards the achievement of the Company's financial targets in the grant year and promotes the earnings-related parts of the business strategy. By contrast, the performance component of the bonus is based on non-financial performance criteria, which are also derived from the business strategy. As such, the performance component of the bonus also offers particular incentives to consistently pursue the goals of the business strategy for the long-term development of the Company, which do not necessarily have to be directly reflected in the key financial indicators of the year in which the bonus is granted.

The amount of the share-based remuneration also depends on the fulfilment of financial and non-financial objectives from the business strategy:

- 50 % of the target cash amount earmarked for share acquisition is linked to a financial indicator and 50 % to strategic focus targets. The requirement to use the net amount to purchase ordinary shares in the Company and to hold them for at least four years further motivates members of the Board of Management to strive for the Company's positive long-term development. This in turn promotes a sustained positive development of the BMW share price.

The remuneration system is comprehensible and clearly structured. It complies with the requirements of the German Stock Corporation Act and the recommendations and suggestions of the German Corporate Governance Code.

The Supervisory Board used the following principles in structuring the remuneration system for the Board of Management:

- The remuneration structure is geared towards a sustainable and long-term development of the Company. Variable remuneration components are therefore predominantly granted on a multi-year assessment basis.
- The total remuneration of the Board of Management members is commensurate with the tasks and performance of the Board of Management members and the situation of the Company.

- The remuneration system ensures that both positive and negative developments are appropriately reflected in the remuneration (pay for performance).
- The remuneration system takes into account both the performance of the Board as a whole and the achievement of individual targets.
- The remuneration system respects the principle of consistency of remuneration systems within the Company: the remuneration systems for the Board of Management, executives and employees of BMW AG have similar structural elements.
- The total remuneration, both in terms of amount and structure, is in line with the market and takes into account the size, complexity and economic situation of the Company.

## **2.2 Procedures for setting, implementing and reviewing the remuneration of the Board of Management.**

### **a) Procedure**

The setting and regular review of the Board of Management remuneration system is the task of the full Supervisory Board, as is the setting of the individual remuneration of Board of Management members. The Personnel Committee of the Supervisory Board assumes a preparatory function in determining and reviewing the Board of Management remuneration system and individual Board of Management remuneration. Deliberations may also include recommendations provided by an external remuneration expert as well as suggestions from investor and analyst circles. If the Supervisory Board consults an external remuneration expert, it ensures that the expert is independent from the Board of Management and the Company.

According to the mandatory requirements of the German Stock Corporation Act, the Supervisory Board is responsible for setting and reviewing the remuneration system of the Board of Management and for setting the individual remuneration of the Board of Management members. This assignment of tasks itself largely rules out any conflicts of interest with regard to the remuneration of the Board of Management. Should conflicts of interest arise in spite of this, the regulations of the German Corporate Governance Code and the respective Rules of Procedure of the Supervisory Board apply. Accordingly, conflicts of interest must be disclosed to the Supervisory Board and reported by the Supervisory Board to the General Meeting of Shareholders.

The Supervisory Board submits the remuneration system to the General Meeting of Shareholders for approval in the event of significant changes, but at least every four years.

If the General Meeting of Shareholders does not approve the remuneration system, a revised remuneration system is submitted to it for approval at the following Annual General Meeting of Shareholders at the latest.

The Supervisory Board has adopted the present remuneration system for the members of the Board of Management on the recommendation of the Personnel Committee with effect for financial years from 1 January 2021. The contracts of employment with the members of the Board of Management were adjusted by mutual agreement.

### **b) Review of the remuneration system**

The Supervisory Board reviews the remuneration system annually for its appropriateness with regard to the structure and amount of the target and maximum remuneration as well as the actual remuneration. For this purpose, the Personnel Committee prepares detailed documents for both a horizontal and a vertical comparison.

### Horizontal – external comparison

The Supervisory Board also takes remuneration studies into account when assessing whether the target remuneration and the actual remuneration are in line with the market. Due to the size and structure of the BMW Group, the DAX companies are used as a comparison group and their remuneration data is compared with the remuneration of the Board of Management at BMW AG.

### Vertical – internal comparison

In addition to the external, horizontal comparison, the Supervisory Board also reviews the appropriateness of Board of Management remuneration vertically in relation to the Company's employees (internal comparison). For this purpose, it compares the remuneration of the Board of Management with the salaries of senior executives and with the average salaries of BMW AG employees in Germany in the pay scale and non-pay scale areas, also in terms of how it develops over a period of several years.

If it is necessary in the interests of the long-term welfare of the Company, the Supervisory Board may decide – as provided for in § 87a (2) sentence 2 AktG – that there should be a temporary deviation from the remuneration system. Such a deviation requires a resolution to be passed by the Supervisory Board, which may be adopted by a simple majority of votes on the recommendation of the Personnel Committee. The deviation may relate to all components of total remuneration (including the relation between variable and fixed remuneration) as well as the financial and non-financial performance criteria used to determine the variable components.

### **c) Setting of the target remuneration**

In accordance with the remuneration system, the Supervisory Board, acting on the proposal of the Personnel Committee, sets a specific target remuneration for the members of the Board of Management for the upcoming financial year in each case, as well as the performance criteria for the variable remuneration components provided for in the remuneration system.

In accordance with the recommendation contained in G.11 of the German Corporate Governance Code, the Supervisory Board reserves the right to adjust the amount of remuneration components, including the target remuneration of variable remuneration elements, their relationship to each other, the respective payment amounts and the payment dates even after the beginning of the financial year in the event of extraordinary developments (e.g. significant acquisitions and sales, changes in accounting standards or tax regulations with significant effects). In doing so, the maximum remuneration and the upper limits set for the variable remuneration components before the beginning of the financial year may not be exceeded. Generally unfavourable market developments do not of themselves justify an adjustment.

## **2.3 Components of the total remuneration of the Board of Management.**

The total remuneration of the members of the Board of Management consists of fixed and variable components. The fixed, non-performance-related remuneration components comprise the base salary, fringe benefits (in particular insurance benefits, non-cash benefits from vehicle use and use of telephones and computers, healthcare, employee discounts, subsidies for safety equipment) and pension contributions including service cost in accordance with IAS 19.

The performance-related and therefore variable remuneration consists of the bonus and the share-based remuneration. As part of the share-based remuneration, the members of the Board of Management are required to purchase BMW ordinary shares by means of a personal cash investment after deduction of taxes and social security contributions and to hold these for a period of at least four years (share ownership guideline).

The Supervisory Board may grant payments to newly joining members of the Board of Management to compensate for salary losses from a previous employment contract and/or to cover relocation costs, subject to the stipulated maximum remuneration.

## 2.4 Remuneration structure.

The remuneration system presented provides for the proportions as set out below for the ratio between the fixed and variable remuneration components and their respective share of the total target remuneration. This structure enables the Supervisory Board to ensure the target total remuneration is within the framework of the set dimensions, thereby taking into account the varying demands of each Board of Management function. In accordance with the statutory requirements and the recommendations and suggestions of the German Corporate Governance Code, the remuneration structure ensures that the variable remuneration is predominantly conceived on a long-term basis in terms of its target structure.

The proportion of fixed base salary as part of the total target remuneration is 25-30 %. If 100 % of the target is achieved, the proportion of the performance-related bonus as part of the total target remuneration lies within a corridor of 27-30 %. The share-based compensation as long-term variable compensation contributes 31-36 % to the total target compensation. The share-based remuneration therefore always exceeds the bonus if 100 % of the targets are achieved. The proportion of variable, performance-based remuneration as a part of the target remuneration is 58-66 %.

Members of the Board of Management are also granted contributions to the occupational pension scheme and fringe benefits as fixed remuneration components. The proportion of contributions to the occupational pension scheme as part of the total target remuneration is 7-12 %, the proportion of fringe benefits is 1-4 %.

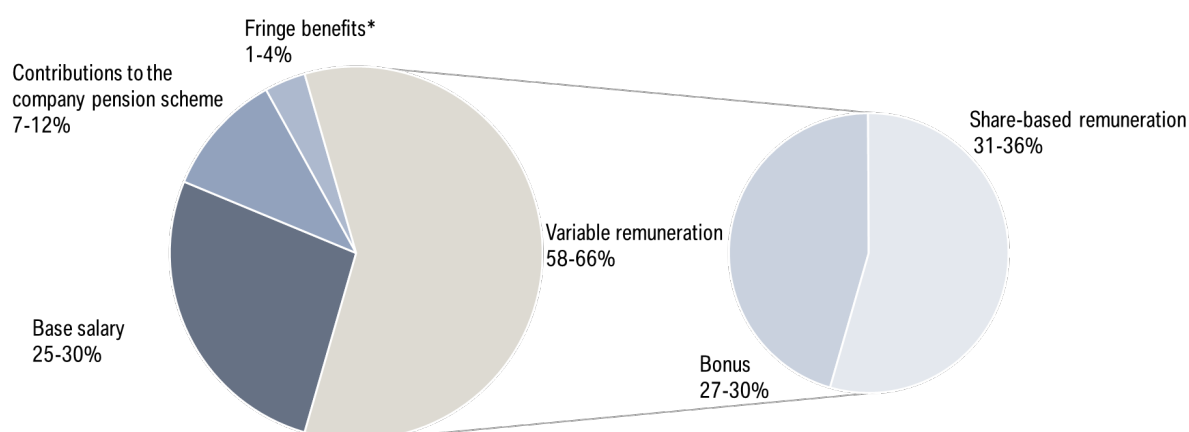
### Overview of the remuneration structure of total target remuneration

Base salary	25-30 %
Bonus	27-30 %
Share-based remuneration	31-36 %
Contributions to the occupational pension scheme	7-12 %
Fringe benefits*	1-4 %

\* Excluding any payment to new Board of Management members to compensate for loss of salary from a previous employment contract and/or to cover relocation costs.



## OVERVIEW – TARGET TOTAL REMUNERATION



\*Not including any potential payments to new Board of Management members to compensate for loss of salary from a previous employment contract and/or to cover relocation costs.

### 2.5 Maximum remuneration limits (limitation of variable remuneration and maximum remuneration).

The basic principle applied to the performance-related variable remuneration components of the bonus and the share-based remuneration is the performance orientation and long-term nature of these remuneration components. In order to achieve an appropriate risk-reward profile, the Supervisory Board sets demanding targets for the bonus and the share-based remuneration. This means that the bonus and share-based remuneration (personal cash investment amount) can drop to zero if the set targets are not met. If on the other hand the targets are significantly exceeded, the bonus and also the share-based remuneration (personal cash investment amount) are limited to a maximum of 180 % of the respective target amount.

In addition to the maximum limits for the variable remuneration components, the Supervisory Board has set a maximum remuneration. The maximum remuneration for the grant year comprises the base salary and the other fixed remuneration components as well as the pension contribution and a service cost in excess thereof (fixed remuneration), along with the bonus and the share-based remuneration (variable remuneration). Any special payments to compensate for salary losses from a previous employment contract and/or to cover relocation costs in the event of new appointments are also covered by the maximum remuneration. The respective overall ceilings set are lower than the sum of the ceilings of the individual components.

	Maximum remuneration
Chair of the Board of Management	€ 9,850,000
Member of the Board of Management from the 2nd period of office or as of the 4th mandate year	€ 5,500,000
Member of the Board of Management in the 1st period of office	€ 4,925,000

## **2.6 Remuneration components in detail.**

### **a) Fixed remuneration components**

#### Base salary

Each member of the Board of Management receives a fixed base salary which is paid monthly on a pro rata basis. The fixed base salary ensures an adequate basic income. It counteracts the taking of disproportionately high risks to achieve short-term goals, thereby contributing to the long-term development of the Company. The amount of the base salary depends on the individual's function on the Board of Management and the duration of membership of the Board of Management or the period of office.

#### Fringe benefits

Fringe benefits include, in particular, insurance benefits, non-cash benefits from vehicle use and use of telephones and computers, healthcare, employee discounts and subsidies for security facilities.

In addition, the Supervisory Board may grant payments to newly joining members of the Board of Management to compensate for salary losses from a previous employment contract and/or to cover relocation costs.

#### Contributions to the occupational pension scheme

Pension entitlements as of 1 January 2021 refer to a defined contribution pension scheme with a guaranteed minimum return (previous pension entitlements remain unaffected). The scheme provides for annual contributions by the Company with a guaranteed minimum interest rate equal to the maximum interest rate specified in the Regulation on the Principles Underlying the Calculation of the Premium Reserve (Deckungsrückstellungsverordnung). Commitments to make an annual contribution to the Company pension scheme (pension agreements) are linked to the term of appointment as a member of the Board of Management. Pension entitlements become vested when the service contract has been in existence for one year.

In the case of pension entitlements, retired members of the Board of Management are entitled to retirement benefits at the age of 62 at the earliest. The amount of the benefits depends on the amount on the individual savings account of the respective member of the Board of Management. This results from the contributions paid in each year and an annual interest rate depending on the form of investment. Payment is made as a lump sum or in annual instalments at the discretion of the Board member.

If a member of the Board of Management with a vested entitlement dies prior to the commencement of benefit payments, a surviving spouse or registered partner, or otherwise surviving children – in the latter case depending on their age and education – are entitled to receive benefits as surviving dependants. In the case of death or invalidity, a minimum benefit is payable based on the number of contributions possible up to the age of 60 (subject to maximum of ten contributions).

Members of the Board of Management who retire directly from active Board membership or are treated as such are entitled to purchase vehicles and other products of the BMW Group and to receive services as well as to use vehicles of the BMW Group in accordance with the guidelines applicable to senior heads of departments. Retired CEOs have the additional option of using BMW chauffeur services, subject to availability and at a charge.

## Overview of the characteristics of the pension entitlements as of 1 January 2021

Design	– Contribution-based system
Entitlement	– Entitlement to old-age benefits upon reaching the age of 62
Guaranteed interest	– Guaranteed minimum interest in the amount of the maximum interest rate stipulated in the Regulation on the Principles Underlying the Calculation of the Premium Reserve (Deckungsrückstellungsverordnung)
Vesting of entitlements to pension benefits	– Vesting if the service contract has been in existence for one year
Payout options	– Lump sum – Annual rates
Disability / death	– Death prior to the commencement of benefit payments: Surviving spouse/registered partner, otherwise, depending on age and level of education of surviving children: Entitlement to a survivor benefit – Case of death or disability: Minimum benefit in the amount of the possible annual contributions up to the age of 60, maximum ten annual contributions

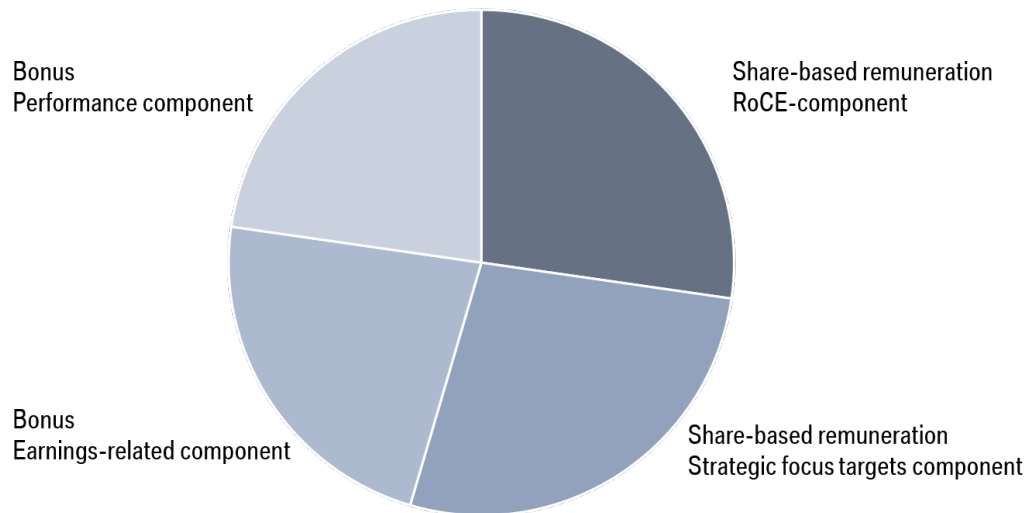
### **b) Variable remuneration components**

The variable, performance-based remuneration consists of the bonus and the share-based remuneration, which complement each other in terms of their financial and non-financial performance criteria. The respective performance criteria are derived from the business strategy, in particular from the strategic goals, longer-term corporate planning and the planning for the business development of the following year. All performance criteria are aimed at sustainable and long-term value creation by the BMW Group and take into account the interests of shareholders and other stakeholders.

The performance-related bonus is divided into two parts with different steering effects. The earnings-related component of the bonus rewards the achievement of the Company's financial targets in the grant year and promotes the earnings-related parts of the business strategy. By contrast, the performance component of the bonus is based on non-financial performance criteria, which are also derived from the business strategy. As such, the performance component of the bonus also offers particular incentives to consistently pursue the goals of the business strategy for the long-term development of the Company, which do not necessarily have to be directly reflected in the key financial indicators of the year in which the bonus is granted.

Achievement of financial and non-financial targets of the business strategy likewise determines the amount of cash granted (personal cash investment amount) in the case of share-based remuneration, as 50 % of the target cash amount is linked to a financial indicator with the return on capital employed (RoCE) in the Automobiles segment and 50 % is linked to strategic focus targets. The requirement to use the personal cash investment amount after deduction of taxes and duties to purchase ordinary shares in the Company and to hold them for at least the four-year holding period further motivates Board of Management members to strive for a long-term positive development of the Company. This in turn promotes sustained positive development of the BMW share price.

## OVERVIEW – VARIABLE REMUNERATION

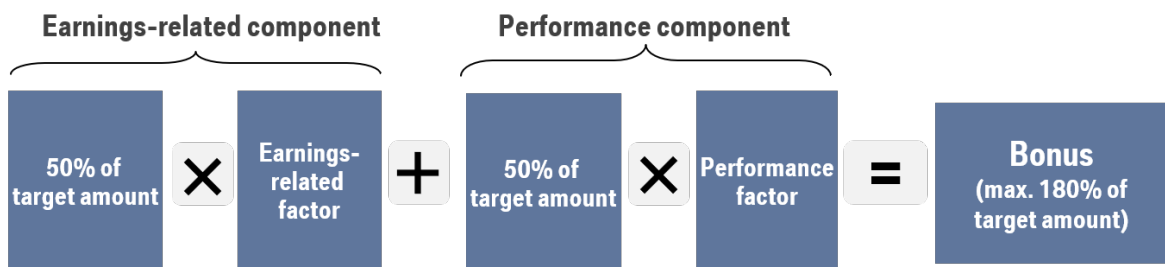


### Bonus

The bonus consists of an earnings-related component and a performance component. If 100 % of the target is achieved, the share of each component is 50 % of the individual target bonus amount. The bonus amount is capped at 180 % of the individual target amount.

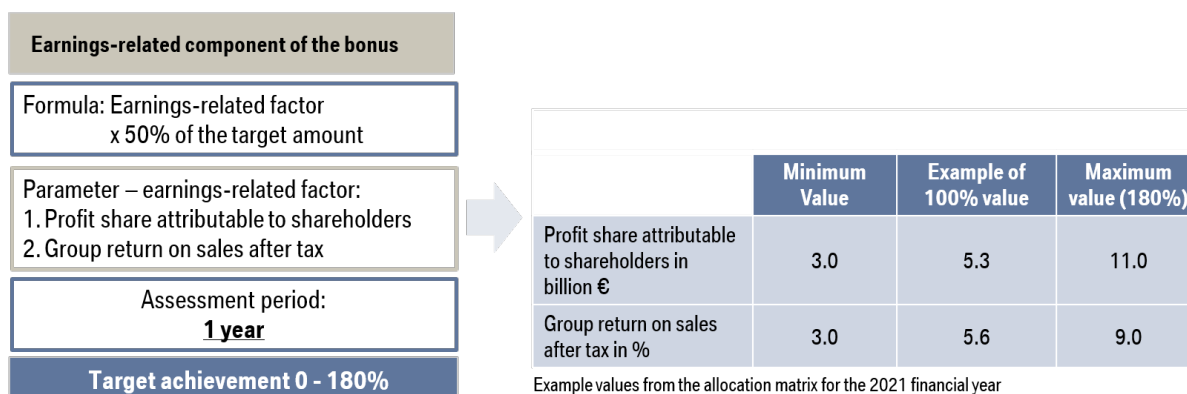
The bonus is paid following the General Meeting of Shareholders at which the annual accounts for the grant year are presented.

## OVERVIEW – BONUS COMPOSITION



(1) The earnings-related component of the bonus is based on business performance in the respective financial year. This depends on the degree of achievement of the measurement values "Profit share attributable to shareholders of BMW AG" and "Group return on sales after tax" for the respective grant year.

## EARNINGS-RELATED COMPONENT OF THE BONUS IN DETAIL



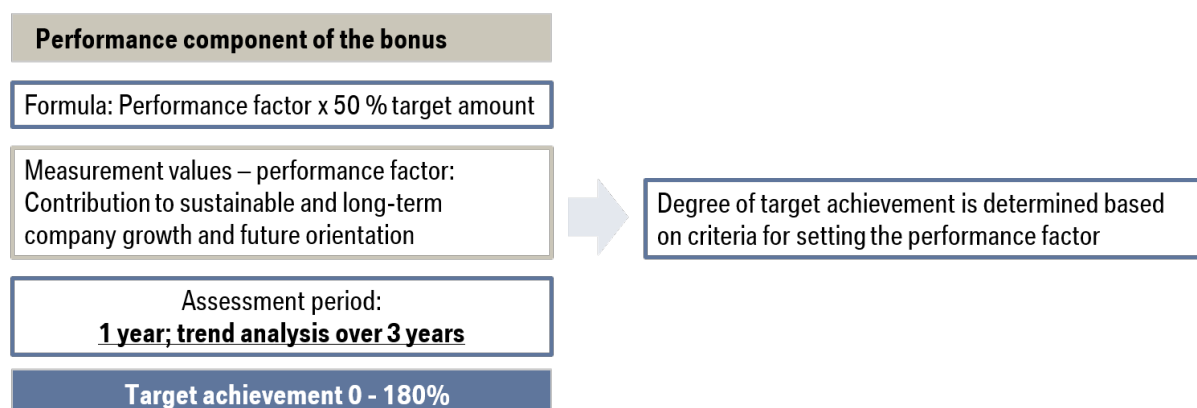
The selected targets for the earnings-related component of the bonus for the respective financial year set incentives for profitable growth of the BMW Group and the development of business operations with special consideration of the shareholders' perspective. The underlying measurement values, the minimum values, target values and upper limits are regularly reviewed by the Supervisory Board to ensure that the requirement for profitable growth is adequately reflected.

Before the start of the financial year, the Supervisory Board sets the earnings-related factors in an allocation matrix for the earnings-related component of the bonus, allocating specific levels to the measurement values "Profit share attributable to shareholders of BMW AG" and "Group return on sales after tax". The degree of target achievement of the earnings-related bonus for a business year is expressed in an earnings-related factor derived from the matrix after the end of the financial year.

Minimum thresholds are set for the earnings-related factor, below which the earnings-related factor is 0. The earnings-related factor is limited to a maximum value of 1.8. A subsequent change of the target figures is excluded in principle.

(2) Complementary to the earnings-related component, the performance component of the bonus rewards contribution to the achievement of defined non-financial targets. This is designed to take into account non-financial performance criteria relevant to a sustainable business model that are not specifically assessed in the parameters of the earnings-related component.

## PERFORMANCE COMPONENT OF THE BONUS IN DETAIL



As with the earnings-related component, the Supervisory Board sets various non-financial performance criteria and associated measurement values before the start of the financial year.

The performance criteria are derived primarily from corporate strategy, longer-term corporate planning and the planning for the business development of the following year. The performance criteria thus defined include non-financial environmental, social and governance (ESG) objectives to a significant extent.

Based on approximately 10 % of the target amount of the performance component, targets are set for individual performance criteria before the beginning of the financial year (divisional targets) in order to appropriately take into account individual leadership performance in the respective division.

The Supervisory Board may in particular apply the following cross-divisional performance criteria for the performance component:

- Innovation performance (ecological and economic)
- Development of the Company’s reputation
- Adaptability (including investment in education and training) and sustainability
- Attractiveness as an employer
- Leadership performance (incl. employee satisfaction)
- Market position of the Company as compared to its competitors
- Customer orientation (including product and customer service quality)

The Supervisory Board can further develop this catalogue of criteria for the future.

## PERFORMANCE COMPONENT OF THE BONUS – CRITERIA\*

Divisional targets approx. 10%	▪ Individual performance of each Board of Management member in divisional leadership		
Cross-divisional targets approx. 90 %	▪ Innovation performance (ecological)	E	ESG-share 50%
	▪ Reputation (corporate reputation, compliance prevention performance)	G	
	▪ Capacity for change: investment in initial and further training, sustainability	G ES	
	▪ Employer attractiveness	S	
	▪ Leadership performance	S	
	▪ Market position		Others 40%
	▪ Innovation performance (economic)		
	▪ Customer orientation (product and service quality)		
	▪ Reputation (e.g. brand strength)		

\*Examples. The Supervisory Board can develop the catalogue of criteria for the future.

In terms of implementing business strategy as well as achieving long-term and sustainable corporate success, one especially important factor – in addition to profitable business operations – is the forward-looking orientation of products and services to customer needs and fulfilment of the latter. In addition, regulatory requirements and expectations for a resource-friendly and climate-friendly orientation of the Company and its products must be met. The Company’s innovation performance and capacity for change are fundamental prerequisites here. In order to be able to hold its own against the competition in the long term, the Company is also dependent on qualified, innovative and performance-oriented employees whom it needs

to attract and retain. For this reason, consideration of employees' interests and satisfaction is likewise an essential success factor. The Company's reputation is a value-creating factor in its own right.

As part of the performance component, the Supervisory Board evaluates the personal contribution and overall performance of the members of the Board of Management based on the non-financial performance criteria relevant to the continued success of the BMW Group. This relates not only to performance in the grant year. Rather, the Supervisory Board evaluates and weights the effects of decisions, measures and courses of action from previous financial years on the specific grant year by way of a trend analysis over at least three financial years, also looking at the probable consequences and the significance of the decisions, measures and courses of action taken by the member of the Board of Management in the grant year with a view to the future, long-term development of the Company (future trend analysis).

In order to determine the achievement of targets for the performance component, the Supervisory Board sets relevant qualitative benchmarks before the beginning of the financial year: firstly individual benchmarks for measuring leadership performance of individual Board of Management members in their current division, and secondly benchmarks for targets to be pursued jointly. Such measurement values may include vehicle sales, segment market shares, workforce diversity targets, rankings in comparative studies and calculations. After the end of the financial year, the Supervisory Board evaluates the individual and joint performance in the grant year for the defined performance criteria and also takes into account the trend analysis described above. Based on the respective target achievement, the Supervisory Board determines the individual performance factor within a range of 0 to 1.8.

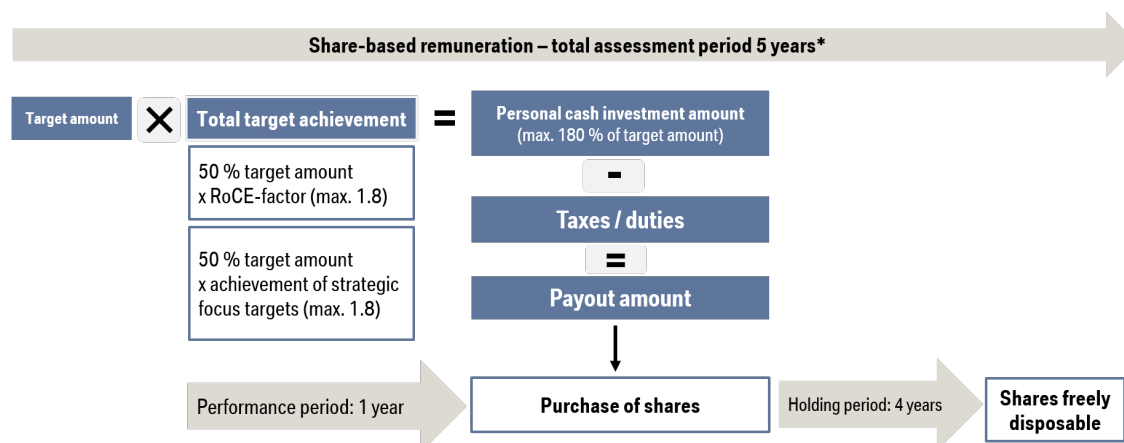
#### Share-based remuneration; share ownership guideline

The remuneration system provides for share-based remuneration as a variable long-term component. As part of share-based remuneration, the members of the Board of Management receive cash remuneration earmarked for investment in BMW ordinary shares (personal cash investment amount). The amount depends on the achievement of certain financial and non-financial targets in the past financial year (grant year).

Members of the Board of Management are contractually obliged to make a personal cash investment less taxes and duties in BMW ordinary shares and to hold the shares for a period of at least four years (share ownership guideline).

With the long-term component based on performance-related cash remuneration, share investment and share-holding obligation, the remuneration system complies with recommendation G.10 of the German Corporate Governance Code. According to this, the variable remuneration amounts granted to a Board of Management member are to be invested predominantly in shares of the Company or granted accordingly on a share basis, taking into account the respective tax burden. The Board of Management member should only be able to dispose of the long-term variable amounts granted after four years.

## SHARE-BASED REMUNERATION IN DETAIL



\*One year for determining the personal cash investment amount, four-year holding period

(1) In the target version, 50 % of the cash amount available for equity investment is derived from the return on capital employed (RoCE) achieved in the Automobiles segment in the grant year (RoCE component) and 50 % from the degree of target achievement for two or more strategic focus targets (strategic focus targets component). The focus targets are set by the Supervisory Board before the start of the grant year in accordance with corporate strategy and corporate planning.

Like the variable bonus, the personal cash investment amount of the share-based remuneration therefore equally promotes the achievement of financial and non-financial targets derived from business strategy and corporate planning.

The personal cash investment amount is paid out following the General Meeting of Shareholders, at which the annual accounts for the grant year are presented.

- For the RoCE component, the Supervisory Board sets remuneration-related minimum, target and maximum values for the RoCE in the Automobiles segment in the grant year before the start of the grant year, to which an RoCE factor is assigned. If the agreed minimum threshold is not reached, the RoCE factor is 0. The maximum value of the RoCE factor is limited to 1.8.

With the RoCE in the Automobiles segment as a performance criterion, share-based remuneration is directly linked to the Company's operating success. This reflects the BMW Group's aspiration to generate a significant premium on the cost of capital.

- For the second component of the personal cash investment amount – the strategic focus targets component – the Supervisory Board selects at least two strategic focus targets as remuneration-related targets. These are derived from corporate strategy and corporate planning and are defined before the start. Strategic focus targets can, for example, relate to the reduction of CO<sub>2</sub> emissions. The Supervisory Board sets minimum, target and maximum values relevant to remuneration. Between these values, the factor is determined by way of linear interpolation, unless the Supervisory Board has determined otherwise. The factor for the respective strategic focus target can be between zero and a maximum of 1.8.

If only two strategic focus targets are set, the degree of target achievement for each of the two targets is multiplied by 25 % of the target amount of the equity investment amount. If more than two strategic focus objectives are set, the Supervisory Board determines the weighting of the individual strategic focus targets.



By taking strategic focus targets into account, the development of the BMW Group in other strategically particularly important areas is also reflected in the Board of Management's remuneration in addition to the Company's operating success.

(2) Members of the Board of Management are required to make a personal cash investment, less taxes and duties, in BMW ordinary shares immediately after payment and to hold the shares for an extended period of time, i.e. for a period of at least four years (share ownership guideline). BMW ordinary shares are acquired by a custodian bank designated by the Company on behalf of members of the Board of Management. The BMW ordinary shares acquired are subject to a corresponding blocking notice. The blocking period also applies in the event of resignation from the Board of Management. Special regulations apply in the event of death, invalidity and a clawback.

The obligation to purchase BMW ordinary shares and the multi-year holding period strengthens the entrepreneurial long-term orientation of the Board of Management. The sustainable implementation of corporate strategy through appropriate decisions also leads to lasting value creation for the shareholders, thereby consistently providing the basis for a positive capital market performance in the long term. Due to the substantial investment and the fixed holding period, members of the Board of Management participate – even after their resignation – in the long-term positive development as well as the negative development of the Company based on the share price.

## **2.7 Withholding and clawback of variable remuneration (malus and clawback).**

The payment of variable remuneration components is subject to contractual regulations on withholding (malus) and clawback for periods after 1 January 2021. The Supervisory Board decides on withholding and/or reclaim and the extent of this at its due discretion. Statutory claims going beyond the possibility of withholding and reclaim, in particular claims for damages, remain unaffected by the contractual provisions.

Reasons for withholding variable remuneration components that have not yet been paid out or for reclaiming variable remuneration components that have already been paid out may include a serious violation by a member of the Board of Management of statutory provisions subject to fines, sanctions or penalties (compliance violation) or of the BMW Group's Code of Conduct. In the event of a justified suspicion of such a violation, the Supervisory Board may also provisionally refuse to make a payment.

The Supervisory Board may also reclaim variable remuneration components if the Financial Statements of the Company or the Group on which the assessment of a remuneration component was based contains serious errors or if incorrect information was used as a basis for the determination of other remuneration parameters.

Withholding is also possible after leaving the Board of Management and/or termination of the Board of Management service contract. A reclaim can be made up to four years after the Supervisory Board has become aware of or paid the bonus, or five years after payment of the personal cash investment amount. The reclaiming of remuneration already paid out is also possible after the termination of the Board of Management mandate for a maximum period of four years after resignation.

## **2.8 Remuneration-related legal transactions.**

### **a) Terms of Board of Management service contracts**

When appointing members of the Board of Management and determining the term of Board of Management service contracts, the Supervisory Board ensures compliance with the requirements of the German Stock Corporation Act (§ 84 AktG) as well as the recommendations of the German Corporate Governance Code.

Board of Management service contracts are concluded for the duration of the respective appointment as a member of the Board of Management (maximum five years). In the event of reappointment, the Board of Management service contract is extended accordingly. Generally speaking, the period of office and the contract term for first-time appointments to the Board of Management is three years. The Supervisory Board sets an age limit which is taken into account as a rule in the period of office and term of the Board of Management service contracts; exceptions remain possible in the interest of the Company.

Insofar as the appointment as a member of the Board of Management ends prematurely, the Company may terminate the service contract prematurely with due notice in accordance with the period stipulated in § 626 (2) of the German Civil Code (BGB). In addition, premature termination is only possible for both parties by mutual agreement and in the event of good cause by termination without notice.

Commitments to make an annual contribution to the Company's pension scheme in pension agreements are linked to the term of appointment as a member of the Board of Management. Pension entitlements under the contribution-based system become vested when the service contract has been in existence for one year.

#### **b) Commitments in connection with the premature termination of Board of Management service**

In accordance with the recommendations of the German Corporate Governance Code, Board of Management service contracts provide for a severance payment to be paid to the Board of Management member in the event of their premature termination by the Company without good cause, the amount of which is limited to a maximum of two years' remuneration ("severance payment cap") and which compensates no more than the remaining term of the service contract. If the remaining term of the contract is less than two years, the severance payment is therefore reduced pro rata temporis. As a rule, the sum of the base salary, the target amount of the bonus and the target amount of the personal cash investment is taken as the annual remuneration, unless the respective target amount was not reached in the previous year. In this case, the bonus actually granted, or the personal cash investment amount actually paid out is taken as the basis. A severance payment is offset against a waiting allowance for a post-contractual non-competition clause.

There are no severance agreements in the event of premature termination of Board of Management service due to a change of control or in connection with a takeover bid.

#### **c) Post-contractual non-competition clause**

The Supervisory Board may agree with Board of Management members on a post-contractual non-competition clause of up to two years in certain cases. During the term of a post-contractual non-competition clause, the payment of a monthly waiting allowance is provided for, against which other income can be offset. Any severance payment is offset against the waiting allowance in accordance with the recommendation of the German Corporate Governance Code. The Company reserves the right to unilaterally waive compliance with a post-contractual non-competition clause so that it is released from the obligation to pay a waiting allowance.

Currently, one-year post-contractual non-competition agreements are in place with all Board of Management members.

## **2.9 Secondary activities pursued by members of the Board of Management; offset.**

Members of the Board of Management require the approval of the Supervisory Board to take on secondary activities, in particular for the acceptance of external Supervisory Board

mandates and comparable offices. In this connection, the Supervisory Board also decides whether and to what extent remuneration for the activity is to be offset against Board of Management remuneration.

If members of the Board of Management hold mandates in affiliated companies, any remuneration they receive is generally offset against their remuneration as a member of the Board of Management of the Company. The same applies to activities in joint venture companies and companies in which the Corporation directly or indirectly holds more than 20 % of the share capital as well as to activities in associations and similar groups to which the Corporation belongs due to its business activities.

### **3. Supplementary information on agenda item 8 (Remuneration of the Supervisory Board).**

#### **3.1 Remuneration system of the Supervisory Board.**

The task of the Supervisory Board is to advise and supervise the Board of Management. The remuneration of the members of the Supervisory Board is to be commensurate with the tasks and the situation of the Company.

The remuneration of the members of the Supervisory Board is structured as a purely fixed remuneration plus an attendance fee and complies with suggestion G.18 of the German Corporate Governance Code. The pure fixed remuneration strengthens the independence of the Supervisory Board in advising and monitoring the Board of Management. The structure and amount of the fixed remuneration ensure that highly qualified persons can continue to be proposed to the General Meeting of Shareholders as members of the Supervisory Board. This strengthens the latter's advisory and supervisory function, thereby contributing to the sustainable and long-term development of the Company.

A member of the Supervisory Board without a remuneration-related additional function receives a fixed annual remuneration of € 200,000 plus an attendance fee, which is paid out in cash after the end of the financial year.

In accordance with recommendation G.17 of the German Corporate Governance Code, the function of Chair and Deputy Chair of the Supervisory Board as well as chairing and membership of Supervisory Board committees are remunerated additionally due to the increased preparation and workload involved. Due to the special demands on members and especially on the chairperson of the Audit Committee, a higher level of remuneration is provided for work on this committee than for work on other committees.

Overview – Remuneration <sup>1</sup>		
Function	Factor	Amount in € p.a. <sup>3</sup>
Member of the Supervisory Board	1.00	200,000
Chair of the Supervisory Board	3.00	600,000
Deputy Chair of the Supervisory Board	2.00	400,000
Chair of the Audit Committee <sup>2</sup>	2.25	450,000
Chair of another committee <sup>2</sup>	2.00	400,000
Member of the Audit Committee <sup>2</sup>	2.00	400,000
Member of another committee <sup>2</sup>	1.50	300,000

<sup>1</sup> If a member of the Supervisory Board exercises several functions, his or her remuneration shall be determined exclusively according to the function with the highest remuneration.

<sup>2</sup> Providing the committee has met on at least three days during the financial year.

<sup>3</sup> Plus attendance fee amounting to € 2,000 per plenary session.

In addition, each member of the Supervisory Board receives an attendance fee of € 2,000 per meeting payable after the end of the financial year for each meeting of the Supervisory Board (plenary) in which they participated. Multiple sessions on the same day are not remunerated separately. Furthermore, the Company reimburses each member of the Supervisory Board for any reasonable expenses and may include the members of the Supervisory Board in a pecuniary loss liability insurance policy. The remuneration of a member of the Supervisory Board who has only been a member of the Supervisory Board for part of the financial year or who has exercised an additional function requiring remuneration is reduced pro rata temporis.

Unless otherwise determined at the time of election, the members of the Supervisory Board are appointed until the end of the General Meeting of Shareholders which resolves on the discharge for the fourth financial year after the beginning of the period of office. The financial year in which the period of office begins is not counted. Members of the Supervisory Board may be dismissed in compliance with statutory provisions. They may resign from office without good cause before the end of the period of office. No remuneration is paid for the period after leaving the Supervisory Board.

The regulations on the remuneration of members of the Supervisory Board apply without distinction to shareholder and employee representatives. As a supervisory and advisory task, Supervisory Board activity is structurally distinct and can hardly be compared to the activity of the Company's employees. For this reason, there is no systematic consideration of the remuneration and employment conditions of the Company's employees.

The Supervisory Board reviews, if necessary, after preparation by the Presiding Board of the Supervisory Board, at least every four years whether the remuneration of the members of the Supervisory Board is commensurate with the situation of the Company and the duties of the members of the Supervisory Board. For this review, the Supervisory Board conducts a horizontal market comparison with other DAX companies. It may also consult an independent external remuneration expert.

The members of the Supervisory Board are involved in structuring the proposals for their remuneration. Proposals for resolutions to the General Meeting of Shareholders are usually submitted jointly by the Board of Management and the Supervisory Board. A conflict of interest is excluded by the fact that the General Meeting of Shareholders alone decides on the remuneration of the Supervisory Board. At the latest every four years, the Board of Management and the Supervisory Board submit the remuneration of the Supervisory Board to the General Meeting of Shareholders for resolution. The existing remuneration can also be confirmed in the process.

### **3.2 Determination of the remuneration of the members of the Supervisory Board in § 15 of the Articles of Incorporation.**

#### § 15 Remuneration of the Supervisory Board

1. Each member of the Supervisory Board shall receive a fixed remuneration of € 200,000 for the financial year (remuneration year), payable after the end of the financial year.
2. The Chairman of the Supervisory Board shall receive three times and each Deputy Chairman twice the amount resulting from no. 1. Provided the relevant committee convened for meetings on at least three days during the financial year, each chairman of the Supervisory Board's committees shall receive twice the amount resulting from no. 1, the Chairman of the Audit Committee two and a quarter times, and the members of those committees shall receive one and a half times the amount resulting from no. 1, and each member of the Audit Committee shall receive twice the amount resulting from no. 1. If a member of the Supervisory Board exercises more than one function that is subject to remuneration pursuant to sentence 1 or 2, the remuneration shall be measured only on the basis of the function which is remunerated with the highest amount.
3. In the event that a member of the Supervisory Board has only belonged to the Supervisory Board for a part of the financial year or has exercised more than one function that is subject to remuneration pursuant to no. 2 sentence 1 or 2, the amount of remuneration payable to that member pursuant to nos. 1 and 2 shall be reduced pro rata temporis.
4. In addition, each member of the Supervisory Board shall receive an attendance fee of € 2,000 for each full meeting of the Supervisory Board which the member has attended. These fees are payable at the end of the financial year. Attendance at more than one meeting on the same day shall not be remunerated separately.
5. The Corporation shall reimburse each member of the Supervisory Board for reasonable expenses. The Corporation may include the members of the Supervisory Board in the insurance coverage provided by an insurance against economic loss and errors and omissions maintained at the Corporation's cost.
6. This regulation shall apply for the first time for the financial year commencing on 1 January 2020 (remuneration year).

### **4. Supplementary information on agenda item 10 (Approval of the Amendment Agreement to the Profit and Loss Transfer Agreement with BMW Bank GmbH).**

#### **4.1 Material content of the Amendment Agreement dated 9 March 2021 to the Profit and Loss Transfer Agreement between the Corporation and BMW Bank GmbH.**

According to the amended subsection 1.3 and 1.4 of the Profit and Loss Transfer Agreement, the controlled entity can transfer amounts from the net profit for the year to retained earnings (§ 272 (3) HGB) – with the exception of the statutory reserves, if relevant – (hereinafter “other revenue reserves”) or the special item “Fund for general banking risks” pursuant to § 340g HGB, to the extent that this is permissible under commercial law, and to the extent that the allocation to other revenue reserves is economically justified on the basis of a reasonable commercial assessment, or to the extent that the allocation to the special item “Fund for general banking risks” is necessary based on a reasonable commercial assessment due to the special risks of its business sector as a credit institution.

Other revenue reserves formed during the term of the agreement must be dissolved at the request of the controlling entity and used to offset a net loss for the year or transferred as profit. However, the controlled entity is not obliged to dissolve other revenue reserves for the purpose of profit and loss transfer if the requested profit and loss transfer would result in the controlled entity no longer having sufficient funds its own. The transfer of pre-contractual capital and revenue reserves is excluded.

The right of the controlling company under subsection 1.5 sentence 2 of the profit and loss transfer agreement to demand an advance transfer of profits under certain circumstances has been eliminated without replacement. Otherwise, § 1.5 of the profit and loss transfer agreement remains unchanged.

The previous text of subsection 2.3, which has become obsolete, has been eliminated and replaced with a new clause. This clarifies that the claim for loss transfer is due on the reporting date of the annual accounts of the controlled entity.

The minimum term agreed on in the Profit and Loss Transfer Agreement in its version of 15 March 2010 expired on 31 December 2014. The wording of subsection 3.2 has been adapted accordingly. According to the amended subsection 3.2 of the Profit and Loss Transfer Agreement, the possibility of ordinary termination is stipulated as follows: The agreement shall be extended by one year at a time following the minimum term if it is not terminated by one party at least six weeks before its expiry with effect from the end of a financial year of the controlled entity. The termination shall not affect the contractual obligations of the parties, in particular the duty of the controlling entity to assume losses, until the termination takes effect.

The right of each contracting party to terminate the agreement for good cause without observing a notice period, as contained in subsection 3.3 of the version of the Profit and Loss Transfer Agreement of 15 March 2010, was eliminated without replacement.

The Amendment Agreement does not provide for any other significant adjustments. Some passages of the Agreement that have become obsolete or merely reproduce the wording of the law have been eliminated. All amendments are set out in the Amendment Agreement, which is available on the Company's website.

The Amendment Agreement is subject to the approval of the General Meeting of Shareholders of the Corporation and the shareholders' meeting of the controlled entity. It becomes effective upon entry in the commercial register of the controlled entity and applies for the period from the beginning of the financial year of the controlled entity of the entry.

#### **4.2 Further documents on the Company's website ([www.bmwgroup.com/agm](http://www.bmwgroup.com/agm)).**

- Amendment Agreement dated 9 March 2021 to the Profit and Loss Transfer Agreement between Bayerische Motoren Werke Aktiengesellschaft and its subsidiary BMW Bank GmbH
- Profit and Loss Transfer Agreement between Bayerische Motoren Werke Aktiengesellschaft and its subsidiary BMW Bank GmbH dated 15 March 2010
- Company Financial Statements, Group Financial Statements and Management Report for Bayerische Motoren Werke Aktiengesellschaft and the Group each as at 31 December 2018, 2019 and 2020
- Company Financial Statements and Management Report for BMW Bank GmbH each as at 31 December 2017, 2018 and 2019
- Joint Report of the Board of Management of Bayerische Motoren Werke Aktiengesellschaft and the Management of BMW Bank GmbH dated 9 March 2021 on the Amendment

Agreement to the Profit and Loss Transfer Agreement between Bayerische Motoren Werke Aktiengesellschaft and BMW Bank GmbH pursuant to § 293a AktG

- Joint Report of the Board of Management of Bayerische Motoren Werke Aktiengesellschaft and the Management of BMW Bank GmbH dated 18 March 2010 on the conclusion of the currently existing Profit and Loss Transfer Agreement pursuant to § 293a AktG

The documents will also be available to shareholders during the Annual General Meeting via the website [www.bmwgroup.com/agm](http://www.bmwgroup.com/agm).

### **III. Other information.**

#### **1. Total number of shares and voting rights at the date of notice of the Annual General Meeting.**

At the date on which notice of the Annual General Meeting is given, the Company's share capital amounts to 659,684,500 and is sub-divided into 659,684,500 shares with a par value of € 1 each, comprising 601,995,196 shares of common stock, to which 601,995,196 votes are attached, and 57,689,304 non-voting shares of preferred stock.

The voting right attached to each share of common stock corresponds to the share's par value. Each € 1 of par value of share capital represented at a vote and carrying voting rights confers one vote.

For the purpose of passing resolutions, only holders of common stock are entitled to vote on the Annual General Meeting agenda items listed in section I. above.

#### **2. Requirements for following the virtual Annual General Meeting on the internet and exercising voting rights; registration for the Annual General Meeting.**

The Board of Management, with the consent of the Supervisory Board, has decided to hold the Annual General Meeting of the Corporation as a virtual Annual General Meeting without the physical presence of the shareholders or their proxies (with the exception of the Corporation's proxies), pursuant to § 1 of the Act Concerning Measures Under the Law of Companies, Cooperative Societies, Associations, Foundations and Commonhold Property to Combat the Effects of the COVID-19 Pandemic (COVMG). Physical attendance by shareholders and their proxies (with the exception of the Corporation's proxies) is therefore excluded.

Shareholders and their proxies will be able to follow the entire Annual General Meeting on Wednesday, 12 May 2021, from 10.00 a.m. (CEST) live in video and audio via the online service at [www.bmwgroup.com/agm-service](http://www.bmwgroup.com/agm-service). In order to use this service, shareholders must have registered for the Annual General Meeting in text form (§ 126b BGB) in German or English in due time. This applies in the same way to the exercise of voting rights.

Shareholders must also prove their entitlement to follow the entire Annual General Meeting on the internet and to exercise their voting rights. For this purpose, proof of share ownership in text form (§ 126b BGB) in German or English is required from the custodian institution or the ultimate intermediary. Proof pursuant to § 67c (3) AktG is sufficient.

The proof must refer to the beginning of the 21<sup>st</sup> day prior to the Annual General Meeting (record date), i.e. 21 April 2021, 00.00 hours (CEST). This requirement is also satisfied by proof which, in accordance with § 67c (3) AktG in conjunction with Art. 5 and Art. 1 No. 7 and 8 of the Implementing Regulation (EU) 2018/1212, is based on the position at the close of business of the Central Securities Depository (Clearstream Banking AG) or another first intermediary on 20 April 2021. The deciding factor for entitlement to follow the entire meeting on the internet

and to exercise the voting right is therefore share ownership on this record date. In relation to the Corporation, with respect to the Annual General Meeting and for the exercise of voting rights, only those persons shall be deemed to be shareholders who have provided proof thereof.

In the same way as for registration, proof of ownership of shares in the Corporation must be submitted no later than the end of 05 May 2021 to the following address:

Bayerische Motoren Werke Aktiengesellschaft  
c/o Computershare Operations Center  
80249 Munich, Germany  
Fax: +49 89 30903-74675  
E-mail: [anmeldestelle@computershare.de](mailto:anmeldestelle@computershare.de)

Shareholders are still entitled to dispose of their shares after registering for the Annual General Meeting.

Usually, the custodian institutions as ultimate intermediaries take care of registration and transmit the proof of shareholding for their clients after the clients have placed an order for registration for the Annual General Meeting. Shareholders are therefore requested to contact their respective custodian institution as early as possible in order to arrange their registration for the Annual General Meeting.

### **3. Proxies; procedure for exercising voting rights via an authorised proxy.**

Shareholders who do not wish to follow the Annual General Meeting and/or exercise their voting rights in person, may exercise their rights via an authorised proxy, e.g. an intermediary, a shareholders' association, a proxy advisor or another person. The prerequisite for exercising voting rights via an authorised proxy is compliance with the formalities and deadlines stipulated for registering for the Annual General Meeting.

The granting of proxy authorisations, their revocation and the communication of proof of proxy authorisation to the Company must be executed in text form or electronically using the procedure made available at [www.bmwgroup.com/agm-service](http://www.bmwgroup.com/agm-service).

Intermediaries, shareholders' associations, proxy advisors and persons who are deemed equivalent to such by the German Stock Corporation Act may, in conjunction with the relevant special regulation (§ 135 AktG), stipulate different requirements with regard to their own appointment as proxies. Details of these requirements may be obtained from the relevant authorised proxies.

The Company also offers shareholders the option of exercising their rights via representatives appointed by the Company who are bound to vote in accordance with the shareholder's instructions. Shareholders wishing to grant a proxy to Company representatives must issue specific voting instructions. The proxy authorisation is invalid if this is not done. The Company representatives are obliged to vote in accordance with the instructions given.

Proxy authorisations and instructions given to the voting representatives appointed by the Company can be submitted prior to the Annual General Meeting electronically via the Company's online service at [www.bmwgroup.com/agm-service](http://www.bmwgroup.com/agm-service). This option is available until the beginning of the voting procedure in the Annual General Meeting.

Alternatively, proxy authorisations and instructions can be issued to the voting representatives appointed by the Company using the proxy forms issued by the Company for this purpose. Common stock shareholders will receive these proxy forms together with the confirmation of



registration. In this case, the completed proxy forms must have been received by the Company no later than the end of 10 May 2021 at the following address:

Bayerische Motoren Werke Aktiengesellschaft  
c/o Computershare Operations Center  
80249 Munich, Germany  
Fax: +49 89 30903-74675  
E-mail: [anmeldestelle@computershare.de](mailto:anmeldestelle@computershare.de)

#### **4. Procedure for exercising voting rights by postal vote.**

Common stock shareholders may cast their votes without attending the Annual General Meeting, in particular, either electronically or in writing (postal voting). The prerequisite for exercising voting rights by postal vote is compliance with the formalities and deadlines stipulated for registering for the Annual General Meeting.

In particular, the Company's online service will be available for electronic postal voting at [www.bmwgroup.com/agm-service](http://www.bmwgroup.com/agm-service) until the beginning of the voting procedure in the Annual General Meeting.

Alternatively, shareholders may also use the form sent with the attendance card for postal voting. Votes submitted in writing must be sent to reach the Company no later than the end of 10 May 2021 at the following address:

Bayerische Motoren Werke Aktiengesellschaft  
c/o Computershare Operations Center  
80249 Munich, Germany  
Fax: +49 89 30903-74675  
E-mail: [anmeldestelle@computershare.de](mailto:anmeldestelle@computershare.de)

#### **5. Requests for items to be added to the agenda.**

Shareholders jointly representing one twentieth of the share capital or a proportionate ownership of € 500,000 of the share capital (equivalent to 500,000 shares of stock with a par value of € 1) may, in accordance with § 122 (2) AktG, request that items be placed on the agenda and be disclosed. Each new item must be accompanied by a statement of reasons or a draft resolution. Any such requests are to be addressed to the Company's Board of Management in writing and submitted to the following address:

Bayerische Motoren Werke Aktiengesellschaft  
The Board of Management  
Postal address: 80788 Munich, Germany  
Office address: Petuelring 130, 80809 Munich, Germany

The request must have been received by the Company at least 30 days before the meeting i.e. no later than the end of 11 April 2021.

#### **6. Countermotions and election proposals.**

Every shareholder has the right to submit countermotions to the resolutions proposed by the Board of Management and/or the Supervisory Board on specific agenda items and to submit election proposals on agenda items 5 (election of the Auditor) and 6 (elections to the Supervisory Board). Countermotions and election proposals are to be addressed exclusively to:

Bayerische Motoren Werke Aktiengesellschaft  
Dept. FF-2  
Postal address: 80788 Munich, Germany  
Fax: +49 89 382-11793  
E-mail: hv@bmw.de

Admissible countermotions and election proposals received by the Corporation at the above address no later than the end of 27 April 2021 will be published without undue delay on the internet at [www.bmwgroup.com/agm](http://www.bmwgroup.com/agm) upon proof of shareholder status including the name and place of residence or registered office of the shareholder.

Motions or nominations by shareholders which are to be made available pursuant to § 126 or § 127 AktG shall be deemed to have been filed at the Annual General Meeting if the shareholder making the motion or submitting the nomination is duly authorised and registered for the Annual General Meeting.

## **7. Right to ask questions by means of electronic communication.**

Shareholders who have registered for the Annual General Meeting may address questions to the Board of Management on matters concerning the Company, the legal and business relations of the Company with affiliated companies and on the situation of the Group and the companies included in the Group Financial Statements, providing the information requested is necessary for the proper assessment of an item on the agenda. In addition, they may ask questions regarding matters relating to BMW Bank GmbH to the extent that these are material to the conclusion of the Amendment Agreement to the Profit and Loss Transfer Agreement which will be submitted to the Annual General Meeting for approval under agenda item 10. Questions will be answered by the Board of Management at the Annual General Meeting.

Shareholders' questions must be submitted via the Company's online service at [www.bmwgroup.com/agm-service](http://www.bmwgroup.com/agm-service) by no later than the end of 10 May 2021.

## **8. Statements by shareholders.**

Shareholders registered for the Annual General Meeting may submit statements with reference to an item on the agenda of the Annual General Meeting in text form or by video.

Shareholders' statements must be submitted via the Company's online service at [www.bmwgroup.com/agm-service](http://www.bmwgroup.com/agm-service) by no later than the end of 10 May 2021. Statements can be submitted in German or English. The length of a statement in text form should not exceed 10,000 characters. The duration of a video statement should not exceed five minutes. Only one statement may be submitted per shareholder.

The intention is to publish the statements via the online service accessible to registered shareholders and make them available to the Company and the registered shareholders before and during the Annual General Meeting. The prerequisite for publication is the fulfilment of the requirements described in detail on the Company's website at [www.bmwgroup.com/agm](http://www.bmwgroup.com/agm) (explanations of shareholders' rights) and in the online service at [www.bmwgroup.com/agm-service](http://www.bmwgroup.com/agm-service).

Motions to add items to the agenda, countermotions and election proposals may not be made by submitting a statement. This also applies to the exercise of the right to ask questions. The procedure for exercising these rights is described in detail in the preceding sections 5-7.

It should be noted that the opportunity to submit statements is a voluntary offer by the Company to the shareholders and goes beyond legal requirements. There is no legal entitlement to the publication of a submitted statement. In particular, the Company reserves the right not to publish statements and to abridge them if they contain offensive, discriminatory or criminally relevant content or if they contain obviously false factual allegations. The same applies to statements that have no relation to the agenda or exceed 10,000 characters or five minutes in length.

## **9. Publications on the Company's website; broadcast of the Annual General Meeting on the internet; supplementary information.**

The convening of the Annual General Meeting, the documents and information to be made available, further explanations on the rights of the shareholders pursuant to §§ 122 (2), 126 (1), 127, 131 (1), 295 (1) and 293g (3) of the German Stock Corporation Act (AktG) in conjunction with § 1 (2) COVMG as well as supplementary information on the agenda are available on the Company's website at [www.bmwgroup.com/agm](http://www.bmwgroup.com/agm) from the day the Annual General Meeting is convened. The results of the voting will also be published there after the Annual General Meeting.

The speeches by the Chairman of the Supervisory Board, the CEO and the CFO at the Annual General Meeting on 12 May 2021 will be broadcast (live) without access restriction on the internet at [www.bmwgroup.com/agm](http://www.bmwgroup.com/agm). The speech by the CEO will also be available as a recording after the Annual General Meeting. The Company also intends to make summaries of these speeches available on its website no later than two days before the deadline for submission of questions, i.e. no later than the end of 8 May 2021.

Shareholders who have registered for the Annual General Meeting can follow the entire Annual General Meeting (live) via the Company's online service at [www.bmwgroup.com/agm-service](http://www.bmwgroup.com/agm-service). The access data required to register for the online service is printed on the registration confirmation (top right). Following the Annual General Meeting on the internet does not enable participation within the meaning of § 118 (1) sentence 2 AktG.

Further information on the Annual General Meeting and the exercise of voting rights as well as on the granting of proxies and the issuing of instructions will be made available on the Company's website at [www.bmwgroup.com/agm](http://www.bmwgroup.com/agm). Proxy and postal voting forms will be sent to shareholders with the confirmation of registration.

Holders of American Depositary Shares in respect of ordinary shares of the Corporation will receive information on the Annual General Meeting through The Bank of New York Mellon, New York, USA (Depositary).

## **10. Information on data protection.**

Information on how your personal data is processed in conjunction with the Annual General Meeting is provided on the Company's website at [www.bmwgroup.com/agm](http://www.bmwgroup.com/agm).

Notice of the Annual General Meeting was published in the Federal Gazette (Bundesanzeiger) on 24 March 2021.

Munich, 24 March 2021

**Bayerische Motoren Werke Aktiengesellschaft**

The Board of Management