

Bayerische Motoren Werke Aktiengesellschaft

# **Rules of Procedure for the Supervisory Board**

13 December 2022

The Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft adopts the following Rules of Procedure in accordance with section 12 (1) of the Articles of Incorporation<sup>1</sup>:

## **§ 1 General**

- (1) The Supervisory Board shall perform its duties in accordance with the applicable law, statutory provisions, the Articles of Incorporation, these Rules of Procedure and any resolutions passed by the Supervisory Board.
- (2) The Supervisory Board determines the right to reserve approval for transactions of fundamental importance.

## **§ 2 Composition and Working Methods**

- (1) In accordance with the applicable legal provisions, including legal provisions regarding diversity, the Supervisory Board shall be composed in such a way that its members collectively dispose of the knowledge, abilities and professional experience necessary for the proper fulfilment of their duties and are familiar with the sector of the Company's business activities. The Supervisory Board shall specify precise targets for its composition and prepare a profile of relevant competences and a concept of diversity for the Supervisory Board as a whole, which the Supervisory Board shall take into account in its proposal to the General Meeting of Shareholders regarding the election of the Supervisory Board members representing the shareholders.
- (2) The members of the Supervisory Board shall ensure that they have enough time to perform their duties.
- (3) The members of the Supervisory Board shall be responsible for attending the necessary training programs regarding the performance of their duties. The Company shall support them in an adequate manner.
- (4) The Supervisory Board shall examine on a regular basis how efficiently it, as a whole, and its committees perform their duties.

## **§ 3 Election of Chairman and Deputy Chairman**

- (1) In accordance with the provisions of the German Codetermination Act (Mitbestimmungsgesetz), the Supervisory Board elects a Chairman and at least one Deputy Chairman from among its members. The oldest member of the Supervisory Board in terms of age shall chair the election.

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<sup>1</sup>In these Rules of Procedure, the masculine forms are used as umbrella terms. These terms shall include female persons and persons of other genders.

- (2) The election is held for the respective term of office of the elected Supervisory Board member. If one of them resigns from the Supervisory Board during his term of office, a new election for the resigned member must be held immediately.
- (3) Any further deputies shall be elected by a simple majority of the votes cast.
- (4) The Chairman or, if he is prevented, a Deputy Chairman shall be the permanent representative of the Supervisory Board with respect to third parties, in particular courts and authorities, as well as the Board of Management. The Chairman of the Supervisory Board or, if the Chairman is prevented, his deputy shall issue the statements of intent of the Supervisory Board or its committees.

#### **§ 4 Meetings of the Supervisory Board**

- (1) The meetings of the Supervisory Board shall be held at the registered office of the Company or at another meeting place to be announced in the invitation, taking into account section 110 (3) of the German Stock Corporation Act (AktG), and shall be chaired by the Chairman of the Supervisory Board or, if he is prevented from doing so, by his deputy. If the Chairman and all Deputy Chairmen are prevented from performing their duties, such duties shall be assumed by the Supervisory Board member being oldest in age for the period the Chairman and all Deputy Chairmen are prevented from performing their duties.
- (2) Meetings of the Supervisory Board shall be called in writing, by telephone, facsimile, or electronic means by the Chairman of the Supervisory Board or, if the Chairman is prevented, by his deputy with a notice of two weeks. The invitation shall indicate the individual items of the agenda. In urgent cases, the period of notice may be shortened. The Chairman may postpone a convened meeting before its opening.
- (3) In duly substantiated exceptional cases, members of the Supervisory Board may also, with the consent of the Chairman, participate in a meeting of the Supervisory Board by telephone or video conference.
- (4) Motions submitted by members of the Supervisory Board to the Chairman of the Supervisory Board no later than 10 (ten) days before the meeting shall be placed on the agenda; the Supervisory Board shall decide on their treatment. The Chairman of the Supervisory Board shall notify all members of the Supervisory Board of such motions without delay.
- (5) As a rule, the shareholder and the employee representatives shall, each group separately, prepare the Supervisory Board meetings.
- (6) The Supervisory Board shall meet without the Board of Management on a regular basis.

## **§ 5 Reporting by the Board of Management**

- (1) The Supervisory Board determines the reporting obligations of the Board of Management by resolution. Pursuant to section 90 AktG, the Board of Management must inform the Supervisory Board regularly, promptly, comprehensively and, as a rule, in text form about all issues relevant to the Company, in particular about strategy, planning, business development, the risk situation, risk management, and compliance. In doing so, the Board of Management must respond to any deviations in the course of business from the targets agreed in the plans drawn up, stating the reasons.
- (2) The Supervisory Board may demand a report from the Board of Management at any time on matters that could have a significant influence on the situation of the Company.
- (3) The Chairman of the Supervisory Board is informed immediately by the Chairman of the Board of Management about important events that are of material importance for the assessment of the situation and development as well as for the management of the Company. The Chairman of the Supervisory Board then informs the Supervisory Board and, if necessary, convenes an extraordinary meeting of the Supervisory Board.
- (4) Between meetings, the Chairman of the Supervisory Board shall stay in regular touch with the Board of Management, in particular with the Chairman, and consult with him on issues of strategy, business development, the risk situation, risk management and compliance of the Company.

## **§ 6 Supervisory Board Resolutions**

- (1) The Supervisory Board constitutes a quorum if all members have been invited using the last address given and at least half of the members of which it must consist in total participate in the voting on the resolution. The passing of the resolution on an item of the agenda not contained in the notice shall only be admissible if no member of the Supervisory Board present objects to the resolution and if at least two-thirds of the members of the Supervisory Board are present.
- (2) Resolutions shall be passed by a simple majority of votes cast, unless required otherwise by law. The same shall apply to elections. The Chairman of the Supervisory Board shall determine the manner of voting. However, upon request by a member of the Supervisory Board, the voting shall be secret.
- (3) The Chairman of the Supervisory Board or, if the Chairman is prevented, his deputy may arrange for the passing of a resolution of the Supervisory Board to be in writing, by telephone, facsimile or electronic means for special reasons. A written record shall subsequently confirm such resolutions.

- (4) An absent member of the Supervisory Board may have his written vote submitted by another member of the Supervisory Board. This also applies to the casting of the second vote by the Chairman of the Supervisory Board. A vote cast by facsimile or by electronic media shall also be deemed to be a vote cast in writing. A vote may be cast subsequently if the Chairman or, if the Chairman is prevented, his deputy has permitted said vote to be cast subsequently within a period to be stipulated by him, and did so prior to the vote in the meeting and for all absent members of the Supervisory Board.
- (5) If the number of shareholder and employee representatives participating in the voting on a resolution is not the same, the vote on an agenda item can be postponed by a maximum of 4 (four) weeks upon the request of two members of the Supervisory Board if the Chairman of the Supervisory Board or, if the Chairman is prevented, his deputy does not allow all of the members of the Supervisory Board who are absent to cast their votes subsequently. A further postponement of the same agenda item is not permitted.
- (6) In the event of a tie, another consultation of the Supervisory Board shall only take place if the majority of the members of the Supervisory Board decide so. If the second vote also results in a tie, the Chairman of the Supervisory Board shall have two votes in that second vote.
- (7) Minutes of the resolutions and consultations of the Supervisory Board shall be issued and signed by the member presiding the respective meeting or, in the case of section 6 (3), by the Chairman of the Supervisory Board. The members of the Supervisory Board shall be provided with a copy of the minutes of the meeting.

## **§ 7 Committees**

- (1) The Supervisory Board forms at least the following committees: a Personnel Committee, an Audit Committee, a Nomination Committee and a Mediation Committee in accordance with section 27 (3) Mitbestimmungsgesetz. In addition to the committees that the Supervisory Board is required by law to form, it may form other committees.
- (2) These committees shall perform the functions assigned to them by these Rules of Procedure and by any special resolutions passed by the Supervisory Board in the name of and on behalf of the full Supervisory Board.
- (3) The members of the Personnel, Audit, and Nomination Committee are each appointed to the committee for their respective term of office as members of the Supervisory Board. If a member leaves the Committee prematurely, a new election for the retired member must be held immediately.
- (4) The Chairman of the Supervisory Board is, by virtue of this function, both a member and Chairman of the Personnel Committee and the Nomination Committee.

- (5) If the Supervisory Board forms a committee consisting of the same number of Supervisory Board members representing the shareholders and the employees, the Chairman of the Supervisory Board, by virtue of this function, shall be both a member and chairman of this committee.
- (6) If the Chairman of the Supervisory Board is not chairman of the committee in accordance with section 7 (4) or (5), the Supervisory Board shall appoint a committee member to chair the committee.
- (7) The committee chairman may call in members of the Board of Management or, in an advisory capacity, other members of the Supervisory Board.
- (8) Section 3 (4) applies respectively.

## **§ 8 Personnel Committee**

The Personnel Committee performs the following tasks:

1. Preparation of the resolution of the Supervisory Board regarding the appointment, dismissal and remuneration of members of the Board of Management (total remuneration within the meaning of section 87 (1) and (2) AktG) as well as the regular review of the remuneration system for the Board of Management.
2. Conclusion, amendment and termination of contracts of service with members of the Board of Management within the framework of the Supervisory Board's stipulations regarding the remuneration of the members of the Board of Management.
3. Preparation and conclusion of other contracts of all kinds with members and former members of the Board of Management.
4. Granting of the approval of the Supervisory Board in the cases of sections 89, 114 and 115 AktG, section 15 of the German Banking Act (KWG) as well as with regard to secondary activities of any kind of members of the Board of Management, in particular the exercising of supervisory board mandates outside the Company.

## **§ 9 Audit Committee**

(1) The Audit Committee performs the following tasks:

1. Review of financial reporting and monitoring of the financial reporting process, including sustainability reporting.
2. Preparation of the Supervisory Board's resolution on the annual financial statements and the consolidated financial statements, and discussion of interim reports with the Board of Management prior to their publication.

3. Supervision of the external audit, in particular auditor selection and independence, quality of the audit and any additional work performed by the external auditor.
  4. Preparation of the Supervisory Board's resolution on the proposal to the General Meeting of Shareholders for the election of an auditor, in particular the submission of a recommendation and the obtaining of a declaration of independence from the auditor who is to be proposed for election as auditor by the General Meeting of Shareholders.
  5. Issuance of the audit mandate to the auditor and conclusion of the fee agreement as well as the determination of the audit focus areas.
  6. In respect of the non-financial reporting of the Company and the Group pursuant to sections 289b, 315b of the German Commercial Code (HGB):
    - Preparation of the internal audit by the Supervisory Board.
    - Assignment of a potential external audit with regard to contents, including the issuance of an audit engagement letter to the external auditor and conclusion of a fee agreement.
  7. Monitoring of the effectiveness of the internal control system, the internal risk management system and the internal audit system as well as fulfilling the duties of the Supervisory Board in connection with audits pursuant to section 32 of the German Securities Trading Act (WpHG).
  8. Monitoring of compliance.
  9. Examination and monitoring of any possible need for action that may arise in connection with possible breaches of duty by members of the Board of Management in preparation for a resolution of the Supervisory Board.
  10. Decisions regarding the approval of the utilisation of Authorised Capital 2019 (section 4 (5) of the Articles of Incorporation).
  11. Decisions on the approval of the form of share certificates and dividend coupons in accordance with section 5 of the Articles of Incorporation.
  12. Resolutions on amendments to the Articles of Incorporation that only affect its wording (section 14 (3) of the Articles of Incorporation).
- (2) The Chairman of the Audit Committee shall have special knowledge and experience in the application of accounting principles and internal control procedures, shall be familiar with audits, and shall be independent. At least one additional member of the Audit Committee must have expertise in the field of accounting or in the field of auditing.

## **§ 10 Nomination Committee**

The Nomination Committee performs the task of finding suitable candidates for election to the Supervisory Board and proposing such candidates to the Supervisory Board for its proposals for election at the General Meeting of Shareholders. The members of the Nomination Committee are appointed by the Supervisory Board members representing the shareholders from among their number.

## **§ 11 Mediation Committee**

- (1) In accordance with section 27 (3) Mitbestimmungsgesetz, the Mediation Committee comprises the Chairman of the Supervisory Board, his deputy and one member elected by the Supervisory Board members representing the employees and one member elected by the Supervisory Board members representing the shareholders, both elected with a majority of the respective votes cast.
- (2) The Mediation Committee must make a proposal to the Supervisory Board in the cases of section 31 (3) and (5) Mitbestimmungsgesetz for the appointment or revocation of the appointment of members of the Board of Management.
- (3) Section 12 (6) shall not apply to votes in the Mediation Committee.

## **§ 12 Committee meetings and resolutions**

- (1) The committees shall be convened by their respective chairman. Each member shall have the right to request the chairman to convene the committee, stating the reason. The meeting shall be convened as often as is deemed necessary. As a rule, the convening period shall not be less than 3 (three) working days.
- (2) The committees have a quorum if all members have been invited at the last address given and at least three members, including at least one shareholder representative and one employee representative each, participate in the voting on resolutions. A resolution on an item on the agenda that was not included in the invitation is only permissible if no member of the Supervisory Board present objects to the resolution and at least two-thirds of the members are present. Notwithstanding sentence 1 and sentence 2, all four members must participate in a resolution of the Mediation Committee.
- (3) In duly justified exceptional cases, committee members may also participate in a meeting of a committee by telephone or video conference with the consent of the chairman.
- (4) Section 6 (4) of these Rules of Procedure shall apply accordingly to the casting of votes in committees.

- (5) Resolutions of the committees shall be adopted by simple majority of votes unless the law or the Articles of Incorporation provide otherwise. Resolutions may be passed in writing, by telephone, facsimile, or electronic media only if the Chairman of the Supervisory Board or, if he is prevented from doing so, his deputy so orders for special reasons. A written record shall subsequently confirm such resolutions.
- (6) In the event that the Chairman of the Supervisory Board happens to be a member of a committee consisting of an equal number of Supervisory Board members representing shareholders and employees and if a voting in the committee results in a tie, then the Chairman of the Supervisory Board shall have two votes in case of a new voting on the same subject matter that also results in a tie. Section 108 (3) AktG shall apply to the casting of the second vote.
- (7) Minutes of committee meetings shall be taken and signed by the chairman of the meeting concerned, or, in the case of section 12 (5) sentence 2, by the chairman of the committee. The members of the respective committee shall be provided with a copy of the minutes of the meeting. The respective committee chairmen shall report regularly to the Supervisory Board on the work of the committees. Subject to section 109 (2) AktG, Supervisory Board members may inspect the minutes of a committee meeting. With regard to the Nomination Committee, section 12 (7) sentences 3 and 4 apply only to shareholder representatives.
- (8) Section 4 (6) applies respectively.

### **§ 13 Presiding Board**

- (1) The Supervisory Board may form a Presiding Board (Präsidium) consisting of the Chairman of the Supervisory Board and his deputies.
- (2) The task of the Presiding Board is to prepare and plan the meetings and decisions of the Supervisory Board, unless this task has been assigned to a committee. This includes dealing with the following subjects in a preparatory way:
  - Discussion of the corporate strategy and the business planning, taking into consideration aspects of sustainability, in particular ecological and social aspects and targets.
  - Issues of Corporate Governance.
- (3) Further tasks may also be delegated to the Presiding Board.
- (4) The Chairman of the Supervisory Board is, by virtue of this function, member and Chairman of the Presiding Board.

## **§ 14 Confidentiality**

- (1) Each member of the Supervisory Board is obliged to maintain secrecy with regard to all confidential information and secrets concerning the Company and its affiliated companies, in particular with regard to any business and trade secrets disclosed to them in the course of their activities on the Supervisory Board, even after their term of office as a member of the Supervisory Board has ended. At the end of each member's term of office, all documents that are confidential at that time shall be returned to the Chairman of the Supervisory Board or their destruction shall be confirmed.
- (2) If a member of the Supervisory Board makes use of an auxiliary person in connection with his activity on the Supervisory Board, he must obligate this person to maintain secrecy in the same manner.
- (3) If a member of the Supervisory Board wishes to pass on information of a personal or technical nature to third parties that has come to his knowledge in his capacity as a member of the Supervisory Board, he shall inform the Chairman of the Supervisory Board of this in advance.
- (4) In individual cases, the Supervisory Board may decide that auditor's reports handed over or provided in digital form to the members of the Supervisory Board as well as reports and plans of the Board of Management are to be returned to the Chairman of the Supervisory Board at the end of the next meeting of the Supervisory Board or destroyed.

## **§ 15 Conflicts of interest**

- (1) The members of the Supervisory Board are obliged to act in the Company's best interests. In making decisions, they may neither pursue personal interests nor take advantage of business opportunities for themselves that are in the best interests of the Company.
- (2) Each member of the Supervisory Board is obliged to disclose conflicts of interest to the Chairman of the Supervisory Board without delay. This applies in particular to conflicts of interest that may arise as a result of an advisory or executive function with customers, suppliers, lenders or other business partners.