

## **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, customers, and business partners including suppliers. Community interest groups, political and academic leaders, non-profit-organizations, investors, analysts, and other stakeholder groups all have different viewpoints and expectations related to our business. Stakeholder engagement describes the process by which an organization involves relevant stakeholders - who may be affected by or can influence an organization's decisions - in decision-making processes. Gaining stakeholders' input on and responding to their needs regarding social and environmental issues can improve decision-making and accountability and positively influence our license to operate, our competitive advantage, and our long-term success.

To systematically 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 involving and engaging stakeholders. For this reason, we have developed the "Stakeholder Engagement Policy of the BMW Group."

This policy addresses the BMW Group's 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 local operations on stakeholder identification, categorization, and communication, as well as on engagement methods and risk management.

The main objective of this policy is to streamline existing local activities and to ensure consistency, not to create the need for new activities. It is self-evident that all stakeholder engagement activities are conducted in compliance with all applicable laws and regulations as well as with any other legal obligations (including contractual obligations, e.g. concerning confidentiality) and applicable internal guidelines.

## 1. Objectives

Systematically seeking stakeholders' perspectives and expertise 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 support for projects undertaken
- Collaborate on solutions to future challenges
- Identify synergies between BMW Group and stakeholder and government work early on, encouraging integrated and comprehensive solutions to complex policy issues

### 2. Manage and shape our reputation:

- Increase acceptance of our activities and decisions
- Foster a value-oriented and transparent corporate culture
- Profit from more open and transparent lines of communication

### 3. Reduce risk and increase credibility:

- Discover and address potential conflicts before they become risks
- Ensure services are delivered in collaboration with stakeholders and provide outcomes which meet community needs
- Improve access to decision-making processes and contribute directly to policy and program development

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 we operate (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)
- Profit from more open and transparent lines of communication
- Become acquainted with the BMW Group's key premises for lawful conduct and fair competition

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.*"<sup>1</sup>

Identifying our key stakeholders as well as their interests, level of expertise, and level of influence, is crucial for successful stakeholder engagement and for allocating company resources as efficiently as possible.

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<sup>1</sup> AA1000 Stakeholder Engagement Standard 2011

Therefore, we recommend that local operations assess and categorize (prioritize) relevant stakeholders using the following criteria:

- Stakeholder’s interests,
- Stakeholder’s expertise on material issues,
- Stakeholder’s level of influence,
- Stakeholder’s integrity,
- 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 as well as societal trends – 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>2</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

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

### 4. Stakeholder Engagement Risks

Consider potential stakeholder engagement risks prior to selecting the level or method of engagement. Potential risks may include participation fatigue, lack of stakeholder integrity, 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, it is advisable to keep the communication lines open (in coordination with local AK representatives).

<sup>2</sup> Know-how-support on planning and facilitating engagement activities such as workshops, focus groups, and forums can be provided by AU-6, AK-40 and AK-13

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. Further support can be provided as needed (please see list of contact persons on page 5).

## **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 integrity of the stakeholder or organization,
- the participants and/or audience,
- the boundaries of disclosure,
- the plan to document and communicate engagement outputs, and
- stakeholders' expectations of our resources for follow-up actions.

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;
- monitor the integrity of the stakeholder's organization and contact persons (applicable for longer-term projects and cooperations);
- handle criticism constructively and accept stakeholders' perspectives; and
- avoid making promises to stakeholders that the company may not be prepared to make and keep.

### **After the Engagement**

After the engagement, coordinate with AK-13, AK-40, AU-6, and FF-2 (depending on which stakeholders are involved) 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 (applicable for focus groups, forums, roundtables, workshops); 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 and trustful 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 listed on page 3), 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 / 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 contributed 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 AK-13, AK-40, and AU-6 on all stakeholder engagement activities. Should you have contact with capital markets representatives (e.g. investors, analysts, and/or rating agencies), please contact FF-2.

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