

Media Information
5 April 2019

Statement on European Commission's ongoing antitrust proceedings

- BMW Group to examine Commission's statement of objections in depth
- Talks in working groups aimed at technological freedom of choice and the practicability of legally required reduction of exhaust gas emissions
- Lawful coordination of industry positions on regulatory framework should not be equated with unlawful cartel agreements
- BMW Group exhaust gas treatment systems differ from competitors'
- No evidence of agreements on use of unlawful defeat devices

Munich. On 5 April 2019, the BMW Group received a so-called "statement of objections" from the European Commission in connection with the ongoing antitrust proceedings. The statement relates to the investigation into talks held by working groups of German automobile manufacturers a number of years ago and includes a provisional competitive assessment by the EU Competition Authority.

The BMW Group will examine the objections and information provided by the European Commission and submit a reply to the authority. Since this matter concerns ongoing proceedings of the European Commission, the company will not comment on the content of the objections at this time. The BMW Group's review of the statement of objections and any resulting potential financial impact is ongoing.

The BMW Group regards these proceedings as an attempt to equate permissible coordination of industry positions regarding the regulatory framework with unlawful cartel agreements.

No price or territorial agreements to the detriment of customers or suppliers

Based on current knowledge, the Commission is specifically investigating whether German automobile manufacturers cooperated in technical working groups to restrict competition in development and rollout of emission-reduction technologies. From the

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BMW Group's point of view, this situation cannot be compared with cartel investigations involving territorial and price agreements, for example.

Fundamentally, the participating engineers from the manufacturers' development departments were concerned with improving exhaust gas treatment technologies. Unlike cartel agreements, the whole industry was aware of these discussions – which did not involve any “secret agreements” and did not intend any detriment to customers or suppliers.

Optimisation of filling station infrastructure as requirement for smaller and lighter AdBlue tanks

Based on current knowledge, a focus of the European Commission's proceedings is the allegation that manufacturers reached an agreement on the size of AdBlue tanks for SCR (Selective Catalytic Reduction)-systems. This is said to have restricted competition for the best emission control method for diesel vehicles.

The fact remains that German automobile manufacturers jointly developed the first generation of an SCR system together with an automotive supplier. This cooperation on SCR development resulted in effective exhaust gas treatment systems rapidly achieving series maturity.

A further goal of the manufacturers was the establishment of an extensive, customer-friendly AdBlue filling infrastructure over the long term as a pre-condition for the installation of smaller and lighter tanks. Manufacturers and automotive industry associations held talks with the petroleum industry regarding this matter.

The working groups did indeed discuss the introduction of smaller AdBlue tanks, subject to availability of an adequate filling infrastructure. This was explained in public, for example by the German Association of the Automotive Industry (VDA) at a “Diesel Emissions Conference” in June 2009 in Brussels. However, as it became apparent that this infrastructure would not be available quickly enough, the BMW Group ultimately

installed larger AdBlue tanks. Compromising emission control efficiency for the sake of optimising tank size was never an option for the BMW Group.

BMW Group exhaust gas treatment technologies different from other manufacturers'

The exhaust gas treatment technologies used by the BMW Group are significantly different from other solutions in the marketplace. The BMW Group has charted its own course from the beginning, using a combination of several emission control systems in its diesel vehicles. In vehicles where emission control is performed by SCR systems, a NOx storage catalyst is also installed. This results in excellent emissions performance in real driving conditions – also in comparison with competitors. The combination of these two systems in conjunction with in-engine exhaust gas recirculation also means that BMW vehicles' AdBlue consumption is very low compared with competitors.

Talks motivated by desire to ensure competition for best solution

The European Commission further alleges that the companies concerned agreed not to introduce the petrol particulate filter (PPF) or to delay its introduction – thereby restricting competition for the best technology to reduce particulate matter. It should be noted that the discussions between manufacturers were directly linked to lawmakers' deliberations at that time regarding the introduction of limits for particulate matter. The aim of the manufacturers and their associations was to participate in the discussion concerning the definition of future, technically achievable limits. This is usual practice in all industries regarding upcoming regulatory proposals. In order to achieve an industry position on the proposed legislation, the manufacturers first reached agreement among themselves and then via the VDA and ACEA automobile associations. The results of the discussions were incorporated into the consultations held by the Commission.

The focus was on promoting legislation that was technologically neutral and did not necessarily require installation of a PPF. This would maintain technological freedom of choice for how to comply with limits – for example, through the use of in-engine measures.

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The background to this position was that PPF technology at that time had many disadvantages over in-engine measures: it was not yet fully mature and was associated with additional weight and a corresponding impact on CO2 emissions. At the time, there was also a negative effect on engine performance. The aim of ensuring technological freedom of choice in this case was precisely to achieve the most open and intense competition possible for the best solution.

No evidence of agreements on use of unlawful defeat devices

The BMW Group attaches great importance to the findings confirmed by the European Commission in its press release of 18 September 2018 that the ongoing investigations concern only potential violations of competition law and not deliberate unlawful manipulation of the emission control system. There is no allegation of this kind against the BMW Group.

The BMW Group is committed to responsible and lawful conduct as the basis for all its business activities. The company has established a comprehensive compliance management system to ensure compliance with applicable legislation, including the provisions of antitrust law.

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The BMW Group

With its four brands BMW, MINI, Rolls-Royce and BMW Motorrad, the BMW Group is the world's leading premium manufacturer of automobiles and motorcycles and also provides premium financial and mobility services. The BMW Group production network comprises 30 production and assembly facilities in 14 countries; the company has a global sales network in more than 140 countries.

In 2018, the BMW Group sold over 2,490,000 passenger vehicles and more than 165,000 motorcycles worldwide. The profit before tax in the financial year 2018 was € 9.815 billion on revenues amounting to € 97.480 billion. As of 31 December 2018, the BMW Group had a workforce of 134,682 employees.

The success of the BMW Group has always been based on long-term thinking and responsible action. The company has therefore established ecological and social sustainability throughout the value chain, comprehensive product responsibility and a clear commitment to conserving resources as an integral part of its strategy.

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