

# STATEMENT ON CORPORATE GOVERNANCE\*

10 March 2022

Good corporate governance – acting in accordance with the principles of responsible management aimed at increasing enterprise value on a sustainable basis – is an essential requirement for the BMW Group, embracing all areas of the business. Transparent reporting and corporate communication, corporate governance that is aligned with the interests of all stakeholders, cooperation based on trust between the Board of Management, Supervisory Board and employees, and compliance with applicable law are essential cornerstones of the corporate culture within the BMW Group.

In this statement, the Board of Management and the Supervisory Board of Bayerische Motoren Werke Aktiengesellschaft (“BMW AG”) report on corporate governance at BMW AG pursuant to §§ 289f, 315d of the German Commercial Code (HGB) and in accordance with the recommendations of the German Corporate Governance Code as amended on 16 December 2019 (DCGK).

## DECLARATION OF COMPLIANCE WITH THE GERMAN CORPORATE GOVERNANCE CODE (DCGK)

The Board of Management and the Supervisory Board of BMW AG declare pursuant to § 161 of the German Stock Corporation Act (AktG) the following regarding the recommendations of the Government Commission on the German Corporate Governance Code:

1. Since the last Declaration was issued in December 2020, BMW AG has complied with all the recommendations published officially in the Federal Gazette on 20 March 2020 (Code version dated 16 December 2019).
2. BMW AG will in future comply with all of the recommendations published officially on 20 March

2020 in the electronic Federal Gazette (Code version dated 16 December 2019).

Munich, December 2021

Furthermore, the Company also complies with all of the suggestions of the DCGK.

During the past financial year, some members of the Supervisory Board were offered the opportunity of participating in meetings via telephone and video conferences, as it was not always possible for all members to attend in person due to the pandemic and the associated travel restrictions. However, in line with D.8 DCGK, this form of participation was not the rule. A summary of attendance at meetings by individual members is included in the Report of the Supervisory Board.

With effect from the financial year 2021, the Supervisory Board has changed the system of compensation for the members of the Board of Management. All recommendations and suggestions contained in the DCGK have been complied with. The new remuneration system was approved by the Annual General Meeting in 2021 with a 91.60 % majority.

BMW AG's current and previous Declarations of Compliance are available online. The link is on page 13.

## INFORMATION ON THE COMPANY'S GOVERNING CONSTITUTION

The designation BMW Group comprises BMW AG and its group entities. BMW AG is a stock corporation (Aktiengesellschaft) pursuant to the German Stock Corporation Act (Aktengesetz) and has its registered office in Munich, Germany. It has three representative bodies: the Board of Management, the Supervisory Board and the Annual General Meeting. The duties and authorities of those bodies

\* For reasons of simplicity, this report may use the masculine form in reference to persons. It is intended to represent all genders.

derive from the Stock Corporation Act and the Articles of Incorporation of BMW AG.

Shareholders, as the owners of the business, exercise their rights at the Annual General Meeting. The Board of Management is fully responsible for managing the enterprise and is monitored and advised by the Supervisory Board. The Supervisory Board appoints the members of the Board of Management and can, at any time, revoke an appointment for good cause. The Board of Management informs the Supervisory Board and reports to it regularly, promptly and comprehensively, in line with the principles of conscientious and faithful accountability and in accordance with the law and the reporting duties determined by the Supervisory Board. The Board of Management requires the approval of the Supervisory Board for certain major proceedings. The Supervisory Board is not, however, authorised to undertake management measures itself. The close interaction between the Board of Management and the Supervisory Board in the interests of the enterprise as described above is also known as a "two-tier board structure".

## BOARD OF MANAGEMENT

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The Board of Management manages the enterprise under its own responsibility, acting in the best interests of the company with the aim of achieving sustainable creation of value. The interests of shareholders, employees and other stakeholders are also taken into account in the pursuit of this aim.

The Board of Management systematically identifies and assesses the risks and opportunities connected with social and environmental factors for the BMW Group and the environmental and social impact of business activities. The corporate strategy provides information on how the economic, environmental and social objectives can be implemented in a balanced manner. The corporate planning includes financial and sustainability related targets.

## Overview

In accordance with § 7 of the Articles of Incorporation, the Board of Management of BMW AG comprises at least two persons; other than that, the number of members of the Board of Management is determined by the Supervisory Board. At 31 December 2021, the Board of Management comprised seven members (six men and one woman).

The Board of Management decides on the principal guidelines for managing the enterprise, determines and agrees upon the strategic orientation with the Supervisory Board, and ensures its implementation. The Board of Management is responsible for ensuring that all provisions of law and internal regulations are complied with. The Board of Management is responsible for ensuring that appropriate risk management, risk controlling and compliance management systems are in place throughout the company.

Following the appointment of a new member to the Board of Management, the BMW legal department informs the new member of the context in which the Board member's duties are to be carried out, including the duty to cooperate when a transaction or event triggers reporting requirements or requires the approval of the Supervisory Board.

Members of the Board of Management are required to act in the enterprise's best interests and may not pursue personal interests in their decisions or take advantage of business opportunities intended for the benefit of the company. They may only undertake ancillary activities, particularly supervisory board mandates outside the BMW Group, with the prior approval of the Supervisory Board's Personnel Committee.

Members of the Board of Management of BMW AG are required to disclose any conflicts of interest to the Supervisory Board without delay and inform the other members of the Board of Management accordingly.

During their period of employment for BMW Group, members of the Board of Management are bound by a comprehensive non-competition clause.

## **Board of Management work procedures**

The Board of Management has adopted rules of procedure, which are published on the Company's website and can be accessed by using the link at the bottom of page 13. These rules of procedure incorporate the principle that the full Board of Management bears joint responsibility for all matters of particular importance, among other principles. In all other respects, each member of the Board of Management is responsible for the area of responsibility assigned to them. Specific arrangements may be put in place for matters affecting more than one area of responsibility.

The allocation of areas of responsibility and business segments among the members of the Board of Management is set out in a schedule of responsibilities.

Members of the Board of Management bear joint responsibility for the overall management of the enterprise. They work together as colleagues and keep one another constantly updated on important business matters and transactions within their areas of responsibility.

The members of the Board of Management will exercise the diligence of prudent and conscientious directors in the conduct of their business.

The Board of Management adopts its resolutions at full board meetings as well as at "Product and Customer Board Meetings".

Board meetings are convened, coordinated and chaired by the Chairman of the Board of Management. In the event that the Chairman of the Board of Management is unable to attend a meeting, the member of the Board responsible for Finance represents him.

A secretariat for Board of Management matters has been established to assist the Chairman and other Board members with the preparation and follow-up work connected with Board meetings.

The Board of Management is quorate at a meeting if all Board members have been invited and more than half are present. Board of Management members who join a meeting by telephone or by video/audio transmission are deemed to be present. Members who are not present may cast their

votes in writing, by e-mail, by text message or by fax, addressed for the attention of the Chairman of the Board of Management. The Chairman of the Board of Management may permit other electronic forms of communication for voting. Except in urgent cases, matters relating to an area of responsibility for which the responsible Board member is not present will only be discussed and decided upon with that member's consent.

At the instigation of the Chairman of the Board of Management, resolutions may also be passed outside meetings. Outside of a meeting, the Board of Management has a quorum if all members have been invited to participate in the vote for a resolution, if no member immediately objects to this procedure, and if more than half of the Board members participate in the vote. Votes may be cast in writing, by e-mail, SMS, fax, telephone, by means of audio/video transmission or by any other electronic means of communication allowed by the Chairman of the Board of Management. The Chairman of the Board of Management may determine a specific form of voting.

Resolutions of the Board of Management should be passed unanimously whenever possible. If unanimity cannot be achieved, the Board of Management passes resolutions by a simple majority of the votes cast, unless other majorities are prescribed as mandatory by law, the Articles of Incorporation or the Board of Management's Rules of Procedure. In the event of a tied vote, the Chairman of the Board of Management has the casting vote. Any changes to the Board of Management's Rules of Procedure must be passed unanimously.

Minutes are kept of the meetings of the Board of Management, indicating the place and date of the meeting, the participants, the items on the agenda and the wording of the resolutions. The minutes are required to be signed by the Chairman of the Board of Management.

Generally, two to three Board meetings were held per month during the financial year 2021.

## **Tasks of the full Board of Management**

In the year under report, deliberations were held and decisions taken by the Board of Management

at full board meetings as well as at Product and Customer Board Meetings.

The overall framework for developing business strategies, the use of resources, the implementation of strategies and matters of particular importance to BMW AG are decided upon at full Board of Management meetings.

Product and customer-related issues of particular importance to BMW AG as well as cross-brand decisions on automobile product strategy and all product projects at the fundamental stage are decided upon at Product and Customer Board Meetings.

### **Board of Management Committees**

The Board of Management has established the Committees "Customer", "Operations" and "Senior Executives".

Board of Management Committees pass resolutions independently and in place of the Board of Management for matters relating to the Committee's area of responsibility. A Committee matter is dealt with by the full Board of Management if a Board of Management member requests it. The full Board of Management may amend or revoke the resolutions of a committee at any time. The members of a committee report regularly to the full Board of Management on committee work.

Within this framework, Board of Management Committees may regulate their own working procedures; in all other respects, the Rules of Procedure of the Board of Management apply accordingly.

The Board of Management Customer Committee deliberates and decides on sales and brand issues across all Board areas of responsibility as well as on their direct interaction with production and purchasing issues. It usually meets once a month, at least four times a year in full session. Board members with voting rights in the Customer Committee comprise the Board member responsible for Customer, Brands and Sales (who also chairs the Committee) as well as the Board members responsible for Finance, Purchasing and Supplier Network, and Production.

The Operations Committee generally meets every two weeks. At these meetings, decisions are reached concerning automobile product projects, based on the strategic orientation and decision-making framework stipulated at Board of Management meetings. Board members with voting rights in the Operations Committee comprise the Board member responsible for Production (who also chairs the Committee) and the Board members responsible for Purchasing and Supplier Network and Development.

The Board of Management's Senior Executives Committee deals with issues affecting executive managers of the BMW Group, either in their entirety or individually. Firstly, the Senior Executives Committee has an advisory and preparatory role, for example in connection with fundamental issues relating to human resources policies, such as compensation systems and planning, personnel development and tools for assessing performance, and also has the function of a decision-making body (e.g. developing rules for senior executives). The Committee has two members who are entitled to vote at meetings, namely the Chairman of the Board of Management (who also chairs the meetings) and the Board member responsible for Human Resources.

### **Cooperation with the Supervisory Board**

The Chairman of the Board of Management coordinates and leads the cooperation and communication between the Board of Management and the Supervisory Board.

The Chairman of the Board of Management maintains regular contact with the Chairman of the Supervisory Board and keeps him informed of all important matters.

The Supervisory Board has resolved that its specific approval is required for transactions of fundamental importance. Where necessary, the Chairman of the Board of Management obtains the approval of the Supervisory Board.

The Chairman of the Board of Management is also responsible for ensuring that reporting duties vis-a-vis the Supervisory Board are complied with. The

Chairman is supported by all members of the Board of Management in the fulfilment of these tasks.

The Board of Management's duty to inform and reporting obligations vis-a-vis the Supervisory Board are defined by Supervisory Board resolution. As a general rule, in the case of reports required by law, the Board of Management submits its reports to the Supervisory Board in writing. To the extent possible, documents required as a basis for taking decisions are sent to the members of the Supervisory Board in good time prior to the relevant meeting. This usually happens via a highly secure digital platform (Digital Boardroom).

The fundamental principle followed when reporting to the Supervisory Board is that the Board of Management must report regularly, promptly and comprehensively on all matters of significance for the Company relating to strategy, planning, business performance, risk exposures, risk management and the compliance organisation. This also requires the Board of Management to address deviations of actual outcomes from forecasts and targets, indicating the reasons for such deviations.

### **Board of Management succession planning, diversity concept**

Together with the Board of Management, the Supervisory Board ensures that long-term succession planning is in place. In their assessment of candidates for a post on the Board of Management, the underlying criteria applied by the Supervisory Board for determining the suitability of candidates are their expertise in the relevant area of Board responsibility, outstanding leadership qualities, a proven track record, and a good understanding of the BMW Group's business. The Supervisory Board has adopted a diversity concept for the composition of the Board of Management, which is also aligned with the recommendations contained in the German Corporate Governance Code. The Supervisory Board is careful to consider diversity-related issues when assessing which candidates are most suitable for a seat on the Board of Management. In the context of the decision-making process, diversity is understood by the Supervisory Board to encompass various complementary individual profiles and work and life experiences at both national

and international level, as well as the appropriate representation of genders. In reaching its decisions, the Supervisory Board also considers the following factors:

- Board of Management members need to have a long-standing track record of management experience, ideally in a variety of professional fields.
- At least two members should have international management experience.
- At least two members of the Board of Management should have a technical background.
- Collectively, the Board of Management should have extensive experience in the fields of development, production, sales and marketing, finances and human resources.
- The Supervisory Board has stipulated a target for the proportion of women on the Board of Management. This target is described in the section "Disclosures concerning the proportion of women on the Board of Management and at executive management levels I and II" (page 24). The Stock Corporation Act now includes a requirement that boards of management must include at least one female member and at least one male member, provided the board of management concerned has more than three members in total. The Supervisory Board ensures this minimum gender participation. The Board of Management reports to the Personnel Committee and the Supervisory Board at regular intervals on the proportion and development of women in senior management positions and, in particular at first executive level.
- In accordance with the recommendation of the German Corporate Governance Code, the Supervisory Board has set an age limit for Board of Management membership. As a rule, this age limit is 60. The Supervisory Board also gives consideration to achieving an appropriate mixture of people of different ages within the Board of Management.

When actually selecting an individual for a post on the Board of Management, the Supervisory Board decides in the best interest of the BMW Group, and

after ample consideration of all of the relevant circumstances.

In the Supervisory Board's opinion, the composition of the Board of Management at 31 December 2021 is in line with the stipulated diversity concept. The varying professional, academic and life experiences of the members of the Board of Management complement one another. To enable a comparison with the diversity concept, the curricula vitae of the members of the Board of Management can be accessed on the BMW Group's website using the link on page 13.

In addition to the Supervisory Board, the Personnel Committee of the Supervisory Board and the Chairman of the Board of Management, the human resources department responsible for senior executives of the Company are also involved in the long-term succession planning for the Board of Management. Potential candidates for the individual Board functions are discussed in regular conversations with the Chairmen of the Board of Management and the Supervisory Board, both on the basis of the requirements for the specific area of responsibility and on the basis of the diversity concept for the entire Board. This process is connected to the regular annual assessments of senior executives in the Company and is intended to make an up-to-date pool of candidates available on an ongoing basis, which the Personnel Committee and Supervisory Board can revert to.

As a rule, the Personnel Committee addresses the question of whether to replace a member of the Board of Management or extend their mandate approximately one year before the end of a mandate on the Board of Management. If a board member is to be replaced, the internal pool of candidates will be reviewed. In some cases, HR consultants are also called in to look for suitable external candidates and/or to assess the suitability of candidates. The Personnel Committee of the Supervisory Board takes the diversity concept described by the Supervisory Board into account as part of the pre-selection process for candidates. Individuals on the shortlist are invited to present themselves to the Personnel Committee. Candidates recommended by the Personnel Committee will then present themselves in

separate preparatory meetings of the representatives of the shareholders and of the employees respectively, and subsequently in the Supervisory Board plenary. After thorough deliberation, the latter takes the final decision on appointments to the Board of Management.

## SUPERVISORY BOARD

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The Supervisory Board is charged with the task of advising and supervising the Board of Management in its management of BMW AG.

### Overview

BMW AG's Supervisory Board is composed of ten shareholder representatives (elected by the Annual General Meeting) and ten employee representatives (elected in accordance with the Co-Determination Act). In the event of an early departure from the Board, e.g. the member enters retirement or resigns, the responsible court will appoint a new member of the Supervisory Board for the remaining term. For shareholder representatives, such appointment is only until the next Annual General Meeting.

The ten employee representatives on the Supervisory Board include

- seven Company employees, including one executive employee, and
- three members of the Supervisory Board, who are elected on the recommendation of trade unions.

The Supervisory Board is involved in decisions of fundamental importance for BMW AG.

It appoints the members of the Board of Management and decides upon the level of compensation they receive. The Supervisory Board can revoke appointments for important reasons.

Members of the Supervisory Board of BMW AG may not delegate their duties to others.

Members of the Supervisory Board of BMW AG are obliged to act in the best interest of the enterprise as a whole. They may not pursue personal interests in their decisions or take advantage of business opportunities intended for the benefit of the Company.

Members of the Supervisory Board are required to inform the Chairman of the Supervisory Board without delay of any conflicts of interest, particularly any that may result from a directorship function or advisory role with clients, suppliers, lenders or other business partners. The Supervisory Board reports on the handling of such conflicts of interest to the Annual General Meeting. If a Supervisory Board member has significant and non-temporary conflicts of interest, this will lead to the termination of the mandate.

Members of the Supervisory Board of BMW AG are required to ensure that they have sufficient time to carry out their duties and to pay attention to the limitations recommended in the German Corporate Governance Code for supervisory board mandates and similar functions.

The Supervisory Board regularly assesses the effectiveness of its activities and the activities carried out by its committees by means of a questionnaire as well as discussions with the Chairman. The findings and conclusions resulting from this self-assessment process are subsequently discussed in plenary. The evaluation for the financial year 2021 shows a high level of satisfaction among the members of the Supervisory Board with the organisation and conduct of the meetings as well as with the topics covered at the meetings and the additional advanced training events. Cooperation is perceived as constructive and trusting, both within the Supervisory Board and with the Board of Management. Those joining the Supervisory Board in the past year all found the onboarding assistance provided very useful. Any suggestions as to possible improvements to specific aspects of the Supervisory Board's work are implemented as early as the following financial year wherever possible.

When nominating candidates for election to the Supervisory Board, care is taken to ensure that the body in its entirety has the required knowledge, skills and expertise to perform its tasks in a proper manner.

The Supervisory Board has stated specific targets for its composition, agreed to a diversity concept, and determined a competency profile.

Members of the Supervisory Board are responsible for undertaking any training required for the performance of their duties, appropriately assisted by the Company.

Following the election of a new Supervisory Board member, the BMW legal department informs the new member of the principal issues regarding their duties, including the duty to cooperate when a transaction or event triggers reporting requirements or is subject to the approval of the Supervisory Board. Moreover, the Company offers various onboarding events to introduce members to important topics dealt with by the Supervisory Board.

Further information on training measures carried out in 2021 and on the onboarding programme for new Supervisory Board members is provided in the Report of the Supervisory Board.

### **Supervisory Board work procedures**

The Supervisory Board holds a minimum of two meetings in each of the first and second six-month periods of the calendar year. As a rule, five Supervisory Board meetings are held per calendar year. At least one meeting per year is planned to extend over several days, partially to enable an in-depth exchange of thoughts and ideas on strategy, technology and products. The main topics of meetings during the period under report are summarised in the Report of the Supervisory Board. Shareholder representatives and employee representatives generally prepare Supervisory Board meetings separately, together with members of the Board of Management as the need arises.

The Chairman of the Supervisory Board coordinates work within the Supervisory Board, convenes and chairs its meetings, handles its external affairs and represents it in its dealings with the Board of Management.

The Supervisory Board is quorate if all members have been invited to the meeting and at least half of its total membership participate in the vote on a particular resolution. A resolution relating to an agenda item not included in the invitation is only admissible if none of the members of the Supervisory Board present at the meeting objects to the

resolution and if a minimum of two-thirds of the members are present.

Supervisory Board resolutions are generally passed by a simple majority. The German Co-Determination Act contains specific legal requirements and procedural provisions with respect to majority voting, particularly regarding the appointment and dismissal of members of the Board of Management and the election of a Chairman or Deputy Chairman of the Supervisory Board.

If a Supervisory Board vote results in a tie, a new discussion will only take place if the majority of the Supervisory Board resolves accordingly. In the event of a new vote on the same item, the Chairman of the Supervisory Board has two votes if the vote is again tied.

The resolutions of the Supervisory Board and its Committees are regularly adopted at the meetings. Absent members of the Supervisory Board may have their vote submitted in writing by another member of the Supervisory Board. This rule also applies to the casting of the second vote by the Chairman of the Supervisory Board. Voting in writing, by telephone, fax or by means of electronic media is also permissible if the Chairman (or Deputy Chairman if the Chairman is unable to participate) consents to this in exceptional circumstances. In this case, such resolutions are required to be confirmed retrospectively by way of minutes. Voting after the meeting is permitted if the Chairman (or Deputy Chairman in his absence) consents to this prior to the vote taken in the meeting, and if this consent applies for all absent members of the Supervisory Board. A deadline by which votes cast after the meeting must be received will be set by the Chairman.

Minutes are taken of all resolutions and meetings, which are then signed by the chair of the meeting concerned.

The Supervisory Board may call on experts and other suitably informed persons to attend meetings in order to give advice on specific matters. The Supervisory Board also meets regularly without the Board of Management.

BMW AG ensures that the Supervisory Board and its committees are appropriately equipped to carry

out their duties. This includes providing a central Supervisory Board office to support the chairpersons in their coordination work.

The Rules of Procedure of the Supervisory Board are available on the Company's website or via the link below (page 13).

### **Presiding Board and Supervisory Board Committees**

Taking into account the specific circumstances of the BMW Group and the number of Board members, the Supervisory Board has set up a Presiding Board and four committees, namely the Personnel Committee, the Audit Committee, the Nomination Committee and the Mediation Committee. These serve to raise the effectiveness of the Supervisory Board's work and facilitate the handling of complex issues. Committee chairpersons report in detail on committee work at each Supervisory Board meeting.

The composition of the Presiding Board and the committees is based on legal requirements, the Articles of Incorporation, the rules of procedure and corporate governance principles, particularly taking into account the professional expertise of their members.

According to the relevant rules of procedure, the Chairman of the Supervisory Board is, in this capacity, automatically a member of the Presiding Board, the Personnel Committee and the Nomination Committee, and also chairs these committees.

The number of meetings held by the Presiding Board and the committees depends on business need. As a rule, the Presiding Board, the Personnel Committee and the Audit Committee hold several meetings in the course of a year.

On the basis of the terms of reference for the activities of the Supervisory Board, rules of procedure have been set for the Presiding Board and the various committees. The committees are quorate if all members have been invited and at least three members, including at least one shareholder representative and one employee representative, participate in the adoption of resolutions. Unless otherwise stipulated by law, resolutions taken by the committees are passed by a simple majority.

In accordance with the relevant rules of procedure, the Presiding Board comprises the Chairman and Deputy Chairpersons of the Supervisory Board. The Presiding Board deals with the planning of topics for the year and prepares the Supervisory Board meetings, assuming the subject matter to be discussed does not fall within the remit of any of the committees. This work includes, for example, preparing the annual Declaration of Compliance with the German Corporate Governance Code.

The current members of the Presiding Board are Dr.-Ing Dr.-Ing Eh Norbert Reithofer (Chairman), Manfred Schoch, Stefan Quandt, Stefan Schmid and Dr Kurt Bock. Dr Bock replaced Dr Karl-Ludwig Kley, whose mandate on the Supervisory Board of BMW AG ended at the end of the 2021 Annual General Meeting.

The Personnel Committee prepares the decisions of the Supervisory Board with regard to the appointment and, where applicable, removal of members of the Board of Management and, together with the full Supervisory Board and the Board of Management, ensures long-term succession planning. The Personnel Committee also prepares Supervisory Board decisions concerning Board of Management remuneration, as well as the regular review of the remuneration system. In conjunction with the resolutions taken by the Supervisory Board regarding compensation for members of the Board of Management, the Personnel Committee is responsible for drawing up, amending and revoking service contracts or, when necessary, preparing and concluding other relevant contracts with members of the Board of Management. In certain cases, the Personnel Committee is also authorised to grant the necessary approval for a business transaction on behalf of the Supervisory Board. This includes, in particular, the approval of loans to members of the Board of Management or Supervisory Board, certain contracts with members of the Supervisory Board (in each case taking account of the consequences of related party transactions), and other activities of members of the Board of Management, including the acceptance of non-BMW Group supervisory board mandates.

The current members of the Personnel Committee are Dr.-Ing Dr.-Ing Eh Norbert Reithofer (Chairman),

Manfred Schoch, Stefan Quandt, Stefan Schmid and Dr Kurt Bock (member since 12 May 2021). Dr Karl-Ludwig Kley retired from the Personnel Committee due to the end of his mandate on the Supervisory Board of BMW AG at the end of the 2021 Annual General Meeting.

The Audit Committee deals in particular with issues relating to the monitoring of the financial reporting process, the effectiveness of the internal control system, the risk management system, and the performance of Supervisory Board duties in connection with audits pursuant to § 32 of the German Securities Trading Act (WpHG). It also monitors the external audit, auditor independence, the quality of the external audit, and any additional work performed by the external auditor. It prepares the proposal for the election of the external auditor at the Annual General Meeting, makes a recommendation regarding the election of the external auditor, issues the audit engagement letter and agrees on additional points of audit focus, as well as the auditor's fee. The Audit Committee prepares the Supervisory Board's resolution relating to the Company and Group Financial Statements, and discusses interim reports and notifications with the Board of Management prior to publication. It also addresses non-financial reporting matters, prepares the Supervisory Board's audit of these matters, appoints an external auditor for non-financial reporting and issues the audit engagement contract. Moreover, the Audit Committee deals with the monitoring of the audit system and compliance as well as with the examination and supervision of any need for action relating to possible breaches of duty by members of the Board of Management in preparing a resolution by the Supervisory Board. It also decides on the Supervisory Board's agreement to make use of the Authorised Capital 2019 (§ 4 no. 5 of the Articles of Incorporation) and on resolutions concerning the form of share certificates and dividend coupons, as well as amendments to the Articles of Incorporation that only affect the wording of these articles.

The current members of the Audit Committee are Dr Kurt Bock (Chairman), Dr.-Ing Dr.-Ing Eh Norbert Reithofer, Manfred Schoch, Stefan Quandt and Stefan Schmid.

In accordance with the recommendations of the German Corporate Governance Code, the Chairman of the Audit Committee is independent and is not a former member of the Company's Board of Management. He has specific knowledge and experience in the fields of accounting, financial reporting and internal control procedures. This comprises expertise in accounting and auditing as defined in § 100 (5) AktG. In addition, the member of the Audit Committee Dr-Ing Dr-Ing Eh Norbert Reithofer also has expertise in auditing. The members of the Audit Committee are collectively familiar with the sector in which the Company operates.

The Nomination Committee is charged with the task of finding suitable candidates for election to the Supervisory Board as shareholder representatives, and proposing them to the Supervisory Board for election at the Annual General Meeting. In line with the recommendation of the German Corporate Governance Code, the Nomination Committee comprises only shareholder representatives.

The current members of the Nomination Committee are Dr-Ing Dr-Ing Eh Norbert Reithofer (Chairman), Dr Kurt Bock (since 12 May 2021), Susanne Klatten and Stefan Quandt. Dr Karl-Ludwig Kley served as a member of the Nomination Committee until 12 May 2021.

The establishment and composition of a mediation committee are prescribed by the German Co-Determination Act. The Mediation Committee has the task of making proposals to the Supervisory Board if a resolution to appoint a member of the Board of Management has not been carried by the necessary two-thirds majority of members' votes. In accordance with statutory requirements, the Mediation Committee comprises the Chairman and the Deputy Chairman of the Supervisory Board, one member selected by shareholder representatives, and one member selected by employee representatives.

The current members of the Mediation Committee are Dr-Ing Dr-Ing Eh Norbert Reithofer, Manfred Schoch, Stefan Quandt and Stefan Schmid.

## **Composition targets for the Supervisory Board, competency profile, diversity concept**

The Supervisory Board must be composed in such a way that its members collectively possess the knowledge, skills and experience required to perform its tasks in a proper manner.

To this end, BMW AG's Supervisory Board has passed a resolution specifying the competency profile for the Supervisory Board, including objectives regarding its composition, which are listed below. These also underpin the overall concept for achieving diversity in the composition of the Supervisory Board (diversity concept):

- If possible, the Supervisory Board should have at least four members that have international experience or specialised knowledge of one or more non-German markets important to the BMW Group.
- Furthermore, if possible, the Supervisory Board should include seven members who have in-depth knowledge and experience within the BMW Group, no more than two of whom may be former members of the Board of Management.
- Three of the shareholder representatives on the Supervisory Board should preferably be entrepreneurs or have previous experience in the management or supervision of another medium-sized or large company.
- Three members of the Supervisory Board should preferably be personalities of business, science or research who have gained experience in areas relevant to the BMW Group, such as chemicals, energy supply or information technology. Each Supervisory Board member should have expertise in at least one field relevant to the company, such as mobility, customer needs, compliance, human resources, digitisation, artificial intelligence, resources and sustainability.
- When seeking suitably qualified individuals for the Supervisory Board whose specialist skills and leadership qualities are most likely to be an asset to the Board as a whole, consideration also needs to be given to diversity. When preparing nominations, the extent to which the work of the Supervisory Board will benefit from diverse

professional and personal backgrounds (including international aspects) and from an appropriate gender representation also needs to be taken into account. It is the joint responsibility of all those participating in the nomination and election process to ensure that qualified women are considered for Supervisory Board membership.

- The Supervisory Board is required to include at least six independent shareholder representatives within the meaning of recommendation C.7 of the DCGK.
- The chairpersons of the Supervisory Board, Audit Committee and Personnel Committee should be independent of the Company and of the Board of Management. The chairperson of the Supervisory Board may not serve as the chair of the Audit Committee.
- At least one member of the Audit Committee must have expert knowledge of accounting and financial reporting, while at least one further member of the Audit Committee must have expert knowledge of auditing. The chairperson of the Audit Committee is required to have specific knowledge and experience in the fields of accounting, financial reporting and internal control procedures and must be familiar with auditing. The members of the Audit Committee must collectively be familiar with the sector in which the Company operates.
- No persons carrying out directorship functions or advisory roles for important competitors of the BMW Group may belong to the Supervisory Board. In compliance with applicable legislation, members of the Supervisory Board will advocate that no persons will be nominated for election for whom a serious, non-temporary conflict of interests could arise due to other activities and functions performed by them outside the BMW Group, particularly advisory activities or directorships with customers, suppliers, creditors or other business partners.
- The age limit of 70 years for membership of the Supervisory Board must generally be applied. In exceptional cases, members may remain in office until the end of the first Annual General Meeting after they reach the age of 73, in order

to fulfil legal requirements or to facilitate smooth succession in the case of key roles or specialised qualifications.

- As a general rule, Supervisory Board members of the shareholders should not hold office for longer than the end of the Annual General Meeting at which the resolution is passed ratifying activities for the 11th financial year after they initially took office. This rule does not apply to natural persons who, directly or indirectly, hold significant investments in the Company. In the Company's interest, deviation from the general maximum period is possible, for instance in order to work towards another composition target, in particular diversity of gender, as well as members' technical, professional and personal backgrounds.

The Nomination Committee of the Supervisory Board takes composition targets into account when selecting possible candidates as shareholder representatives. These measures lay the foundation for achieving a diverse composition and ensuring that the Supervisory Board collectively possesses the knowledge, skills and experience required to perform its duties in a proper manner. Proposals for election by the Supervisory Board to the Annual General Meeting should take into account the appointment objectives in so far as they concern Supervisory Board members of the shareholders, so as to achieve the composition targets and fill in the competence profile for the Supervisory Board as a whole by means of appropriate election resolutions by the Annual General Meeting. The Annual General Meeting is, however, not bound by nominations for election proposed by the Supervisory Board. The voting freedom of employees in the vote for the employee members of the Supervisory Board is also protected. Under the rules stipulated by the German Co-Determination Act, the Supervisory Board does not have the right to nominate employee representatives for election. The composition targets that the Supervisory Board has set itself are therefore not intended to be instructions to those entitled to vote, or to restrict their freedom to vote.

## Self-assessment of the Supervisory Board as at 31 December 2021

In the Supervisory Board's opinion, its composition as at 31 December 2021 fulfilled the composition targets set out above and fills in the competence profile. For ease of comparison with the composition targets and the competence profile, this document contains an overview of the members of the Supervisory Board during the financial year 2021 (from page 16 onwards). Information relating to members' practised professions and to mandates in other statutorily formed supervisory boards and equivalent national or foreign corporate boards, including the lengths of their periods of service, can also be found in this overview.

Based on this information, it is evident that the Supervisory Board of BMW AG is highly diversified, with significantly more than the targeted four members having international experience or specialised knowledge with regard to one or more of the non-German markets important to the BMW Group. In-depth knowledge and experience from within the enterprise are provided by the seven employee representatives as well as by the Chairman of the Supervisory Board. Only one previous Board of Management member currently holds office on the Supervisory Board. At least seven members of the Supervisory Board have experience in managing another company. The Supervisory Board also has three entrepreneurs among its members. A large proportion of the Supervisory Board - including employee representatives - have experience in supervising another medium-sized or large company. Moreover, each Supervisory Board member has expertise in at least one field relevant to the company, such as mobility, customer needs, compliance, human resources, digitisation, artificial intelligence, resources and sustainability.

For the purpose of assessing the independence of the Supervisory Board's members, the shareholder representatives on the Supervisory Board followed the recommendations of the German Corporate Governance Code. In assessing whether a substantial and not merely temporary conflict of interests exists, particular consideration needs to be given to whether a Supervisory Board member or a close family member of the Supervisory Board member

was a member of the Board of Management of BMW AG in the two years prior to their appointment, currently maintains (or maintained in the year up to their appointment) a material business relationship (e.g. as a customer, supplier, lender or consultant) with the Company or a company dependent on it, be it directly or as a shareholder or in a responsible function of such company outside the Group, is a close family member of a member of the Board of Management, or has been a member of the Supervisory Board for more than 12 years.

As a result, the shareholder side classifies more than half of its members as independent. At the reporting date, these are: Dr-Ing Dr-Ing Eh Norbert Reithofer, Dr Kurt Bock, Dr Marc Bitzer, Rachel Empey, Dr-Ing Heinrich Hiesinger, Anke Schäferkordt, Prof Dr Dr hc Christoph Schmidt and Dr Vishal Sikka.

At least four members meet the requirements of a financial expert. These are Dr-Ing Dr-Ing Eh Norbert Reithofer, Dr Kurt Bock, Rachel Empey and Anke Schäferkordt. In addition, the senior executive representative, Dr Thomas Wittig, has special expertise in the field of accounting and financial reporting.

At the reporting date, the Supervisory Board had six female members (30 % of the membership), including three shareholder representatives and three employee representatives. The Supervisory Board has 14 male members (70 % of the membership), including seven shareholder representatives and seven employee representatives. The Company thus complies with the statutory gender quota of at least 30 % female members, both for shareholder representatives and employee representatives. No member of the Supervisory Board had reached the regular retirement age of 70 as at 31 December 2021.

## SHAREHOLDERS AND ANNUAL GENERAL MEETING

The shareholders of BMW AG exercise their control and co-determination rights at the Annual General Meeting.

The Annual General Meeting decides in particular on the utilisation of unappropriated profit, the ratification of the activities of the members of the Board of Management and of the Supervisory Board, the appointment of the external auditor, changes to the Articles of Incorporation and certain capital-related measures, as well as electing the shareholders' representatives to the Supervisory Board.

Moreover, the remuneration systems for members of the Board of Management and the Supervisory Board are presented to the Annual General Meeting for approval whenever they undergo significant changes, and at least every four years. They were last presented at the 2021 Annual General Meeting. From the 2022 Annual General Meeting onwards, the Annual General Meeting will also vote on whether to approve the Remuneration Report.

Shareholders may exercise their voting rights at the Annual General Meeting either in person, by proxy, or via a representative designated by BMW AG. Voting rights may also be exercised via postal vote.

Due to the Covid-19 pandemic, the 2021 Annual General Meeting was held as a virtual meeting, i.e., without shareholders and proxies being physically present with the exception of the Company representatives bound by instructions issued by shareholders. The Company enabled shareholders in this situation to exercise their voting rights by issuing instructions to Company representatives or by postal vote (both in writing and online).

## **LINKS RELATED TO THE STATEMENT ON CORPORATE GOVERNANCE**

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### **Current and earlier Declarations of Compliance:**

[www.bmwgroup.com/compliancedeclaration](https://www.bmwgroup.com/compliancedeclaration)

### **Curricula vitae of the members of the Board of Management and the Supervisory Board of BMW AG:**

[www.bmwgroup.com/company-portrait](https://www.bmwgroup.com/company-portrait)

### **Articles of Incorporation of BMW AG and Rules of Procedure of the Board of Management and the Supervisory Board:**

[www.bmwgroup.com/provisions](https://www.bmwgroup.com/provisions)

### **BMW Group Report 2021:**

<https://report.bmwgroup.com>

### **Report of the Supervisory Board on the Financial Year 2021:**

[www.bmwgroup.com/report-sb](https://www.bmwgroup.com/report-sb)

### **Remuneration Report (including Auditor's Opinion), Remuneration System and Resolution on Remuneration:**

[www.bmwgroup.com/remuneration](https://www.bmwgroup.com/remuneration)

## CURRENT MEMBERS OF THE BOARD OF MANAGEMENT

Financial Year 2021



**Oliver Zipse** (b. 1964)

Chairman



**Ilka Horstmeier** (b. 1969)

Human Resources, Labour Relations Director



**Dr-Ing Milan Nedeljković** (b. 1969)

Production

**Mandates**

- BMW (South Africa) (Pty) Ltd.\*,\*\*, Chairman
- BMW Motoren GmbH\*,\*\*, Chairman



**Pieter Nota** (b. 1964)

Customer, Brands, Sales

**Mandates**

- Rolls-Royce Motor Cars Limited\*,\*\*, Chairman



**Dr Nicolas Peter** (b. 1962)

Finance

**Mandates**

- BMW Brilliance Automotive Ltd.\*,\*\*, Chairman  
(until 10 February 2022 Deputy Chairman)



**Dr-Ing Joachim Post** (b. 1971)

Purchasing and Supplier Network (since 1 January 2022)



**Frank Weber** (b. 1966)

Development

\* Not listed on the stock exchange

\*\* Group mandate

— Memberships of other statutory supervisory boards

— Memberships of comparable boards of business enterprises in Germany and abroad

## OUTGOING MEMBERS OF THE BOARD OF MANAGEMENT

Financial Year 2021

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**Dr-Ing Andreas Wendt** (b. 1958)

Purchasing and Supplier Network (until 31 December 2021)

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General Counsel:  
**Dr Andreas Liepe**

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## CURRENT MEMBERS OF THE SUPERVISORY BOARD

Financial Year 2021



### Dr.-Ing Dr.-Ing Eh Norbert Reithofer (b. 1956)

Member since 2015, elected until the AGM 2025  
Chairman of the Supervisory Board  
Former Chairman of the Board of Management of BMW AG

#### Mandates

- Siemens Aktiengesellschaft
- Henkel Management AG\*
- Henkel AG & Co. KGaA  
(Shareholders' Committee)

#### Competency profile

Mobility, Technology,  
Customer Needs



### Manfred Schoch<sup>1</sup> (b. 1955)

Member since 1988, elected until the AGM 2024  
Deputy Chairman of the Supervisory Board  
Chairman of the European and General Works Council  
Industrial Engineer

#### Competency profile

Mobility, Human Resources,  
Customer Needs



### Stefan Quandt (b. 1966)

Member since 1997, elected until the AGM 2024  
Deputy Chairman of the Supervisory Board  
Entrepreneur

#### Mandates

- DELTON Health AG\*,\*\*, Chairman
- DELTON Technology SE\*,\*\*, Chairman
- Frankfurter Allgemeine Zeitung GmbH\*
- AQTON SE\*,\*\*, Chairman
- Entrust Corp. \*,\*\*
- SOLARWATT GmbH\*,\*\*

#### Competency profile

Energy Supply, Digital  
Security, Logistics



\*\* Note: Mr Quandt is the sole shareholder of DELTON Health AG, DELTON Technology SE and AQTON SE. Mr Quandt holds majority interests in Entrust Corp. and SOLARWATT GmbH.

<sup>1</sup> Employees of the enterprise

<sup>2</sup> Union representative

<sup>3</sup> Executive employee of the enterprise

\* Not listed on the stock exchange

\*\* Group mandate

— Memberships of other statutory supervisory boards

— Memberships of comparable boards of business enterprises in Germany and abroad



International experience or specialist expertise in one or more non-German markets important for the BMW Group



In-depth knowledge and experience within the BMW Group



Entrepreneurs or individuals with previous experience in the management or supervision of another company



Expertise in accounting and/or auditing within the meaning of § 100 (5) AktG



Independent as determined by the self-assessment of the Supervisory Board



**Stefan Schmid<sup>1</sup>** (b. 1965)  
 Member since 2007, elected until the AGM 2024  
 Deputy Chairman of the Supervisory Board  
 Chairman of the Works Council, Dingolfing

**Competency profile**  
 Mobility, Human Resources,  
 Chemistry  
**BMW GROUP**



**Dr rer pol Kurt Bock** (b. 1958)  
 Member since 2018, elected until the AGM 2023  
 Deputy Chairman of the Supervisory Board (since 12 May 2021)  
 Chairman of the Supervisory Board of BASF SE

**Mandates**  
 — BASF SE, Chairman  
 — FUCHS PETROLUB SE, Chairman  
 (until 3 May 2022)

**Competency profile**  
 Chemistry, IT, Sustainability,  
 Capital Markets



**Christiane Benner<sup>2</sup>** (b. 1968)  
 Member since 2014, elected until the AGM 2024  
 Deputy Chair of IG Metall

**Mandates**  
 — Continental AG, Deputy Chairwoman

**Competency profile**  
 Mobility, Digitisation,  
 Change Management



**Dr Marc Bitzer** (b. 1965)  
 Member since 12 May 2021, elected until the AGM 2025  
 Chairman and Chief Executive Officer of Whirlpool Corporation

**Mandates**  
 — Whirlpool Corp.\*\*, Chairman  
 — Simex Trading AG\*

**Competency profile**  
 Technology, Customer Needs, Supply  
 Chains, Capital Markets



**Bernhard Ebner<sup>1</sup>** (b. 1978)  
 Member since 8 October 2021, appointed until the AGM 2024  
 Chairman of the Works Council, Landshut

**Competency profile**  
 Mobility, Human Resources  
**BMW GROUP**

<sup>1</sup> Employees of the enterprise  
<sup>2</sup> Union representative  
<sup>3</sup> Executive employee of the enterprise

\* Not listed on the stock exchange  
 \*\* Group mandate

— Memberships of other statutory  
 supervisory boards  
 — Memberships of comparable boards of business enterprises  
 in Germany and abroad

International experience or specialist expertise in one or  
 more non-German markets important for the BMW Group

In-depth knowledge and experience within the BMW Group

Entrepreneurs or individuals with previous experience in the  
 management or supervision of another company

Expertise in accounting and/or auditing within the meaning  
 of § 100 (5) AktG

Independent as determined by the self-assessment of the  
 Supervisory Board



**Rachel Empey** (b.1976)

Member since 12 May 2021, elected until the AGM 2025

Member of the Board of Management of Fresenius Management SE (finance division)

**Mandates**

- Fresenius Kabi AG<sup>\*,\*\*</sup>, Deputy Chairwoman
- Fresenius Medical Care Management AG<sup>\*,\*\*</sup>

**Competency profile**

Mobility, Customer Needs, Capital Markets, IT, Financial Services



**Dr-Ing Heinrich Hiesinger** (b. 1960)

Member since 2017, elected until the AGM 2022

Chairman of the Supervisory Board of ZF Friedrichshafen AG

**Mandates**

- Deutsche Post AG
- Fresenius Management SE\*
- ZF Friedrichshafen AG\* (Chairman since 1 January 2022)

**Competency profile**

Mobility, Digitisation, Compliance, Technology, Sustainability



**Johann Horn**<sup>2</sup> (b. 1958)

Member since 14 May 2021, appointed until the AGM 2024

Head of Bavaria Region, IG Metall

**Mandates**

- EDAG Engineering GmbH\* (until 28 May 2021)
- Siemens Healthcare GmbH\*

**Competency profile**

Mobility, Human Resources



**Susanne Klatten** (b. 1962)

Member since 1997, elected until the AGM 2024

Entrepreneur

**Mandates**

- ALTANA AG<sup>\*,\*\*</sup>, Deputy Chairwoman
- SGL Carbon SE, Chairwoman
- SprinD GmbH\*
- UnternehmerTUM GmbH\*, Chairwoman

**Competency profile**

Future Technologies, Materials Technologies, Human Resources



**Jens Köhler**<sup>1</sup> (b. 1964)

Member since 3 August 2021, appointed until the AGM 2024

Chairman of the Works Council, Leipzig

**Competency profile**

Mobility, Human Resources



<sup>1</sup> Employees of the enterprise

<sup>2</sup> Union representative

<sup>3</sup> Executive employee of the enterprise

\* Not listed on the stock exchange

\*\* Group mandate

— Memberships of other statutory supervisory boards

— Memberships of comparable boards of business enterprises in Germany and abroad



International experience or specialist expertise in one or more non-German markets important for the BMW Group



In-depth knowledge and experience within the BMW Group



Entrepreneurs or individuals with previous experience in the management or supervision of another company



Expertise in accounting and/or auditing within the meaning of § 100 (5) AktG



Independent as determined by the self-assessment of the Supervisory Board



**Dr Dominique Mohabeer<sup>1</sup>** (b. 1963)  
 Member since 2012, elected until the AGM 2024  
 Member of the Works Council, Munich

**Competency profile**  
 Digitisation, IT, Human Resources  
 BMW  
 GROUP



**Anke Schäferkordt** (b. 1962)  
 Member since 2020, elected until the AGM 2025  
 Member of supervisory boards

**Mandates**  
 — BASF SE (until 29 April 2022)  
 — Serviceplan Group Management SE\*  
 — Wayfair Inc.

**Competency profile**  
 Communications, Media  
   



**Prof Dr Dr hc Christoph M. Schmidt** (b. 1962)  
 Member since 12 May 2021, elected until the AGM 2025  
 President of the RWI – Leibniz Institute for Economic Research,  
 University Professor

**Mandates**  
 — Basalt-Actien-Gesellschaft\*  
 — Thyssen Vermögensverwaltung GmbH\*

**Competency profile**  
 Science, Sustainability, Resources,  
 Human Resources  
 



**Dr Vishal Sikka** (b. 1967)  
 Member since 2019, elected until the AGM 2024  
 CEO & Founder, Vianai Systems, Inc.

**Mandates**  
 — Oracle Corporation

**Competency profile**  
 Digitisation, Artificial Intelligence, IT,  
 Business Transformation  
  

<sup>1</sup> Employees of the enterprise  
<sup>2</sup> Union representative  
<sup>3</sup> Executive employee of the enterprise

\* Not listed on the stock exchange  
 \*\* Group mandate

— Memberships of other statutory supervisory boards  
 — Memberships of comparable boards of business enterprises in Germany and abroad

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 In-depth knowledge and experience within the BMW Group

 Entrepreneurs or individuals with previous experience in the management or supervision of another company

 Expertise in accounting and/or auditing within the meaning of § 100 (5) AktG

 Independent as determined by the self-assessment of the Supervisory Board



**Sibylle Wankel<sup>2</sup>** (b. 1964)

Member since 4 January 2022, appointed until the AGM 2024  
1. Authorised Representative and Head of IG Metall's Munich Office

**Mandates**

- KraussMaffei Group GmbH\*, Deputy Chairwoman (since 31 May 2021)

**Competency profile**

Mobility, Human Resources, Compliance



**Dr Thomas Wittig<sup>3</sup>** (b. 1960)

Member since 2019, elected until the AGM 2024  
Senior Vice President Financial Services

**Mandates**

- BMW Bank GmbH\*,\*\*, Chairman
- BMW Automotive Finance (China) Co. Ltd.\*,\*\*, Chairman

**Competency profile**

Financial Services



**Werner Zierer<sup>1</sup>** (b. 1959)

Member since 2001, elected until the AGM 2024  
Member of the Works Council, Regensburg (Chairman until 31 October 2021)

**Competency profile**

Mobility, Human Resources



- <sup>1</sup> Employees of the enterprise
- <sup>2</sup> Union representative
- <sup>3</sup> Executive employee of the enterprise

- \* Not listed on the stock exchange
- \*\* Group mandate

- Memberships of other statutory supervisory boards
- Memberships of comparable boards of business enterprises in Germany and abroad



International experience or specialist expertise in one or more non-German markets important for the BMW Group



In-depth knowledge and experience within the BMW Group



Entrepreneurs or individuals with previous experience in the management or supervision of another company



Expertise in accounting and/or auditing within the meaning of § 100 (5) AktG



Independent as determined by the self-assessment of the Supervisory Board

## OUTGOING MEMBERS OF THE SUPERVISORY BOARD

Financial Year 2021



### Dr jur Karl-Ludwig Kley (b. 1951)

Member from 2008 to 12 May 2021

Deputy Chairman of the Supervisory Board (until 12 May 2021)

Chairman of the Supervisory Boards of E.ON SE and Deutsche Lufthansa Aktiengesellschaft

#### Mandates

- E.ON SE, Chairman
- Deutsche Lufthansa Aktiengesellschaft, Chairman

#### Competency profile

Mobility, Energy Supply, Capital Markets



### Verena zu Dohna<sup>2</sup> (b. 1975)

Member from 2019 to 31 December 2021

Head of Industrial Relations Regulations and Co-determination Policy at the Executive Board of IG Metall / (In-house) Counsel

#### Mandates

- ABB AG

#### Competency profile

Mobility, Human Resources, Compliance



### Prof Dr Dr hc Reinhard Hüttl (b. 1957)

Member from 2008 to 12 May 2021

Scientific Director and Managing Partner of EUREF Energy Innovation GmbH

#### Competency profile

Science, Resources, Sustainability



### Horst Lischka<sup>2</sup> (b. 1963)

Member from 2009 to 12 May 2021

Former Secretary to the Executive Board of IG Metall

#### Mandates

- KraussMaffei Group GmbH\*, Deputy Chairman (until 10 May 2021)
- MAN Truck & Bus SE\*

#### Competency profile

Mobility, Human Resources



<sup>1</sup> Employees of the enterprise

<sup>2</sup> Union representative

<sup>3</sup> Executive employee of the enterprise

\* Not listed on the stock exchange

\*\* Group mandate

— Memberships of other statutory supervisory boards

— Memberships of comparable boards of business enterprises in Germany and abroad



International experience or specialist expertise in one or more non-German markets important for the BMW Group



In-depth knowledge and experience within the BMW Group



Entrepreneurs or individuals with previous experience in the management or supervision of another company



Expertise in accounting and/or auditing within the meaning of § 100 (5) AktG



Independent as determined by the self-assessment of the Supervisory Board



**Willibald Löw**<sup>1</sup> (b. 1956)  
 Member from 1999 to 16 July 2021  
 Member of the Works Council, Landshut (Chairman until 13 July 2021)

**Competency profile**  
 Mobility, Human Resources  
 BMW  
 GROUP



**Simone Menne** (\*1960)  
 Member from 2015 to 12 May 2021  
 Member of supervisory boards

**Mandates**  
 — Deutsche Post AG  
 — Henkel AG & Co. KGaA  
 — Johnson Controls International plc  
 — Russell Reynolds Associates Inc. \*

**Competency profile**  
 Mobility, IT, Capital Markets



**Brigitte Rödiger**<sup>1</sup> (b. 1963)  
 Member from 2013 to 1 October 2021  
 Member of the Works Council, Dingolfing

**Competency profile**  
 Mobility, Human Resources  
 BMW  
 GROUP

- <sup>1</sup> Employees of the enterprise
- <sup>2</sup> Union representative
- <sup>3</sup> Executive employee of the enterprise

- \* Not listed on the stock exchange
- \*\* Group mandate

- Memberships of other statutory supervisory boards
- Memberships of comparable boards of business enterprises in Germany and abroad

International experience or specialist expertise in one or more non-German markets important for the BMW Group

In-depth knowledge and experience within the BMW Group

Entrepreneurs or individuals with previous experience in the management or supervision of another company

Expertise in accounting and/or auditing within the meaning of § 100 (5) AktG

Independent as determined by the self-assessment of the Supervisory Board

## OVERVIEW OF SUPERVISORY BOARD COMMITTEES AND THEIR COMPOSITION

### Principal duties, basis for activities

	Members
<b>PRESIDING BOARD</b>	
<ul style="list-style-type: none"> <li>— Preparing Supervisory Board meetings where the subject matter to be discussed does not fall within the remit of a committee</li> <li>— Activities based on rules of procedure</li> </ul>	Norbert Reithofer <sup>1</sup> Manfred Schoch Stefan Quandt Stefan Schmid Karl-Ludwig Kley (until 12 May 2021) Kurt Bock (since 12 May 2021)
<b>PERSONNEL COMMITTEE</b>	
<ul style="list-style-type: none"> <li>— Preparing decisions relating to the appointment (and revocation of appointment) of members of the Board of Management, remuneration, and the regular review of the Board of Management's remuneration system</li> <li>— Concluding, amending and revoking employment contracts (in conjunction with the resolutions taken by the Supervisory Board regarding the remuneration of the Board of Management) and other contracts with members of the Board of Management</li> <li>— Taking decisions relating to the approval of ancillary activities of Board of Management members, including the assumption of non-BMW Group supervisory board mandates, as well as the approval of transactions requiring Supervisory Board approval by law (e.g. loans to Board of Management or Supervisory Board members)</li> <li>— Activities based on rules of procedure</li> </ul>	Norbert Reithofer <sup>1</sup> Manfred Schoch Stefan Quandt Stefan Schmid Karl-Ludwig Kley (until 12 May 2021) Kurt Bock (since 12 May 2021)
<b>AUDIT COMMITTEE</b>	
<ul style="list-style-type: none"> <li>— Auditing the accounts and supervising the financial reporting process</li> <li>— Preparing the Supervisory Board's resolution on Company and Group Financial Statements and discussing interim reports and notifications with the Board of Management prior to publication</li> <li>— Supervising the external audit, in particular selecting the auditor and ensuring the independence and quality of the external audit and any additional work performed by external auditor</li> <li>— Preparing the proposal for the election of the external auditor at the Annual General Meeting</li> <li>— Engaging and signing the fee agreement with the external auditor as well as determining areas of audit emphasis</li> <li>— Preparing the Supervisory Board's audit of the non-financial reporting, preparing the selection of the auditor for non-financial reporting, and engaging the auditor</li> <li>— Supervising the effectiveness of the internal control system, the risk management system and the internal audit system as well as the performance of Supervisory Board duties in connection with audits pursuant to § 32 of the German Securities Trading Act (WpHG)</li> <li>— Supervising compliance as well as analysing and supervising any needs for action related to possible violations of duties by members of the Board of Management in preparation of a resolution at the Supervisory Board</li> <li>— Making decisions on approval for utilisation of the Authorised Capital 2019 and determinations concerning the form of share certificates and dividend coupons</li> <li>— Amendments to Articles of Incorporation only affecting wording</li> <li>— Established in accordance with recommendation in the German Corporate Governance Code, activities based on rules of procedure</li> </ul>	Kurt Bock <sup>1,2</sup> Norbert Reithofer <sup>3</sup> Manfred Schoch Stefan Quandt Stefan Schmid
<b>NOMINATION COMMITTEE</b>	
<ul style="list-style-type: none"> <li>— Identifying suitable candidates as shareholder representatives on the Supervisory Board to be put forward for inclusion in the Supervisory Board's proposals for election at the Annual General Meeting</li> <li>— Established in accordance with recommendation in the German Corporate Governance Code, activities based on terms of procedure</li> </ul>	Norbert Reithofer <sup>1</sup> Kurt Bock (since 12 May 2021) Susanne Klatten Karl-Ludwig Kley (until 12 May 2021) Stefan Quandt  (In line with the recommendation of the German Corporate Governance Code, the Nomination Committee comprises only shareholder representatives.)
<b>MEDIATION COMMITTEE</b>	
<ul style="list-style-type: none"> <li>— Submitting a proposal to the Supervisory Board if a resolution to appoint a member of the Board of Management has not been carried by the necessary two-thirds majority of Supervisory Board members' votes</li> <li>— Established as required by law</li> </ul>	Norbert Reithofer Manfred Schoch Stefan Quandt Stefan Schmid  (In accordance with statutory requirements, the Mediation Committee comprises the Chairman and Deputy Chairman of the Supervisory Board and one member each selected by shareholder representatives and employee representatives.)

<sup>1</sup> Chair

<sup>2</sup> Special knowledge and experience according to recommendation D.4 of the DCGK and expertise in accounting and auditing within the meaning of § 100 (5) AktG

<sup>3</sup> Expertise in auditing within the meaning of § 100 (5) AktG

# DISCLOSURES CONCERNING THE PROPORTION OF WOMEN ON THE BOARD OF MANAGEMENT AND AT EXECUTIVE MANAGEMENT LEVELS I AND II

## **Targets for the proportion of women serving on the Board of Management and at executive management levels I and II, and the extent to which those targets have been achieved**

The Supervisory Board has determined that the Company's Board of Management must have at least one female member in the period from 1 January 2021 to 31 December 2025. This is in accordance with the requirements of the German Stock Corporation Act (AktG), as amended by the Second German Act on Equal Participation of Men and Women in Executive Positions in the Public and Private Sectors (FüPoG II), which requires boards of management to include at least one female member and at least one male member. At 31 December 2021, the Company's Board of Management had one female member (equating to 14.2 % of the membership). The Supervisory Board considers it desirable to raise the proportion of women on the Board of Management and fully supports the Board

of Management's endeavours to increase the proportion of women at the highest executive management levels within the BMW Group.

For the first two executive management levels below the Board of Management, for the time frame from 1 January 2021 to 31 December 2025, the Board of Management has set a target that 10 % to 15 % of employees should be women.

At 31 December 2021, the proportion of female managers was 9.8 % at executive management level I and 9.7 % at executive management level II.

Management levels are defined in terms of their functional level and are based on a comprehensive job evaluation system based on Mercer.

Further information on the topic of diversity within the BMW Group is provided in the chapter "Diversity" in the BMW Group Report 2021.

## INFORMATION ON CORPORATE GOVERNANCE PRACTICES APPLIED BEYOND MANDATORY REQUIREMENTS

### **Core values and guiding principles**

Within the BMW Group, the Board of Management, the Supervisory Board and the employees base their actions on the five core values that form the basis of the BMW Group's success:

#### **Responsibility**

We make resolute decisions and personally stand by them. This frees up space for entrepreneurial action.

#### **Appreciation**

We reflect on our own actions, respect one another, provide clear feedback and acknowledge achievements.

#### **Transparency**

We acknowledge concerns and identify inconsistencies in a constructive way. We act with integrity.

#### **Trust**

We rely on one another. This is the best and quickest way to achieve our goals.

## Openness

We think in terms of opportunities and are not afraid of change. We learn from our mistakes.

## Social responsibility towards employees and along the supply chain

The BMW Group lives up to its social responsibilities. Our corporate culture combines the drive for success with open-mindedness, trust and transparency. We are well aware of our responsibility towards society. Socially sustainable human resources policies and general compliance with social standards are based on various internationally recognised guidelines. The BMW Group is therefore committed to adhering to the OECD's guidelines for multinational companies, the content of the ICC Business Charter for Sustainable Development, and the UN Guiding Principles on Business and Human Rights. Details of the content of these guidelines and other relevant information are available at [www.oecd.org](http://www.oecd.org), [www.iccwbo.org](http://www.iccwbo.org) and [www.ohchr.org](http://www.ohchr.org). The signing of the UN Global Compact by the Board of Management of BMW AG in 2001 and the adoption of the "Joint Declaration on Human Rights and Working Conditions in the BMW Group" by the Board of Management and employee representatives in 2005 (a declaration reaffirmed in 2010), we have also committed ourselves to worldwide compliance with internationally recognised norms of human rights and the core labour standards of the International Labour Organization (ILO). The most important of these are freedom of employment, non-discrimination, freedom of association and the right to collective bargaining, the ban on child labour, appropriate remuneration, legally compliant working times and compliance with work and safety regulations. In 2018, we published the BMW Group Code on Human Rights and Working Conditions, which supplements the 2010 Joint Declaration on Human Rights and Working Conditions in the BMW Group. The Code is based on a due diligence process that allows us to identify relevant issues and take appropriate action to address them. It reaffirms our commitment to respecting human rights and specifies how the BMW

Group promotes human rights, as well as how it implements the ILO core labour standards in its business activities worldwide.

In December 2021, the Board of Management resolved to appoint a Human Rights Officer and entrusted the Head of Group Compliance with this task.

The complete wording of the UN Global Compact, the recommendations of the ILO, the UN Guiding Principles and other relevant information are available at [www.unglobalcompact.org](http://www.unglobalcompact.org) and [www.ilo.org](http://www.ilo.org). The Joint Declaration on Human Rights and Working Conditions in the BMW Group and the BMW Group Code on Human Rights and Working Conditions are available at [www.bmw-group.com](http://www.bmw-group.com) under the menu items "Downloads" and "Responsibility".

The BMW Group complies with these fundamental principles and rights worldwide as a matter of course. For this reason, since 2005 our employees' awareness of this issue has been raised by means of regular internal communication and training on recent developments in this area. The "Compliance Contact" helpline and the BMW Group SpeakUP Line are available to employees who wish to raise queries or complaints relating to human rights issues anonymously and confidentially. Information and queries are dealt with by a Human Rights Response Team, which takes the necessary measures with the involvement of relevant stakeholders and specialist departments, depending on the nature of matter concerned. The BMW Group Compliance Contact can also be used as a whistleblowing system for anonymous reports from external third parties. In addition, in 2021 an ombudsman's office was set up specifically for suppliers, and an external lawyer was hired to serve as this ombudsman.

Since 2016, human rights have been made an integral component of the BMW Group's worldwide Compliance Management System, representing a further step in our systematic implementation of the UN Guiding Principles on Business and Human Rights. Further information on the Group's social responsibility towards employees, including their health and safety in the workplace, is provided in

the Employees and Society chapter of the BMW Group Report 2021.

However, sustainable business management can only be effective if it covers the entire value chain. That is why the BMW Group not only sets high standards for itself, but also expects its suppliers and partners to meet the ecological and social standards it sets, and strives continually to improve its processes, measures and activities in this area. For instance, we are requiring each of our dealership partners and importers in turn to contractually comply with ecological and social standards. Moreover, in order to promote sustainability, appropriate criteria based on the BMW Group Sustainability Standard are embedded throughout the entire purchasing process, including in all our enquiries to suppliers and in our purchasing terms– in order to promote sustainability aspects in line with the BMW Group Sustainability Standard. The requirements defined in the sector-wide OEM Sustainability Questionnaire are externally validated. The presence of validated policies designed to minimise any negative effects of our business activities on those affected by them is a key criterion when assessing suppliers. These policies to minimise negative effects must be in place before production begins. The BMW Group expects suppliers to ensure that their sub-suppliers also adhere to the BMW Group's sustainability criteria. Random checks at supplier locations are carried out in the form of sustainability audits and assessments. In 2017, the

Human Rights Contact Supply Chain was established for reporting sustainability infringements in the supply chain.

Purchasing terms and conditions and other information relating to purchasing are available on the BMW Group website at [www.bmw-group.com/en/sustainability/our-focus/environmental-and-social-standards.html](http://www.bmw-group.com/en/sustainability/our-focus/environmental-and-social-standards.html).

We also work in close partnership with our suppliers and encourage their commitment to sustainability.

### **Goal-oriented management of sustainability**

Curbing climate change is one of the key challenges of our time and requires political and economic effort, as well as effort on the part of society at large. The BMW Group is playing its part. We are consistently reviewing the economic, environmental and social impact of our business decisions. In this regard, we consider ourselves to be clearly committed to the Paris Climate Agreement. We aim to achieve net zero emissions throughout our value chain by 2050. As part of this commitment, back in 2020 the BMW Group set ambitious, science-based goals which it aims to achieve by 2030. These goals have been validated by the Science Based Targets Initiative (SBTi). We will achieve these goals by further reducing our vehicles' carbon footprints and emissions, on top of the reductions we have already achieved in the past. For further information see "Carbon Emissions and Pollutants" of the BMW Group Report.