

2. Supervisory Board compensation

Responsibilities, provisions of Articles of Incorporation

The compensation of the Supervisory Board is specified either by a resolution of the shareholders at the Annual General Meeting or in the Articles of Incorporation. The compensation provisions valid for the financial year under report were resolved by shareholders at the Annual General Meeting on 14 May 2013 and are set out in Article 15 of BMW AG's Articles of Incorporation, which are available at → www.bmwgroup.com within the section "Company" (menu items "Company Portrait" and "Corporate Governance") as well as in "BMW Group Download Centre".

Compensation principles, compensation components

The Supervisory Board of BMW AG receives a fixed compensation component as well as an earnings-related compensation component, which is oriented toward sustainable growth. The earnings-related component is based on average earnings per share of common stock for the remuneration year and the two preceding financial years.

The fixed and earnings-related components in combination are intended to ensure that the compensation of Supervisory Board members is appropriate in relation to the tasks of Supervisory Board members and the Company's financial condition and also takes account of the Company's performance over several years.

In accordance with the Articles of Incorporation, each member of BMW AG's Supervisory Board receives, in addition to the reimbursement of reasonable expenses, a fixed amount of €70,000 (payable at the end of the year) as well as earnings-related compensation of €170 for each full €0.01 by which the average amount of (undiluted) earnings per share (EPS) of common stock reported in the Group Financial Statements for the remuneration year and the two preceding financial years exceeds a minimum amount of €2.00, payable after the Annual General Meeting held in the following year. An upper limit corresponding to twice the amount of the fixed compensation is in place for the earnings-related compensation. The limit for a member of the Supervisory Board with no additional compensation-relevant function is set at €140,000.

With fixed compensation elements and an earnings-related compensation component oriented toward sustainable growth, the compensation structure in place for BMW AG's Supervisory Board complies with the recommendation on supervisory board compensation contained in section 5.4.6 paragraph 2 sentence 2 of the German Corporate Governance Code (version dated 7 February 2017).

The German Corporate Governance Code (version dated 7 February 2017) also recommends in section 5.4.6 paragraph 1 sentence 2 that the exercising of chair and deputy chair positions in the Supervisory Board as well as the chair and membership of committees should also be considered in the compensation.

Accordingly, the Articles of Incorporation of BMW AG stipulate that the Chairman of the Supervisory Board shall receive three times the amount and each Deputy Chairman shall receive twice the amount of the remuneration of a Supervisory Board member. Each chairman of the Supervisory Board's committees receives twice the amount and each member of a committee receives one-and-a-half times the amount of the remuneration of a Supervisory Board member, provided the relevant committee convened for meetings on at least three days during the financial year. If a member of the Supervisory Board exercises more than one of the functions referred to above, the compensation is measured only on the basis of the function that is remunerated with the highest amount.

In addition, each member of the Supervisory Board receives an attendance fee of €2,000 for each full meeting of the Supervisory Board (Plenum) which the member has attended, payable at the end of the financial year. Attendance at more than one meeting on the same day is not remunerated separately.

The Company also reimburses to each member of the Supervisory Board reasonable expenses and any value-added tax arising on the member's remuneration. The amounts disclosed below are net amounts.

In order to perform his duties, the Chairman of the Supervisory Board has the use of an office, with administrative support, as well as access to the BMW car service.

Total compensation of the Supervisory Board for the financial year 2019

In accordance with Article 15 of the Articles of Incorporation, the compensation of the Supervisory Board for activities during the financial year 2019 totalled €5.6 million (2018: €5.6 million). This includes fixed

remuneration of €2.0 million (2018: €2.0 million) and variable remuneration of €3.6 million (2018: €3.6 million). The earnings-related remuneration for the financial year 2019 was capped at the maximum amount stipulated in the Articles of Incorporation.

in € million	2019		2018	
	Amount	Proportion in %	Amount	Proportion in %
Fixed compensation	2.0	35.7	2.0	35.7
Variable compensation	3.6	64.3	3.6	64.3
Total compensation	5.6	100.0	5.6	100.0

Supervisory Board members did not receive any further compensation or benefits from the BMW Group for advisory or agency services personally rendered.

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

in €	Fixed compensation	Attendance fee	Variable compensation	Total
Norbert Reithofer (Chairman)	210,000	10,000	420,000	640,000
	(210,000)	(10,000)	(420,000)	(640,000)
Manfred Schoch (Deputy Chairman)¹	140,000	10,000	280,000	430,000
	(140,000)	(10,000)	(280,000)	(430,000)
Stefan Quandt (Deputy Chairman)	140,000	10,000	280,000	430,000
	(140,000)	(10,000)	(280,000)	(430,000)
Stefan Schmid (Deputy Chairman)¹	140,000	10,000	280,000	430,000
	(140,000)	(8,000)	(280,000)	(428,000)
Karl-Ludwig Kley (Deputy Chairman)	140,000	8,000	280,000	428,000
	(140,000)	(10,000)	(280,000)	(430,000)
Christiane Benner¹	70,000	10,000	140,000	220,000
	(70,000)	(8,000)	(140,000)	(218,000)
Kurt Bock	70,000	10,000	140,000	220,000
	(43,656)	(8,000)	(87,312)	(138,968)
Verena zu Dohna-Jaeger^{1,2}	43,844	8,000	87,688	139,532
	(-)	(-)	(-)	(-)
Franz Haniel³	26,344	2,000	52,688	81,032
	(70,000)	(8,000)	(140,000)	(218,000)
Ralf Hattler³	26,344	2,000	52,688	81,032
	(70,000)	(10,000)	(140,000)	(220,000)
Heinrich Hiesinger	70,000	10,000	140,000	220,000
	(70,000)	(10,000)	(140,000)	(220,000)
Reinhard Hüttl⁴	70,000	8,000	122,000⁴	200,000
	(70,000)	(10,000)	(120,000)	(200,000)

¹ These employee representatives have – in line with the guidelines of the Deutscher Gewerkschaftsbund – requested that their remuneration be paid into the Hans Böckler-Stiftung.

² Member of the Supervisory Board since 16 May 2019.

³ Member of the Supervisory Board until 16 May 2019.

⁴ Due to the requirements of his employer, Prof. Dr. Hüttl has waived his Supervisory Board compensation until further notice, to the extent that such compensation exceeds the amount of €200,000 (excluding value added tax) p.a.

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

in €	Fixed compensation	Attendance fee	Variable compensation	Total
Susanne Klatten	70,000	10,000	140,000	220,000
	(70,000)	(8,000)	(140,000)	(218,000)
Renate Köcher	70,000	10,000	140,000	220,000
	(70,000)	(10,000)	(140,000)	(220,000)
Horst Lischka¹	70,000	10,000	140,000	220,000
	(70,000)	(10,000)	(140,000)	(220,000)
Willibald Löw¹	70,000	10,000	140,000	220,000
	(70,000)	(10,000)	(140,000)	(220,000)
Simone Menne	70,000	10,000	140,000	220,000
	(70,000)	(8,000)	(140,000)	(218,000)
Dominique Mohabeer¹	70,000	10,000	140,000	220,000
	(70,000)	(10,000)	(140,000)	(220,000)
Brigitte Rödiger¹	70,000	10,000	140,000	220,000
	(70,000)	(10,000)	(140,000)	(220,000)
Vishal Sikka²	43,844	8,000	87,688	139,532
	(-)	(-)	(-)	(-)
Jürgen Wechsler^{1,3}	26,344	2,000	52,688	81,032
	(70,000)	(8,000)	(140,000)	(218,000)
Thomas Wittig²	43,844	8,000	87,688	139,532
	(-)	(-)	(-)	(-)
Werner Zierer¹	70,000	10,000	140,000	220,000
	(70,000)	(10,000)	(140,000)	(220,000)
Total⁴	1,820,564	196,000	3,623,128	5,639,692
	(1,820,188)	(188,000)	(3,620,377)	(5,628,565)

¹ These employee representatives have – in line with the guidelines of the Deutscher Gewerkschaftsbund – requested that their remuneration be paid into the Hans Böckler-Stiftung.

² Member of the Supervisory Board since 16 May 2019.

³ Member of the Supervisory Board until 16 May 2019.

⁴ Disclosures for the previous year include amounts relating to a member of the Supervisory Board who left office during the financial year 2018.

Revision of Supervisory Board compensation for financial years from 2020 onwards

The Supervisory Board and Board of Management propose to submit a proposal to the Annual General Meeting 2020 to change Supervisory Board compensation for financial years beginning after 1 January 2020 to an exclusively fixed compensation. The proposal of an exclusively fixed compensation model also corresponds to the new suggestion for supervisory board remuneration put forward by the Government Commission on the German Corporate Governance Code in the Code version dated 16 December 2019, section G.18. The proposed model is intended to strengthen the independent advisory and control function of the Supervisory Board. At the same time, the proposal will also help to simplify the compensation system.

A detailed description of the proposal will be included in the invitation to the Annual General Meeting 2020.

3. Other

With the exception of purchase, rental, leasing and financing contracts for vehicles on customary terms and conditions and the advance payments relating to the PCP 2018 – 2020 described above, neither BMW AG nor any of its subsidiaries granted loans or advances to members of the Board of Management or the Supervisory Board during the financial year 2019, nor were any contingent liabilities entered into on their behalf.