

BMW Group Cooperation Policy for Trade, Industry & Car Manufacturer Associations

The BMW Group is a global company and operates in a complex environment with a high degree of dependencies. The business activities have an impact on the corporate environment and affect the interests of numerous, heterogeneous stakeholders. Conversely, developments in society as a The company leads an active, open and transparent dialogue with political decision-makers, representatives of trade unions, associations and non-governmental organizations in order to shape the political framework for its business activities in a constructive and transparent manner.

1. Participation in associations

The BMW Group is a member of numerous associations in various countries. As a rule, the BMW Group participates on a voluntary basis. In individual cases, however, participation can also be based on legal requirements, as for example the memberships in the IHK München, Oberbayern and IHK Berlin. A list of the main BMW Group memberships can be found on the BMW Group homepage (<https://www.bmwgroup.com/en/responsibility/stakeholder-engagement.html>).

The **aim of the company's engagement** in associations is to **bundle common interests** and **assure one-voice-policy** while considering competitive rules.

The BMW Group's level of engagement in associations ranges from board membership and participation in working groups to observer status only. In any case the company strives to align with the respective association on positions for relevant strategic topics. In case the BMW Group sees deviations from its position the company actively engages with the associations to improve the alignment.

In all cases, the BMW Group sees its role in bringing the company's positions into the associations' opinion-forming process and actively engages in discussion on key strategic topics (e.g. climate change, human rights, transparent supply chain management, etc.).

Developing industry standards for future technology policies is one of the company's focus topics of its engagement in associations.

Transparency, fair competition and compliance with applicable laws and regulations, in particular antitrust requirements, form the basis of the company's work in associations.

The **BMW Group's guiding principles** are:

- integrity
- professionalism
- cooperation and
- respect

2. BMW Group's Climate Strategy

The BMW Group's climate strategy and ambitious targets to reduce CO₂ emission throughout the entire lifecycle as well as its commitment to the Paris Agreement is explained in detailed in the BMW Group Report 2020 and on the BMW Group homepage:

<https://www.bmwgroup.com/en/investor-relations/company-reports.html>

<https://www.bmwgroup.com/en/responsibility.html>

3. Automotive Association's Climate Positions

The positions of the main automotive trade associations on Environment and Climate are transparently published on the respective homepages:

<https://www.vda.de/en/topics/environment-and-climate.html>

<https://www.acea.be/industry-topics/tag/category/environment-and-sustainability>

<https://www.autosinnovate.org/initiatives/energy-and-environment>

4. Process to monitoring policy positions of key membership organisations

The BMW Group constantly reviews its memberships in the trade associations and their positions especially regarding key strategic topics. In the event of significant deviations, the company will examine which options for action are available.

It is mandatory to align any engagement with stakeholders with regards to climate policy with the local governmental affairs function if available in the respective market or with the BMW Group headquarter function for Government and External Affairs.

The BMW Group always engages according to the following **principles** on the topic of **climate protection**:

- Playing a positive role in the transition.
- Lobbying with partners of the whole value chain.

The BMW Group has an internal political steering committee (beyond the relevant vertical and horizontal coordination groups), which also serves to regularly coordinate opinions and positions internally, to pass on information, but also to check continuously whether the BMW Group is still correctly positioned with its external political statements.

The associations are usually structured in **three hierarchical decision-making levels**:

1. **Working groups**, which are formed according to specialist topics, develop content analyzes, develop positions and solutions.
2. The **committee** of the representatives for governmental affairs of the member companies (e.g. at the ACEA Joint Committee, at the VDA Coordination Group) consolidates the work results of the working groups.

3. Final decisions on fundamental positions, including climate policy positions, are discussed and adopted by the **Board of Directors** (BOD) of the respective association.

The BMW Group is represented in all relevant committees of the three decision-making levels with its own employees, who contribute their expertise and company positions and actively participate in decision-making, on the board of the associations usually with the CEO or the presidents of the companies in the markets.

The BMW Group systematically observes and analyzes the political stakeholders and their positions via its own communications offices or sales outlets in the markets. In close coordination with the central functions at headquarters, the BMW Group representatives in the markets bring the group position to the national associations, where the company has an active membership.

The BMW Group is therefore not only informed about political positions of these associations through extensive, constant and active cooperation in the associations in which the company is a member, but is also **directly involved in the formation and decision-making**. Close coordination with the Group Policy is ensured through its own communication offices in the relevant markets.

5. Process to proactively managing memberships to influence positions

The BMW Group is via the above mentioned committees with its own employees extensively involved in the development of positions for the associations.

The company first develops its own positions and solutions on most topics, in order to then introduce them to the bodies of the associations. In these association bodies, the BMW Group representatives then actively engage with the other members.

In most cases, the **association's bodies make consensual decisions**, i.e. an attempt is made to bring all interests to a consensus in order to avoid majority votes. Important issues in the sense of escalation are finally discussed in the Board of Directors, in which the CEOs are represented.

If a consensus cannot be reached, the association will not take a position. Then the members are free to represent their own positions on this topic.

Mr Glenn Schmidt
BMW Group Government and External Affairs

Mr Frank Breust
BMW Group Steering Government and External Affairs

Munich, March 2021