

(Convenience translation)

**Declaration of the Board of Management and the Supervisory Board
of Bayerische Motoren Werke Aktiengesellschaft
regarding the recommendations of the
"Government Commission on the German Corporate Governance Code"
pursuant to § 161 German Stock Corporation Act**

The Board of Management and the Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft ("BMW AG") declare the following regarding the recommendations of the "Government Commission on the German Corporate Governance Code":

1. Since the last Declaration was issued in December 2017, BMW AG has complied with all the recommendations published officially in the Federal Gazette on 24 April 2017 (Code version dated 7 February 2017) with the exception – as previously reported – of section 4.2.3 sentence 9 and section 4.2.5 sentences 5 and 6.
2. In future, BMW AG will comply with all the recommendations published officially in the Federal Gazette on 24 April 2017 (Code version dated 7 February 2017), with the exception of section 4.2.5 sentences 5 and 6.
3. It is recommended in section 4.2.3 sentence 9 of the Code that subsequent amendments to performance targets or comparison parameters for variable remuneration components relating to the Board of Management shall be excluded. As previously reported, this recommendation was deviated from on a one-time basis in order to implement the new compensation system with effect from the financial year 2018, rather than with effect from the financial year 2020. Accordingly, it was necessary to cancel the targets previously set for the variable remuneration components for the financial years 2018 and 2019 and replace them for the financial year 2018 onwards with targets based on the new compensation system. The recommendation will, however, be complied with again in the future.
4. It is recommended in section 4.2.5 sentences 5 and 6 of the Code that specified information pertaining to management board compensation be disclosed in a Compensation Report. These recommendations have not been and will not be complied with, due to uncertainties as to whether the additional disclosure of this information and the use of model tables would add to the desired transparency and understandability of the BMW Group's Compensation Report in accordance with generally applicable financial reporting requirements (see section 4.2.5 sentence 3 of the Code).

Furthermore, in its draft revision of the Code dated 25 October 2018 (published on 6 November 2018), the Government Commission on the German Corporate Governance Code has now proposed to delete the aforementioned recommendation, as the planned amendment to the German Stock Corporation Act to implement the second EU Shareholder Rights Directive contains comprehensive and detailed requirements for compensation reports, thus obviating the need for recommendations in the Code. The corresponding amendments to the Code are due to be made in the course of the financial year 2019. Continuity of reporting is therefore a further argument for not using the model tables as a one-off solution in the BMW Group's Compensation Report for the financial year 2018 prior to the new statutory reporting requirements coming into force.

Munich, December 2018

Bayerische Motoren Werke Aktiengesellschaft

On behalf of the Supervisory Board

On behalf of the Board of Management

Dr.-Ing. Dr.-Ing. E.h. Norbert Reithofer
Chairman

Harald Krüger
Chairman