



DIRECTORS
ROUNDTABLE

WORLD RECOGNITION of DISTINGUISHED GENERAL COUNSEL

GUEST OF HONOR:

Dr. Juergen Reul

General Counsel of BMW Group



THE SPEAKERS



Dr. Juergen Reul
General Counsel, BMW Group



Prof. Dr. Peter Muelbert
University of Mainz Law School



Dr. Ralf Scheibach
*Head of Legal Department, VDA
(Association of German
Automobile Industry)*



Frank Henkel
Partner, Norton Rose Fulbright LLP

(The biographies of the speakers are presented at the end of this transcript. Further information about the Directors Roundtable can be found at our website, www.directorsroundtable.com.)

TO THE READER

General Counsel are more important than ever in history. Boards of Directors look increasingly to them to enhance financial and business strategy, compliance, and integrity of corporate operations. In recognition of our distinguished Guest of Honor's personal accomplishments in his career and his leadership in the profession, we are honoring Dr. Juergen Reul, General Counsel of BMW Group, with the leading global honor for General Counsel. In 2016, BMW celebrated its 100th anniversary since its founding in Munich. Dr. Reul's address focused on key issues facing the General Counsel of an international automobile manufacturing corporation.

The Directors Roundtable is a civic group which organizes the preeminent worldwide programming for Directors and their advisors, including General Counsel.

Jack Friedman
Directors Roundtable
Chairman & Moderator



Dr. Juergen Reul
General Counsel



BMW Group

The BMW Group is the only automobile and motorcycle manufacturer worldwide to focus all its brands on the premium segment.

The special fascination of the BMW Group not only lies in its products and technology, but also in the company's history, written by inventors, pioneers, and brilliant designers. Today, the BMW Group, with its 31 production and assembly facilities in 14 countries, as well as a global sales network, is the world's leading manufacturer of premium automobiles and motorcycles, and provider of premium financial and mobility services.

The BMW Group sets trends in production technology and sustainability as an innovation leader with an intelligent material mix, a technological shift towards digitalisation and resource-efficient production. At the same time,

Dr. Juergen Reul is Head of Corporate Communications and Head of the Group Compliance Office at BMW AG. After studying in Tübingen, Geneva and Harvard, he worked as a university assistant at the Institute for International Law at the University of Munich and taught as a guest professor at the University of Oklahoma. In 1991, he joined BMW's legal department, where he held various functions since then.

flexibility and continuous optimisation of value chains ensure competitiveness.

Long-term thinking and responsible action are the basis of economic success. Ecological and social sustainability, comprehensive product responsibility, and a clear commitment to conserving resources are therefore an integral part of our strategy. With Efficient Dynamics, the BMW Group consistently implements the principle of sustainable mobility and is steadily reducing its vehicles' fuel consumption and emissions.

The BMW Group aims at achieving balanced growth in all markets and on all continents. To this end, the BMW Group's highly efficient, flexible, and agile production network applies the principle of "production follows the market." Thanks to its international alignment, the BMW Group Production operates full plants in key markets such as the NAFTA area, China or Europe, which produce vehicles for both the local market and the

Since 2014, he has been responsible for the area of law and patents. In addition to corporate law and M & A, he also focuses on banking and capital market law and the management of legal disputes. Dr. Reul is admitted as a lawyer in Munich and Attorney-at-Law in New York.

export. As a global company, the BMW Group has a sales network in more than 140 countries. The company continuously monitors and analyzes market developments and customer demands. If trends are changing significantly, the BMW Group can react flexibly by taking the respective product and site decisions. At present, the BMW Group sees the emerging markets in Asia and the Americas as major growth drivers. On June 16th 2016, the groundbreaking for a new plant in San Luis Potosí, México, took place. This plant will start production in 2019.

The BMW Group is playing a crucial part in shaping the mobility of the future – and constantly reinventing itself in the process. Its evolution from aircraft-engine manufacturer to premium mobility service provider is quite unique. The company's pioneering spirit and characteristic forward momentum make it a trailblazer for the automotive industry – and guarantee another 100 years of visionary moments.

JACK FRIEDMAN: I am Jack Friedman, Chairman of the Directors Roundtable. I would like to welcome everyone on behalf of our organization, and make some brief remarks before we start the program.

We are a *pro bono* civic group that has organized 800 events globally for Boards of Directors and their advisors, including General Counsel. We have never charged anyone to attend an event in over 26 years.

Directors have told us that corporations are criticized and rarely validated for the good they do. These programs provide an opportunity for business leaders and General Counsel to talk about major issues and also their company's accomplishments, including good citizenship.

To make this information available broadly, the full-color transcript of this program will be made available electronically to the in-house counsel community globally and other leaders.

Our Guest of Honor is Dr. Juergen Reul and our Distinguished Panelists are Frank Henkel, a partner at Norton Rose Fulbright; Dr. Ralf Scheibach, Head of Legal for the VDA, the German automobile industry association; and Professor Dr. Peter Muelbert, an expert on governance from the University of Mainz Law School and a good friend of Dr. Reul.

Our Guest of Honor received his law degree in Germany, a Master of Law from Harvard, and has also taught at the University of Oklahoma in the United States. There are many different phrases I could use to compliment him, but what fits best is that he is truly "a gentleman and a scholar." He's very good-natured, that's the gentleman

part. The scholar aspect comes from his being a serious attorney who takes his responsibilities very much to heart.

Is that just an English term, or is there an equivalent in German?

DR. JUERGEN REUL: We have the equivalent in German. Well, it's too flattering, ultimately.

JACK FRIEDMAN: All right, I'm flattering him. [LAUGHTER] We want to thank you very much for coming. I also want to introduce Ralf Springer, who is the head of Germany for Norton Rose Fulbright, who will make some initial remarks. Then we'll begin the program. Thank you very much. [APPLAUSE]

RALF SPRINGER: Good morning, everyone. It's my pleasure to welcome all of you today. My name is Ralf Springer, and as Jack already said, I'm the Managing Partner for the German offices of Norton Rose Fulbright.

I appreciate it's a fairly early start for you, and particularly with the start of daylight saving time this week, and in light of that, I was even more impressed about the list of participants. In particular, I don't think, in my 15 years as a partner here, I have seen so many colleagues from other firms at the same time in this room at once. [LAUGHTER]

But we have a good reason to be here this morning, thanks to the organization of the Directors Roundtable. We are hosting the World Recognition of the General Counsel of BMW. Juergen has been a client, a friend of us for many years, and we are very honored that we can offer our offices for this event and for Juergen.

I wish you all an interesting and pleasant morning, and now I am pleased to



hand over to Juergen for his keynote speech. Thank you. [APPLAUSE]

DR. JUERGEN REUL: Thank you, Ralf, and thank you, Jack, for the all-too-kind introduction. I think I need to say, first, that all the honor goes to the Legal Department and to the company, and I am here only as the representative.

I know that it's very hard to get up at this time of the morning. I'm not an early bird myself, so we don't want to bore you with lengthy presentations, but rather give you the chance for a lively discussion. I will have some opening remarks, and then I will be followed by the other panelists. That means don't expect any detailed legal discussions from me — at least not in my opening remarks. I will talk first a little bit about the task of a General Counsel.

The task of a General Counsel is, of course, to make sure that the legal department is running; that the right people are there; that all the things that are crossing his or her desk are taken care of.

Most of the things that actually cross the desk are day-to-day business. Then there's another big bunch that is basically the past — this is litigation — but the rest is, in my opinion, probably the most important part: this is the future. This is the role of the General Counsel also: to look into the future to discern trends and to work on solutions for future issues.

What are the future issues in our industry? In the automotive industry, I think there are three main trends. One is the trend towards so-called electromobility: the substitution of the gasoline and the diesel engine by a battery electric car. Second is connectivity or digitalization (I would rather call it “digitalization”). And third is autonomous driving.

While those areas are partially linked, I will focus today on autonomous driving only. Autonomous driving is a paradigm change, and I know that this is a password that is liked by everybody who is giving a presentation. In this case, it's really the right word to use. Why? Because the change is the *autonomous* car. “Autonomous” means it drives by itself, without a driver. What this will bring about, to our industry and also to our society, can be compared to the change from the horse-drawn carriage to the first cars at the end of the 19th century.

We should distinguish several types of automation. The starting point is the classic car as you know it, the car that doesn't think for itself, but where you have to do all the thinking and the steering and braking and the accelerating.

The second one is called Level I. That's driver assistance. That's a driving mode, specific execution by a driver assistance



system of *either* steering or acceleration/deceleration. The human driver, obviously, remains fully responsible.

Level II, this is the status quo, what we are having in some of the more advanced cars that you can buy today. This allows you both steering and acceleration/deceleration. Again, the human driver remains fully responsible.

Level III is called “conditional automation.” That means that an automated driving system takes care of all aspects of the dynamic driving task. However, the human driver is still responsible to resume control over that automated system upon a takeover demand by this system. Frankly, we have cars that can do that. They are not yet on the road, but they are being tested. This is where we are, technically.

Level IV is high automation. This is basically an autonomous car, but it's an autonomous car that still has a driver inside, that still has a steering wheel, brake pedal, and a gas pedal.

Level V, full automation, is basically the same thing — a fully autonomous car — however, no driver. Basically, the car could just drive by itself, and even if there is a person sitting inside, there is no steering wheel and no brake pedal.

This is the future, and if you recall some pictures of some Google cars and some other experimental vehicles, this is where some companies are already working, and this is what some companies want to see as their product in the near future. We are not talking about a situation from a science fiction novel about 2050. Uber has said 2021; I really don't believe that. They're probably talking about 2025.

The higher the level of automation, the more uncertain the law. Our law was not made for cars that drive by themselves; and, of course, the more philosophical and ethical questions we are facing.

Why are we discussing autonomous driving? What are the reasons brought forward for that? The main reason, and I was in the USA last week and had

the chance to talk to a former governor, is the reduction of accidents. The governor of Washington State was very open, and he said, “I am in favor of autonomous vehicles because they will dramatically reduce accidents.” Frankly, she said, “I don’t really care whether they are gasoline-driven or whether they are battery electric; the important thing for me is they are autonomous.”

Of course, another reason is you gain additional time to work or to play, to surf the Internet. That’s probably one of the reasons why one of the companies pushing for that is Google.

What you can also do is you can stabilize the traffic flow. For instance, our colleagues in Stuttgart are doing research on autonomous trucks that are supposed to drive in a so-called “platoon.” Basically, without much visibility to the front, they are following each other in very close distances, and they can do that only because they are driving automatically.

If you, at the same time as this autonomous driving, do away with the gasoline or the diesel engine, you also have an advantage for environment. Finally, this would get you transportation for those who are not fit to drive. This is the positive side.

However, we should always be careful if somebody is promising paradise to us. Even the autonomous car will have drawbacks. It will be neither defect-free nor accident-free. Basically, autonomous cars will have much in common with a computer, and we all know that the computer doesn’t always do what we want it to do, for whatever reason.

What are the relevant risk factors? Like in any computer, you may have hardware and software defects and

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glitches. I think the IT guys are talking about “bugs.”

You also have to be concerned about defects and issues in the telecommunications infrastructure. Why? Because without a working GPS signal, there is no autonomous driving.

You have to be concerned about hacking. There were some cases in the past years when people have hacked into some systems of cars and stolen the windshield wiper function and done all sorts of funny things with the car. Of course, there will be – and I will discuss that in more detail later – physically unavoidable accidents.

Well, how does the law cope with that trend towards autonomous driving? While there are literally libraries of laws and regulations on cars, road traffic, driving, drivers, accidents, the law is adapting only very slowly to cars driven by an algorithm rather than by people.

The basis for road traffic legislation is the so-called Vienna Convention of 1968. That Convention said – it was recently changed – that every moving vehicle shall have a human driver. Every driver of a vehicle shall, in all circumstances, have his vehicle under control. Well, a human driver who permanently controls the vehicle was required, which allowed maximum, at best, automated driving up to Level II.

In March of 2016, the Vienna Convention was changed, and now provides that automated systems are allowed when such systems are either in conformity with international legal instruments or when they can be overridden or switched off by the driver. It still takes a driver, and it still takes the potential, the technical possibility to switch off the system and take over control. That probably means that under the Vienna Convention, if it’s brought into force, international law, allows driving to probably automated Level III.

Several countries are now working on corresponding new regulations, including Germany. There’s a draft law that is not yet in force, it’s still in discussion, that is already relatively advanced.

What other areas of the law are there? Of course, there’s the main body of civil law, in particular the part dealing with liability. There is [Section] 823 BGB plus product liability laws. Of course, if in the extreme – Level IV or Level V – the driver is no longer driving; he cannot make the mistakes. There is no reason to blame the driver; who is to blame then? Many people then think, whenever an accident happens, the manufacturer is at fault. Therefore, there is currently a big discussion in Germany: should we do away with mandatory insurance for the owner – so-called “keeper” – of the car in Germany, and put all the burden – the burden of liability, and also the

burden of financial cost — on the manufacturer? I just learned that my company and a very well-known German insurer that's also headquartered in Munich have just spoken out against it, and for very good reason.

First of all, we are not there yet; we are not at Level IV or Level V. But even if we are there, then the dependability of all those systems will very much depend on the driver or the owner putting this car into service. You will have to update your software on the car you buy, and the car will need service, like any other car.

Something that we should also think about is the volume of insurance coverage; BMW is selling 200,000 cars a year just in Germany. Two hundred thousand cars, with a minimum insurance of 1 million a year. The German draft law that's going into force foresees a minimum limit of 10 million per year. If you only take 1 million x 200,000 cars, then you are at 200,000 million coverage by several insurers. If you like, 200,000 million are 200 billion. If you take the new law, a 10 million minimum, then we are talking about 2 trillion — certainly no single manufacturer can cover that; that is simply ridiculous. As I've also had the pleasure to negotiate insurance policies at a certain point in time in my career, you will hardly ever find an insurer that is willing to take *any* insurance policy that approaches or even goes beyond 1 billion. So we should probably leave it with the current system.

What are other areas that will be affected by autonomous driving? Of course, you will need lots of data. The whole area of the so-called "big data" comes into play: who owns the data? What can that person or company do with the data?

We will have, also, issues with regard to — and you may be surprised to hear that — constitutional law, or our German fundamental law. You then have criminal law aspects, obviously — if somebody is hurt, who is to blame? Who is put into jail? The programmer? The person sitting in the car? But then you need a completely new regime, or will you only put — well, you cannot put a company into jail — will you only have financial consequences under criminal law for future road accidents?

I want to shed a little more light on the philosophical question. Because it's not purely legal, but this is something that concerns me. Should we really embrace autonomous driving? Should we — and I want to be a little bit provocative — should we surrender to the algorithm? Who decides — man or machine? In the future, if we sit in such a vehicle, are we the driver? Are we the operator? Or are we merely a passenger? Then you have the first, in effect, constitutional question, even under German law. I've just read an article by a German professor of constitutional law who was asking this question. Can a passenger accept a potential risk to his life — that risk comes through decisions of the machine — or does this violate Article 1 of our fundamental laws, which is the principle of human dignity, the *menschenwürde* — if a consent is possible? Now, let's assume it is. If a consent is possible, then if it's so good to have autonomous vehicles because they prevent accidents — at least some of them — in the future, can a government prescribe the exclusive use of autonomous driving? Can it prevent production or even operation of cars driven by humans? Will we all have to shred our cars in a couple of years?



Make no mistake — there will probably be politicians who will be asking for exactly that. If you just think about those politicians who are now asking for a ban on the sale of diesel engines — this just happened, I think, one or two weeks ago, in Germany — it will be the same people who will ask for a ban on human drivers.

When I was in China the last time, I saw reports and pictures of a Chinese city that has actually, forcibly collected all the local taxis — gasoline taxis, not diesel taxis — and has crushed 8,000 of them and forcibly exchanged them for electric taxis, just to make a point. This would not be possible under German law, but this is what can happen in other parts of the world.

Now there's a watershed, in my opinion, between Level IV and Level V. I can't answer all those questions now, but Level IV still allows the driver — I'm

very much in favor of having a *human* person and *human* interaction, and not just algorithms, decide our life.

The last thing I want to briefly highlight is the so-called “dilemma” situation, because whenever you read about autonomous driving in legal papers or even in some newspapers, you will see this situation. The dilemma situation – you’re probably familiar with the so-called “prisoner’s dilemma” – is the situation where an accident is physically unavoidable, but several different negative outcomes are possible. The example is you are driving at the legal speed; suddenly, right in front of you, a child jumps in front of your car, or an old man that doesn’t see you (or doesn’t hear your electric car!), or a dog, or whatever – what does a *human* do, instinctively? Most often, they just, in panic, they swerve; they do something with the steering wheel, maybe brake, maybe everything at the same time. You often see that in accidents with wild animals, where nothing happens to the wild animal, but you find the car wrapped around some trees in the forest because the driver wanted to evade a deer or a rabbit or whatever was crossing the street, panicked, and then smashed his car against something else.

This will not happen with autonomous driving, because a computer doesn’t panic. A computer will do, within split seconds, exactly what it has been programmed to do. So the big question becomes, what will we ask the programmer to do? Frankly, if there’s no harmless exit of such a dilemma situation, the car may be programmed to prioritize either the life of the occupants of the car or the life of the pedestrians or cyclists or other people in the area. It may also be programmed, for

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instance, to select the situation with the *least* number of casualties. For instance, every modern car with airbags today, knows exactly how many people are sitting in the car, because of their so-called “seat recognition nets” that are necessary to activate the airbag in a car. The computer knows whether there is one person or four persons, so theoretically, the car could say, “Well, I now have the chance to run down one person or to probably kill four people in the car, so I’d rather kill one person.”

This is only a theoretical question, because German law has a clear answer: the German law, our overarching principle in the fundamental law of human dignity, says you may not choose one life over another; no life is more important than any other life. Our Constitutional Court had, relatively recently, the chance to decide on the case of the Air Safety Law. The Court held that the potential saving of other lives doesn’t justify the shooting down of a hijacked airliner in a 9/11 situation. Some of you will probably be familiar with a theatre play that is now well-known in Germany that was even shown on German TV, that is exactly this dilemma situation.

German law says very clearly, no killing of one person for the good of maybe even more other persons. Frankly, I can

live with this, from a German point of view; however, we have to be aware that that principle of human dignity, which is the main guiding factor of our fundamental law and of German law, is less prevalent in other parts of the world. This principle should be seen before the background of German history, and also the influence of German philosophers. When you think about that, you can hear Immanuel Kant talk. However, in an Anglo-American context, more weight might be given to a more utilitarian approach. I mean, Jeremy Bentham was English, that had lots of influence on the thinking in England and the United States. Such an approach could call for a solution which would minimize damage and maximize utility for society. I’m pretty certain that such an approach would also be applied in China, regardless of whether the Chinese know Jeremy Bentham or not.

Another provocative question that would follow would probably be, do we need to have country-specific software for this kind of dilemma situation? The law will have to find answers to this and to all the other questions that come up in the context of autonomous driving.

The outcome will have to be in line with the values of our society and the way we want to live in the future.

One final remark. Maybe the driving of a car and the application of a law can be left, at least to some degree, to an algorithm. You may think about the discussion on so-called “legal tech.” But the development of new law requires an intensive debate on what we really do want, as a society, and it will depend on the values we want to keep, the values we want to maintain. It will take lawyers to lead this discussion, which is the good news, after all. [LAUGHTER]

In that respect, I may partially cite our former prime minister, Franz Josef Strauss, while he has said it a little bit differently, but you could actually say that being a lawyer means being at the forefront of progress, because lawyers will decide how much progress will be allowed, and how much progress will be good for society.

To end this on a lighter note, I have received quite recently, from a well-meaning friend, an email with a pamphlet about the effects of digitalization. This pamphlet said that the car industry would be hit severely by digitalization, but one profession was hit the most, and this profession was lawyers. The prediction was that 90% of all lawyers would become unemployed within 10 years, because legal tech would take over and would basically make our work, your work, superfluous. After having thought a little bit about the challenges that we are confronted with by autonomous driving, I am now very confident that this is wrong [LAUGHTER], and that we will continue to have a job and a life!

Thank you! [APPLAUSE]

JACK FRIEDMAN: Before we move on to other speakers on this distinguished panel, I would like to discuss



some issues with Juergen. First, beyond legal aspects, I would assume that people, especially parents, will be wondering if autonomous driving is safe. How do you deal with those considerations?

DR. JUERGEN REUL: Actually, it will take time for people to get used to that idea. But I am also certain that it will happen over time. It will probably not be parents at the forefront of this development; maybe the *working* mothers who have to get their kids to the kindergarten first or to school, and then commute to work, do the first phone calls within the car. Women can be extremely practical, maybe more than us men sometimes. While they will be afraid, they will not be the so-called “first movers,” but I guess they will be in the second line — once they have seen that it *can* work, they will use this.

JACK FRIEDMAN: In Los Angeles, an Uber-type company has started with

only women drivers. They provide transportation for women who don’t feel comfortable being in a car with a male stranger who’s not licensed by the government. The same company is also looking to provide assistance to working moms who cannot pick up their kids after school to take them to after-school activities. It is obvious that there are many serious considerations when it comes to transportation.

What are some of the universities that are leaders in the research on autonomous cars?

DR. JUERGEN REUL: In Germany, all the universities where we have either big OEMs, big car manufacturers, or important suppliers, such as Siemens or Continental. They are usually very close to that. For instance, in Munich, the Technical University of Munich is doing a lot of work. I’m quite sure that this is the same, for instance, in the area of Stuttgart or in the Technical University of Aachen, which is also a well-known engineering faculty in Germany. I’ve been in Seattle recently and we had a chance to visit the university, and of course, they are all working on that issue.

JACK FRIEDMAN: In the States, I can visualize the engineering department of Stanford in Silicon Valley or MIT in Boston.

Can you tell us about your legal department?

DR. JUERGEN REUL: My department is relatively small, because everything is relative, but compared to other large departments of German corporations. We have 220 people worldwide in Law, Patents, and Compliance. In fact, the largest sub-department is Patents and

Trademarks. In Germany, at the group center here in Munich, we have altogether 150 people in those three areas, and that means we have 55 lawyers working in the Legal Department and in Trademarks; we have 35 patent attorneys; and the rest is support staff of all sorts – paralegals, patent assistants, and certainly also compliance people, who are mostly non-lawyers in our company.

JACK FRIEDMAN: Is it your policy to patent most of your know-how or to leave it as trade secrets? Once you patent an invention, it's out in the public domain and then people are able to copy it. What are the pros and cons of trade secrets versus patents, versus whatever else is an alternative?

DR. JUERGEN REUL: I know this approach, that sometimes you'd rather not patent something because then the knowledge is in the public domain. But frankly, I think that this is a dangerous approach. I'm rather in favor of actually getting a patent, at least in our industry. It would be necessary to distinguish the industry you're talking about. In the car industry, we have very strong competitors amongst the OEMs, and we also have very strong, probably the strongest, suppliers for the automotive industry in Germany. We are all researching the same issues; we all have the same technical problems that we want to solve. It would probably be very dangerous to have something in a drawer somewhere that was not patented, and then risk getting into a dispute if another company patents the invention first. I'm reluctant when it comes to stashing away inventions.

JACK FRIEDMAN: Has the auto industry ever noted one way or the other, how many patents they have?

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DR. JUERGEN REUL: Without knowing the exact figures for those new companies, I'm relatively positive that the car industry, as an old industry, will have a larger number of patents than new companies like Facebook or Google.

However, the new companies, in particular in the telecommunications business, they patent very heavily, because there are patent wars going on. You may remember the case of *Samsung v. Apple* and the other way around – there were cases both in Korea and in the United States, and the claims were in the billions of U.S. dollars. In that industry, it has become very clear that patents are extremely important. The more the car turns into a computer, the more the patents of this telecommunication industry become important for us. Some of those patents belong to a group that's called “standard-essential patents,” because they relate to the transmission standard in the telecommunication industry, like G4, G3, LTE. We can already see that times are changing, because with our local competitors and suppliers, we can always come to a mutually positive and agreeable solution, whereas in the new industry, it's often a real fight with unreasonable demands.

JACK FRIEDMAN: One of the issues that the United States has involves doing business in China. If you want access to the retail Chinese auto industry, do

you have to manufacture there? What risks are involved with foreign patents in China?

DR. JUERGEN REUL: I don't think that this issue is as big as it's being portrayed, because there are risks of counterfeiting everything in China and in other parts of the world.

JACK FRIEDMAN: Is it hard to counterfeit a whole car?

DR. JUERGEN REUL: That's extremely hard! In particular, if the idea is that a counterfeited car should work as well as the original car, and frankly, that doesn't work.

In *our* industry, we are not aware of cases where a complete car, with a very complex technological system, has been duplicated.

JACK FRIEDMAN: What are some of the major markets for selling, and also some of the major manufacturing areas, globally, for the company?

DR. JUERGEN REUL: BMW has turned from a Bavarian manufacturer to a global manufacturer. We have, in fact, our largest plant right now is in the United States, in South Carolina, Spartanburg. We also have a quite large plant in China, in a northern province. We also have a plant in South Africa, and a few in England. In each case, I'm



talking about fully fledged plants. Then we have so-called CKD [complete knock down] plants where we are just assembling bits and pieces in probably 10 or 12 other countries of the world. We are doing business in – the figure has probably already changed – 165 countries.

JACK FRIEDMAN: You mean selling BMWs?

DR. JUERGEN REUL: Yes, selling. Things have changed a lot. But when I joined the company in 1991, we were mostly a Bavarian company.

JACK FRIEDMAN: Dr. Reul, thank you very much.

Frank Henkel will be our next speaker, and he's an M&A dealmaker for Norton Rose.

FRANK HENKEL: Thank you very much, Jack. As the previous speaker did, I will also try to keep this very short, to give more space to discussion afterwards.

Thank you very much for the kind introduction. I'm, indeed, a corporate/M&A lawyer here in the Munich office of Norton Rose Fulbright, and my team and I had the pleasure of being able to support Juergen on a couple of transactions in the past here in Germany, mostly in the Financial Services Division of BMW.

The topic I would like to touch upon is digital transformation, and I'm going to pick up the line that Juergen was referring to in his finishing statement, but maybe from a different angle. My statement is that digital transformation could very well be a driver for M&A and, as such, would then keep a few people, which I see here in the room, also busy. In this respect digital transformation could even increase the need for legal advice.

Speaking about digital transformations, what we are seeing is that companies are facing a multitude of features and challenges brought about by digital transformation, the Internet of things, social media, smart logistics and automation, big data, blockchain and ledger technology, just to name a few of those that you can see on the slide.

These challenges do arise across all traditional industries, and I've just picked a few examples out here. If you look at retail, you see that traditional retailers are facing much more competition by eCommerce, which has led to the emergence of new industry giants such as Amazon. As Juergen already touched on autonomous driving and connectivity, which has revolutionized the industry and will continue to revolutionize it. Certainly, it has a substantial impact on the automotive landscape as we see it at the moment, between OEMs and manufacturers. We're seeing

new players enter the market, companies which, 10 years ago, maybe, only a few of us would have expected to see as entering into some forms of real competition with traditional OEMs and suppliers, such as the Googles or the startups and IT companies.

All this leads then, also, to new alliances being forged, both on the OEM side but also on the side of suppliers and market participants.

In financial institutions, we're seeing the same element of disruption, which is transported by FinTech – disruption to classical banking services also opening spaces up which can now be fulfilled and occupied by new players offering new forms of services, such as robo-advice, crowdfunding, you name it.

In the energy space, also, if you think of the management of resources and grids, we are seeing more and more technology-based solutions making use of big data. All of this also highlighting that of course there is a dramatic need for investment in IT infrastructure, which is an element which not only applies to energy, but you could also see this as applicable to all of the other selective industries that we've shown on this slide.

In many industries, those digital transformation challenges are forcing market participants to rethink, to adapt, and to reassess their business models to accommodate those changes. The ways to accommodate those changes might differ very much in the specific scenarios. Some may be addressed by organic growth, by means of ramping up your own R&D or by transforming yourself. Others may only be handled by an organic growth, which is the door-opener to M&A, be it through corporate

venturing or through dedicated buy and build strategies, which are also very often supported by financial investors.

There is certainly no standard recipe as to which form of transactional M&A activity will lead to success. This, again, is something which is very dependent on the specific case and the specific circumstances. There might be scenarios where a takeover or a control acquisition is the required and suitable means. There might be other scenarios where there are good reasons for not taking the exposure of an equity participation, and where forms of corporation, of joint ventures, will turn out to be much more suitable means for accommodating the challenges.

Regardless of what exact form of M&A activity will be seen, we believe that there are strong indications that digital transformation, as such, will give rise to more M&A activity in these areas in 2017, and it's a trend which, I think, has a particular relevance for the German market, as well.

Thank you very much. [APPLAUSE]

JACK FRIEDMAN: Can you tell us a little bit about M&A trends in Germany?

FRANK HENKEL: It's difficult to make predictions in relation to all industries. In 2016, the trend was that we've seen fewer numbers of M&A transactions as a whole; however, the deal volumes have increased. We had a few of those mega-transactions, not only on a global scale, but also in Germany.

I think in 2017, if we look at technology M&A or private equity as such, there are indications that this will show a continued growth. Also, in 2017 – if you think

of private equity, for instance – there are huge amounts of capital sitting there to be deployed. Frankly, it's more a race for the suitable targets as a limiting factor. Prices are reaching very, very high levels, even multiples that we've not seen since about five years ago.

The industry, and Germany in particular, might very well benefit from the growing interest of investors. The question will be: are they going to be the suitable targets to fulfill their needs?

JACK FRIEDMAN: How do people value companies that are very tech-heavy or they are pioneers in a particular field? Particularly since almost all those companies are losing money hand over fist in the early years.

FRANK HENKEL: As you rightly pointed out, those trends show that classic evaluation methods definitely reach their limits when approaching new markets. Speaking about tech-heavy, pioneer targets the value driver is very often the belief in the technology prevailing at a certain moment in time, and that such technology has a marketable value to the acquirer. Be it from a corporate side, where you can say, "Okay, this will allow me to reshape my company to broaden the value chain in the way that I maintain competitiveness." If you think of the logic that is applied by financial investors, "Is this going to be one of those unicorns everyone is dreaming of which can be sold at a certain moment in time when the usual life cycle of private equity has come to an end?"

JACK FRIEDMAN: Another question from the corporate point of view is about how they look at acquisitions. When a company like yours, or your industry, is looking for acquisitions for



whatever meritorious reasons, how do you take into account the technology, particularly of new know-how?

DR. JUERGEN REUL: We are an engineering company, and our engineers rarely believe that there's another company that has more knowledge than they have in-house. If we look at this that way, then there is no reason to acquire other companies. But joking apart, if we buy somebody, or if we enter into a corporation which is now much more important for us than pure buying, then of course we look at the technologies that are available. We also look at the people behind it, because the best technology is not worth very much if you don't have the people who can deal with that technology, who have invented it and who can develop it,

BMW is relatively skeptical in that respect. We have not made major acquisitions alone; where we have made one acquisition quite recently was with some other OEMs when we acquired a

company called HERE. They are doing the data maps for cars, which is also something that is necessary for autonomous driving. We don't think that any one car manufacturer alone can simply shop around and get all the know-how necessary for the future. The future will consist of more cooperation and maybe joint ventures, but not in outright buying.

JACK FRIEDMAN: Regarding GPS in cars, does anyone know how to turn it off?

DR. JUERGEN REUL: We did, that's easy to answer. We have this solved, at least in a BMW. [LAUGHTER]

My recommendation would be to tell all your friends, "Buy a BMW." [LAUGHTER]

On the main screen of the navigation system, there is a loudspeaker symbol, and you can just click on the symbol, and then it's out; you click again, then it's on.

JACK FRIEDMAN: That's wonderful. I'll tell my brother that the next time I am a passenger in his car. [LAUGHTER]

Another thing that has been in the news is China being more active in buying companies in Germany and elsewhere. Could you tell us a little bit about what China is doing in Germany and in the M&A area, or whether it's tech or other areas?

FRANK HENKEL: Statistically speaking, in 2016, we've seen a record number of acquisitions by Chinese investors in Germany, which fits into the strategy that is issued by the central

“... if we buy somebody, or if we enter into a corporation which is now much more important for us than pure buying, then of course we look at the technologies that are available. We also look at the people behind it, because the best technology is not worth very much if you don't have the people who can deal with that technology, who have invented it and who can develop it.” — Dr. Juergen Reul

government of China to make investments in high-technology companies and markets such as Germany.

Frankly, the participation of Chinese investors in many bidding processes for German targets has provided a very welcome impetus and momentum to sellers, because very often, those Chinese investors are likely to offer prices which are comprising a certain market entry premium which other established competitors and bidders would presumably not pay either. In very recent times, we've seen two factors which could turn out to be limiting factors to Chinese investments in the future, potentially. One is the ongoing discussion about the tightening of foreign investment control in Germany. There are a lot of discussions — the Midea acquisition of Kuka, just to name an example — where this became very popular in public recognition. The question is, are there going to be more restrictions for Chinese investors acquiring German targets in the future?

Secondly, the foreign exchange control requirements in China turned out to be an additional procedural hurdle in very recent times. The application to get funds out of China safely takes substantially longer amounts of time now, which can then turn out to be a



competitive disadvantage for Chinese bidders, particularly in bidding processes where time and transaction security matters.

JACK FRIEDMAN: Thank you very much. Professor Muelbert will be our next speaker.

PROF. DR. PETER MUELBERT: Thank you, Jack. When I was first approached to be part of the panel, and it was, from my point of view, a very



reasonable thing, I Googled “the Directors Roundtable,” and I was deeply impressed by the sources. They read, “Mel Gibson, Denzel Washington, Oliver Stone.” The Directors Roundtable – the Hollywood Directors Roundtable!

JACK FRIEDMAN: Right – Steven Spielberg is in a different Directors Roundtable than I am! [LAUGHTER]

PROF. DR. PETER MUELBERT: But I was still even more impressed, and also very content, when I read that the Directors Roundtable would award a world honor for Dr. Juergen Reul. The reason simply being that Juergen is a close friend of mine since – sorry for the number, but it’s now more than 35 years. [LAUGHTER]

The mission of the Directors Roundtable, as Jack put it at our dinner last night, is, among other things, to help companies who act as responsible or good corporate citizens. This mission nicely ties in with a recent proposed amendment to the German

Corporate Governance Code that reads basically, “These principles of the Code do not only require correct conduct in a legal sense, but furthermore call for the legitimacy of behavior and decisions, and thus demand responsibility – the concept of the honorable businessperson,” which should enter into force in mid-2017.

Now, the concept of “honorable businessperson” is obviously of some importance to some major players of the German automotive industry, the keyword here being “defeat devices.” But since we are talking about awarding an honor on Juergen Reul, we can skip that issue.

DR. JUERGEN REUL: No defeat device on our cars! [LAUGHTER]

PROF. DR. PETER MUELBERT: But picking up on a more fundamental question, which was already raised by Juergen, the question of whether the automotive industry should really push towards autonomous driving, is also a question of the concept of a real honorable businessperson. At the end of the day, autonomous driving, if one is fully fledged, will change society completely. Some of us who were seeing sci-fi movies that were shot in the 1980s and the 1990s will know what that means. You are totally dependent on public transportation that is administered by some public authority. The question from that perspective is whether it’s the ethical responsibility of the automotive industry to push cars in that direction, namely, abolishing, in a sense, the individual freedom of persons.

This is a very deep question and I do not intend to answer it. But I simply want to point out that in that sense, the concept introduced here in the

Corporate Governance Code goes way beyond traditional notions of what corporate governance is.

Now, this transition has to do with the fact that the German Corporate Governance Code Commission has no clear-cut mandate with respect to the issues they should pick up. To put it another way, corporate governance issues are what the German Corporate Governance Commission seems fit to take up as corporate governance issues, even if these issues do not have anything to do with traditional notions of German law or international corporate governance.

This fact – and I want to point out, focused more on the contents of the German Corporate Governance Code in detail – this comes across in another recently proposed addition to the code, namely the Recommendation 2.1.3. Institutional investors are required to exercise their ownerships rights actively and responsibly in accordance with the consistent and transparent framework of rules respecting also the concept of sustainability, corporate social responsibility. Now, you might wonder whether that’s a good thing or not. It’s known in the U.K. as the Stewardship Code. The only drawback is that the code, itself, is only addressed to companies, so why should institutional investors come into play? It’s just because the Corporate Governance Commission saw fit to incorporate this more recent trend.

To give you some more examples of what the Commission did, and I will just pick up two recommendations, one recommendation being that the chairman of the supervisory board shall be prepared to engage in discussion with investors on supervisory board-related topics. It’s more complicated than that,

but this recommendation, if it will be accepted in 2017, this will change the dynamics of the traditional corporate governance notion we have. It's the expectation of some international investors, for sure, but as of now, no company and no chairman of a German company is under any pressure to engage in discussions with their institutional investors or to major investors.

You may think that this is a good thing, but the question is, do we need a recommendation that the companies have to comply with or explain publicly that they will not comply with? I think no German publicly listed company will refrain from complying with that recommendation.

Finally, I would like to pick up on one additional recommendation, namely that the management board shall lay down targets for increasing the share of women of the two management levels below the management board. Again, this is very sensible to fix such targets, but the question arises, do we have to have that in a Corporate Governance Code? This makes the work of the management board and the supervisory board much more burdensome than in the past, and the line that we can see is that boards in Germany will have to deal evermore with issues, with the corporate governance issues, instead of with business, and the way forward.

This is not the best of developments we can have in Germany.

Thank you for your attention.
[APPLAUSE]

JACK FRIEDMAN: Thank you very much.

“Quite recently, I was a little bit annoyed with a group that was asking me about the reduction of CO₂ in car emissions. I asked them, ‘Tell me how much did you fly privately – I’m not asking about business flights, but just private flights last year?’ It turned out that each of them had flown considerably more miles than driven in a car.”
– Dr. Juergen Reul



Dr. Ralf Scheibach is an exceedingly great expert on the German auto industry, both conceptually and in terms of practically what you're doing in Berlin with the government.

DR. RALF SCHEIBACH: Most government institutions are in Berlin, and there are several in Munich, as well.

Thank you, Mr. Friedman, for the honor to speak here at this conference of the Directors Roundtable. I've been asked to give you a short wrapup with a global view on the automotive industry, and it seems to me to be logical that

if the Directors Roundtable comes to Munich in Germany that this is an eminent U.S. institution which also takes a global view. I'm pleased to, first of all, cast a short political view from the perspective of the automotive industry. You will not be surprised if at the forefront of our worries right now, politically, we see the emerging trends of neo-protectionism. Being a project of the actual administration, perhaps the next project is the introduction of the border adjustment tax or even tariffs, maybe also for our products, which is worrying.

As you may know, the German industry, the German government, and in general, the European trade policy, is for open markets, global multi-lateral relationships, not only under the umbrella of WTO, but also in regional agreements like the European Union. This may be summarized by a saying of our late Chancellor Mr. Helmut Schmidt – he is a learned economist – who said markets function like parachutes only if they are open, but not closed.

The German automotive industry is very much in favor of open markets. That brings me to a quantitative view on global markets in general. Working for the automotive industry, also with a global view, the perspective is good. It looks like, for the times to come, the demand for cars, for individual

mobility, will still rise. We are working in a growing industry, with a growing number of customers worldwide.

The German automotive industry, be it manufacturers or suppliers of cars, operates globally, and they heavily rely on open markets, be it trade, be it investment, or even cross-border movement of employees.

You see there that the industry is planning for different markets, and these markets have to be open. We hope that protectionism may be a concept that will prove to be wrong. I guess that for the U.S. trade policy, this is not a Catch-22 situation. There is a real choice that everybody will benefit from free trade, and that protectionism will only be a one-way street.

Looking at the automotive industry from a qualitative perspective, be it in Europe, U.S., or Asia, we have very strong competition among the car manufacturers and among the suppliers.

Competition is not restricted to technology only, but it is also about price. Furthermore competition is – and sometimes we tend to forget it – about services. It seems that the industry right now is moving ahead with the service sector, not only servicing the car itself – which is a traditional business – but also digital mobility services. This appears to be a big market, and if you look at digitalization of services, there are no borders; there are no regional markets. Digital service operations will be global, so they will very much depend on the fact that all markets remain open or are opened under the umbrella of the WTO.

Competition is a concept which the automotive industry very much relies on, and we are looking forward to this continuing to be the case.

To conclude, I would say that there are two further positive developments. One is, not only in Germany but also in Europe, probably the same will be true for the U.S., even for China: that petrol and diesel-operated cars will be on the road for quite some time. Electric cars, of course, will have an important role; fuel cells will have an important, growing role; but petrol-driven cars and diesel-driven cars will stay here for a very long time. They will also be very important to finance the next investments into alternative technologies for the next 10 or 20 years.

The other thing is, as mentioned earlier, especially with automated driving, there may be some skepticism that requires society to have some further discussion. If you arrive at the next steps beyond Level III systems, Level IV and Level V, I guess that it will be the automotive industry supplying technology with artificial intelligence to the consumer. I think they will be first, on a broad scale. That will not be the case with automated systems, but Level IV and Level V systems will have artificial intelligence on board. That will be the first consumer experience. That will be a very thrilling one, to use that intelligence, and that will mean that cars will be a very interesting object for consumers for a long time to come.

Thank you very much. [APPLAUSE]

JACK FRIEDMAN: Thank you.

Recently, I watched a program on electric cars. The concern was voiced about drivers having to take the time to stop and recharge somewhere. They are trying to develop systems where you can recharge on the highway as the car is driving along without stopping. The changes in technology are amazing.



What are some of the industries, outside of the auto industry, that may be significantly affected by technological and other changes in the auto industry?

DR. RALF SCHEIBACH: Of course, I have to be an optimist, but there are reasons to be one. The automotive industry will continue to offer individual mobility, whether behind the steering wheel or without the steering wheel, it depends on whether it is a 3-series BMW or perhaps an M5. I guess the M5 will still have a steering wheel for a very long time. Perhaps the 3-series will be offered without one. If automated and autonomous systems are introduced, maybe the insurance industry will charge lower premiums and less damages will have to be covered.

The oil industry probably will sell less. Already, with diesel cars, we have reduced consumption of fuel quite a lot, in Europe and in other countries as well. With the electric cars and fuel cells on the horizon, I would guess that

the oil industry's peak is over and sales will be reduced. That's something the oil industry already knows.

JACK FRIEDMAN: Maybe alternate forms of transportation will change such as airlines, trains, mass transit, that take people to work.

DR. JUERGEN REUL: Maybe in the long run, you will also have flying autonomous cars. We have read in the newspapers, and I haven't seen it myself, but I think in Dubai, there is already a company exploring air taxis, and basically drones that can take you from one part of Dubai city to another one. This is actually happening. I'm not talking about the future; this is happening. I haven't seen it, and frankly I'm not very keen on being the guinea pig in one of those drones. But it's happening, and we will have to look at that also as a potential threat to the car as we know it today.

JACK FRIEDMAN: Yesterday, Amazon announced the first *official* — not experimental — delivery by a drone. You've seen these little drones, where they put the box on and they fly it over to your front lawn. I'm laughing because it's hard to visualize these things flying around the neighborhood delivering pizza or other items.

DR. JUERGEN REUL: We have pizza delivery by bicycle. [LAUGHTER]

There was a movie with Bruce Willis, *The Fifth Element*, it's about 20 years old — and Bruce Willis is a driver of a flying car, and the cars are actually flying at different levels of air roads that those flying cars use in the city. I'm skeptical that I will live to see that, but it's possible.



Talking about what are the effects of autonomous driving brings me to a topic that is close to my heart, because I think this shows some of the hypocrisy in our society. We want to regulate cars more and more so that they have less and less emissions. But, nevertheless, we fly more and more. We want to have cheaper flights, more airports, direct flights to every part of the world. Quite recently, I was a little bit annoyed with a group that was asking me about the reduction of CO₂ in car emissions. I asked them, "Tell me how much did you fly privately — I'm not asking about business flights, but just private flights last year?" It turned out that each of them had flown considerably more miles than driven in a car. I mean, this shows a little bit the state that we are in. We have lost contact with the world. It's a little bit like the city of Munich operating a coal plant that burns 800,000 tons of coal every year, in the north of Munich, in Oberfoehring, and at the same time, complaining to the car industry for having high particle dust levels at the Mitteltling in Munich.

I mean, come on! We have to talk, we have to bring some sense into the discussion, and some perspective.

JACK FRIEDMAN: The current U.S. government policy on emissions is going to be reevaluated to a more realistic target

[AUDIENCE MEMBER]: [Question about the car sharing concept.]

DR. JUERGEN REUL: It is true this is a trend, and I think whether it works or not depends very much on where you live. If you live in Schwabing and work downtown, like here, then probably it does not make much sense to own and operate a car on a daily basis. On the other hand, if you live outside Munich, you don't have much choice. That's the practical level of my answer.

The philosophical level is the car is a piece of freedom. For me, the most important thing I wanted to own when I was a young kid was a motorcycle. Why? Because it was the first thing you could legally drive when you were 16. I



wanted to have the ability to go wherever I wanted. What we have to see in the future, theoretically, of course, you can do everything with car-sharing. Then you can even think about car fleets that are owned or administered by the state or by the city. Then all your freedom is gone. For me, it is very important to have the *feeling* that I can step out of the door, get into my car, and drive wherever I want. In most cases, for me, this means driving to my office in the morning, but I could also, of course, drive to a lake or to the mountains, to southern Italy, wherever. This is psychologically important, and I hope it will remain like that – not only for us in the car industry, but also for people. If you give up that freedom to decide on your own mobility, that means surrendering a big piece of personal freedom.

DR. RALF SCHEIBACH: Yes. As I said, the automotive industry continues to develop new services, and car-sharing is one fairly recent mobility service. It proves to be successful in cities, and

it did some additional stuff apart from selling cars. I would also add, being here with BMW, there's a strong emotional reason to have your own car. Those who doubt that and believe that the young generation is moving to a more "rational" relationship towards individual mobility of your own car, take a day or two off in September and come to the Frankfurt Motor Show.

The good news, as we are the organizer of the Frankfurt Motor Show, is that there are not only a lot of young people on the fairgrounds, but also a lot more women than there used to be – a lot more. Some 30 years ago, it was very much an affair for men, but now I would say at least 30% are female visitors on the fairgrounds. It used to be that men had an emotional relationship with the car, but I would claim women are now moving in the same direction.

JACK FRIEDMAN: There is an advertisement on American television with a boy getting dressed up formally

for a dance. You expect him to get in the family car and pick up the girl he is going to escort. Then you hear a knock, and this lovely young girl comes in holding her dad's sports car keys and she picks *him* up. People enjoy driving cars, no matter what gender they are.

[AUDIENCE MEMBER]: Are there different markets that the automotive industry looks at to see where consumers are going and how consumers are going to accept these new trends?

DR. JUERGEN REUL: Yes, we look constantly at all markets worldwide, but we believe that in some areas, people will be ready earlier than in others. Interestingly enough, we think that, for instance, China will be one of the first markets that will adopt it, for the simple reason, if you have ever been in Beijing or in Shanghai in traffic, this is no fun! This is basically a big traffic jam that takes hours. People want to work, and for that reason, they will want to have the opportunity to sit in a car, not look

at traffic, but just have the car moving towards their destination, and work at the same time. Probably the same would apply in Los Angeles, because their traffic situation is similar; whereas if you live, or if you talk about more rural countries or areas, where driving is *fun*, people will not have such an incentive to adopt autonomous driving early.

JACK FRIEDMAN: I would like to finish with one comment. If you ask Americans, “Why do you buy German products, like autos?” They will say things like, “Very fine engineering, very highly trained workforce, very hardworking people.” In other words, if you buy something that was made in Germany, the image is that it will be excellent, and carefully manufactured and designed.

What about Germany — how the government works, or *anything else* that you think recommends the way Germany does business that would be beneficial for the rest of the world to understand?

DR. JUERGEN REUL: I think you mentioned the most important point, and I learned yesterday that Ivanka Trump will come to Berlin in two weeks



to attend a women’s conference. I also learned that she’s particularly interested in the German education system, the dual learning system where you have this very special form of apprenticeship in Germany that takes much longer to, for instance, learn how to be a mechanic, than in the U.S., where sometimes you can do it with a six-week course.

JACK FRIEDMAN: Americans have the idea that somehow Germany knows

how to train its workers at a young age, and that we don’t. Fifty years ago, we were saying the same thing in admiration.

This is my final question. In the five minutes a month you have free for yourself, what do you like to do? This is my favorite question.

DR. JUERGEN REUL: [LAUGHTER] Well, frankly, they are not enough, five minutes! But what I particularly like, after work, is riding a bicycle. It has, in effect, nothing to do with using our product, which I like very much, but in the five minutes that I have actually nothing to do and I want to clear my head, I take my bicycle and just ride around the block and enjoy the fresh air and enjoy the chance to move a little bit, after usually having spent hours in meetings and in front of my desktop computer and on the phone.

JACK FRIEDMAN: Let me thank our Guest of Honor for letting us honor you. Let me thank our speakers for sharing their wisdom. Ultimately, the Roundtable is about the audience, so I want to thank the audience, too.



Prof. Dr. Peter Muelbert
University of Mainz Law School



JOHANNES GUTENBERG
UNIVERSITÄT MAINZ

Dr. Muelbert is a Professor of Law, in the Faculty of Law and Economics; a Fellow of the Gutenberg Research College; and Director of the Center for German and International Law of Financial Services of the University of Mainz. His principal areas of interest are German and European corporate law, capital markets law, and banking and financial services law.

Prior to his current position, he has also been a Visiting Professor at Harvard Law School, the University of Tokyo, and Seoul National University; as well as a Professor at the University of Trier and the University of Heidelberg.

He is a current member of the Banking Stakeholder Group; the Administrative Appeal Committee at the Federal

Financial Supervisory Authority; the Advisory Board of the Frankfurt Institute for Risk Management and Regulation; the Editorial Board of *Zeitschrift für das gesamte Handelsrecht und Wirtschaftsrecht* (a journal for commercial law, corporate law, capital market law, and competition law); the Editorial Advisory Board of *Wertpapiermitteilungen* (a journal for banking law, capital market law, and corporation law); and the Editorial Board of *Neue Zeitschrift für Gesellschaftsrecht* (a journal for corporation law). He is also a Research Associate of the European Corporate Governance Institute and a Foreign Contributing Editor for *Banking & Finance Law Review*.

University of Mainz Law School

With more than 32,500 students from about 120 nations, Johannes Gutenberg University Mainz (JGU) is one of the largest universities in Germany. As the only comprehensive university in Rhineland-Palatinate, JGU combines almost all academic disciplines under one roof, including the Mainz University Medical Center, the School of Music, and the Mainz Academy of Arts. This is a unique feature in the German academic landscape. With 75 fields of study and a total of 242 degree courses, including 106 Bachelor's and

116 Master's degree programs, JGU offers an extraordinarily broad range of courses. Some 4,360 academics, including 560 professors, teach and conduct research in JGU's more than 150 departments, institutes, and clinics (including the Mainz University Medical Center; as of December 1, 2014; financed by federal and third-party funding).

JGU is the sole German university of this size to combine almost all institutes on one campus, while also housing four partner research institutions that conduct cutting-edge research outside the organizational structure of the university itself. There are also on-campus student dormitories and childcare facilities. The clinical and clinical/theory institutes of

the Mainz University Medical Center are located within roughly one kilometer of the campus.

Founded in 1477 during the era of Johannes Gutenberg and reopened after a 150-year break in 1946 by the French forces then based in Germany, Johannes Gutenberg University Mainz owes much to the man whose name it bears and his achievements. With his achievements in mind, the university strives to promote and implement innovative ideas, to help improve people's living conditions through knowledge, to facilitate their access to education and science, and to encourage people to transcend the many restraints that they encounter on a daily basis.



Dr. Ralf Scheibach

Head of Legal Department, VDA
(Association of German
Automobile Industry)



VDA

The automotive industry plays an important role in the prosperity and competitiveness of our country. We in the VDA unite the strengths of the industry and lend it a powerful voice, so that together we can meet the mobility requirements of tomorrow.

Unlike any other industrial product, the automobile is the best expression of the art of German engineering. Germany is where the automobile was invented, and this is where it is constantly being reinvented – with an annual 20 billion euros spent on R&D, resulting in more than 3,650 patents each year. In the “Land of Ideas,” it is the automotive sector that employs the most engineers. We are renowned for our cars at home and abroad, while our manufacturers and suppliers conduct their business all over the globe. Our goal is simply to build the world’s best automobiles. This aim makes our industry especially aware of its responsibility to employees, customers, and partners worldwide, as well as to the environment and to future generations. Likewise, the VDA shares this

Dr. Ralf Scheibach is head of the legal department of the German Association of the automobile industry (Verband der Automobilindustrie) in Berlin/Germany. He regularly counsels on various issues of commercial law, both national and EU-law. Recent activities focused on automated driving, data protection, intellectual property and competition law. On a permanent basis VDA deals with a variety of issues of the automotive value chain, including

its legal aspects. Mr. Scheibach also is deeply involved in representing the interest of the automotive finance sector, especially the captives (wholly owned finance subsidiaries who exist for the purpose of making loans to customers). Banking and capital markets law are under review on international, EU- and national level. Currently Mr. Scheibach focuses on the current EU-legislation on securitisation, which is used for the refinancing of the captives.

awareness of social responsibility. It forms the basis of our actions, in expressing our common viewpoint, and in our discussions with politicians and society.

The German automotive industry builds the most efficient and safest vehicles in the world – a leading position we intend to maintain and expand upon. Our multipronged strategy is based on many different solutions for making mobility even more environmentally friendly, right up to emissions-free mobility. And our safety strategy is to further reduce the number of road accidents.

A total of more than 785,000 people work in the German automotive industry, at large corporations, as well as at the SMEs that are typical of our industry. It is the commitment and skills of these workers that make us a leading industrialized nation. And our famous German engineering will ensure the country remains prosperous and the industry competitive in years to come. The mobility requirements of the future are as varied as people themselves. Major trends include urbanization, rising mobility in

the rapidly growing market economies, further increases in the flow of goods, networking between modes of transport, and new types of utilization – plus the need to make mobility sustainable.

The VDA combines the strengths of the automotive industry and consolidates the manufacturers of passenger cars, trucks, vans and buses, the suppliers of parts and accessories, as well as the makers of trailers and bodies. This high degree of networking reflects the strength of the German automotive industry – a model that sets the standard for other automotive nations.

Finally, the IAA (International Motor Show) attracts the entire automotive world to Frankfurt. We are service providers for our customers and, working together, we ensure the high quality of German vehicles, develop standards, and conduct research. This combined strength not only reinforces us internally, but also in our dealings with the outside world. Lending us a powerful voice, which is equally important for our discussions with policy-makers and society.



Frank Henkel

Partner, Norton Rose
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Frank Henkel is a corporate/M&A lawyer based in Munich and heads our corporate/M&A automotive practice in Germany. He has more than 10 years of professional experience with Norton Rose Fulbright.

Frank has advised clients on various domestic and cross-border M&A transactions with a specific focus on the automotive and technology sectors. He is experienced in managing multi-jurisdictional transaction teams throughout all stages of acquisition/disposal processes, including the post-merger integration. He is also regularly assisting automotive manufacturers and

suppliers, as well as technology companies in all ongoing corporate and corporate governance matters.

Frank studied law at the Universities of Munich and Oxford. He was a scholar of Munich-based *Stiftung Maximilianeum* as well as of *Studienstiftung des Deutschen Volkes*. He is a member of the European Finance Forum (EFF). He is co-editor of the white paper “Autonomous vehicles – The legal landscape in the US and Germany.”

Frank is a German native speaker and is fluent in English and French.



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