

## Stakeholder Engagement Policy of the BMW Group

As a global corporation with a complex value chain, our operations and products have impacts that extend beyond our employees and customers. Business partners, suppliers, community interest groups, media, political and academic leaders, industry associations, NGOs, investors, and other stakeholder groups have different viewpoints and expectations related to our business. Responding to their needs can positively influence our license to operate, our competitive advantage, and our long-term success.

In order to seek and address stakeholder perspectives; build trust and develop partnerships; and make use of stakeholder capital, it is essential to have a strategic and global approach toward working with stakeholders. For this reason, we have developed the “Stakeholder Engagement Policy of the BMW Group.”

This policy addresses the BMW Group’s corporate stakeholder engagement strategy and ensures this strategy is applied consistently across our worldwide operations, including all local operations, National Sales Corporations, and government affairs offices. In addition, it advises our local operations on stakeholder identification, prioritization, and communication, as well as on engagement methods and risk management.

### 1. Objectives

Systematically seeking stakeholders’ perspectives and expertise and to understand, address, and manage their expectations will enable the BMW Group to:

#### 1. Identify chances:

- Identify emerging trends and potential business opportunities
- Gather input and external expertise to shape strategy and enhance capacity to innovate
- Promote higher-quality, sustainable decisions
- Enhance community confidence in projects undertaken
- Collaborate on solutions to future challenges

#### 2. Manage and shape our reputation:

- Increase transparency of our activities and decisions
- Foster a value-oriented and transparent corporate culture

#### 3. Reduce risk:

- Discover and address potential conflicts before they become risks
- Ensure stakeholders to articulate concerns regarding activities of the BMW Group in an early stage.

In turn, this approach will also enable stakeholders to:

- understand the BMW Group’s strategy and position on material issues,
- understand the context in which the BMW Group operates (e.g. the nature and structure of our business units and areas of focus) and our business realities (e.g. limitations and areas in which collaboration is needed),
- address additional requirements regarding the sustainability strategy of the BMW Group,
- profit from more open and transparent lines of communication.

The BMW Group’s strategy and position on material issues is steered from the BMW Group headquarters in Munich, Germany. Close alignment with our political offices and communication colleagues in the BMW Group markets ensures that the BMW Group speaks with one voice and is perceived in the same way - in dialogue with our stakeholders worldwide.

Specific objectives may vary, depending on the issue, the location, and stakeholders involved.

**2. Stakeholder Identification**

According to the AA1000 Standard, relevant stakeholders are “*individuals, groups of individuals or organizations that affect and/or could be affected by an organization’s activities, products or services and associated performance with regard to the issues to be addressed by the engagement.*”

Identifying who your key stakeholders are and what their interest, level of expertise, and level of influence is, is crucial to successful stakeholder engagement and to allocating company resources as efficiently as possible. Therefore, we recommend local operations to assess and prioritize stakeholders using the following criteria:

- Stakeholder’s interests
- Stakeholder’s expertise on material issues
- Stakeholder’s level of influence
- Stakeholder’s willingness to engage with the BMW Group
- Stakeholder’s expectations of engagement with the BMW Group
- Stakeholder’s dependence on the BMW Group, and
- Value for the BMW Group of engaging with this stakeholder

Because stakeholders can change – due to new technologies, regulations, markets, and customers – stakeholder mappings should be conducted on a regular basis.

**3. Stakeholder Engagement Levels and Methods**

Define the appropriate level of engagement based on the objective, scope (e.g. business units, products, services or impacts addressed) and stakeholders involved. A few examples of the most common engagement techniques can be found below (this list is not exhaustive):

<b>Level of engagement</b>	<b>Method of engagement</b>
1. Inform (one-way communications: the BMW Group to stakeholders)	Publications (e.g. reports, brochures, press releases) Marketing and social media campaigns Speeches
2. Listen (one-way communications: stakeholders to the BMW Group)	Media evaluations Online surveys or stakeholder interviews Phone hotlines and email feedback forms
3. Involve <sup>1</sup>	Advisory panels and focus groups Multi-stakeholder forums and roundtables One-on-one / bilateral meetings Workshops
4. Collaborate	Joint projects Joint positions on issues Partnerships

<sup>1</sup> Know-how-support on planning and facilitating engagement activities such as workshops, focus groups, and forums can be provided by BMW Group Sustainability Communications.

Multiple engagement levels may also be considered to address different stakeholder groups / different issues.

#### **4. Stakeholder Engagement Risks**

It is important to consider potential stakeholder engagement risks prior to selecting the level or method of engagement. Potential risks may include participation fatigue, conflicts of interest, disruptive stakeholders, and an unwillingness to engage.

In some cases, key stakeholder groups may lack the capacity (e.g. financial resources, time, language skills, cultural understanding or awareness of issues) to engage with the BMW Group effectively. If engagement is not possible for one of these reasons, the BMW Group tries to stay in contact with these stakeholders stay (in coordination with local BMW Group communication representatives).

If stakeholders lack sufficient capacity but it is critical for the BMW Group to understand their perspective, consider ways of facilitating the process (e.g. by providing travel support or language assistance) without introducing a conflict of interest. BMW Group Sustainability Communications can provide further support if needed.

#### **5. Engagement Process & Communication Guidelines**

##### **Before the Engagement**

Before engaging stakeholders, think through:

- the objectives and scope of the engagement,
- the engagement process, including timeline and chosen method(s) of engagement,
- the participants and/or audience,
- the boundaries of disclosure, and
- the plan to document and communicate engagement outputs.

Provide stakeholders with adequate briefing materials beforehand to ensure effective engagement. Furthermore, clearly define the roles of the BMW Group, external stakeholders, and – if necessary – third-party facilitators.

##### **During the Engagement**

During the engagement, aim to:

- establish clear and effective ground rules (e.g. set clear expectations around confidentiality);
- ensure a balanced contribution of all stakeholders;
- handle criticism constructively and accept stakeholders' perspectives; and
- avoid making promises to stakeholders that the company may not be prepared to keep.

##### **After the Engagement**

After the engagement, coordinate with BMW Group Sustainability Communications to ensure that results are communicated internally and externally (as appropriate). These may include:

- a summary of the discussions, stakeholder concerns, expectations, perceptions;
- a list of outputs – recommendations, agreed decisions / actions;
- a list of participants (level 3); and
- next steps.

Our stakeholder engagement efforts can have a greater impact when we communicate the outcomes and next steps not only to the stakeholders involved but to a broader audience that may also share an interest and / or play a role on the issue (e.g. in the annual Sustainable Value Report and/or on the local company website).

This approach will help us to develop lasting relationships and improve our processes for future stakeholder engagement activities.

## **6. Measuring Engagement Value and Output**

To measure the effectiveness of our engagement activities (levels 1, 3, and 4), a thorough review is needed. This may include gathering detailed feedback from stakeholders, such as:

- whether the objective, scope, and process of the engagement was clearly stated;
- if the results of the engagement process were clearly communicated;
- if the engagement addressed the right stakeholder concerns / the right issues;
- whether stakeholders had additional concerns or input regarding the issue at hand;
- what could be improved in future engagement activities; and
- whether the company's position was communicated clearly.

In addition, it is recommended to conduct an internal review of whether the input gathered from stakeholders contributes to our overall engagement objectives.

## **7. Stakeholder Engagement Responsibilities at BMW Group headquarters in Munich, Germany**

To ensure a coordinated approach and share best practice examples within the Group and across local operations, we ask you to please inform and consult BMW Group Sustainability Communications on all stakeholder engagement activities.

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