

REPORT OF THE SUPERVISORY BOARD

DEAR SHAREHOLDERS,

The year 2021 was a particularly challenging one for the BMW Group, with semiconductor supply issues and the ongoing coronavirus pandemic making the business environment more volatile and calling for even greater flexibility from company and workforce alike. However, the prudent leadership of the Board of Management and the tremendous hard work of our employees helped make 2021 a highly successful financial year for the BMW Group. With a new record of over 2.5 million BMW brand vehicles delivered, we are now the leading manufacturer in the premium segment worldwide. With great resolve, the Board of Management continued to develop the key strategies that will shape the future of the BMW Group and create the ideal conditions for an attractive product portfolio precisely tailored to meet the needs of our customers as we move forward. The fact that we are on the right track with our strategy was amply borne out by the enthusiastic media response to the BMW i Vision Circular at the IAA Mobility in Munich and the presentation of the BMW iX and BMW i4 models. Even in these uncertain times we therefore look to 2022 with confidence and will remain firmly focused on our mission of moving people with products that evoke emotions.



Norbert Reithofer
Chairman of the
Supervisory Board

Focus of Supervisory Board activities during the past financial year

The Supervisory Board performed the duties incumbent upon it with the utmost diligence in the financial year 2021.

Based on in-depth reports presented by the Board of Management, we continuously and diligently monitored the quality of management in the BMW Group and advised the Board of Management on matters relating to the strategic development and leadership of the BMW Group. We focused in particular on the technological transformation of the BMW Group's drive system technology. At each of its five meetings (including two two-day meetings), the Supervisory Board held detailed discussions with the Board of Management on the BMW Group's current position. The Board of Management also kept the Supervisory Board informed of any matters of significance outside the framework of formal meetings whenever necessary. I also discussed key current matters personally with the Chairman of the Board of Management between meetings on an ongoing basis, as did the Chairman of the Audit Committee with the Board of Management member responsible for Finance.

Within the Supervisory Board and its committees, dialogues were always conducted in an open and constructive spirit, both internally and together with members of the Board of Management. Members of the Supervisory Board and its committees had adequate opportunity to prepare in advance for the topics to be discussed at meetings with the aid of well-documented information provided to them. Moreover, shareholder representatives and employee representatives generally prepared for meetings in separate preliminary discussions.

In its regular reports on the BMW Group's position, the Board of Management kept us well informed regarding current developments and performance, including an in-depth presentation of current sales trends based on figures analysed by market, model and drive system for both the BMW Group and its competitors, with a sharp focus on electrified models and developments on the Chinese market. The reports also contained regular updates on the performance and risk profile of the Financial Services segment as well as the development of key performance indicators and liquidity for the BMW Group as a whole, highlighting deviations from the original forecast and presenting a range of scenarios for future potential developments. Updates on the current status of semiconductor supply issues were also provided at every meeting.

The monitoring of corporate strategy remained high on the Supervisory Board's agenda. The Board of Management provided a comprehensive account of its strategy with a particular focus on sustainability, including detailed key objectives, regionally differentiated approaches and specific strategies for each of the Group's divisions. It also briefed us on the state of progress in terms of electrification, digitalisation, sustainability and circularity and explained the customer-centric, future-oriented strategy adopted for the BMW brand. Against the backdrop of stricter carbon emissions regulations across all major markets, the Board of Management provided us with details of the BMW Group's ambitious decarbonisation targets up to the year 2030. The latest aspects of vehicle digitalisation, ranging from digital operating systems and driver assistance technologies to personalised digital experiences, were also thoroughly explained to us in a presentation, which also focused on differing customer expectations in various markets as well as the importance of digital features as a key purchasing criterion, particularly in the strategically important market of China. We also held a detailed discussion on the technological challenges posed for vehicle, environment and drivers when developing automated driving beyond Level 3. A Supervisory Board member with in-depth expertise in this field provided us with additional insight into the future of automated driving as well as the importance of agile software integration in BMW Group vehicles. At each meeting, the Board of Management reported on its strategy-related work as well as on the current status of implementation.

It also kept us well informed about current topics of significance, including the establishing of QUATAC, a consortium promoting the use of quantum computing in industrial settings, the successful presentation of the BMW Group at the IAA Mobility in Munich, the highly encouraging results of the employee survey, the BMW Group's participation in the start-up company Solid Power, which specialises in solid-state battery cells, and the expansion of the IONITY network for premium charging stations using 100 % green power.

On the basis of a thorough examination, we considered the impact of changes in legislation and regulations on the BMW Group, in particular the Act on Corporate Due Diligence in Supply Chains, the Act on Strengthening Financial Market Integrity (FISG) and the new European exhaust emissions standard (Euro 7).

We also spent considerable time deliberating on the antitrust proceedings instigated by the EU Commission in connection with the former working groups of several German automobile manufacturers. In this context, we consulted with external attorneys and an antitrust advisor engaged directly by the Supervisory Board. We were kept well informed about the latest status of the proceedings at all times. In May 2021, after the EU Commission significantly scaled down its charges in terms of content and timing, the BMW Group was able to reverse approximately € 1 billion of the € 1.4 billion provision recognised in 2019. After the proceedings were concluded in July 2021 with the payment of a fine amounting to around € 373 million, the Supervisory Board carefully considered the question of potential personal responsibility on the part of former Board of Management members and any duty of the Supervisory Board to act. The Supervisory Board also obtained advice on this issue from an attorney, whose written findings were also explained to us personally at the relevant meeting. Based on this report and taking into account the supplementary explanations provided by the antitrust advisor, also regarding the legal particularities of the antitrust proceedings, the Supervisory Board decided – after thorough discussion and on the recommendation of the Audit Committee – not to assert any claims against former members of the Board of Management of BMW AG in this context.

The Supervisory Board also deliberated at length on key issues arising within the Board of Management's various key areas of responsibility. We were given an insight into working methods and working environments at the BMW Group currently being developed in conjunction with the "Connected Works" project.

The Board of Management familiarised us with the NEUE KLASSE, which will herald the third phase of the BMW Group's transformation to electric mobility from 2025 onwards and set new standards in terms of digitalisation, electrification and sustainability in vehicles. We took a detailed look at the key features of the New Cluster Vehicle Architecture (NCVA), which is specifically geared towards all-electric vehicles. Furthermore, the Board of Management elucidated potential applications of artificial intelligence (AI) in production planning processes. The Financial Services segment was also included in our deliberations, particularly in light of positive developments in terms of its risk profile and the pre-owned vehicle market. Key topics relating to the Group's corporate finance system were also discussed. Regarding sales markets we focused in particular on Asia as a whole.

The Board of Management reported on the current status of the diversity concepts developed by the Group and the extent to which targets have been achieved regarding the proportion of women employed at various levels.

We also addressed the topic of compliance within the BMW Group in depth, including the current status and ongoing developments. The Chief Compliance Officer presented the annual report on compliance, including compliance targets and a number of other selected topics, focusing in particular on measures and processes aimed at improving the Group's compliance management system on a continuous basis.

In light of the coronavirus pandemic and the accompanying restrictions on events involving large numbers of people, in March 2021 we agreed on a plan to hold the Annual General Meeting 2021 on a virtual basis. For the same reason, in December 2021, we approved the plan to hold the Annual General Meeting 2022 again in a virtual format.

Strategic cooperations were again a key topic at Supervisory Board meetings in 2021, including in particular the positioning of the BMW Group in the vital Chinese market going forward and the future structure of the BMW Brilliance Automotive joint venture. We also deliberated on the intended acquisition of shares in Brilliance Automotive Manufacturing. The Board of Management updated us regularly on the strategic positioning and status at the various YOUR NOW companies.

The new remuneration system resolved by the Supervisory Board for the members of the Board of Management during the previous financial year came into effect on 1 January 2021 and was approved by shareholders at the Annual General Meeting 2021 with a majority of 91.6 % of valid votes. The Supervisory Board reviewed both the targeted and the expected level of Board of Management remuneration for the financial year 2021 in light of the BMW Group's business performance and also the multi-year remuneration trend of its senior executives and employees in Germany. Based on a comparative study conducted by an external remuneration consultant and subsequent oral advice, we concluded that the remuneration of Board of Management members is appropriate. In December 2021, following thorough preparation by the Personnel Committee, we adopted the variable remuneration component targets applicable to Board of Management members for the financial year 2022, taking into account the budget for the financial year 2022, the long-term business plan and

the corporate strategy. Detailed information on Board of Management remuneration is provided in the [Remuneration Report](#).

The new remuneration system, which gives the Supervisory Board greater influence on corporate strategy implementation was also the focus of one-on-one discussions with investor representatives ahead of the Annual General Meeting 2021. Other topics discussed on these occasions included corporate-governance-related issues, such as succession planning for future appointments to the Supervisory Board.

The Supervisory Board exhaustively examined the long-term business plan for the period up to 2027, the framework for which and the ambitious long-term targets contained therein were presented by the Board of Management. Despite the prevailing volatile and uncertain conditions, the Board of Management reaffirmed the key target of achieving continuous growth, with a clear focus on the Group's planned sales of all-electric models. The long-term business plan also included financial planning and various potential scenarios, each involving their own opportunities and risks. Following this thorough examination, the Supervisory Board approved the long-term business plan for the BMW Group.

In December, the Board of Management presented the budget for the financial year 2022, including HR planning. After detailed deliberations with the Board of Management on this subject, the Supervisory Board also gave its approval to this document.

We reviewed our contribution to ensuring good corporate governance within the BMW Group and implemented changes concerning individual aspects. For example, in order to ensure compliance with the Act on Strengthening Financial Market Integrity, a number of changes were made to the Supervisory Board's rules of procedure, a copy of which is published on the BMW website. Based on a self-assessment, we concluded that the composition of the Supervisory Board at 31 December 2021 was in line with the targets stipulated in the diversity concept, the competency profile and other composition targets. An overview showing each individual Supervisory Board member's areas of expertise is provided in the Statement of Corporate Governance on the BMW Group website.

In December, the Board of Management and the Supervisory Board issued their Declaration of Compliance with the German Corporate Governance Code. We will comply with the recommendations of the Code as amended on 16 December 2019, again without exception.

The members of the Supervisory Board jointly attended various training events in 2021. In July, for instance, we took the opportunity to familiarise ourselves thoroughly with battery cell technology. After an introductory presentation by the Board of Management covering various related topics, we visited the BMW Group Battery Cell Competence Centre in Munich, where we had the opportunity to listen to an internationally renowned researcher giving a talk on lithium-ion batteries, followed by a discussion of the future of battery cell technology. In the newly constructed part of the Research and Innovation Centre in Munich, we were given a guided tour to gain an insight into the various new working environments. Partly with the Wirecard case in mind, cooperation between supervisory boards, audit committees and auditors was the subject of a workshop conducted by representatives of the BMW Group's auditors PwC.

The Board of Management and the Supervisory Board also visited the BMW and MINI Driving Academy in Maisach together, in order to take an in-depth look at how the Group's product portfolio can be best aligned to meet differing customer needs. The members of the Supervisory Board were given the opportunity to test-drive the full range of vehicle types, comprising all-electric, plug-in hybrid and conventionally powered vehicles as well as the BMW iX5 Hydrogen, which is powered by hydrogen fuel cell technology. A particular highlight was the unveiling of the new BMW 7 Series, the only model in its segment to offer customers a choice between an internal combustion engine and an all-electric drive system in the form of the BMW i7. Apart from BMW, MINI and Rolls-Royce brand vehicles and a joint venture product, we also took test drives in various competitor vehicles. Design presentations covering the BMW, MINI, Rolls-Royce and BMW Motorrad brands as well as the BMW i Vision Circular allowed us to take a fascinating look into the future.

New members of the Supervisory Board were given the opportunity to participate in an onboarding programme comprising several modules, during which senior executives provided useful insights into key business areas and planning processes used at the BMW Group as well as on key topics currently relevant for Supervisory Board work.

Throughout the entire year, personal conversations with members of the Supervisory Board enabled me to gather feedback concerning the work of the Supervisory Board. At the end of 2021, we also assessed the effectiveness of our work at both Supervisory Board and committee level by means of a questionnaire and concluded that there was a high level of satisfaction with the work of the Supervisory Board. The feedback we received on the organisation of our meetings as well as the topics covered in meetings, training sessions and onboarding events was unanimously favourable. The constructive and trusting cooperation prevailing both within the Supervisory Board itself and in its work with the Board of Management was also commended. Proposals put forward for improving individual aspects of Supervisory Board work and dealing with certain topics in greater depth will be followed up in the coming financial year.

The Supervisory Board is careful to avoid potential conflicts of interest in its deliberations and decisions. Therefore, as a precautionary measure, I did not take part in the Supervisory Board's deliberations and resolution and the preparation of the Audit Committee's recommendation to the Supervisory Board on whether claims should be asserted against former members of the Board of Management in connection with the EU Commission's antitrust proceedings against German automakers. I left the room whenever these matters came up for discussion. No other potential conflicts of interest were identified or reported.

Description of Presiding Board activities and committee work

The Supervisory Board has established a Presiding Board and four committees. In our capacity as chairmen, the Chairman of the Audit Committee, Dr. Bock, and myself reported in detail on the work of the Presiding Committee and the committees at each of the subsequent Supervisory Board meetings. You can read more about the duties, the composition and the working methods of the Presiding Board and various other Supervisory Board committees in the Statement of Corporate Governance on the BMW website.

The **Presiding Board** held four meetings during the financial year 2021. Together with the Board of Management and senior heads of department, we prepared the detailed agenda of Supervisory Board meetings (unless a committee was responsible for doing so) and made suggestions for topics to be reported on at Supervisory Board meetings.

The **Audit Committee** held five meetings and three conference calls during the year under report.

The meetings held in February and March 2021 focused on preparing the Supervisory Board meeting at which the financial statements for the financial year 2020 were discussed and examined. After obtaining the auditor's Declaration of Independence, the Audit Committee recommended to the Supervisory Board that PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("PwC") be proposed for election as auditor at the 2021 Annual General Meeting. There were no indications of conflicts of interest, grounds for exclusion or lack of independence on the part of the auditor.

After thorough deliberation, the Audit Committee concluded that PwC's fee proposal for the audit of the Company and Group Financial Statements and the integrated BMW Group Report 2021 as well as for the review of the Half-Year Report 2021 was appropriate in light of the growing scope of tasks and issued the corresponding contracts to PwC following their election at the Annual General Meeting in May 2021. The Audit Committee also specified supplementary audit focus areas and approved the scope of non-audit services to be provided by PwC and subsequently received regular reports on the relevant matters. The Audit Committee discussed the quality of the audit in detail on several occasions at its meetings. In particular, it requested the relevant department to report on the Group's perception of the audits of the financial statements for the financial year 2020 as well as on the results of the survey conducted within the Group in this context. Based on this report, the auditor's description of the quality assurance measures undertaken and the Audit Committee's own experience with the auditor, the audit was found to be of good quality.

The Board of Management presented the combined Non-financial Statement of BMW AG and the BMW Group for the financial year 2020 to us. Subsequently, the representatives of PwC reported to us orally on the results of their "limited assurance" audit. We have engaged PwC again to conduct a "limited assurance" audit of the Non-financial (Group) Statement for the financial year 2021, to the extent that it relates to parts of the management report that are not subject to a "reasonable assurance" audit. Going beyond the formal review required by law, the Audit Committee also engaged PwC to perform additional review procedures on the content of the Remuneration Report for the financial year 2021.

The Quarterly Statements were presented by the Board of Management and discussed with the Audit Committee prior to their publication. Representatives of the external auditors were present when the Half-Year Financial Report was discussed at the beginning of August 2021. In conjunction with the implementation of the requirements of the Act on Strengthening Financial Market Integrity, an executive session was also held with the external auditor without the members of the Board of Management being present.

The Audit Committee again dealt extensively with the topic of compliance within the BMW Group during the year under report. The Chief Compliance Officer of the BMW Group presented the annual report on compliance, including compliance targets and a number of other selected topics, focusing in particular on measures and processes aimed at improving the Group's compliance management system on a continuous basis. The Head of Corporate Quality also reported on the subject of technical compliance. We also received a report on the status of tax and customs compliance management from the relevant head of department.

The Audit Committee was kept informed of major legal disputes and proceedings. During the first two quarters of 2021, the Committee spent considerable time dealing with the antitrust proceedings instigated by the EU Commission in connection with the former working groups of several German automobile manufacturers, carefully monitoring the progress of proceedings based on various inputs, including direct reports drawn up by a lawyer appointed to represent the BMW Group. After the proceedings were concluded, with the assistance of the consultant attorney and based on his detailed report, the Audit Committee drew up a recommendation to the Supervisory Board on the question of whether to assert claims against former members of the Board of Management.

The Audit Committee also received reports on the further development of the internal control system and the main findings of the internal audits performed by Corporate Audit, as well as details of advance audit planning. The BMW Group's risk profile and risk management system were discussed on a number of occasions.

In its report on the audit of over-the-counter derivatives entered into by BMW AG during the financial year 2020, the external auditor confirmed to the Audit Committee the effectiveness of the system in place at BMW AG in complying with the regulatory requirements of the European Market Infrastructure Regulation.

The Audit Committee concurred with the decision of the Board of Management to raise the Company's share capital in accordance with Article 4 (5) of the Articles of Incorporation (Authorised Capital 2019) by € 1,715,000 and issue a corresponding number of new non-voting bearer shares of preferred stock in conjunction with the Employee Share Programme.

At its four meetings, the **Personnel Committee** focused primarily on succession planning for the Board of Management, preparing personnel-related decisions and dealing with Board of Management remuneration issues. The Committee reviewed the appropriateness of Board of Management remuneration for the financial years 2020 and 2021 and considered all relevant developments during that period, including the impact of the coronavirus pandemic, when determining the corporate earnings and performance factors applicable for Board of Management remuneration in 2020 and 2021. In addition, the Committee deliberated on targets for the financial year 2022. The Personnel Committee also prepared reappointments, performed the groundwork for the Supervisory Board to appoint a Board of Management member responsible for the Purchasing and Supplier Network, and granted approval for one member of the Board of Management to assume a mandate outside the Group. A resolution to approve loans granted by and transactions concluded by BMW Bank GmbH with members of the representative bodies of BMW AG was renewed, and updated contracts of Board of Management members were prepared.

The **Nomination Committee** convened twice during the financial year 2021. Taking into account the German Corporate Governance Code (GCGC) and the composition requirements adopted by the Supervisory Board, the Nomination Committee addressed the issue of the composition of the Supervisory Board regarding shareholder representatives.

The **Mediation Committee**, which is prescribed by law, did not need to convene during the financial year 2021.

Composition of the Board of Management

Dr.-Ing. Andreas Wendt, Board of Management member for the Purchasing and Supplier Network, retired on 31 December 2021. We would like to thank Dr. Wendt for his many years of loyal and dedicated work for BMW AG, most recently for guiding the BMW Group successfully through the ongoing semiconductor shortage.

The Supervisory Board appointed Dr.-Ing. Joachim Post as his successor with effect from 1 January 2022. Dr. Post has worked for the BMW Group since 2002, most recently as head of the "Product Line Midsize Class BMW" unit. He was previously the manager responsible for the BMW Group's vehicle strategy and, as the head of various BMW model lines, was responsible for promoting the electrification of the vehicle fleet.

The Supervisory Board extended the mandates of four Board of Management members during the year under report.

Composition of the Supervisory Board, the Presiding Board and the Supervisory Board's committees

The shareholder representatives Dr. Karl-Ludwig Kley, Prof. Reinhard Hüttl and Simone Menne left the Supervisory Board with effect from the end of the Annual General Meeting 2021. We would like to thank them for their constructive input and faithful cooperation during their periods of office, which stretched over many years in some cases. Our special thanks go to Dr. Kley: as a member of the Presiding Board and various committees, but especially as Chairman of the Audit Committee, he drew on his many years of broad business experience to make valuable contributions and provided invaluable impetus for the BMW Group in corporate discussions.

The Annual General Meeting elected Dr. Marc Bitzer, Rachel Empey and Prof. Dr. Dr. h. c. Christoph M. Schmidt as new members. Ms. Empey and Dr. Bitzer both have extensive experience and expertise in capital markets and customer requirements. Ms. Empey also has specialised knowledge in financial services and IT, Dr. Bitzer in the fields of technologies and supply chains. Prof. Schmidt has extensive expertise in the areas of science, sustainability and resources. With their broad range of expertise, the three newly elected members complement the composition of the Supervisory Board in an excellent manner.

The employee representatives Horst Lischka, Willibald Löw, Brigitte Rödiger and Verena zu Dohna left the Supervisory Board at their own request during the financial year 2021. We wish to thank them for their constructive work and faithful cooperation during their periods of office, in some cases stretching over many years. Our special thanks go to Mr. Löw, who has been loyally connected with the BMW Group for decades as an employee, Chairman of the Works Council at the Landshut site, and

member of the Supervisory Board. By court order, and to replace members of the Supervisory Board for their respective remaining terms of office, Johann Horn, District Manager of IG Metall Bavaria, was appointed in May 2021, Jens Köhler, Chairman of the Works Council at the Leipzig site, in August 2021, Bernhard Ebner, Chairman of the Works Council at the Landshut site, in October 2021 and Sibylle Wankel, First Authorized Representative of IG Metall Munich, in January 2022.

Dr. Kurt Bock, member of the Supervisory Board since 2018 and Chairman of the Audit Committee since 2020, was elected to succeed Dr. Kley as a member of the Presiding Committee and the Personnel and Nomination Committees. An overview of the composition of the Supervisory Board and its committees is provided both in this report ([Corporate Governance](#)) and in the separate Statement on Corporate Governance, which is available on the BMW Group website together with the curricula vitae of Supervisory Board members.

Disclosure of attendance at meetings by individual members

The attendance rate at Supervisory Board meetings was around 99 %, and 100 % for the meetings and conference calls held by the various committees and the Presiding Board. The meetings were all held on a face-to-face basis. In individual cases, however, members participated virtually due to the coronavirus pandemic. The table below shows attendance by individual members:

Examination of financial statements and the profit distribution proposal

PricewaterhouseCoopers GmbH Wirtschaftsprüfungsgesellschaft ("PwC") was appointed as external auditor for the financial year 2021. PwC conducted a review of the condensed interim Group Financial Statements and the Interim Group Management Report for the six-month period ended 30 June 2021 and presented its findings to both the Audit Committee and the Supervisory Board in separate executive sessions. No issues were identified that might indicate that the condensed Interim Group Financial Statements and Interim Group Management Report had not been prepared in accordance with the applicable provisions in all material respects.

PwC audited the Company and Group Financial Statements for the financial year 2021 authorised for issue by the Board of Management on 8 March 2022 and issued an unqualified audit opinion, signed for the third consecutive financial year by Petra Justenhoven as independent auditor (Wirtschaftsprüferin) and Andreas Fell

Report of the Supervisory Board

Member of the Supervisory Board	Meetings	Attendance	Attendance in %
Dr.-Ing. Norbert Reithofer	23	23	100
Manfred Schoch	21	21	100
Stefan Quandt	23	23	100
Stefan Schmid	21	21	100
Dr. Karl-Ludwig Kley ¹	4	4	100
Dr. Kurt Bock	20	20	100
Christiane Benner	5	5	100
Dr. Marc Bitzer ²	4	4	100
Verena zu Dohna ⁸	5	5	100
Bernhard Ebner ⁷	1	1	100
Rachel Empey ²	4	4	100
Dr.-Ing. Heinrich Hiesinger	5	5	100
Johann Horn ³	3	3	100
Prof. Dr. Reinhard Hüttl ¹	1	1	100
Susanne Klatten	7	7	100
Jens Köhler ⁵	2	2	100
Horst Lischka ¹	1	1	100
Willibald Löw ⁴	3	3	100
Simone Menne ¹	1	1	100
Dr. Dominique Mohabeer	5	5	100
Brigitte Rödig ⁶	4	3	75
Anke Schäferkordt	5	5	100
Prof. Dr. Christoph Schmidt ²	4	4	100
Dr. Vishal Sikka	5	5	100
Dr. Thomas Wittig	5	5	100
Werner Zierer	5	5	100

¹ Member of the Supervisory Board until 12 May 2021.

² Member of the Supervisory Board since 12 May 2021.

³ Member of the Supervisory Board since 14 May 2021.

⁴ Member of the Supervisory Board until 16 July 2021.

⁵ Member of the Supervisory Board since 3 August 2021.

⁶ Member of the Supervisory Board until 1 October 2021.

⁷ Member of the Supervisory Board since 8 October 2021.

⁸ Member of the Supervisory Board until 31 December 2021.

(Wirtschaftsprüfer) as independent auditor responsible for the performance of the engagement.

At its meeting held on 24 February 2022, the Audit Committee initially considered in detail the preliminary version of the Company and Group Financial Statements, the Combined Management Report (including the Combined Non-financial (Group) Statement), the Statement of Corporate Governance, the draft versions of the auditor's reports and the Board of Management's proposal for the appropriation of profit.

Immediately after authorising their issue, the Board of Management submitted the Company and Group Financial Statements for the financial year 2021 and the Combined Management Report (including the Combined Non-financial (Group) Statement), the Statement of Corporate Governance and the proposal for the appropriation of profit to the Supervisory Board. The auditor's long-form audit reports were also made available to the Supervisory Board in a prompt manner.

At its meeting on 9 March 2022, the Audit Committee diligently examined and deliberated on these documents before they were considered in detail at the plenary session of the Supervisory Board on 10 March 2022.

At the two respective meetings, the Board of Management provided the Audit Committee and the Supervisory Board with detailed explanations of the financial reports presented. The representatives of the external auditor present at the meetings reported on the main findings of their audit and answered additional questions put by members of the Audit Committee and the Supervisory Board. The focus of these meetings was on key audit matters as well as the related audit procedures, which were discussed at length by the Audit Committee and the Supervisory Board.

The representatives of the external auditor confirmed that the risk management system established by the Board of Management is capable of identifying at an early stage any developments that might threaten the Company's going-concern status. They also confirmed that no material weaknesses in the internal control system and risk management system were identified with regard to the financial reporting process. Similarly, in the course of their audit work they did not identify any facts inconsistent with the contents of the Declaration of Compliance pursuant to §161 of the German Stock Corporation Act (AktG) issued by the Board of Management and the Supervisory Board.

Based on a thorough examination conducted by the Audit Committee and the Supervisory Board, we concurred with the results of the external audit. In accordance with the final result of this examination, no objections were raised. The Group and Company Financial Statements of Bayerische Motoren Werke Aktiengesellschaft for the financial year 2021 drawn by the Board of Management were subsequently approved at our meeting held on 10 March 2022. The Company Financial Statements for the year ended 31 December 2021 have therefore been adopted.

We also examined the proposal of the Board of Management to use the unappropriated profit to pay a dividend of € 5.80 per share of common stock and € 5.82 per share of non-voting preferred stock, in each case on shares entitled to receive a dividend. We consider the proposal appropriate and have therefore given it our approval.

For the financial year 2021, the Supervisory Board and the Board of Management have prepared the Remuneration Report for the first time in accordance with § 162 AktG (ARUG II / Act Implementing the Second EU Shareholder Rights Directive). At the request of the Audit Committee, PwC reviewed the content of the Remuneration Report, reported to both the Audit Committee and the Supervisory Board on the results of the review, and confirmed that the Remuneration Report complies in all material respects with the financial reporting provisions contained in § 162 AktG.

The Audit Committee and the Supervisory Board also considered at length the combined Non-financial (Group) Statement for the year ended 31 December 2021, which was drawn up by the Board of Management as part of the integrated BMW Group Report. Following an in-depth explanation of the statement by the Board of Management, representatives of the external auditor presented key findings of their audit and answered additional questions posed by the members of the Supervisory Board. Based on the "limited assurance" audit performed by PwC on those parts of the Management Report that were not subject to a reasonable assurance engagement, PwC issued an unqualified opinion, signed for the sixth time by Andreas Fell and for the second time by Nicolette Behncke. The Supervisory Board acknowledged and approved the combined Non-financial (Group) Statement drawn up by the Board of Management.

Expression of appreciation by the Supervisory Board

We would like to express our thanks and appreciation to the members of the Board of Management and all employees of the BMW Group worldwide for their outstanding performance in the financial year 2021. With their unbending commitment, even under adverse conditions, and a fine collective performance, they have taken the BMW Group to the top of the global premium segment over the past 12-month period and additionally enhanced the Group's profile as a guarantor of first-class individual and sustainable mobility.

We are confident that the Board of Management and the Group's entire workforce, with their courage and confidence, will write the next chapter of the BMW Group's unique success story in 2022.

Munich, March 2022

On behalf of the Supervisory Board

Yours


Norbert Reithofer

Chairman of the Supervisory Board