

COMPENSATION REPORT (PART OF THE COMBINED MANAGEMENT REPORT)

The following section describes the principles governing the compensation of the Board of Management for financial years since 2018. A description of the stipulations set out in the Company's statutes relating to the compensation of the Supervisory Board is also provided. In addition to explaining the system of compensation, details of components of compensation are also provided with figures. Furthermore, the compensation of each member of the Board of Management and the Supervisory Board for the financial year 2019 is disclosed by individual member and analysed with its component parts.

1. Board of Management compensation

Responsibilities

The full Supervisory Board is responsible for determining and regularly reviewing the system and structure of the Board of Management's compensation as well as for determining the compensation of individual Board members. The Supervisory Board's Personnel Committee is responsible for the preparatory work relating to those tasks.

The Supervisory Board reviews the appropriateness of the compensation system annually. In preparation, the Personnel Committee also consults remuneration studies. In order to check that the compensation system is in line with peers, the Supervisory Board especially compares compensation paid by other DAX companies. For a vertical view, it compares Board compensation with the salaries of executive managers and with the average salaries of employees of BMW AG based in Germany, also with regard to salary development over time. During the consultative process, consideration is also given to the recommendations of an independent external remuneration expert as well as to input from investors and analysts.

The Supervisory Board presents the compensation system to the Annual General Meeting for shareholder approval whenever significant changes are proposed, but at least once every four years. The currently valid compensation system was approved by the Annual General Meeting in 2018.

Principles of compensation

The compensation system for the Board of Management at BMW AG is designed to encourage a management approach focused on the sustainable development of the BMW Group. A further principle of the compensation system at the BMW Group is that of consistency. This means that compensation systems for the Board of Management, executive management and employees of BMW AG are composed of similar elements. The Supervisory Board performs an annual review to ensure that all Board of Management compensation components are appropriate, both individually and in total, and do not encourage the Board of Management to take inappropriate risks for the BMW Group. At the same time, the compensation model used for the Board of Management needs to be attractive for highly qualified executives in a competitive environment.

The compensation of members of the Board of Management is determined by the full Supervisory Board on the basis of performance criteria and after taking into account any remuneration received from Group companies. The principal performance criteria are the tasks and exercise of mandate of the Board member, the economic situation as well as the performance and future prospects of the BMW Group. The Supervisory Board sets ambitious and relevant parameters as the basis for variable compensation. It also ensures that variable components based on multi-year criteria take account of both positive and negative developments and that the overall incentive is on the long term. As a general rule, targets and comparative parameters may not be changed retrospectively.

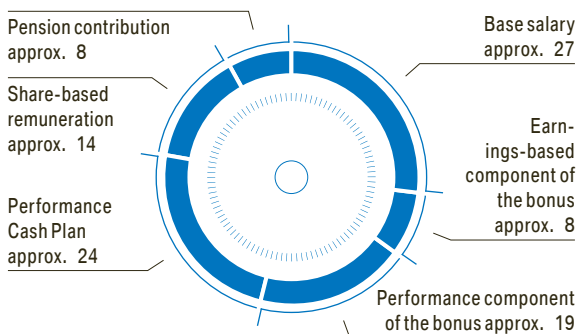
Compensation system, compensation components

Board of Management compensation comprises fixed and variable cash elements as well as a share-based component. Retirement and surviving dependants' benefit entitlements are also in place. The compensation components are described in more detail below.

Overview of compensation system: depiction of allocation to cash benefits (target compensation) and pension contribution¹

→ 76

in %

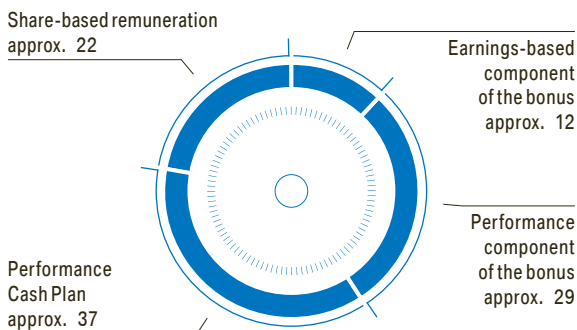


¹ Simplified depiction of target amounts for the variable cash remuneration of the Chairman of the Board of Management and pension contribution. Excludes other remuneration. Based on the assumption that the share price remains unchanged for the calculation of the matching component.

Overview of compensation system: depiction of variable remuneration (target compensation)²

→ 77

in %



² Simplified depiction of target amounts for the variable cash remuneration of the Chairman of the Board of Management. Excludes basic salary, other remuneration and pension contribution. Based on the assumption that the share price remains unchanged for the calculation of the matching component.

Fixed remuneration

Fixed remuneration consists of a base salary, which is paid monthly, and fringe benefits (other remuneration elements such as the use of Company cars, insurance premiums and contributions towards security systems). With effect from the financial year 2018, the base salary is €0.8 million p.a. for a Board member during the first period of office, €0.95 million p.a. for a Board member from the second period of office or the fourth year of mandate and €1.8 million p.a. for the Chairman of the Board of Management.

Variable remuneration

The variable remuneration of the Board of Management comprises three components:

- bonus
- Performance Cash Plan and
- share-based remuneration

Payment of a discretionary additional bonus is not provided for. An upper limit has been set for each component of variable remuneration (see Overview of compensation system and compensation components).

Bonus

In the case of 100 % target achievement, the bonus comprises an earnings-related component of 30 % and a performance-related component of 70 %. The target bonus (100 %) is €0.85 million p.a. for a Board member during the first period of office, €1.0 million p.a. from the second period of office or the fourth year of mandate and €1.8 million p.a. for the Chairman of the Board of Management. For all Board members, the upper limit of the bonus is set at 180 % of the relevant target bonus.

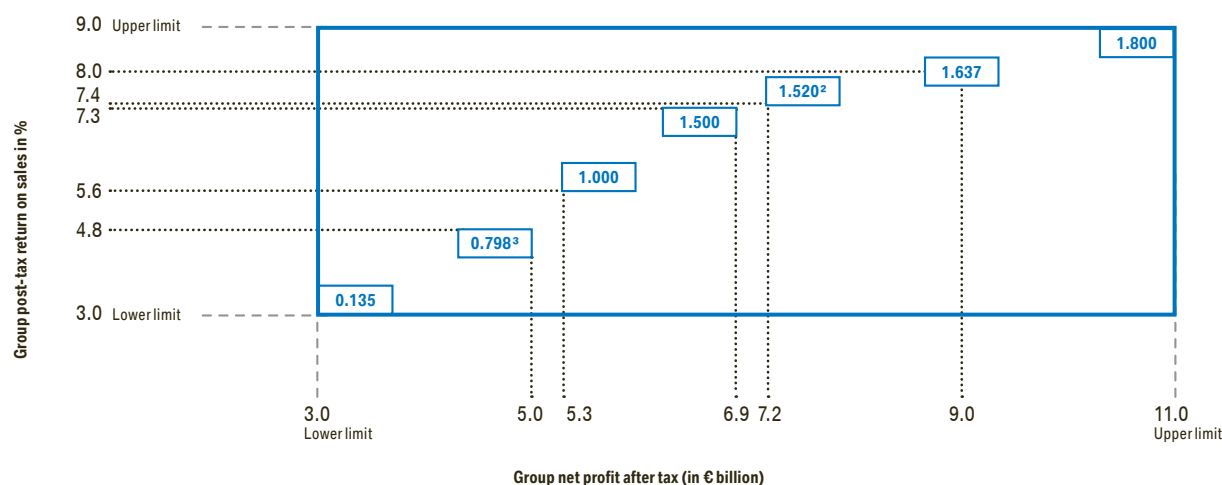
In order to calculate the earnings-related component, an earnings factor is determined on the basis of the target parameters and multiplied by 30 % of the target bonus amount. The level of the earnings-related component depends on the degree to which the targets set by the Supervisory Board for Group net profit (from the financial year 2022: earnings share of the shareholders of BMW AG) and Group post-tax return on sales are achieved. The degree of achievement is expressed in an earnings factor. The underlying measurement values are determined in advance for a period of three financial years and may not be changed retrospectively. The earnings factor is capped at a maximum of 1.8. The bonus is paid out after the end of the Annual General Meeting, at which the separate financial statements of BMW AG for the relevant financial year are presented.

An earnings factor of 1.000 would give rise to a profit-related component of €0.255 million for a Board member in the first period of office, €0.3 million from the second period of office or the fourth year of mandate and €0.54 million for the Chairman of the Board of Management. For instance, in the event of a Group net profit of €5.3 billion and a post-tax return on sales of 5.6%, the earnings factor is 1.000. Similarly, a Group net profit of €6.9 billion and a post-tax return on sales of 7.3% gives rise to an earnings factor of 1.500 and a Group net profit of €9.0 billion and a post-tax return on sales of 8.0% to one of 1.637. ↗

A minimum earnings factor of 0.135 arises in the event of a Group net profit of €3 billion and a post-tax return on sales of 3%. If the Group net profit were below €3 billion or the post-tax return on sales below 3%, the earnings factor would be zero. In this case, a profit-related component would not be paid. The maximum earnings factor of 1.800 is reached in the event of a Group net profit of €11 billion and a post-tax return on sales of 9%. In exceptional circumstances, for instance major acquisitions or disposals, the Supervisory Board may adjust the earnings factor.

Earnings components: allocation table for calculating earnings factor¹

→ 78



¹ Simplified depiction.

² Earnings factor 2018.

³ Earnings factor 2019.

The performance-related component is calculated using a performance factor which the Supervisory Board sets for each member of the Board of Management and which is multiplied by 70% of the target bonus amount. The Supervisory Board sets the performance factor on the basis of a detailed evaluation of the contribution made by Board members to sustainable and long-term business development over a period of at least three financial years. The evaluation by the Supervisory Board is based on predefined criteria that take into account the Group's long-term success, the interests of shareholders and stakeholders as well as social responsibility.

The criteria include in particular innovation (economic and ecological, for example in the reduction of carbon dioxide emissions), the Group's market position compared to its competitors, customer focus, ability to adapt, leadership, corporate culture, promotion of compliance and integrity, contribution to the Group's attractiveness as an employer, progress in implementing the diversity concept, and activities that foster corporate social responsibility. The Supervisory Board also draws comparisons with competitors. The individual performance factor lies between zero and a maximum 1.8.

Bonus overview

→ 79

EARNINGS COMPONENT BONUS	+	PERFORMANCE COMPONENT	=	TOTAL
Earnings factor x 0.3 of target amount — Value between 0 and 1.8		Performance factor x 0.7 of target amount — Value between 0 and 1.8		— Cash payment — Capped at 180 % of target amount
Basis for earnings factor: — Group net profit — Group post-tax return on sales		Basis for performance factor: — Contribution to sustainable and long-term business development over a period of at least three financial years — Qualitative, mainly non-financial parameters		

Performance Cash Plan

Since the financial year 2018, variable cash compensation includes a multi-year and future-oriented Performance Cash Plan (PCP). The PCP is calculated at the end of a three-year evaluation period by multiplying a predefined target amount by a factor that is based on multi-year target achievement (the PCP factor). The PCP target amount (100 %) amounts to €0.85 million p.a. for a Board member in the first period of office, €0.95 million p.a. from the second period of office or the fourth year of mandate and €1.6 million p.a. for the Chairman of the Board of Management. The maximum amount that can be paid to a Board member is capped at 180 % of the PCP target amount p.a.

The PCP evaluation period comprises three years, the grant year and the two subsequent years. PCP entitlements are paid in cash. The bonus is paid out after the end of the Annual General Meeting, at which the separate financial statements of BMW AG for the third year of the evaluation period are presented.

In order to determine the PCP factor, a multi-year earnings factor is multiplied by a multi-year performance factor. The PCP factor is capped at a maximum value of 1.8.

↵

In order to determine the multi-year earnings factor, an earnings factor is calculated for each year of the three-year evaluation period and an average is then calculated for the evaluation period. As for the earnings-related component of the bonus, the earnings factor for each individual year within the evaluation period is determined on the basis of Group net profit and post-tax return on sales for the relevant year. The maximum earnings factor is 1.8. The underlying measurement values are determined in advance for a period of three financial years and may not be changed retrospectively.

In addition to the multi-year earnings factor, the Supervisory Board also determines a multi-year performance factor after the end of the evaluation period. To this end, the Supervisory Board takes account of in particular the business development during the evaluation period, the forecast trend in the business development, the Board member's individual contribution to profitability and the status of compliance within the Board member's area of responsibility. The multi-year performance factor can be between 0.9 and 1.1.

Performance Cash Plan overview

→ 80

TARGET AMOUNT	X	PCP FACTOR	=	CASH PAYMENT
				— Cash payment at end of evaluation period — Capped at 180 % of target amount

PCP factor overview

→ 81

MULTI-YEAR EARNINGS FACTOR	X	MULTI-YEAR PERFORMANCE FACTOR	=	PCP FACTOR
<ul style="list-style-type: none"> — Average earnings factor — Based on Group net profit and Group post-tax return on sales — Value between 0 and 1.8 		<p>Measurement based on multi-year performance factor:</p> <ul style="list-style-type: none"> — Trend in business development — Status of compliance in each Board member's area of responsibility — Individual contribution to profitability — Forecast trend in business development — Value between 0.9 and 1.1 		

Members of the Board of Management who were Board members on 1 January 2018 receive advance payments out of the Performance Cash Plan 2018 and the Performance Cash Plan 2019 in the years 2019 and 2020. At the end of each relevant evaluation period, the advance payment is set off or repaid, depending on the amount then determined. The advance payment for each relevant year is €0.5 million for a Board member in the first period of office and €0.6 million from the second period of office or the fourth year of mandate. For the Chairman of the Board of Management the amount is €0.9 million p.a.

Share-based remuneration

At the end of the Annual General Meeting at which the separate financial statements of BMW AG for the relevant financial year are presented, members of the Board of Management receive a cash compensation (investment component) for the specific purpose of investment – after tax and deductions – in shares of common stock of BMW AG. The investment component corresponds to 45 % of the gross bonus. The shares of common stock are purchased immediately after the investment component has been paid out. As a general rule, the acquired shares are required to be held by Board members for four years. This period also applies if a Board member leaves the Board of Management.

At the end of the holding period, Board members receive from the Company for every three shares of common stock held, either one additional share of common stock or the cash equivalent, to be decided at the Company's discretion (matching component). Upper limits have been defined for both the investment component and the matching component (see Overview of compensation system and compensation components).

Other

In the event of death or invalidity, special rules apply for early payment of performance cash plans and share-based remuneration components based on the target amounts. Insofar as the service contract is prematurely terminated and the Company has an extraordinary right of termination, or if the Board member resigns without the Company's agreement, entitlements to amounts as yet unpaid relating to performance cash plans and share-based remuneration are forfeited.

A one-year post-contractual non-competition clause has been agreed with Board members under specified circumstances. During that one-year period, the former Board member is entitled to receive monthly compensation equivalent to 60 % of his or her previous base remuneration, reduced by any amount of other income exceeding 40 % of the base remuneration. The Company may unilaterally waive the requirement to comply with the post-contractual non-competition clause.

Overview of compensation system and compensation components

Component	Parameter / measurement base
BASE SALARY	
	<p>Member of the Board of Management:</p> <ul style="list-style-type: none"> — €0.80 million p.a. (first period of office) — €0.95 million p.a. (from second period of office or fourth year of mandate) <p>Chairman of the Board of Management:</p> <ul style="list-style-type: none"> — €1.80 million p.a.
VARIABLE REMUNERATION	
Bonus (sum of earnings-related bonus and performance-related bonus)	<p>Target amount p.a. (at 100 % target achievement):</p> <ul style="list-style-type: none"> — €0.85 million (first period of office) — €1.0 million (from second period of office or fourth year of mandate) — €1.8 million (Chairman of the Board of Management) — Capped at 180 % of target amount, see section Remuneration caps — Payment at the end of the Annual General Meeting at which the separate financial statements of BMW AG are presented
a) Earnings-related bonus (at 100 % target achievement corresponds to 30 % of target amount)	<ul style="list-style-type: none"> — Formula: 30 % target amount x earnings factor — Base amount p.a. (30 % target amount per bonus): <ul style="list-style-type: none"> — €0.255 million (first period of office) — €0.30 million (from second period of office or fourth year of mandate) — €0.54 million (Chairman of the Board of Management) — Earnings factor is derived from Group net profit (from the financial year 2022: earnings share of the shareholders of BMW AG) and Group post-tax return on sales — Allocation table fixed in advance for a period of three financial years — The earnings factor is 1.0 in the event of a Group net profit of €5.3 billion and a post-tax return on sales of 5.6 % — Earnings factor may not exceed 1.8 — Maximum amount of earnings-related bonus p.a.: <ul style="list-style-type: none"> — €0.459 million (first period of office) — €0.54 million (from second period of office or fourth year of mandate) — €0.972 million (Chairman of the Board of Management)
b) Performance-related bonus (at 100 % target achievement corresponds to 70 % of target amount)	<ul style="list-style-type: none"> — Formula: 70 % target amount x performance factor — Base amount p.a. (70 % target amount per bonus): <ul style="list-style-type: none"> — €0.595 million (first period of office) — €0.70 million (from second period of office or fourth year of mandate) — €1.26 million (Chairman of the Board of Management) — Primarily qualitative, non-financial criteria, expressed in terms of a performance factor aimed at measuring the Board member's contribution to the sustainable and long-term development and the future viability of the Company over a period of at least three financial years — Criteria for the performance factor include: innovation (economic and ecological, for example in the reduction of carbon dioxide emissions), the Group's market position compared to its competitors, customer focus, ability to adapt, leadership, corporate culture, promotion of compliance and integrity, contribution to the Group's attractiveness as an employer, progress in implementing the diversity concept, and activities that foster corporate social responsibility — Performance factor may not exceed 1.8 — Maximum amount of performance-related bonus p.a.: <ul style="list-style-type: none"> — €1.071 million (first period of office) — €1.26 million (from second period of office or fourth year of mandate) — €2.268 million (Chairman of the Board of Management)

Component	Parameter / measurement base
VARIABLE REMUNERATION	
Performance Cash Plan	<ul style="list-style-type: none"> Target amount p.a. (at 100 % target achievement): <ul style="list-style-type: none"> — €0.85 million (first period of office) — €0.95 million (from second period of office or fourth year of mandate) — €1.6 million (Chairman of the Board of Management) — Three-year evaluation period — Capped at 180 % of target amount, see section Remuneration caps — Formula: PCP factor x target amount — PCP factor: multi-year earnings factor x multi-year performance factor — PCP factor may not exceed 1.8 — Payment at the end of the Annual General Meeting at which the separate financial statements of BMW AG for the third year of the evaluation period are presented
a) Multi-year earnings factor	<ul style="list-style-type: none"> — Earnings factor for each year of three-year evaluation period derived from Group net profit and Group post-tax return on sale — Earnings factor for each year may not exceed 1.8 — Average for evaluation period calculated
b) Multi-year performance factor	<ul style="list-style-type: none"> — Determined by Supervisory Board at end of evaluation period — Criteria include in particular the trend in business development during the evaluation period, the forecast trend in business development, individual contribution to profitability and the status of compliance within the Board member's area of responsibility — Multi-year performance factor can be between 0.9 and 1.1
Share-based remuneration programme	<ul style="list-style-type: none"> — Requirement for Board of Management members to invest an amount of 45 % of the gross bonus after tax and contributions in BMW AG common stock — Requirement for Board of Management members to hold the acquired shares of common stock for four years
a) Cash remuneration component (investment component)	<ul style="list-style-type: none"> — Earmarked cash remuneration amounting to 45 % of the gross bonus — Cash remuneration p.a. at 100 % target achievement of the bonus: <ul style="list-style-type: none"> — €0.3825 million (first period of office) — €0.45 million (from second period of office or fourth year of mandate) — €0.81 million (Chairman of the Board of Management) — Maximum remuneration, see section Remuneration caps — Payment at the end of the Annual General Meeting at which the separate financial statements of BMW AG for the relevant financial year are presented — Share acquisition immediately after payment of earmarked cash remuneration
b) Share-based remuneration component (matching component)	<ul style="list-style-type: none"> — Once the four-year holding period requirement is fulfilled, Board of Management members receive for each three common stock shares held either – at the Company's option – one further share of common stock or the equivalent amount in cash — Maximum remuneration, see section Remuneration caps
OTHER REMUNERATION	
	Contractual agreement, main points: non-cash benefits from use of Company car, insurance premiums, contributions towards security systems

Overview of compensation system and compensation components onwards

RETIREMENT AND SURVIVING DEPENDANTS' BENEFITS

Model	Principal features
Defined contribution system with guaranteed minimum rate of return	<p>Pension based on amounts credited to individual savings accounts for contributions paid and interest earned, various forms of disbursement</p> <p>Pension contributions p. a.: Member of the Board of Management: €350,000 Chairman of the Board of Management: €500,000</p>

REMUNERATION CAPS (MAXIMUM REMUNERATION)

in € p. a.	Bonus	Performance Cash Plan	Share-based compensation programme		Total*
			Cash compensation for share acquisition	Monetary value of matching component	
Member of the Board of Management in the first period of office	1,530,000	1,530,000	688,500	344,500	4,925,000
Member of the Board of Management in the second period of office or from fourth year of mandate	1,800,000	1,710,000	810,000	405,000	5,500,000
Chairman of the Board of Management	3,240,000	2,880,000	1,458,000	729,000	9,850,000

* Including base salary, other fixed remuneration elements and pension contribution. The overall cap is lower than the sum of the maximum amounts for each of the individual components.

Retirement benefits

With effect from 1 January 2010, the provision of retirement benefits for members of the Board of Management was changed to a defined contribution system with a guaranteed minimum return. Retirement benefits remain unchanged as part of the new compensation system applicable for financial years from 2018 onwards, as they are appropriate and in line with customary market practice.

If a mandate is terminated, the defined contribution system provides, in the case of death or invalidity, for amounts accumulated on individual pension accounts to be paid out as a one-off amount or in instalments. For entitlements arising before 2016, there is an option to receive payment as a lifelong pension or in a combined form. Former Board members are entitled to receive the retirement benefit at the earliest upon reaching the age of 60, or in the case of entitlements awarded for the first time after 1 January 2012, upon reaching the age of 62.

The amount of the benefits to be paid is determined on the basis of the amount accrued in each Board member's individual pension savings account. The amount on this account results from annual contributions paid in, plus interest earned depending on the type of investment.

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).

The annual contribution paid by the Company is €350,000 for a Board member and €500,000 for the Chairman of the Board of Management. The guaranteed minimum rate of return p.a. corresponds to the maximum interest rate used to calculate insurance reserves for life insurance policies (guaranteed interest on life insurance policies). When granting pension entitlements, the Supervisory Board considers the targeted level of pension provision in each case as well as the resulting expense for the BMW Group.

Contributions falling due under the defined contribution model are paid into an external fund in conjunction with a trust model that is also used to fund pension obligations to employees.

Income earned on an employed or a self-employed basis up to the age of 63 may be offset against instalment payments. In addition, certain circumstances have been specified, in the event of which the Company no longer has any obligation to pay benefits. Transitional payments are not provided.

In the event of the death of a Board member during the service contract term, the base remuneration for the month of death and a maximum of three further calendar months are paid to entitled surviving dependants.

Members of the Board of Management who retire immediately after their service on the Board, or who are deemed to be in an equivalent position, are entitled to acquire vehicles and other BMW Group products and services at conditions that also apply to BMW pensioners and to lease BMW Group vehicles in accordance with the guidelines applicable to senior heads of departments. Retired Chairmen of the Board of Management are entitled to use a BMW Group vehicle as a company car on a similar basis to senior heads of departments, and depending on availability and against payment, use BMW chauffeur services.

Termination benefits on premature termination of Board activities, benefits paid by third parties

In agreement with the Supervisory Board, Mr Krüger resigned from the Board of Management at the end of 15 August 2019 and was released from his duties for the remaining term of his service contract, which ends on 30 April 2020. The proportionate amount of base and other remuneration relating to the period after his departure from the Board and to the financial year 2019 amounted to €0.7 million. The proportionate amount of base remuneration relating to the financial year 2020 amounts to €0.6 million. The expected amount of variable cash remuneration (bonus, cash component of share-based remuneration, PCP) for the remaining term of the contract from the date of departure from the Board of Management totals €3.5 million, where necessary taking into account forecast figures. This includes the bonus for the period from 16 August to 31 December 2019 amounting to €0.8 million as well as the proportionate amount of the cash component of remuneration (investment component) for this period amounting to €0.3 million. The cash value of the cash component of share-based remuneration (matching component) for the period from 16 August 2019 to 31 December 2019 amounts

to €0.06 million. The expected cash value of the matching component for the relevant proportionate period in the financial year 2020 amounts to €0.05 million. The Company will pay a pension contribution of €0.2 million for the period from the date of departure from the Board of Management up to 31 December 2019 and a corresponding proportionate amount of €0.2 million for the financial year 2020. Compensation for the agreed one-year post-contractual non-competition clause amounts to €1.1 million. A provision has been recognised for remuneration relating to the period after 31 December 2019.

Ms Caiña Carreiro-Andree left the Board of Management at the end of 31 October 2019 and was released from her duties for the remaining period of her service contract (until 30 June 2020). The proportionate amount of base and other remuneration relating to the period after her departure from the Board and to the financial year 2019 amounts to €0.2 million. Fixed remuneration relating to the financial year 2020 amounts to €0.5 million.

The expected amount of variable cash remuneration (bonus, cash component of share-based remuneration, PCP) for the remaining term of the contract from the date of departure from the Board of Management totals €1.9 million, where necessary taking into account forecast figures. This includes a bonus for the period from 1 November to 31 December 2019 amounting to €0.2 million and the proportionate amount of the cash component of remuneration (investment component) for this period amounting to €0.1 million. The cash value of the cash remuneration component of the share-based remuneration programme (matching component) for the period from 1 November 2019 to 31 December 2019 amounts to €0.01 million. The expected cash value of the matching component for the relevant proportionate period in the financial year 2020 amounts to €0.05 million. The proportionate amount of pension contribution for the 2019 and 2020 financial years is €0.1 million and €0.2 million respectively. Compensation for the agreed one-year non-competition clause amounts to €0.6 million. A provision has been recognised for remuneration relating to the period after 31 December 2019.

Mr Schwarzenbauer left the Board of Management at the end of 31 October 2019. Under the terms of his service contract, a one-year post-contractual non-competition clause applies. The proportionate amount of compensation relating to the financial year 2019 is €0.1 million. The corresponding figure for the remaining period from 1 January 2020 to 31 October 2020 is €0.5 million, for which a provision has been recognised.

In line with the recommendation of the German Corporate Governance Code dated 7 February 2017, Board of Management service contracts provide for severance pay to be paid to the Board member in the event of premature termination by the Company without important reason, the amount of which is limited to a maximum of two years' compensation (severance payment cap). If the remaining term of the contract is less than two years, the severance payment is reduced proportionately. For these purposes, annual compensation comprises base remuneration, the target bonus amount and the target PCP amount for the last full financial year before termination.

No commitments or agreements exist for payment of compensation in the event of early termination of a Board member's mandate due to a change of control or a takeover offer. No members of the Board of Management received any payments or relevant commitment from third parties in 2019 on account of their activities as members of the Board of Management.

Remuneration caps

The Supervisory Board has stipulated upper limits for all variable remuneration components and for the remuneration of members of the Board of Management in total. The upper limits are shown in the table Overview of compensation system and compensation components.

The overall upper limits (caps) have not changed in conjunction with the revised compensation system for financial years from 2018 onwards and are lower than the sum of the maximum amounts of the various individual components.

Revision of Board of Management compensation for financial years from 2021 onwards

Regulations governing management board compensation and the reporting thereof were again reformed by lawmakers through the implementation of the EU's Second Shareholder Rights Directive (ARUG II). Moreover, the Government Commission on the German Corporate Governance Code revised the recommendations and suggestions relating to management board compensation in its revised version of the German Corporate Governance Code dated 16 December 2019.

The Supervisory Board has examined the new regulations and intends to revise the compensation system for the Board of Management of BMW AG during the financial year 2020. The revised compensation system will be submitted for approval by the shareholders at the Annual General Meeting held during the financial year 2021. The Supervisory Board will also take account of input from investors when revising the compensation system.

Total compensation of the Board of Management for the financial year 2019 (2018)

The total compensation of the current members of the Board of Management of BMW AG for the financial year 2019 amounted to €21.4 million (2018: €24.0 million), of which €8.1 million (2018: €8.2 million) relates to fixed components including other remuneration. Variable components amounted to €12.6 million (2018: €15.0 million) and the share-based remuneration component to €0.7 million (2018: €0.8 million).

The BMW Group achieved a net profit of €5,022 million (2018: €7,207 million) and a post-tax return on sales of 4.8 % (2018: 7.4 %). According to the defined allocation table, these results yield an earnings factor of 0.798 (2018: 1.520) for the earnings component relevant for the bonus of members of the Board of Management in office during the financial year 2019. The Supervisory Board set a performance factor of 1.20 (2018: 1.20) for the performance component of Board members for the financial year 2019.

In determining the performance factor, the Supervisory Board uses various criteria to evaluate the contribution of Board members to the sustainable and long-term development and future viability of the Company. In this context, the Supervisory Board considers developments over recent years as well as the impact of planning decisions going forward.

A central topic of focus was innovation performance, particularly in the area of electrification. The Supervisory Board took into account continuous growth in the number of electrified vehicles delivered in recent years as well as the measures taken to accelerate the

penetration of technologies relating to electrification, including the opening of the new battery cell competence centre. Also considered were the continuous progress made in reducing the fleet's CO₂ emissions as well as the planning decisions taken – such as the development of the product portfolio – to ensure compliance with emission thresholds. The development of the market position was another focus area of the evaluation. Here, the Supervisory Board took into account in particular the BMW Group's achievements in confirming its position as the world's leading premium automobile manufacturer for the 16th consecutive year and setting a new delivery volume record for the ninth consecutive year. Furthermore, the Supervisory Board also considered the Board of Management's decision to successively integrate electrified models into the production system. The focus on flexible plant structures is a prerequisite for the further expansion of electrification. As part of the evaluation of other performance criteria, the Supervisory Board also assessed in particular the Company's ability to adapt to change, measured for example in terms of developments in the area of cooperation arrangements and strategic investments. In the area of Corporate Social Responsibility, consideration was given to the BMW Group's activities to promote children and young people through educational programmes and road safety education as well as to the BMW Group's excellent performance in various sustainability indices over a number of years. The BMW Group's attractiveness as an employer was evaluated by reference to various studies over a period of several years, in which the BMW Group was ranked among the top employers.

in € million	2019		2018	
	Amount	Proportion in %	Amount	Proportion in %
Fixed compensation	8.1	37.8	8.2	34.2
Variable cash compensation	12.6	58.9	15.0	62.5
Share-based compensation component*	0.7	3.3	0.8	3.3
Total compensation	21.4	100.0	24.0	100.0

*Matching component; provisional number/cash value calculated at grant date (date on which the entitlement became binding in accordance with German Accounting Standard 17 (DRS 17)).
The final number of matching shares is determined in each case when the requirement to invest in BMW AG common stock has been fulfilled.

The following table shows the compensation of the members of the Board of Management in accordance with commercial law and the accounting principles required to be applied.

Compensation of the individual members of the Board of Management for the financial year 2019 (2018)

→ Compensation
Report

in € or number of matching shares	Fixed compensation			Variable cash compensation		
	Base salary	Other compensation	Total	Bonus	Share-based compensation component (invest- ment component)	Performance Cash Plan 2018–2020 ⁸
Oliver Zipse¹	1,269,892	50,947	1,320,839	1,404,380	631,971	–
	(900,000)	(24,994)	(924,994)	(1,231,200)	(554,040)	(–)
Harald Krüger²	1,122,581	87,597	1,210,178	1,279,742	575,884	–
	(1,800,000)	(22,392)	(1,822,392)	(2,332,800)	(1,049,760)	(–)
Milagros Caiña Carreiro-Andree³	791,667	60,607	852,274	899,500	404,775	–
	(950,000)	(74,964)	(1,024,964)	(1,296,000)	(583,200)	(–)
Klaus Fröhlich	950,000	71,822	1,021,822	1,079,400	485,730	–
	(950,000)	(64,033)	(1,014,033)	(1,296,000)	(583,200)	(–)
Ilka Horstmeier⁴	133,333	29,375	162,708	152,915	68,812	–
	(–)	(–)	(–)	(–)	(–)	(–)
Milan Nedeljković⁵	200,000	5,105	205,105	229,373	103,218	–
	(–)	(–)	(–)	(–)	(–)	(–)
Pieter Nota	800,000	20,782	820,782	917,490	412,871	–
	(800,000)	(90,369)	(890,369)	(1,101,600)	(495,720)	(–)
Nicolas Peter	800,000	29,988	829,988	917,490	412,871	–
	(800,000)	(38,612)	(838,612)	(1,101,600)	(495,720)	(–)
Peter Schwarzenbauer⁶	791,667	37,347	829,014	899,500	404,775	–
	(950,000)	(51,777)	(1,001,777)	(1,296,000)	(583,200)	(–)
Andreas Wendt	800,000	102,701	902,701	917,490	412,871	–
	(200,000)	(13,029)	(213,029)	(275,400)	(123,930)	(–)
Total⁷	7,659,140	496,271	8,155,411	8,697,280	3,913,778	–
	(7,801,613)	(421,209)	(8,222,822)	(10,350,938)	(4,657,922)	(–)

¹ Member of the Board of Management since 13 May 2015, Chairman of the Board of Management since 16 August 2019.

² Member and Chairman of the Board of Management until 15 August 2019.

³ Member of the Board of Management until 31 October 2019.

⁴ Member of the Board of Management since 1 November 2019.

⁵ Member of the Board of Management since 1 October 2019.

⁶ Member of the Board of Management until 31 October 2019.

⁷ Disclosures for the previous year include amounts relating to a member of the Board of Management who left office with effect from the end of the financial year 2018.

⁸ PCP is paid out after the end of the relevant three-year evaluation period.

⁹ Provisional amount/cash value calculated at grant date (date on which the entitlement became binding in law in accordance with German Accounting Standard 17 (DRS 17)).

The final number of matching shares is determined in each case when the requirement to invest in BMW AG common stock has been fulfilled. See note 41 to the Group Financial Statements for a description of the accounting treatment of the share-based compensation component.

	Variable cash compensation		Share-based compensation component (matching component) ⁹		Compensation Total	
	Performance Cash Plan 2019–2021 ⁸	Total	Number	Monetary value		
	–	2,036,351	1,725	103,037	3,460,227	Oliver Zipse ¹
	(–)	(1,785,240)	(1,045)	(90,288)	(2,800,522)	
	–	1,855,626	1,346	93,870	3,159,674	Harald Krüger ²
	(–)	(3,382,560)	(1,981)	(171,158)	(5,376,110)	
	–	1,304,275	1,016	70,856	2,227,405	Milagros Caiña Carreiro-Andree ³
	(–)	(1,879,200)	(1,181)	(102,038)	(3,006,202)	
	–	1,565,130	1,135	79,155	2,666,107	Klaus Fröhlich
	(–)	(1,879,200)	(1,100)	(95,040)	(2,988,273)	
	–	221,727	173	12,013	396,448	Ilka Horstmeier ⁴
	(–)	(–)	(–)	(–)	(–)	
	–	332,591	280	18,026	555,722	Milan Nedeljković ⁵
	(–)	(–)	(–)	(–)	(–)	
	–	1,330,361	1,036	72,251	2,223,394	Pieter Nota
	(–)	(1,597,320)	(1,004)	(86,746)	(2,574,435)	
	–	1,330,361	965	67,299	2,227,648	Nicolas Peter
	(–)	(1,597,320)	(935)	(80,784)	(2,516,716)	
	–	1,304,275	1,016	70,856	2,204,145	Peter Schwarzenbauer ⁶
	(–)	(1,879,200)	(1,181)	(102,038)	(2,983,015)	
	–	1,330,361	1,036	72,251	2,305,313	Andreas Wendt
	(–)	(399,330)	(277)	(21,645)	(634,004)	
	–	12,611,058	9,728	659,614	21,426,083	Total ⁷
	(–)	(15,008,860)	(9,087)	(782,828)	(24,014,510)	

In addition to the disclosures required by German commercial law and the accounting principles required to be applied, the following tables show the amounts awarded and payments made to individual members ↗

of the Board of Management in accordance with the requirements of the German Corporate Governance Code in the version dated 7 February 2017.

Oliver Zipse

Chairman of the Board of Management

since 16 August 2019

Member of the Board of Management

since 13 May 2015

in €	Grants			Payout		
	FY 2019	FY 2019 (Min)	FY 2019 (Max)	FY 2018	FY 2019	FY 2018
BASE SALARY						
Fixed compensation	1,269,892	1,269,892	1,269,892	900,000	1,269,892	900,000
Fringe benefits (other compensation)	50,947	50,947	50,947	24,994	50,947	24,994
Total	1,320,839	1,320,839	1,320,839	924,994	1,320,839	924,994
ONE-YEAR VARIABLE REMUNERATION						
Earnings-based component of the bonus ¹	390,323	0	702,581	285,000	311,477	433,200
MULTI-YEAR VARIABLE REMUNERATION						
Performance component of the bonus						
Performance component of the bonus 2018 (three-year plan term) ¹	–	–	–	665,000	–	798,000
Performance component of the bonus 2019 (three-year plan term) ¹	910,753	0	1,639,355	–	1,092,903	–
Performance Cash Plan						
PCP 2018–2020 ²	–	–	–	916,667	–	566,666
PCP 2019–2021 ²	1,194,624	0	2,150,323	–	712,900	–
Share-based remuneration programme						
Cash remuneration component (investment component) 2018 for holding obligation 2019–2023 ¹	–	–	–	427,500	–	554,040
Cash remuneration component (investment component) 2019 for holding obligation 2020–2024 ¹	585,484	0	1,053,871	–	631,971	–
Share-based remuneration component (matching component) 2015 for holding obligation 2016–2020	–	–	–	–	–	–
Share-based remuneration component (matching component) 2016 for holding obligation 2017–2021	–	–	–	–	–	–
Share-based remuneration component (matching component) 2017 for holding obligation 2018–2022	–	–	–	–	–	–
Share-based remuneration component (matching component) 2018 for holding obligation 2019–2023	–	–	–	90,288	–	–
Share-based remuneration component (matching component) 2019 for holding obligation 2020–2024	103,037	0	526,935	–	–	–
Other	–	–	–	–	–	–
Total	4,505,060	1,320,839	7,393,904	3,309,449	4,070,090	3,276,900
Pension expense ³	406,452	406,452	406,452	353,289	406,452	353,289
Total compensation	4,911,512	1,727,291	7,137,097⁴	3,662,738	4,476,542	3,630,189

¹ The bonus and cash remuneration component reported for the financial years 2019 and 2018 in accordance with the German Corporate Governance Code will be paid in 2020 and 2019 respectively.

² Advance payments relating to the PCP 2019–2021 and the PCP 2018–2020 reported for the 2019 and 2018 financial years will be paid in 2020 or 2019.

³ Pension expense measured in accordance with IAS 19 reflects the expense recognised by the Company; this amount was not paid in the financial year.

⁴ Agreed cap. The cap is lower than the sum of the maximum amounts of the various individual components.

Harald Krüger

Chairman of the Board of Management

13 May 2015 until 15 August 2019

Member of the Board of Management

since 1 December 2008 until 13 May 2015

in €	Grants				Payout	
	FY 2019	FY 2019 (Min)	FY 2019 (Max)	FY 2018	FY 2019	FY 2018
BASE SALARY						
Fixed compensation	1,122,581	1,122,581	1,122,581	1,800,000	1,122,581	1,800,000
Fringe benefits (other compensation)	87,597	87,597	87,597	22,392	87,597	22,392
Total	1,210,178	1,210,178	1,210,178	1,822,392	1,210,178	1,822,392
ONE-YEAR VARIABLE REMUNERATION						
Earnings-based component of the bonus ¹	336,774	336,774	606,194	540,000	336,774	820,000
MULTI-YEAR VARIABLE REMUNERATION						
Performance component of the bonus						
Performance component of the bonus 2018 (three-year plan term) ¹	–	–	–	1,260,000	–	1,512,000
Performance component of the bonus 2019 (three-year plan term) ¹	903,677	903,677	1,414,452	–	942,968	–
Performance Cash Plan						
PCP 2018 – 2020 ²	–	–	–	1,600,000	–	900,000
PCP 2019 – 2021 ²	997,849	0	1,796,129	–	561,290	–
Share-based remuneration programme						
Cash remuneration component (investment component) 2018 for holding obligation 2019 – 2023 ¹	–	–	–	810,000	–	1,049,760
Cash remuneration component (investment component) 2019 for holding obligation 2020 – 2024 ¹	558,203	558,203	909,290	–	575,884	–
Share-based remuneration component (matching component) 2013 for holding obligation 2014 – 2018	–	–	–	–	–	88,157
Share-based remuneration component (matching component) 2014 for holding obligation 2015 – 2019	–	–	–	–	57,105	–
Share-based remuneration component (matching component) 2015 for holding obligation 2016 – 2020	–	–	–	–	–	–
Share-based remuneration component (matching component) 2016 for holding obligation 2017 – 2021	–	–	–	–	–	–
Share-based remuneration component (matching component) 2017 for holding obligation 2018 – 2022	–	–	–	–	–	–
Share-based remuneration component (matching component) 2018 for holding obligation 2019 – 2023	–	–	–	171,158	–	–
Share-based remuneration component (matching component) 2019 for holding obligation 2020 – 2024	93,870	91,011	454,645	–	–	–
Other	–	–	–	–	–	–
Total	4,100,551	3,099,843	6,390,888	6,203,550	3,684,199	6,192,309
Pension expense ³	316,758	316,758	316,758	504,831	316,758	504,831
Total compensation	4,417,309	3,416,601	6,143,011⁴	6,708,381	4,000,957	6,697,140

¹ The bonus and cash remuneration component reported for the financial years 2019 and 2018 in accordance with the German Corporate Governance Code will be paid in 2020 and 2019 respectively.

² Advance payments relating to the PCP 2019 – 2021 and the PCP 2018 – 2020 reported for the 2019 and 2018 financial years will be paid in 2020 or 2019.

³ Pension expense measured in accordance with IAS 19 reflects the expense recognised by the Company; this amount was not paid in the financial year.

⁴ Agreed cap. The cap is lower than the sum of the maximum amounts of the various individual components.

Milagros Caiña Carreiro-Andree
Human Resources, Industrial Relations Director
Member of the Board of Management
1 July 2012 until 31 October 2019

in €	Grants			Payout		
	FY 2019	FY 2019 (Min)	FY 2019 (Max)	FY 2018	FY 2019	FY 2018
BASE SALARY						
Fixed compensation	791,667	791,667	791,667	950,000	791,667	950,000
Fringe benefits (other compensation)	60,607	60,607	60,607	74,964	60,607	74,964
Total	852,274	852,274	852,274	1,024,964	852,274	1,024,964
ONE-YEAR VARIABLE REMUNERATION						
Earnings-based component of the bonus ¹	250,000	0	450,000	300,000	199,500	456,000
MULTI-YEAR VARIABLE REMUNERATION						
Performance component of the bonus						
Performance component of the bonus 2018 (three-year plan term) ¹	–	–	–	700,000	–	840,000
Performance component of the bonus 2019 (three-year plan term) ¹	700,000	700,000	1,050,000	–	700,000	–
Performance Cash Plan						
PCP 2018–2020 ²	–	–	–	950,000	–	600,000
PCP 2019–2021 ²	791,667	0	1,425,000	–	500,000	–
Share-based remuneration programme						
Cash remuneration component (investment component) 2018 for holding obligation 2019–2023 ¹	–	–	–	450,000	–	583,200
Cash remuneration component (investment component) 2019 for holding obligation 2020–2024 ¹	375,000	315,000	675,000	–	404,775	–
Share-based remuneration component (matching component) 2013 for holding obligation 2014–2018	–	–	–	–	–	81,130
Share-based remuneration component (matching component) 2014 for holding obligation 2015–2019	–	–	–	–	52,520	–
Share-based remuneration component (matching component) 2015 for holding obligation 2016–2020	–	–	–	–	–	–
Share-based remuneration component (matching component) 2016 for holding obligation 2017–2021	–	–	–	–	–	–
Share-based remuneration component (matching component) 2017 for holding obligation 2018–2022	–	–	–	–	–	–
Share-based remuneration component (matching component) 2018 for holding obligation 2019–2023	–	–	–	102,038	–	–
Share-based remuneration component (matching component) 2019 for holding obligation 2020–2024	70,856	55,095	337,500	–	–	–
Other	–	–	–	–	–	–
Total	3,039,797	1,922,369	4,789,774	3,527,002	2,709,069	3,585,294
Pension expense ³	295,446	295,446	295,446	354,224	295,446	354,224
Total compensation	3,335,243	2,217,815	4,583,333⁴	3,881,226	3,004,515	3,939,518

¹ The bonus and cash remuneration component reported for the financial years 2019 and 2018 in accordance with the German Corporate Governance Code will be paid in 2020 and 2019 respectively.

² Advance payments relating to the PCP 2019–2021 and the PCP 2018–2020 reported for the 2019 and 2018 financial years will be paid in 2020 or 2019.

³ Pension expense measured in accordance with IAS 19 reflects the expense recognised by the Company; this amount was not paid in the financial year.

⁴ Agreed cap. The cap is lower than the sum of the maximum amounts of the various individual components.

Klaus Fröhlich
Development
Member of the Board of Management
since 9 December 2014

in €	Grants			Payout		
	FY 2019	FY 2019 (Min)	FY 2019 (Max)	FY 2018	FY 2019	FY 2018
BASE SALARY						
Fixed compensation	950,000	950,000	950,000	950,000	950,000	950,000
Fringe benefits (other compensation)	71,822	71,822	71,822	64,033	71,822	64,033
Total	1,021,822	1,021,822	1,021,822	1,014,033	1,021,822	1,014,033
ONE-YEAR VARIABLE REMUNERATION						
Earnings-based component of the bonus ¹	300,000	0	540,000	300,000	239,400	456,000
MULTI-YEAR VARIABLE REMUNERATION						
Performance component of the bonus						
Performance component of the bonus 2018 (three-year plan term) ¹	–	–	–	700,000	–	840,000
Performance component of the bonus 2019 (three-year plan term) ¹	700,000	0	1,260,000	–	840,000	–
Performance Cash Plan						
PCP 2018 – 2020 ²	–	–	–	950,000	–	600,000
PCP 2019 – 2021 ²	950,000	0	1,710,000	–	600,000	–
Share-based remuneration programme						
Cash remuneration component (investment component) 2018 for holding obligation 2019 – 2023 ¹	–	–	–	450,000	–	583,200
Cash remuneration component (investment component) 2019 for holding obligation 2020 – 2024 ¹	450,000	0	810,000	–	485,730	–
Share-based remuneration component (matching component) 2014 for holding obligation 2015 – 2019	–	–	–	–	2,966	–
Share-based remuneration component (matching component) 2015 for holding obligation 2016 – 2020	–	–	–	–	–	–
Share-based remuneration component (matching component) 2016 for holding obligation 2017 – 2021	–	–	–	–	–	–
Share-based remuneration component (matching component) 2017 for holding obligation 2018 – 2022	–	–	–	–	–	–
Share-based remuneration component (matching component) 2018 for holding obligation 2019 – 2023	–	–	–	95,040	–	–
Share-based remuneration component (matching component) 2019 for holding obligation 2020 – 2024	79,155	0	405,000	–	–	–
Other	–	–	–	–	–	–
Total	3,500,977	1,021,822	5,746,822	3,509,073	3,189,918	3,493,233
Pension expense ³	353,327	353,327	353,327	353,119	353,327	353,119
Total compensation	3,854,304	1,375,149	5,500,000⁴	3,862,192	3,543,245	3,846,352

¹ The bonus and cash remuneration component reported for the financial years 2019 and 2018 in accordance with the German Corporate Governance Code will be paid in 2020 and 2019 respectively.

² Advance payments relating to the PCP 2019 – 2021 and the PCP 2018 – 2020 reported for the 2019 and 2018 financial years will be paid in 2020 or 2019.

³ Pension expense measured in accordance with IAS 19 reflects the expense recognised by the Company; this amount was not paid in the financial year.

⁴ Agreed cap. The cap is lower than the sum of the maximum amounts of the various individual components.

Ilka Horstmeier
Human Resources, Industrial Relations Director
Member of the Board of Management
since 1 November 2019

in €	Grants			Payout		
	FY 2019	FY 2019 (Min)	FY 2019 (Max)	FY 2018	FY 2019	FY 2018
BASE SALARY						
Fixed compensation	133,333	133,333	133,333	–	133,333	–
Fringe benefits (other compensation)	29,375	29,375	29,375	–	29,375	–
Total	162,708	162,708	162,708	–	162,708	–
ONE-YEAR VARIABLE REMUNERATION						
Earnings-based component of the bonus ¹	42,500	0	76,500	–	33,915	–
MULTI-YEAR VARIABLE REMUNERATION						
Performance component of the bonus						
Performance component of the bonus 2018 (three-year plan term) ¹	–	–	–	–	–	–
Performance component of the bonus 2019 (three-year plan term) ¹	99,167	0	178,500	–	119,000	–
Performance Cash Plan						
PCP 2018–2020 ²	–	–	–	–	–	–
PCP 2019–2021 ²	141,667	0	255,000	–	0	–
Share-based remuneration programme						
Cash remuneration component (investment component) 2018 for holding obligation 2019–2023 ¹	–	–	–	–	–	–
Cash remuneration component (investment component) 2019 for holding obligation 2020–2024 ¹	63,750	0	114,750	–	68,812	–
Share-based remuneration component (matching component) 2019 for holding obligation 2020–2024	12,013	0	57,417	–	–	–
Other	–	–	–	–	–	–
Total	521,805	162,708	844,875	–	384,435	–
Pension expense ³	58,333	58,333	58,333	–	58,333	–
Total compensation	580,138	221,041	820,833⁴	–	442,768	–

¹ The bonus and cash remuneration component reported for the financial years 2019 and 2018 in accordance with the German Corporate Governance Code will be paid in 2020 and 2019 respectively.

² Advance payments relating to the PCP 2019–2021 and the PCP 2018–2020 reported for the 2019 and 2018 financial years will be paid in 2020 or 2019.

³ Pension expense measured in accordance with IAS 19 reflects the expense recognised by the Company; this amount was not paid in the financial year.

⁴ Agreed cap. The cap is lower than the sum of the maximum amounts of the various individual components.

Milan Nedeljković
Production
Member of the Board of Management
since 1 October 2019

in €	Grants			Payout		
	FY 2019	FY 2019 (Min)	FY 2019 (Max)	FY 2018	FY 2018	
BASE SALARY						
Fixed compensation	200,000	200,000	200,000	–	200,000	–
Fringe benefits (other compensation)	5,105	5,105	5,105	–	5,105	–
Total	205,105	205,105	205,105	–	205,105	–
ONE-YEAR VARIABLE REMUNERATION						
Earnings-based component of the bonus ¹	63,750	0	114,750	–	50,873	–
MULTI-YEAR VARIABLE REMUNERATION						
Performance component of the bonus						
Performance component of the bonus 2018 (three-year plan term) ¹	–	–	–	–	–	–
Performance component of the bonus 2019 (three-year plan term) ¹	148,750	0	267,750	–	178,500	–
Performance Cash Plan						
PCP 2018 – 2020 ²	–	–	–	–	–	–
PCP 2019 – 2021 ²	212,500	0	382,500	–	0	–
Share-based remuneration programme						
Cash remuneration component (investment component) 2018 for holding obligation 2019 – 2023 ¹	–	–	–	–	–	–
Cash remuneration component (investment component) 2019 for holding obligation 2020 – 2024 ¹	95,625	0	172,125	–	103,218	–
Share-based remuneration component (matching component) 2019 for holding obligation 2020 – 2024	18,026	0	86,125	–	–	–
Other	–	–	–	–	–	–
Total	743,756	205,105	1,228,355	–	537,696	–
Pension expense ³	87,500	87,500	87,500	–	87,500	–
Total compensation	831,256	292,605	1,231,250⁴	–	625,196	–

¹ The bonus and cash remuneration component reported for the financial years 2019 and 2018 in accordance with the German Corporate Governance Code will be paid in 2020 and 2019 respectively.

² Advance payments relating to the PCP 2019 – 2021 and the PCP 2018 – 2020 reported for the 2019 and 2018 financial years will be paid in 2020 or 2019.

³ Pension expense measured in accordance with IAS 19 reflects the expense recognised by the Company; this amount was not paid in the financial year.

⁴ Agreed cap. The cap is lower than the sum of the maximum amounts of the various individual components.

Pieter Nota

Customer, Brands, Sales

Member of the Board of Management

since 1 April 2018

in €	Grants			Payout		
	FY 2019	FY 2019 (Min)	FY 2019 (Max)	FY 2018	FY 2019	FY 2018
BASE SALARY						
Fixed compensation	800,000	800,000	800,000	800,000	800,000	800,000
Fringe benefits (other compensation)	20,782	20,782	20,782	90,396	20,782	90,396
Total	820,782	820,782	820,782	890,396	820,782	890,396
ONE-YEAR VARIABLE REMUNERATION						
Earnings-based component of the bonus ¹	255,000	0	459,000	255,000	203,490	387,600
MULTI-YEAR VARIABLE REMUNERATION						
Performance component of the bonus						
Performance component of the bonus 2018 (three-year plan term) ¹	–	–	–	595,000	–	714,000
Performance component of the bonus 2019 (three-year plan term) ¹	595,000	0	1,071,000	–	714,000	–
Performance Cash Plan						
PCP 2018–2020 ²	–	–	–	850,000	–	500,000
PCP 2019–2021 ²	850,000	0	1,530,000	–	500,000	–
Share-based remuneration programme						
Cash remuneration component (investment component) 2018 for holding obligation 2019–2023 ¹	–	–	–	382,500	–	495,720
Cash remuneration component (investment component) 2019 for holding obligation 2020–2024 ¹	382,500	0	688,500	–	412,871	–
Share-based remuneration component (matching component) 2018 for holding obligation 2019–2023	–	–	–	86,746	–	–
Share-based remuneration component (matching component) 2019 for holding obligation 2020–2024	72,251	0	344,500	–	–	–
Other	–	–	–	–	–	–
Total	2,975,533	820,782	4,913,782	3,059,642	2,651,143	2,987,716
Pension expense ³	359,979	359,979	359,979	350,000	359,979	350,000
Total compensation	3,335,512	1,180,761	4,925,000⁴	3,409,642	3,011,122	3,337,716

¹ The bonus and cash remuneration component reported for the financial years 2019 and 2018 in accordance with the German Corporate Governance Code will be paid in 2020 and 2019 respectively.

² Advance payments relating to the PCP 2019–2021 and the PCP 2018–2020 reported for the 2019 and 2018 financial years will be paid in 2020 or 2019.

³ Pension expense measured in accordance with IAS 19 reflects the expense recognised by the Company; this amount was not paid in the financial year.

⁴ Agreed cap. The cap is lower than the sum of the maximum amounts of the various individual components.

Nicolas Peter

Finance

Member of the Board of Management
since 1 January 2017

in €	Grants			Payout		
	FY 2019	FY 2019 (Min)	FY 2019 (Max)	FY 2018	FY 2019	FY 2018
BASE SALARY						
Fixed compensation	800,000	800,000	800,000	800,000	800,000	800,000
Fringe benefits (other compensation)	29,988	29,988	29,988	38,612	29,988	38,612
Total	829,988	829,988	829,988	838,612	829,988	838,612
ONE-YEAR VARIABLE REMUNERATION						
Earnings-based component of the bonus ¹	255,000	0	459,000	255,000	203,490	387,600
MULTI-YEAR VARIABLE REMUNERATION						
Performance component of the bonus						
Performance component of the bonus 2018 (three-year plan term) ¹	–	–	–	595,000	–	714,000
Performance component of the bonus 2019 (three-year plan term) ¹	595,000	0	1,071,000	–	714,000	–
Performance Cash Plan						
PCP 2018 – 2020 ²	–	–	–	850,000	–	500,000
PCP 2019 – 2021 ²	850,000	0	1,530,000	–	500,000	–
Share-based remuneration programme						
Cash remuneration component (investment component) 2018 for holding obligation 2019 – 2023 ¹	–	–	–	382,500	–	495,720
Cash remuneration component (investment component) 2019 for holding obligation 2020 – 2024 ¹	382,500	0	688,500	–	412,871	–
Share-based remuneration component (matching component) 2017 for holding obligation 2018 – 2022	–	–	–	–	–	–
Share-based remuneration component (matching component) 2018 for holding obligation 2019 – 2023	–	–	–	80,784	–	–
Share-based remuneration component (matching component) 2019 for holding obligation 2020 – 2024	67,299	0	344,500	–	–	–
Other	–	–	–	–	–	–
Total	2,979,787	829,988	4,922,988	3,001,896	2,660,349	2,935,932
Pension expense ³	353,327	353,327	353,327	353,119	353,327	353,119
Total compensation	3,333,114	1,183,315	4,925,000⁴	3,355,015	3,013,676	3,289,051

¹ The bonus and cash remuneration component reported for the financial years 2019 and 2018 in accordance with the German Corporate Governance Code will be paid in 2020 and 2019 respectively.

² Advance payments relating to the PCP 2019 – 2021 and the PCP 2018 – 2020 reported for the 2019 and 2018 financial years will be paid in 2020 or 2019.

³ Pension expense measured in accordance with IAS 19 reflects the expense recognised by the Company; this amount was not paid in the financial year.

⁴ Agreed cap. The cap is lower than the sum of the maximum amounts of the various individual components.

Peter Schwarzenbauer
Transformation Electromobility
Member of the Board of Management
since 1 April 2013 until 31 October 2019

in €	Grants			Payout		
	FY 2019	FY 2019 (Min)	FY 2019 (Max)	FY 2018	FY 2019	FY 2018
BASE SALARY						
Fixed compensation	791,667	791,667	791,667	950,000	791,667	950,000
Fringe benefits (other compensation)	37,347	37,347	37,347	51,777	37,347	51,777
Total	829,014	829,014	829,014	1,001,777	829,014	1,001,777
ONE-YEAR VARIABLE REMUNERATION						
Earnings-based component of the bonus ¹	250,000	0	450,000	300,000	199,500	456,000
MULTI-YEAR VARIABLE REMUNERATION						
Performance component of the bonus						
Performance component of the bonus 2018 (three-year plan term) ¹	–	–	–	700,000	–	840,000
Performance component of the bonus 2019 (three-year plan term) ¹	583,333	0	1,050,000	–	700,000	–
Performance Cash Plan						
PCP 2018–2020 ²	–	–	–	950,000	–	600,000
PCP 2019–2021 ²	791,667	0	1,425,000	–	500,000	–
Share-based remuneration programme						
Cash remuneration component (investment component) 2018 for holding obligation 2019–2023 ¹	–	–	–	450,000	–	583,200
Cash remuneration component (investment component) 2019 for holding obligation 2020–2024 ¹	375,000	0	675,000	–	404,775	–
Share-based remuneration component (matching component) 2013 for holding obligation 2014–2018	–	–	–	–	–	60,779
Share-based remuneration component (matching component) 2014 for holding obligation 2015–2019	–	–	–	–	52,520	–
Share-based remuneration component (matching component) 2015 for holding obligation 2016–2020	–	–	–	–	–	–
Share-based remuneration component (matching component) 2016 for holding obligation 2017–2021	–	–	–	–	–	–
Share-based remuneration component (matching component) 2017 for holding obligation 2018–2022	–	–	–	–	–	–
Share-based remuneration component (matching component) 2018 for holding obligation 2019–2023	–	–	–	102,038	–	–
Share-based remuneration component (matching component) 2019 for holding obligation 2020–2024	70,856	0	337,500	–	–	–
Other	–	–	–	–	–	–
Total	2,899,870	829,014	4,766,514	3,503,815	2,685,809	3,541,756
Pension expense ³	291,667	291,667	291,667	353,119	291,667	353,119
Total compensation	3,191,537	1,120,681	4,583,333⁴	3,856,934	2,977,476	3,894,875

¹ The bonus and cash remuneration component reported for the financial years 2019 and 2018 in accordance with the German Corporate Governance Code will be paid in 2020 and 2019 respectively.

² Advance payments relating to the PCP 2019–2021 and the PCP 2018–2020 reported for the 2019 and 2018 financial years will be paid in 2020 or 2019.

³ Pension expense measured in accordance with IAS 19 reflects the expense recognised by the Company; this amount was not paid in the financial year.

⁴ Agreed cap. The cap is lower than the sum of the maximum amounts of the various individual components.

Andreas Wendt
Purchasing and Supplier Network
Member of the Board of Management
since 1 October 2018

in €	Grants			Payout		
	FY 2019	FY 2019 (Min)	FY 2019 (Max)	FY 2018	FY 2019	FY 2018
BASE SALARY						
Fixed compensation	800,000	800,000	800,000	200,000	800,000	200,000
Fringe benefits (other compensation)	102,701	102,701	102,701	13,029	102,701	13,029
Total	902,701	902,701	902,701	213,029	902,701	213,029
ONE-YEAR VARIABLE REMUNERATION						
Earnings-based component of the bonus ¹	255,000	0	459,000	63,750	203,490	96,900
MULTI-YEAR VARIABLE REMUNERATION						
Performance component of the bonus						
Performance component of the bonus 2018 (three-year plan term) ¹	–	–	–	148,750	–	178,500
Performance component of the bonus 2019 (three-year plan term) ¹	595,000	0	1,071,000	–	714,000	–
Performance Cash Plan						
PCP 2018 – 2020 ²	–	–	–	212,500	–	0
PCP 2019 – 2021 ²	850,000	0	1,530,000	–	0	–
Share-based remuneration programme						
Cash remuneration component (investment component) 2018 for holding obligation 2019 – 2023 ¹	–	–	–	95,625	–	123,930
Cash remuneration component (investment component) 2019 for holding obligation 2020 – 2024 ¹	382,500	0	688,500	–	412,871	–
Share-based remuneration component (matching component) 2018 for holding obligation 2019 – 2023	–	–	–	21,645	–	–
Share-based remuneration component (matching component) 2019 for holding obligation 2020 – 2024	72,251	0	344,500	–	–	–
Other	–	–	–	–	–	–
Total	3,057,452	902,701	4,995,701	755,299	2,233,062	612,359
Pension expense ³	353,327	353,327	353,327	132,500	353,327	132,500
Total compensation	3,410,779	1,256,028	4,925,000⁴	887,799	2,586,389	744,859

¹ The bonus and cash remuneration component reported for the financial years 2019 and 2018 in accordance with the German Corporate Governance Code will be paid in 2020 and 2019 respectively.

² Advance payments relating to the PCP 2019 – 2021 and the PCP 2018 – 2020 reported for the 2019 and 2018 financial years will be paid in 2020 or 2019.

³ Pension expense measured in accordance with IAS 19 reflects the expense recognised by the Company; this amount was not paid in the financial year.

⁴ Agreed cap. The cap is lower than the sum of the maximum amounts of the various individual components.

For financial years from 2018 onwards, a new variable compensation component was introduced in the form of the Performance Cash Plan. The PCP is paid out after the end of the relevant three-year evaluation period. In the case of the PCP for the financial year 2019, the evaluation period covers the financial years 2019 to 2021. The target amount for the PCP 2019–2021 is €1.195 million for Mr Zipse, €0.95 million for Mr Fröhlich, €0.142 million for Ms Horstmeier, €0.213 million for Mr Nedeljković and €0.85 million each for Mr Nota, Dr Peter and Dr Wendt. The proportionate amount of the target amount is €0.998 million for Mr Krüger and €0.792 million each for Ms Caiña Carreiro-Andree and Mr Schwarzenbauer. Due to the fact that the criteria for the evaluation period 2019 to 2021 have not yet been fully met, this component is not included in variable compensation for the financial year 2019.

In the financial year 2019, advance payments totalling €4.27 million were made to the members of the Board of Management, who belonged to the Board at 1 January 2018, for the PCP 2018–2020. This figure includes advance payments to Mr Krüger, Ms Caiña Carreiro-Andree and Mr Schwarzenbauer totalling €2.10 million.

At the end of each relevant evaluation period, the advance payments are set off or repaid, depending on the amount then determined. In the financial year 2019, an expense of €8.3 million (2018: €5.3 million) was recognised for the PCP in accordance with IAS 19.

Members of the Board of Management hold a total of 92,519 shares of BMW common stock (2018: 65,690) which are subject to holding requirements relating to the financial years 2015–2018 (cash remuneration components 2015–2018). The cash remuneration component for the financial year 2019 will be paid after the Annual General Meeting 2020. The purchase of shares of BMW common stock takes place immediately thereafter.

Shares of BMW common stock held by individual members of the Board of Management subject to holding requirements in connection with share-based remuneration for the financial years 2015 – 2018¹

in €	Total ¹
Oliver Zipse²	11,938
	(7,821)
Harald Krüger³	24,788
	(19,528)
Milagros Caiña Carreiro-Andree⁴	15,608
	(13,294)
Klaus Fröhlich	13,305
	(9,106)
Ilka Horstmeier⁵	–
	(–)
Milan Nedeljković⁶	–
	(–)
Pieter Nota	3,954
	(–)
Nicolas Peter	6,736
	(3,053)
Peter Schwarzenbauer⁷	15,202
	(12,888)
Andreas Wendt	988
	(–)
Total	92,519
	(65,690)

¹ Only takes into account shares of BMW common stock acquired with the cash remuneration component relating to the Board of Management's share-based remuneration programme and for which the four-year holding requirement has not yet expired.

² Member of the Board of Management since 13 May 2015, Chairman of the Board of Management since 16 August 2019.

³ Member and Chairman of the Board of Management until 15 August 2019.

⁴ Member of the Board of Management until 31 October 2019.

⁵ Member of the Board of Management since 1 November 2019.

⁶ Member of the Board of Management since 1 October 2019.

⁷ Member of the Board of Management until 31 October 2019.

In addition, an expense of €2.9 million (2018: €3.4 million) was recognised in the financial year 2019 for current members of the Board of Management for the period after the end of their service relationship. This relates to the expense for allocations to pension provisions in accordance with IAS 19.

Total benefits paid to former members of the Board of Management and their surviving dependants for the financial year 2019 amounted to €16.0 million (2018: €9.2 million). This total figure of former members of the Board of Management also includes amounts

totalling €10.3 million, as reported above, in connection with the departure of Mr Krüger, Ms Caiña Carreiro-Andree and Mr Schwarzenbauer from the Board of Management. Some of these amounts have not yet been paid.

Pension obligations to former members of the Board of Management and their surviving dependants are fully covered by pension provisions amounting to €113.1 million (2018: €91.0 million), recognised in accordance with IAS 19.

Share-based component of the individual members
of the Board of Management for the
financial year 2019 (2018)¹

in €	Expense in 2019 in accordance with HGB and IFRS	Provision at 31.12. 2019 in accordance with HGB and IFRS ¹
Oliver Zipse²	135,272	358,043
	(29,002)	(222,771)
Harald Krüger³	170,267	571,504
	(30,821)	(458,341)
Milagros Caiña Carreiro-Andree⁴	143,912	359,649
	(46,218)	(268,257)
Klaus Fröhlich	104,384	356,008
	(-19,097)	(254,591)
Ilka Horstmeier⁵	668	668
	(-)	(-)
Milan Nedeljković⁶	1,516	1,516
	(-)	(-)
Pieter Nota	76,736	100,397
	(23,661)	(23,661)
Nicolas Peter	150,428	231,415
	(51,812)	(80,987)
Peter Schwarzenbauer⁷	139,649	441,254
	(32,264)	(354,125)
Andreas Wendt	34,672	36,304
	(1,632)	(1,632)
Total⁸	957,504	2,456,758
	(274,927)	(1,786,110)

¹ Provisional number or provisional monetary value calculated on the basis of the closing price of BMW common stock in the Xetra trading system on 30 December 2019 (€73.14) (fair value at reporting date).

² Member of the Board of Management since 13 May 2015, Chairman of the Board of Management since 16 August 2019.

³ Member and Chairman of the Board of Management until 15 August 2019.

⁴ Member of the Board of Management until 31 October 2019.

⁵ Member of the Board of Management since 1 November 2019.

⁶ Member of the Board of Management since 1 October 2019.

⁷ Member of the Board of Management until 31 October 2019.

⁸ Disclosures for the previous year include amounts relating to a member of the Board of Management who left office during the financial year 2018.

Pension entitlements

in €	Service cost in accordance with IFRS for the financial year 2019 ¹	Service cost in accordance with HGB for the financial year 2019 ¹	Defined benefit obligation IFRS ¹	Defined benefit obligation HGB ¹
Oliver Zipse²	406,452	406,452	3,054,273	3,054,125
	(353,289)	(356,550)	(2,298,444)	(2,298,405)
Harald Krüger³	316,758	319,966	7,259,148	7,259,148
	(504,831)	(509,486)	(5,753,913)	(5,753,776)
Milagros Caiña Carreiro-Andree⁴	295,446	297,688	3,463,676	3,463,676
	(354,224)	(357,468)	(2,561,031)	(2,560,943)
Klaus Fröhlich	353,327	355,573	3,256,267	3,256,267
	(353,119)	(356,382)	(2,660,630)	(2,660,630)
Ilka Horstmeier⁵	58,333	58,333	993,548	992,662
	(-)	(-)	(-)	(-)
Milan Nedeljković⁶	87,500	87,500	1,421,605	1,421,152
	(-)	(-)	(-)	(-)
Pieter Nota	359,979	362,125	760,562	760,306
	(350,000)	(350,000)	(350,276)	(350,041)
Nicolas Peter	353,327	355,573	2,656,550	2,656,550
	(353,119)	(356,382)	(2,004,567)	(2,004,567)
Peter Schwarzenbauer⁷	291,667	291,667	2,682,925	2,682,925
	(353,119)	(356,382)	(2,188,161)	(2,188,159)
Andreas Wendt	353,327	355,573	2,414,082	2,414,082
	(132,500)	(132,500)	(1,886,766)	(1,886,766)
Total⁸	2,876,116	2,890,450	27,962,636	27,960,893
	(2,754,201)	(2,775,150)	(19,703,788)	(19,703,287)

¹ Service cost differs due to the different valuation bases used to measure pension obligations for HGB purposes (expected settlement amount) and for IFRS purposes (present value of the defined benefit obligation).

² Member of the Board of Management since 13 May 2015, Chairman of the Board of Management since 16 August 2019.

³ Member and Chairman of the Board of Management until 15 August 2019.

⁴ Member of the Board of Management until 31 October 2019.

⁵ Member of the Board of Management since 1 November 2019.

⁶ Member of the Board of Management since 1 October 2019.

⁷ Member of the Board of Management until 31 October 2019.

⁸ Prior year's figures comprise only members of the Board of Management at 31 December 2018.