

Countermotions* to the Resolutions proposed by the Management.

Status: 28 April 2021

* Submitted Countermotions shall be deemed to have been filed at the Annual General Meeting if the shareholder making the motion is duly authorised and registered for the Annual General Meeting. Countermotions of the shareholders and the reasons are reproduced unchanged in content. This translation is non-binding and for convenience purposes only.

Rolf Lehnert, Munich, submitted the following counter motions regarding agenda items 3 (ratification of the acts of the Board of Management), 4 (ratification of the acts of the Supervisory Board), 6 (elections to the Supervisory Board) and 7 (approval of the remuneration system for the members of the Board of Management):

Counter motion to agenda item 3:

The acts of the Board of Management shall not be ratified.

Reasons:

In 2020, warranty costs have increased by another 15% to €2.9 billion. And this with a 12% drop in sales. €2.9 billion – that means quality defects of about €1,300 per vehicle. The long-term damage will presumably be even greater if the poor quality affects the customers' buying behaviour. At the last General Meeting of Shareholders, questions about quality were unfortunately answered evasively (inadequately, in my opinion) and causes and responsible parties were concealed.

In the 2019 financial year, a loss of €662 million was reported for the YOUR NOW division. Every day, a company value of €2 million have been burnt here. For the 2020 financial year, I unfortunately have not found any figures. It is completely incomprehensible to me that additional FIAT vehicles are being provided despite the fact there is an oversupply of car sharing and poor occupancy rate of the vehicle fleet. The additional cars lead to a further decreasing occupancy rate and increasing losses in the car sharing business. In doing so, the pecuniary interests of shareholders are being damaged.

Counter motion to agenda item 4

The acts of the Supervisory Board shall not be ratified.

Reasons:

85.36% - not a good result for Prof Dr Dr Reithofer* in the election to the Supervisory Board, considering the voting power of only two major shareholders. The work of Prof Dr Dr Reithofer is apparently viewed more critically by many shareholders than it is presented by himself. Losses at Drive-Now were concealed from shareholders for years. The model offensive he launched while still chairman of the Board of Management has led to unprofitable models and high warranty costs. Since Prof Dr Dr Reithofer chairs the Supervisory Board, many senior executives have left the company. The dimension could be read about in the press.

The remuneration system for the Board of Management, with its flexible criteria, serves more to create dependencies than to reward the Board of Management on the basis of measurable performance indicators.

I find the proposal to elect Ms Rachel Empey to the Supervisory Board an imposition. Ms Rachel Empey has been a member of the Fresenius Board of Management since 2017. Since then, Fresenius' share price has almost halved and €15 billion in shareholder wealth have been destroyed. She is therefore not qualified to represent shareholder interests on the Supervisory Board.

Profits have fallen for the 4th year in a row, warranty costs in the billions are rising and rising, and YOUR NOW is incurring losses in the triple-digit millions year after year. If this trend continues, it is only a matter of time before the company's financial capacity is exhausted. New warranty reserves do not let expect any improvement. I cannot see the Supervisory Board acting for the good of the company in this regard.

* Note by the management: Dr Reithofer does not hold the title of professor. His title is: "Dr.-Ing. Dr.-Ing. E.h.".

If YOUR NOW procures new vehicles from external companies despite poor occupancy rates, grants generous discounts and calculates prices that do not cover the costs, I consider this to be a violation of the “diligence of a prudent and conscientious manager” within the meaning of §93 of the German Stock Corporation Act. Here the Supervisory Board has violated its supervisory duties.

Countermotion to agenda item 6

Dr. Marc Bitzer shall not be elected to the Supervisory Board.

Reasons:

Dr. Marc Bitzer is certainly well occupied with his duties as Chairman, Chief Executive Officer and President of Whirlpool Corporation.

It is doubtful that, in addition to attending Supervisory Board meetings, he has sufficient time to prepare for meetings and to critically examine draft resolutions.

Ms Rachel Empey shall not be elected to the Supervisory Board.

Reasons:

Ms. Rachel Empey has been on the Fresenius Board of Management SE since 2017. Since then, the share price of Fresenius SE&Co.KGaA has almost halved from around €70 to €38. €15 billion of shareholder wealth were destroyed here. In view of these figures, I do not see Mrs Empey being suitable for the Supervisory Board.

Countermotion to agenda item 7

The remuneration system shall not be approved.

Reasons:

The remuneration system is complex and explained on 14 pages in a manner difficult to understand. I cannot assess the system and therefore vote on it.

The remuneration system contains a number of soft factors which are subject to subjective assessment. The Board of Management is thus dependent on the benevolent opinion of individual members of the Supervisory Board.

The product quality is only mentioned in 9th place with a low weighting. In addition, hidden under the loose concept "customer orientation". In this case, performance incentives to improve quality would be required on the back of concretely measurable quality indicators.

Poor product quality in the form of warranty costs of €2.9 billion should be clearly reflected in the remuneration of the Board of Management.

Dachverband der Kritischen Aktionärinnen und Aktionäre (Association of Ethical Shareholders), Cologne, submitted the following countermotions regarding agenda items 2 (utilisation of unappropriated profits) and 3 (ratification of the acts of the Board of Management):



Counter motions of Dachverband der Kritischen Aktionärinnen und Aktionäre to the General Meeting of BMW AG on 12 May 2021

To Agenda Item 2: Resolution on the utilisation of the unappropriated profit

The Dachverband der Kritischen Aktionärinnen und Aktionäre requests that the resolution on the utilisation of the unappropriated profit as adopted by the Management be rejected.

Reasons:

It does not fit together: While BMW AG received state aid in the financial year 2020 in the form of short-time working benefits for large parts of its workforce and benefited from increased purchase subsidies for plug-in hybrids and electric cars, it distributes a dividend that is only marginally lower than in the previous year. A dividend sponsored by taxpayers – socially responsible action looks different.

The employees of BMW and the company in particular play a major role in ensuring that BMW was able to get through the Corona crisis so well. After all, the short-time working benefits have been de facto tax-funded since 2020 and are thus regarded as another state aid to companies in the Corona crisis. Benefits were increased and employer social security contributions refunded, which meant that the Federal Government had to provide substantial liquidity support to the Federal Employment Agency due to the high demand. Tax money, which was supposed to secure employment, is thus also used to finance the proposed dividend.

Responsible management, aware of the challenges of the future, would invest a much larger proportion of the balance sheet profit in necessary investments such as the accelerated transition to electromobility and its infrastructure, rather than paying it out.

In view of the climate crisis and the resulting social pressure on motorised private transport as a major CO₂ emitter, the market for cars will change sustainably during the upcoming mobility transformation. The production of vehicles for motorised private transport will lose its importance. BMW is not well prepared for these challenges by concentrating on above-average, heavy and high-performance cars.

To Agenda Item 3: Resolution on the ratification of the acts of the Board of Management

The Dachverband der Kritischen Aktionärinnen und Aktionäre requests that the acts of the members of the Board of Management shall not be ratified for the financial year 2020.

Reasons:

The Board of Management of BMW AG does not sufficiently fulfil its responsibility to implement more effective measures for climate protection and sustainable supply chains

The Group needs different cars

Like other premium brands, BMW focuses on large, heavy and high-performance cars. Unfortunately, this also applies to the electrification of the product range commenced within the Group. For large and heavy electric cars with long ranges, however, it should be noted that production requires many times as much of scarce raw materials such as lithium or cobalt as well as rare earths and causes high CO₂ emissions. Therefore, it is necessary that electric cars are small, light and economical, require as few raw materials as possible, both in production, operation and disposal. The Supply Chain Act and circular economy are the crucial points, the demands of which will challenge the present strategy.

Instead of simply switching the current model range to electric drive, a rethink must take place within the Group. Premium needs to be redefined, must stand for particularly environmentally friendly and resource-efficient vehicles.

The i3 is still BMW's only electric car designed as such, with the iX3 only adding another all-electric BMW-branded vehicle, which was designed as a car with combustion engine.

No good image in the Corona crisis, plug-in hybrids only feign climate protection

We all still have them in our ears, the car lobbyists who, also on behalf of BMW, mantra-like demanded purchase subsidies last year. The Corona crisis did not appear to have had a negative impact on BMW AG's profits. In addition to vat reductions and short-time working benefits, the purchase subsidies for plug-in hybrids and electric cars have had an effect in this country. Without state aid, the balance would be worse.

Not least due to significantly increased sales of plug-in hybrids through purchase subsidies and other tax advantages and their unrealistically low official consumption values, BMW AG was able to reach its EU CO₂ fleet limit for 2020. But this figure merely feigns climate protection and is a purely theoretical contribution to climate protection, based on loopholes in the legal regulations negotiated in Brussels at the time by the lobbyists, who were also supported by BMW. The actual objective of the relevant regulation, the reduction of greenhouse gases for climate protection, is counteracted by the exploitation of negotiated loopholes.

Studies show that plug-in hybrid variants of a model often have even higher fuel consumption and thus CO₂ emissions compared to a pure combustion vehicle of the identical model series in real operation. BMW must set an example and finally publish realistic fuel consumption values for its plug-in hybrids.

Diesel emissions scandal continues – further antitrust fine looms

For more than three years, the EU Commission has been investigating BMW, among others, for possible, anti-competitive agreements in the exhaust gas treatment of diesel cars. In this context, a new antitrust fine in the hundreds of millions is looming. The EU accuses the parties of unlawfully colluding in the development of SCR systems.

There had been mutual understanding on "not improving products and not competing with each other in terms of quality," the EU Competition Commissioner in charge, Margrethe Vestager, was quoted at the opening of the procedure.