

BMW
GROUP



ROLLS-ROYCE
MOTOR CARS LTD

INFORMATION ON AGENDA ITEM 5 OF THE ANNUAL GENERAL MEETING.

APPROVAL OF THE REMUNERATION REPORT.

1.

REMUNERATION FOR FINANCIAL YEAR 2022.



ITEM 5 - SUMMARISED OVERVIEW.

APPROVAL OF THE REMUNERATION REPORT (1/2).

- For financial year 2022, the **remuneration system**, which has been in force since 2021, has **remained unchanged**. Target remunerations within the three remuneration levels remained constant; special payments were not granted.
- The **Supervisory Board has determined the remuneration** of the members of the Board of Management **within the framework of the remuneration system**. No use was made of the **option to make adjustments** due to extraordinary developments.
- The **caps for the overall remuneration as well as for the components of the variable remuneration** were observed.
- The Supervisory Board saw no reason to withhold or reclaim variable salary components as part of the **malus/clawback provisions**.
- The **remuneration report for financial year 2021** was prepared **in accordance with the requirements of Section 162 of the German Stock Corporation Act (AktG) for the first time** and **approved by the 2022 AGM by a majority of 90.29%**. In view of the high level of approval, there has been **no fundamental change in the reporting format** in the current year. **Transparency was further increased** through **additional information** on compliance with the **maximum compensation**.
- In addition to the legally required formal examination the **auditing firm PwC** has audited the remuneration report by way of a voluntary **substantive examination**.

ITEM 5 - SUMMARISED OVERVIEW.

APPROVAL OF THE REMUNERATION REPORT (2/2).

- Approximately **38 % of the variable target remuneration** for vesting year 2022 **was linked to environmental, social or governance targets (ESG-targets)**. The share of the **actual variable remuneration for vesting year 2022 linked to ESG-targets** amounts to approximately **32 %**.¹
- The share of the **long-term share-based remuneration (LTI, personal cash investment amount)** amounts to **approximately 51 % of the total variable remuneration for vesting year 2022**.
- Based on the **share ownership guidelines** the **personal cash investment amount** has to be used by the board members to **acquire BMW shares** with a minimum holding period of four years.
- The remuneration granted for the financial year 2022 as set out in the remuneration report includes, according to the requirements of section 162 AktG, the **performance cash plan 2020-2022** and the **share-based remuneration component (matching component) 2017**, which are **variable remuneration components granted for earlier vesting years (2017, 2020)**. The remuneration vested in the financial year 2022 is shown under section II.11 of the remuneration report (page 297 et seq. of the BMW Group Report).
- The **remuneration for the members of the supervisory board** remained **unchanged**. In **accordance with the articles of association**, the **remuneration of the supervisory board members** consists of a **fixed remuneration** only.

¹ Statements on the relative proportion of remuneration components relate to remuneration for the vesting year 2022, unless otherwise noted.

TARGET ACHIEVEMENT VARIABLE REMUNERATION FOR VESTING YEAR 2022.¹

			Minimum value	Target value	Maximum value	Actual value	Target achievement		
Fixed remuneration	Base remuneration and fringe benefits	Profit attributable to shareholders of BMW AG (in € billion)	3.0	5.3	11.0	17.9	180 %		
		Group return on sales after tax (in %)	3.0	5.6	9.0	13.0			
Bonus	Earnings component		Weighting²	Minimum value	Target value	Maximum value	Actual value	Target achievement	
		Interdepartmental targets – ESG	50 %	0 %	100 %	180 %	104.0 %	98-99 %	
		Interdepartmental targets – Other	40 %	0 %	100 %	180 %	87.5 %		
Performance component	Departmental targets	10 %	0 %	100 %	180 %	[106.9-116.3 %] ³			
Share-based remuneration (LTI)	Personal cash investment amount		Weighting²	Minimum value	Target value	Maximum value	Actual value	Target achievement	
		RoCE in the Automotive Segment (in %)	50 %	12	15	21	18.1	141 %	
		Strategic focus targets							
		Reduce CO ₂ fleet emissions in the EU (g/km)	25 %	125	112	98	105.0	140 %	
		Sales of all-electric vehicles (units)	12.5 %	170,000	230,000	375,000	215,752	88 %	
		Sales of plug-in hybrid vehicles (units)	12.5 %	167,000	223,000	370,000	218,040	96 %	

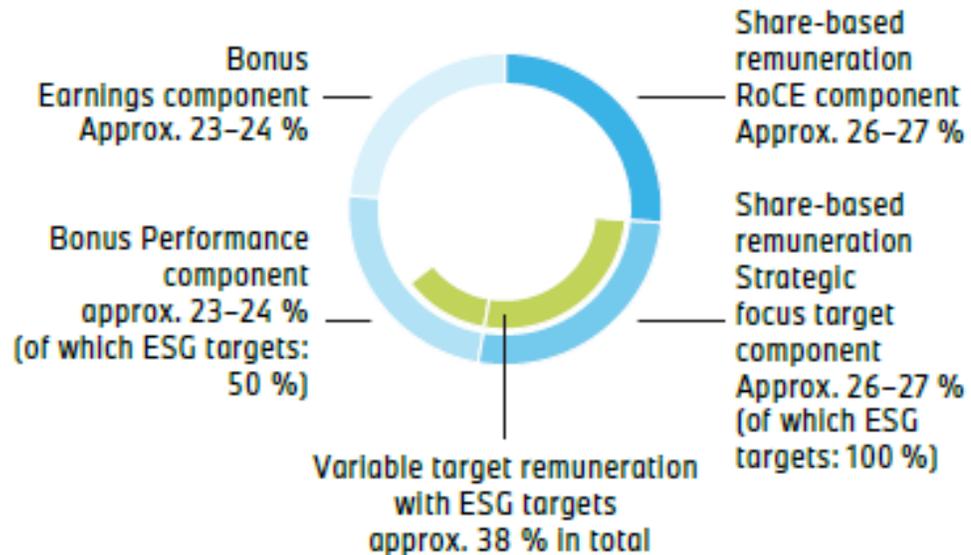
¹ Simplified depiction. For a detailed description see page 271 et. seqq. of the BMW Group Report 2022.

² Target level.

³ Individual target achievement.

OVERVIEW VARIABLE TARGET REMUNERATION FOR VESTING YEAR 2022. ESG TARGETS.

Overview of variable target remuneration 2022



- **Variable target remuneration for vesting year 2022:**
 - Bonus and
 - Share-based remuneration (LTI).
- **Targets for the variable remuneration for vesting year 2022:**
 - 50 % of the long term share-based remuneration (LTI) target amount is linked to ESG targets. These comprise targets to reduce fleet carbon emissions in the EU (E) and to increase electrified vehicle sales (E).
 - 50% of the target amount of the bonus performance component is linked to ESG targets. These comprise, inter alia, environmental innovation performance (E), development of the Company's reputation (G), adaptability (ESG), employer attractiveness (S), leadership performance (S) as well as achievement of diversity targets (S) and preventive activities in ensuring compliance (G).

SHARE-BASED REMUNERATION (LTI): STRATEGIC FOCUS TARGETS.

	Weighting ¹	Minimum value	Target value	Maximum value	Actual value	Extent target achievement
RoCE Automotive Segment (in %) ²	50 %	12 (PY: 10)	15 (PY: 16)	21 (PY: 45)	18.1 (PY: 59.9)	141 % (PY: 180 %)
Reduction of fleet CO2 emissions in the EU (in g/km) ³	25 %	125 (PY: 125)	112 (PY: 114)	98 (PY: 100)	105.0 (PY: 115.9)	140 % (PY: 91 %)
Global sales of all-electric vehicles (BEV) in units	12.5 %	170,000 (PY: 75,000)	230,000 (PY: 101,000)	375,000 (PY: 170,000)	215,752 (PY: 103,854)	88 % (PY: 103 %)
Global sales of plug-in hybrid vehicles (PHEV) in units	12.5 %	167,000 (PY: 180,000)	223,000 (PY: 241,000)	370,000 (PY: 400,000)	218,040 (PY: 224,450)	96 % (PY: 86 %)

¹ Within the target structure.

² Deviations of the target values to the previous year are also due to the redefinition of the key figure with effect from financial year 2022; see details in the remuneration report (page 278 of the BMW Group Report 2022).

³ Legal limit 127,5 g/km.

TARGET AND ACTUAL REMUNERATION FOR VESTING YEAR 2022.¹

		Chairman of the board ²		Chairman of the board ²		Board member 1 st period of office ³		Board member 1 st period of office ³		Board member 2 nd period of office ⁴		Board member 2 nd period of office ⁴	
		Target remuneration		Actual remuneration		Target remuneration		Actual remuneration		Target remuneration		Actual remuneration	
		in €	in %	in €	in %	in €	in %	in €	in %	in €	in %	in €	in %
Fixed remuneration	Fixed remuneration	1,950,000	30	1,950,000	25	900,000	30	900,000	24	1,050,000	30	1,050,000	24
	Fringe benefits ⁵	50,000	1	17,249	0.2	50,000	2	50,000	1	50,000	1	50,000	1
	Total	2,000,000	31	1,967,249	25	950,000	32	950,000	26	1,100,000	31	1,100,000	25
Variable remuneration	Bonus												
	Earnings component	1,050,000	16	1,890,000	24	475,000	16	855,000	23	575,000	16	1,035,000	24
	Performance component ⁵	1,050,000	16	1,039,500	13	475,000	16	465,500	13	575,000	16	563,500	13
	SbR (personal cash investment amount)												
	RoCE component	1,175,000	18	1,656,750	21	550,000	18	775,500	21	640,000	18	902,400	21
	Strategic focus target component	1,175,000	18	1,363,000	17	550,000	18	638,000	17	640,000	18	742,400	17
	Total	4,450,000	69	5,949,250	75	2,050,000	68	2,734,000	74	2,430,000	69	3,243,500	75
Target total remuneration⁶ / Remuneration vesting year 2022 (2021)⁷		6,450,000	100	7,916,499 (8,177,168)	100	3,000,000	100	3,684,000 (3,808,625)	100	3,530,000	100	4,343,300 (4,490,100)	100
Contribution to the company pension scheme / Service cost ⁸		700,000		712,729		400,000		400,000		400,000		400,000	

¹ Simplified presentation. The target remuneration is set out on p. 267 et seqq. and the actual remuneration on p. 286 et seqq. of the BMW Group Report 2022. Due to rounding, it is possible that the percentages presented here may not be an exact reflection of the absolute values to which they relate.

² Oliver Zipse.

³ Joachim Post, Frank Weber.

⁴ Or as of fourth year of mandate. Pieter Nota, Nicolas Peter, Ilka Horstmeier (since 1st Nov. 2022), Milan Nedeljković (since 1st October 2022).

⁵ Exemplary value of fringe benefits and of a performance factor for the bonus of 0.98 (with exception of the actual remuneration for Oliver Zipse).

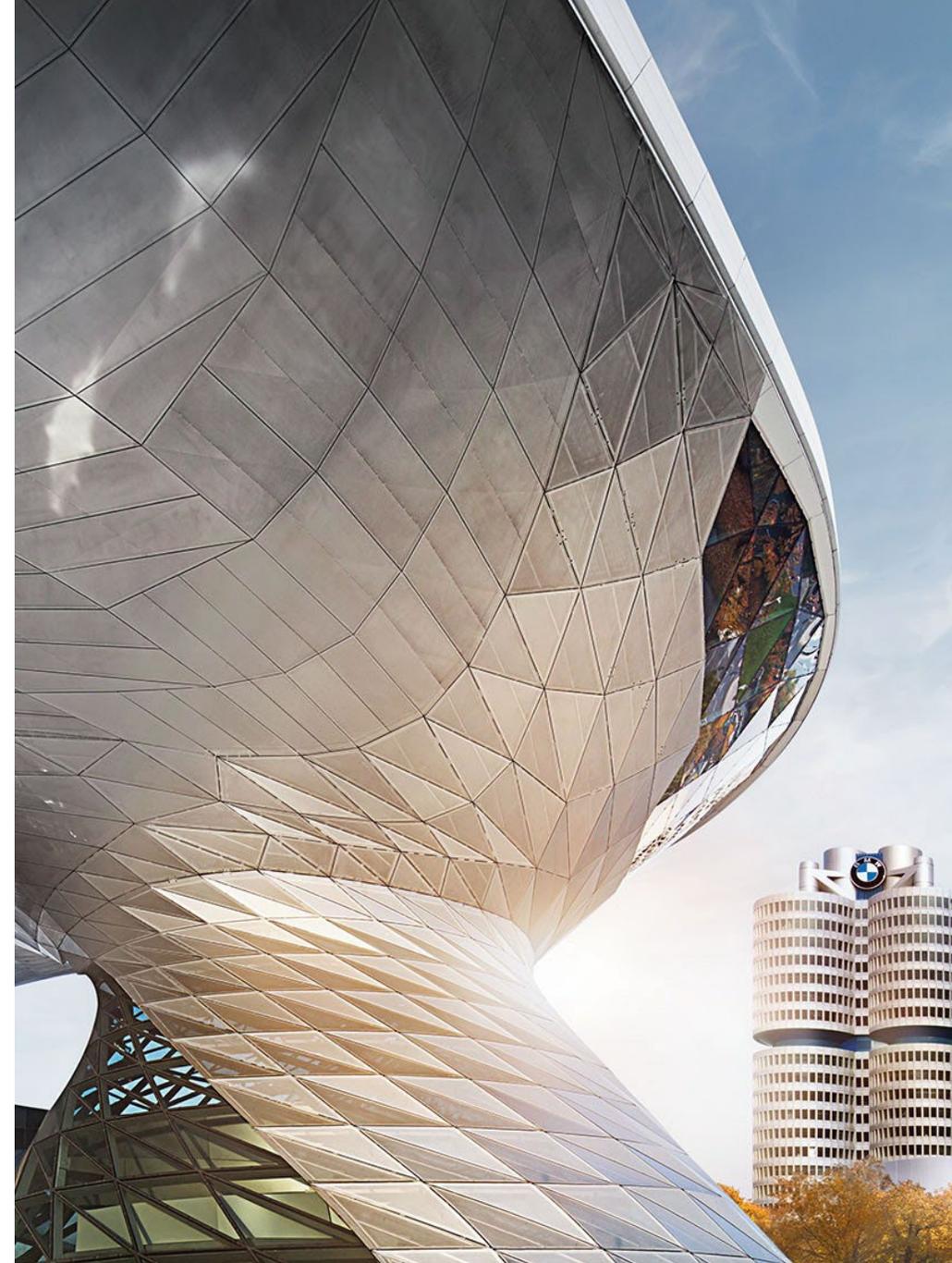
⁶ Excluding a contribution to the company pension scheme. Contributions to the pension scheme do not qualify as remuneration within the meaning of section 162 AktG, subsequent pension payments qualify as such.

⁷ The calculation of the total remuneration in the remuneration report 2022 in some cases includes, in accordance with section 162 AktG, variable remuneration components granted for earlier vesting years (performance cash plan 2020-2022, matching component 2017).

⁸ Exemplary value (with exception of the actual remuneration for Oliver Zipse). The service cost are not part of the remuneration according to section 162 AktG. They reflect the expense recognized by BMW and are not paid out to the board members.

2.

FURTHER INFORMATION ON THE REMUNERATION SYSTEM FOR THE BOARD OF MANAGEMENT.



OVERVIEW OF COMPENSATION COMPONENTS.

Base salary	~ 27 % ^{1,4}	<ul style="list-style-type: none"> • Fixed remuneration
Bonus	~ 30 % ^{1,4}	<ul style="list-style-type: none"> • Financial goals • Non-financial goals <p>Target achievement 0 – 180 %</p>
Share-based remuneration (LTI)	~ 33 % ^{1,4}	<ul style="list-style-type: none"> • RoCE⁵ (Automotive Segment) • At least 2 strategic focus targets <p>Target achievement 0 – 180 %</p>
Retirement benefits⁶	~ 10 % ^{1,3,4}	
Fringe benefits⁷	~ 0.2 % ^{1,4}	

General aspects

- **Maximum remuneration** (€ 9.85m; € 5.5m, respectively € 4.925m²).
- **ESG criteria** as a part of the performance criteria.
- **Peer group comparison** within selected targets.
- **Clawback and Malus clauses** related to variable compensation.

¹ Schematic representation of the proportions based on the target remuneration for the Chairman of the Board of Management for financial year 2022 as an example.

² Chairman of the Board of Management, member of the Board of Management in the 2nd period of office or 4th year of mandate, and member of the Board of Management in 1st period of office.

³ Pension contribution p.a..

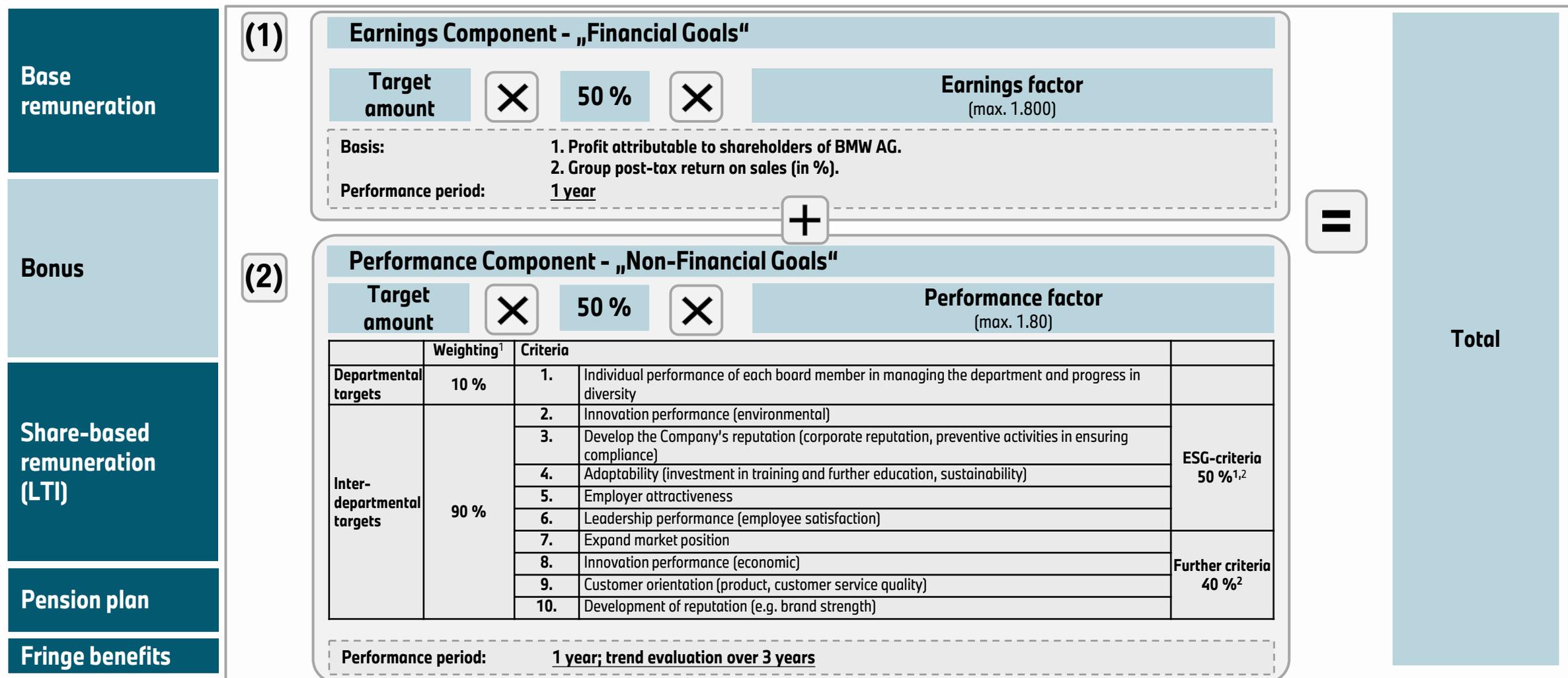
⁴ Due to roundings, percentage values may not add up to 100 %.

⁵ Return on Capital Employed (RoCE). A description can be found in the BMW Group Report 2022, p. 46 et seqq.

⁶ Further details can be found in the BMW Group Report 2022, p. 281-282.

⁷ Based on contractual agreements; main points cover non-cash benefits from the use of company cars and the BMW chauffeur service, insurance premiums, contributions towards security systems, employee discounts.

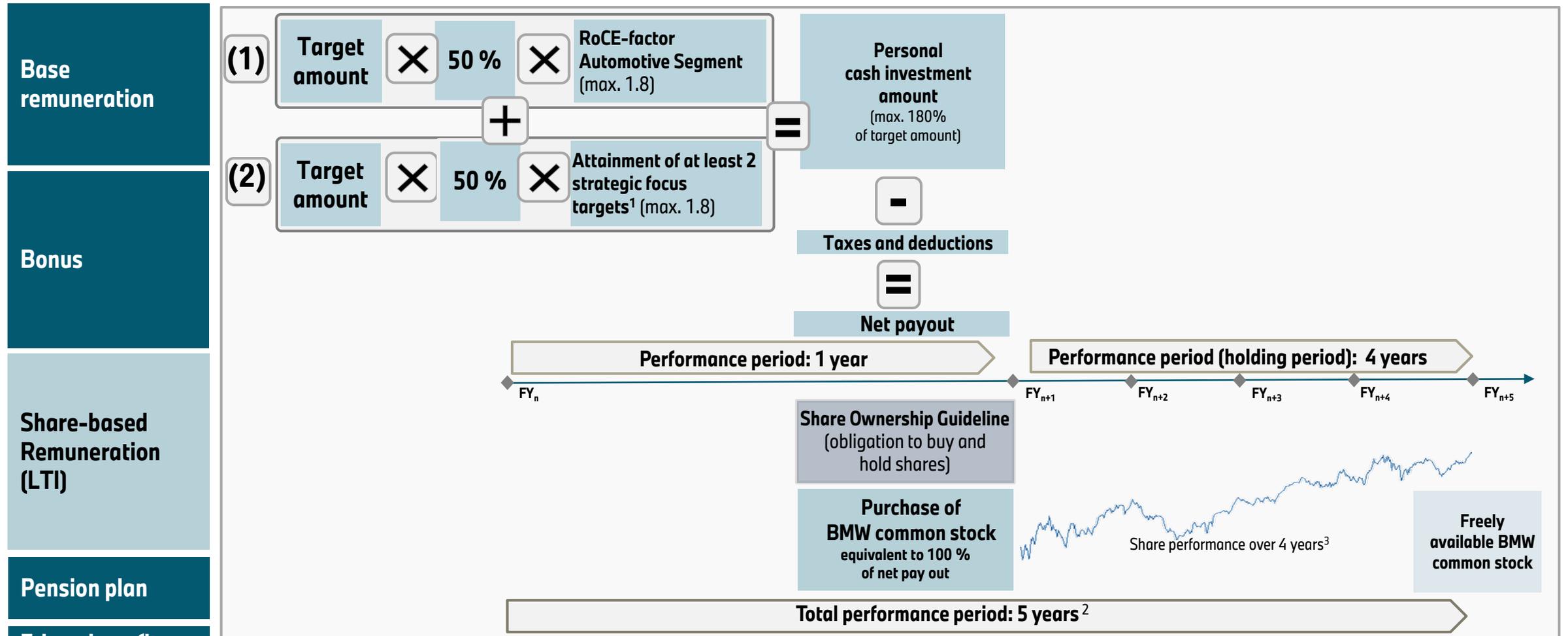
BONUS DETAILS.



¹ Within the target structure.

² Criteria from the areas of environment, social and governance (ESG).

SHARE-BASED REMUNERATION DETAILS (LTI).



¹ **Following strategic focus targets have been set for the year 2022:**

(1) Reduction of CO₂-fleet emissions in Europe and (2) global sales accounted for by plug-in hybrid vehicles (PHEVs) and all-electric vehicles (BEVs).

² 1 year for the determination of the personal investment cash amount and 4 years holding period, even if board member leaves office (including retirement).

³ Exemplary illustration of price development.

OVERVIEW REMUNERATION SYSTEM (1/3).¹

COMPONENT	Parameters/measurement base, applicable amounts
FIXED REMUNERATION COMPONENTS	
Base salary	<p>Member of the Board of Management:</p> <ul style="list-style-type: none"> — € 0.90 million p.a. (first period of office = first remuneration level) — € 1.05 million p.a. (from second period of office or fourth year of mandate = second remuneration level) <p>Chairman of the Board of Management:</p> <ul style="list-style-type: none"> — € 1.95 million p.a. — Monthly payment on a pro rata basis
Fringe benefits	Contractual agreement, main points: non-cash benefits from the use of company cars and the BMW chauffeur service, insurance premiums, contributions towards security systems, employee discounts
Compensation payments	The Supervisory Board may award payments to compensate for loss of salary from a previous employment relationship and to cover relocation costs in the case of new entrants.
Retirement benefits	<p>Defined contribution system with a guaranteed minimum return</p> <p>Benefits based on amounts credited to individual savings accounts for contributions paid and interest earned, various forms of disbursement</p> <p>Pension contribution p.a.:</p> <p>Member of the Board of Management: € 400,000</p> <p>Chairman of the Board of Management: € 700,000</p>
Strategic relevance	<ul style="list-style-type: none"> — The base salary counteracts the temptation to take disproportionately high risks in order to achieve short-term goals, and thus contributes to the long-term development of the Company — Fixed remuneration components are required for remuneration to be competitive in order to attract and retain qualified members of the Board of Management
VARIABLE REMUNERATION COMPONENTS	
Bonus	
Bonus (sum of earnings component and performance component)	<ul style="list-style-type: none"> — Target amount p.a. (at 100 % target achievement): <li style="padding-left: 20px;">— € 0.95 million (first period of office = first remuneration level) <li style="padding-left: 20px;">— € 1.15 million (from second period of office or fourth year of mandate = second remuneration level) <li style="padding-left: 20px;">— € 2.10 million (Chairman of the Board of Management) — Capped at 180 % of target amount — Payment after the Annual General Meeting at which the Financial Statements are presented for the relevant vesting year
Earnings component (at 100 % target achievement corresponds to 50 % of target amount)	<ul style="list-style-type: none"> — Assessment period one year — Base amount p.a. (50 % of target bonus amount): <li style="padding-left: 20px;">— € 0.475 million (first period of office = first remuneration level) <li style="padding-left: 20px;">— € 0.575 million (from second period of office or fourth year of mandate = second remuneration level) <li style="padding-left: 20px;">— € 1.050 million (Chairman of the Board of Management) — Formula: 50 % of target amount x earnings factor — Earnings factor is derived from a predefined allocation matrix based on the parameters profit attributable to shareholders of BMW AG and Group post-tax return on sales in the vesting year <li style="padding-left: 20px;">— The earnings factor is 1.0 e.g. in case of a profit attributable to shareholders of BMW AG amounting to € 5.3 billion and a Group post-tax return on sales of 5.6 % <li style="padding-left: 20px;">— The earnings factor is 1.5 e.g. in case of a profit attributable to shareholders of BMW AG amounting to € 6.9 billion and a Group post-tax return on sales of 7.3 % <li style="padding-left: 20px;">— The earnings factor is 0 e.g. in case of a profit attributable to shareholders of BMW AG below € 3.0 billion or a Group post-tax return on sales of below 3.0 % — Earnings factor may not exceed 1.8 — Maximum amount of earnings component p.a.: <li style="padding-left: 20px;">— € 0.855 million (first period of office = first remuneration level) <li style="padding-left: 20px;">— € 1.035 million (from second period of office or fourth year of mandate = second remuneration level) <li style="padding-left: 20px;">— € 1.890 million (Chairman of the Board of Management)

¹ Please see p. 263 et seqq. of the BMW Group Report 2022.

OVERVIEW REMUNERATION SYSTEM (2/3).¹

COMPONENT	Parameters/measurement base, applicable amounts
Bonus (continued)	
Performance component (at 100% target achievement corresponds to 50% of target amount)	<ul style="list-style-type: none"> – Assessment period one year – Base amount p.a. (50 % of target bonus amount): <ul style="list-style-type: none"> – € 0.475 million (first period of office = first remuneration level) – € 0.575 million (from second period of office or fourth year of mandate = second remuneration level) – € 1.050 million (Chairman of the Board of Management) – Formula: 50 % of target amount x performance factor – Primarily qualitative, non-financial criteria, expressed in terms of a performance factor, aimed at measuring the Board member's contribution to sustainable and long-term performance and corporate orientation – Relevant period is the vesting year – Additional trend analysis over at least three financial years – Composition of performance factor: * <ul style="list-style-type: none"> – 50 % cross-divisional targets with ESG criteria – 40 % other cross-divisional targets – 10 % individual target – Criteria for the cross-divisional ESG targets include in particular: innovation performance (environmental, e.g. reduction of carbon emissions), development of the BMW Group's reputation based on ESG aspects (e.g. corporate culture, promotion of integrity and compliance), adaptability, attractiveness as an employer, leadership performance – Criteria for the other cross-divisional targets include in particular: market position compared to competitors, innovation performance (economic), development of the BMW Group's reputation based on non-ESG-related aspects (e.g. perception on capital markets, brand strength), customer orientation – Measurement parameters and target values are determined before the start of the financial year – Performance factor may not exceed 1.8 – Maximum amount of performance component p.a.: <ul style="list-style-type: none"> – € 0.855 million (first period of office = first remuneration level) – € 1.035 million (from second period of office or fourth year of mandate = second remuneration level) – € 1.890 million (Chairman of the Board of Management)
Strategic relevance	<ul style="list-style-type: none"> – Earnings component of bonus rewards attainment of financial targets and is beneficial for earnings-related aspects of business strategy – Performance component of bonus motivates the pursuit of non-financial strategic targets and is therefore beneficial for the long-term development of the BMW Group
Share-based remuneration	
Personal cash investment amount	<ul style="list-style-type: none"> – Requirement for Board of Management members to invest an earmarked cash amount (personal cash investment amount), net of tax and deductions, in shares of BMW common stock immediately after disbursement – Requirement for Board of Management members to hold the acquired shares of common stock for at least four years (share ownership guideline) – Assessment period of five years in total (one year for determining the personal cash investment amount, four years holding requirement)
Calculation	<ul style="list-style-type: none"> – Target amount p.a. (at 100 % target achievement): <ul style="list-style-type: none"> – € 1.10 million (first period of office = first remuneration level) – € 1.28 million (from second period of office or fourth year of mandate = second remuneration level) – € 2.35 million (Chairman of the Board of Management) – 50 % of the target amount depends on RoCE achieved in the Automotive segment (RoCE component) – 50 % of the target amount depends on the achievement of predefined strategic focus targets (strategic focus target component) – Capped at 180 % of the target amount – Payment after the Annual General Meeting at which the Financial Statements are presented for the relevant vesting year

¹ Please see p. 263 et seqq. of the BMW Group Report 2022.

OVERVIEW REMUNERATION SYSTEM (3/3).¹

COMPONENT	Parameters/measurement base, applicable amounts
Share-based remuneration (continued)	
RoCE component (at 100 % target achievement corresponds to 50 % of target amount)	<ul style="list-style-type: none"> — Target amount of RoCE component p.a. (50 % of target amount of personal cash investment amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office = first remuneration level) — € 0.64 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.175 million (Chairman of the Board of Management) — Formula: 50 % of target amount x RoCE factor — RoCE factor is derived from the RoCE achieved in the Automotive segment for the vesting year — Minimum, target and maximum values for RoCE are defined before the start of the financial year — RoCE factor may not exceed 1.8 — Maximum amount of RoCE component p.a.: <ul style="list-style-type: none"> — € 0.990 million (first period of office = first remuneration level) — € 1.152 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.115 million (Chairman of the Board of Management)
Strategic focus target component (at 100 % target achievement corresponds to 50 % of target amount)	<ul style="list-style-type: none"> — Target amount of strategic focus target component p.a. (50 % of target amount of personal cash investment amount): <ul style="list-style-type: none"> — € 0.55 million (first period of office = first remuneration level) — € 0.64 million (from second period of office or fourth year of mandate = second remuneration level) — € 1.175 million (Chairman of the Board of Management) — At least two strategic focus targets derived from the strategic plan F22v — Weighting of the strategic focus targets is decided before the start of the financial year — Formula in the event of two strategic focus targets with equal weighting p.a.: 25 % of target amount for personal cash investment amount x factor for strategic focus target 1 + 25 % of target amount for personal cash investment amount x factor for strategic focus target 2 — Minimum, target and maximum values are defined before the start of the financial year — Factor for each strategic focus target may not exceed 1.8 — Maximum amount of strategic focus target component p.a.: <ul style="list-style-type: none"> — € 0.990 million (first period of office = first remuneration level) — € 1.152 million (from second period of office or fourth year of mandate = second remuneration level) — € 2.115 million (Chairman of the Board of Management)
Strategic relevance	<ul style="list-style-type: none"> — 50 % of the personal cash investment amount within the target structure depends on the RoCE and is therefore directly linked to a key target for the corporate strategy and reflects BMW AG's aspiration to generate a significant premium on the cost of capital — The remaining 50 % of the personal cash investment amount encourages achievement of strategic focus targets and therefore contributes to business performance in key strategic areas — Commitment to purchase shares of the Company's common stock and the four-year holding period provide additional motivation to support the Company's long-term development
Malus and clawback rules	
Malus	<ul style="list-style-type: none"> — Agreement to withhold variable remuneration in the event of specified serious compliance violations or (withholding amounts provisionally) in the event of reasonable suspicions of such — Amounts may also be withheld in principle after a member has left the Board
Clawback	<ul style="list-style-type: none"> — Agreement entitling the BMW Group to reclaim variable remuneration already paid out in the event of specified serious incidences of non-compliance, incorrect calculation bases or incorrect financial statements — Amounts may also be clawed back in principle after a member has left the Board

¹ Please see p. 263 et seqq. of the BMW Group Report 2022.