

Media Information
8 July 2020

Antitrust investigation against automotive manufacturers: European Commission drops most charges against BMW Group

- No suspicion of unlawful defeat devices against BMW Group
- European Commission enters uncharted territory for antitrust law
- Settlement agreed after most allegations dropped
- Applying for leniency was not an option for the BMW Group
- Talks had no influence on company's product decisions and therefore did not disadvantage customers at all
- BMW Group took own approach to exhaust gas treatment from the start

Munich. After reviewing an extensive statement submitted by the BMW Group, the European Commission has dropped most of its charges of antitrust violations. With the withdrawal of most of the original allegations, the Board of Management of BMW AG has agreed to a settlement proposed by the European Commission that will bring these proceedings to an end.

No suspicion of unlawful defeat devices against the BMW Group

The following aspect is particularly important to the BMW Group: The European Commission has once again confirmed that the investigation concluded with this settlement solely concerned possible infringements of competition law. The fine notice issued by the European Commission also states that there is no indication of collusion between the parties relating to the use of prohibited defeat devices to manipulate exhaust gas tests. This underlines that there has never been any allegation of unlawful manipulation of emission control systems by the BMW Group.

Unlike some of its competitors, the BMW Group never considered reduced, illegal emission control.

Discussions had no influence on product decisions

The fine now issued by the European Commission pertains to discussions between automotive manufacturers that took place around ten years ago. From the BMW Group perspective, the talks were aimed at creating a customer-friendly AdBlue filling infrastructure to support an effective exhaust gas treatment system. These discussions had no influence whatsoever on the company's product decisions.

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In a Statement of Objections issued in April 2019 in connection with this antitrust investigation, the European Commission made very serious allegations against the BMW Group and others. These allegations mainly centred on two key issues: First, the accusation of alleged joint development of a software to restrict AdBlue dosing. Second, the allegation of delaying and/or preventing development and rollout of a particle filter for direct-injection petrol engines. In response to the very serious allegations made at that time, the company implemented appropriate risk provisioning in April 2019, recognising a provision of around 1.4 billion euros. Based on a review of the BMW Group statement, the European Commission dropped the above allegations relating to AdBlue dosing and the particle filter for petrol engines. As a consequence, the BMW Group already re-evaluated its provision on 20 May of this year. This resulted in a positive effect on earnings of around one billion euros.

European Commission enters uncharted territory for antitrust law

The European Commission acknowledges that the proceedings now concluded by settlement represent uncharted territory for antitrust law. Price and territorial agreements were not the subject of this investigation. The European Commission nevertheless used the standards generally applied to “classic” cartels of this kind to calculate the fine – with merely a certain reduction to reflect the unique nature of the case.

Despite the Commission dropping most of its charges, this approach resulted in a fine of 372.8 million euros.

The Board of Management of BMW AG has now accepted this fine in the current settlement, which acknowledges the excessive transparency provided in the context of the discussions in question – with regard to the necessary size of AdBlue tanks, the range that can be achieved with them and the presumed average AdBlue consumption.

From the BMW Group perspective, these discussions were aimed at creating a customer-friendly AdBlue filling infrastructure, to be built by the petroleum industry. A marketable filling solution was crucial to enabling wide-scale use of the highly efficient

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SCR system for exhaust gas treatment. The discussions were clearly not held in secret. On the contrary, the aims pursued were openly communicated to the petroleum industry and within the VDA and ACEA associations. This was also confirmed by the European Commission.

However, excessive transparency, like that during the discussions between the manufacturers, may also be prohibited under competition law – even though this transparency did not disadvantage customers in any way.

BMW Group took own approach to exhaust gas treatment

It became clear during the discussions with the petroleum industry that the AdBlue filling infrastructure, which was considered necessary under the conditions at the time, would not be available within the near future. To avoid any disadvantages this might create for customers, the BMW Group consistently designed the tank sizes and ranges of its vehicles to be well above the dimensions agreed in the working groups. For this purpose, the BMW Group even installed complex two-tank systems in most vehicles. The European Commission explicitly recognised this in its decision.

The exhaust gas treatment technology used by the BMW Group was significantly different to its competitors' solutions from the very beginning. The BMW Group adopted its own approach, using a combination of several systems in its diesel vehicles.

This included supplementing the SCR emission control systems with an NOx storage catalytic converter. The result was excellent emissions performance in real driving conditions and lower AdBlue consumption than competitor models.

In fact, in rolling out its emission control technologies, the BMW Group was once again fulfilling its aspiration to be an innovation leader and occupy a leading position among its competitors worldwide in this area.

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Applying for leniency not an option for the BMW Group

The BMW Group made it clear from the start of the antitrust proceedings that it considered the allegations made at that time to be exaggerated and unjustified. For this reason, unlike the other competitors involved, the company did not prematurely admit its guilt by applying for leniency. Instead, after careful internal preparation and examination of the substance of the case, a comprehensive statement was submitted to the European Commission. As a result, the Commission dropped most of its original allegations against the BMW Group.

Comprehensive Compliance Management System ensures responsible and lawful conduct

The BMW Group considers responsible and lawful conduct to be key elements of its company values and guiding principles worldwide. To ensure this, the BMW Group relies on a comprehensive Compliance Management System that is also constantly further developed to reflect tighter regulatory requirements.

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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 31 production and assembly facilities in 15 countries; the company has a global sales network in more than 140 countries.

In 2020, the BMW Group sold over 2.3 million passenger vehicles and more than 169,000 motorcycles worldwide. The profit before tax in the financial year 2020 was € 5.222 billion on revenues amounting to € 98.990 billion. As of 31 December 2020, the BMW Group had a workforce of 120,726 employees.

The success of the BMW Group has always been based on long-term thinking and responsible action. The company set the course for the future at an early stage and consistently makes sustainability and efficient resource management central to its strategic direction, from the supply chain through production to the end of the use phase of all products.

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