Dear Shareholders,

The 101st Annual General Meeting of Bayerische Motoren Werke Aktiengesellschaft will be held on 12 May 2021. I look forward to welcoming you to this event. Due to the ongoing pandemic, it will unfortunately only be possible to offer you a virtual welcome on this occasion.

In preparing for the AGM, we have given some thought to how we might improve on the virtual AGM format which we tried out for the first time last year. One such improvement is this summary of the focal points of my speech at the Annual General Meeting, as well as a video message by Mr Zipse containing the focal points of his speech.

I would also like to draw your attention to our extended online service. This year, we are offering you the opportunity to submit your comments as video or in text form, too. Your contributions will be accessible to other shareholders and the Company until the end of the AGM. We hope very much you will make active use of this opportunity to express your opinion.

Allow me now to provide you with a preview of the focal points of my speech at the Annual General Meeting:

Under agenda item 1, I will give you an overview of the past business year and the work of the Supervisory Board. As always, you will find the full report of the Supervisory Board in our BMW Group Report.

- The year 2020 was an exceptionally challenging year due to the coronavirus pandemic. For this reason, the Supervisory Board intensified its supervisory activities. The focus was here on further developing the corporate and sustainability strategy – particularly with regard to the ongoing transformation of drive technology to electromobility, including reorientation of the production network.

- Other key topics included the status of the supply chain and the purchasing strategy in connection with electromobility, Group finance including liquidity and financial market risk management, business development, the risk situation and strategy in the area of financial services, data protection and cyber security in connection with digitalisation, strategic cooperations being pursued by the BMW Group and the Chinese market. In addition, the Supervisory Board addressed the longer-term development of the Company.

- Last year, the Supervisory Board also dealt with the structure and amount of Board of Management remuneration and revised the remuneration system of the Board Management based on the revised German Corporate Governance Code. The new remuneration system will be submitted to the Annual General Meeting for approval under agenda item 7.

- Other topic areas the Supervisory Board dealt with include the new integrated BMW Group report, which combined the Annual Report and the Sustainability Report to form the “BMW Group Report”, official proceedings regarding cartel allegations in Germany and the EU, the diversity
concept for the Company, revisions to the Rules of Procedure of the Supervisory Board, the Declaration of Compliance for the 2020 financial year, and the Corporate Governance Statement.

- The attendance rate at the meetings of the Supervisory Board and the committees was over 99% in 2020.

- The Supervisory Board has come to the conclusion that the composition of the Supervisory Board as at 31 December 2020 meets the set composition targets.

- We explained the audit of the accounts in detail in the BMW Group Report. The Audit Committee and the Supervisory Board also examined the proposal for the appropriation of the balance sheet profit.

Under agenda item 2, the Board of Management and the Supervisory Board will propose the distribution of a dividend of EUR 1.90 per ordinary share and EUR 1.92 per preference share. The Supervisory Board reviewed the dividend proposal and arrived at the conclusion that the reduced dividend amount as compared to the previous year is appropriate.

As every year, the Annual General Meeting will also decide on the discharge of the Board of Management (agenda item 3) and the Supervisory Board (agenda item 4).

Under agenda item 5, the Supervisory Board proposes, based on the recommendation of the Audit Committee, to appoint the auditing company PricewaterhouseCoopers GmbH as auditor of the financial statements and the consolidated financial statements for the financial year 2021.

Our Supervisory Board is soon due to see some personnel changes. At the end of the Annual General Meeting on 12 May 2021, incumbent Supervisory Board members Dr Karl-Ludwig Kley, Prof. Dr Reinhard Hüttl and Simone Menne will retire from the Supervisory Board. As successors, three candidates will be proposed for election as shareholder representatives at the Annual General Meeting under agenda item 6:

Based on the recommendation of the Nomination Committee, the Supervisory Board proposes that Dr Marc Bitzer, Ms Rachel Empey and Prof. Dr Christoph Schmidt be newly elected to the Supervisory Board with effect from the end of the Annual General Meeting on 12 May 2021. We have made CVs of the Supervisory Board candidates available in the notice of the Annual General Meeting and on our website. The Supervisory Board considers all three Supervisory Board candidates to be independent within the meaning of the German Corporate Governance Code.

Let me also share with you a brief look ahead to agenda item 7 (approval of the remuneration system for the Board of Management):

In preparation for the vote at the Annual General Meeting, we present the main features of the new remuneration system in more detail in the notice of the meeting and in the BMW Group Report. In addition, we have made summary diagrams of the remuneration system available on our website, to which I refer in addition.

The main features of the new remuneration system can be summarised as follows:

- The aim of the revision was to align the remuneration of the Board of Management even more consistently with sustainable and long-term corporate development and to link it to the successful implementation of the corporate strategy.

- In order to reduce complexity, the multi-year remuneration component of the Performance Cash Plan and the matching component in the share-based remuneration have been eliminated.

- The maximum remuneration and fundamental structure of remuneration in terms of target orientation have not been changed.

- The main component of the new remuneration system is the revised share-based remuneration programme. The proportion of this component will be significantly increased in
terms of target orientation and will amount to approx. 53% of the variable remuneration. Half of this variable component is linked to the achievement of financial targets (return on capital employed for the Automobiles segment) and half to non-financial focus targets derived from the strategy. The latter are determined by the Supervisory Board before the beginning of the respective grant year. The personal cash investment amount determined in this way is paid out to the members of the Board of Management, who are required to invest it in BMW ordinary shares. The shares must be held for at least four years. The performance period of the share-based payment programme therefore extends to a total of five years.

- In addition, the bonus has been restructured: In terms of target orientation, this is also linked in equal measure to the achievement of financial targets (share of profit attributable to shareholders of BMW AG and Group return on sales after tax) and non-financial targets. One focus of the non-financial targets is on environmental and social criteria as well as the area of responsible corporate governance.

- The basic remuneration of the Board of Management and the contribution to the occupational pension scheme have been moderately increased.

- Regulations on withholding and reclaiming variable remuneration components – so-called malus and clawback regulations – are included in the employment contracts of the Board of Management members.

Under agenda item 8, the Annual General Meeting will also vote to confirm the remuneration of the Supervisory Board. This was already discussed in detail at the 2020 Annual General Meeting and approved with just under 99% of the votes. It is structured as a purely fixed remuneration and complies with the German Corporate Governance Code.

The proposed amendments to the Articles of Association under agenda item 9 concern provisions on the participation in the Annual General Meeting, which are explained in more detail in the published documents pertaining to the convening of the AGM. I will go into more detail on the individual proposed resolutions at the Annual General Meeting itself.

The background to the Profit and Loss Transfer Agreement between BMW AG and BMW Bank GmbH, which we are submitting to the Annual General Meeting for approval under agenda item 10, will be explained to you in more detail by our Chief Financial Officer, Dr. Peter.

Dear Shareholders,

We are looking forward to our Annual General Meeting next week, and we very much hope you will be with us on your screens!

Yours,
Norbert Reithofer
Chairman of the Supervisory Board