

BMW OF NORTH AMERICA, LLC
IRF CCRC PROGRAM ELEMENTS.



The **Ultimate**
Driving Machine®

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1. INTRODUCTION

In 1996, BMW of North America, LLC (BMW NA) rolled out the BMW Certified Collision Repair Center (CCRC) Program, thus capturing an additional profit center and at the same time providing BMW drivers with a first-class repair experience. The CCRC program was developed to:

- Ensure BMW customers receive a first-class customer repair experience
- Ensure BMW vehicles are repaired to BMW's specifications
- Ensure BMW vehicles are repaired using only new Original BMW Parts, approved materials, tools and equipment

Given the success of the CCRC Program, BMW NA is pleased to support an expanded CCRC opportunity. Until the commencement of the IRF CCRC Program in 2018, in order to establish a CCRC, the BMW Center (BMW Dealership) was required to be the majority owner of the collision repair facility. BMW NA understands that not every BMW Center wants to or can invest in its own collision repair facility. With that in mind, BMW NA expanded the CCRC program to allow BMW Centers to sponsor multiple independent repair facilities within the BMW Center's PMA to become BMW CCRCs. This opportunity will not affect the independent repair facility's ability to repair non-BMW vehicles, but instead afford the sponsoring BMW Center and independent repair facility another opportunity to serve BMW customers and expand their respective businesses. BMW NA calls this new program the Independent Repair Facility Certified Collision Repair Center (IRF CCRC) Program.

2. OWNERSHIP AND LOCATION REQUIREMENTS

Under the IRF CCRC Program, no ownership interest is required. Instead, an existing BMW Center may sponsor, subject to BMW NA's approval, up to the maximum allowable authorized IRF CCRC's within the BMW Center's PMA. No IRF CCRC may be located or relocate outside the sponsoring BMW Center's PMA. The sponsored repair facility remains eligible to repair all non-BMW vehicles as it sees fit.

Under the IRF CCRC program, if the BMW Center's request to sponsor a repair facility is approved by BMW NA, BMW NA and the BMW Center will enter into a letter agreement setting forth the terms and conditions of the sponsorship. In addition, the BMW Center will enter into a separate sponsoring agreement with the IRF CCRC that includes, among other things, certain required terms and conditions. The sponsoring BMW Center and the IRF CCRC are free to add any additional provisions to the sponsoring agreement as long as such terms do not violate the IRF CCRC program or undermine the required terms and conditions.

The IRF CCRC is not a franchisee of BMW NA, shall have no power or authority to bind BMW AG, its subsidiaries, their affiliates, and related entities throughout the world, including BMW NA (collectively the BMW Group), and shall operate its business in its own name, on its own account, and at its own risk. IRF CCRCs shall have no power or authority to bind the BMW Group. IRF CCRCs may not describe itself as an agent for the BMW Group or otherwise indicate any agency relationship exists between the IRF CCRC and the BMW Group.

In addition, the IRF CCRC will not authorize or otherwise permit, by way of subcontract or otherwise, any person outside of its employment to perform any of the IRF CCRC's obligations under the program including any impact related paint and panel repair services with respect to any BMW vehicle.

3. PROGRAM PARTICIPANTS

Success in any endeavor is never guaranteed. The IRF CCRC Program is no different. Based on BMW NA's experience, for an IRF CCRC to obtain success, its management and staff members must have the following:

- Forward-thinking, strategic and innovative mindset
- Strong industry awareness (market and insurance companies' expectations)
- Willingness to share best practices and new collision business ideas
- Understanding of the BMW brand image and BMW customer's expectations when repairing their BMW vehicle
- Willingness to embrace new technology and processes aimed at growing the business

BMW NA will work to support the sponsoring BMW Center and IRF CCRC in their efforts to obtain success, but ultimately, such success depends on the sponsoring BMW Center and IRF CCRC.

4. APPLICATION PROCESS

In order to participate in the IRF CCRC Program, a BMW Center will need to submit a request to BMW NA to sponsor an IRF CCRC. The proposed IRF CCRC will then submit an application to BMW NA for approval and be subject to an onsite audit of the facility by BMW NA or its representatives. If BMW NA, in its sole discretion, approves the application, BMW NA will enter into a letter agreement with the sponsoring BMW Center setting forth the terms and conditions of BMW NA's approval and the sponsoring BMW Center will enter into a sponsoring agreement with the IRF CCRC setting forth the terms and conditions of the BMW Center's sponsorship. As noted above and subject to BMW NA's approval, a BMW Center may sponsor up to the maximum allowable number of IRF CCRCs based on the most current IRF CCRC Program update bulletin.

A copy of the IRF CCRC Sponsorship Agreement is included as Appendix A.

5. FACILITY REQUIREMENTS

Because IRF CCRCs will be working with BMW customers as an authorized repair facility, it is important that the interior and exterior of every IRF CCRC have:

- A clean and organized appearance
- Ample walking space for BMW customers to circulate
- Sufficient parking spaces for BMW customers and staff
- Orderly placement of damaged and replacement collision parts

In addition to these general requirements, each IRF CCRC must meet and adhere to the facility requirements set forth in Appendix B.

6. TRAINING REQUIREMENTS

To ensure premium collision repairs, BMW NA will conduct ongoing training for IRF CCRCs. All IRF CCRCs must participate in such training courses in order to remain an IRF CCRC. BMW NA will not pay for IRF CCRC's training or any expenses related to the training unless specifically indicated by BMW NA.

BMW NA reviews and adjusts training requirements on an annual basis. As the IRF CCRC's work on BMW vehicles grows, so will its training requirements. Required training includes ensuring that the IRF CCRC is equipped and prepared to repair BMW i vehicles to BMW standards. Each IRF CCRC must have a designated individual who is accountable for approving staff training and determining the training path for each individual of the facility's staff.

Training requirements are set forth in Appendix C.

7. USE OF BMW TRADEMARKS

IRF CCRCs are not entitled to use any BMW logos and/or trademarks. Notwithstanding the forgoing, IRF CCRCs may display the BMW NA approved CCRC Plaque as well as BMW NA approved and assigned marketing materials. No other uses of the BMW name or trademarks are permitted. **In the event the IRF CCRC is terminated, within 20 days of the termination the IRF CCRC will return the plaque to BMW NA** via Federal Express to: Aftersales BMW NA, 300 Chestnut Ridge Road, Woodcliff Lake, NJ 07677.

The sponsoring BMW Center will immediately inform BMW NA of any infringement of any BMW trademarks by its sponsored IRF CCRC. In addition, the sponsoring BMW Center will support BMW NA in any such action to enforce its trademarks against the offending IRF CCRC.

8. USE OF NEW ORIGINAL BMW PARTS, TOOLS, AND MATERIALS

IRF CCRCs are required to use only new Original BMW Parts and materials in the repair of a BMW vehicle. IRF CCRCs may not use or install imitation, aftermarket, non-BMW remanufactured, and/or salvage (allegedly Like Kind and Quality, LKQ) parts, including glass, on any BMW vehicle it repairs. In addition, IRF CCRCs are required to have on site and in good working condition, all approved tools and equipment necessary to properly repair BMW vehicles. IRF CCRCs will not, without the prior written consent of BMW NA, modify BMW Parts and Accessories or offer for sale or distribute modified BMW Parts and Accessories. Failure to comply with this requirement qualifies for immediate termination of the IRF CCRC.

IRF CCRCs are also encouraged to use the BMW Group ColorSystem paints. These specially selected paints meet BMW's exacting standards for repairing and refinishing BMW products.

Please refer to Appendix D for Tools, Equipment and Material Requirements.

9. INSURANCE PARTNERSHIP PROGRAM

To improve the quality and consistency of the BMW customer's repair experience, BMW NA established the Insurance Partnership Program. Under this program, BMW NA will help IRF CCRCs meet the standards of today's collision industry and the demands of the insurance providers.

Under the Insurance Partnership Program, the BMW NA Regional Wholesale, Body & Paint Manager (RWBPM) Team will work with each IRF CCRC to help improve the IRF CCRC's processes and develop efficiencies when such opportunities exist. The RWBPM will periodically evaluate the current IRF CCRC business including certification criteria, market competition and potential, market presence, social media presence, and KPI benchmarking. Based upon the evaluation, the RWBPM will assist the IRF CCRC Manager in establishing a plan to address any deficiencies and improve performance. This plan may include, but is not limited to, establishing training plans for employees, assisting in creating improved processes, or creating marketing plans for the center to gain local exposure.

10. IRF CCRC CERTIFICATION AND RE-CERTIFICATION PROCESS

Prior to becoming an IRF CCRC, the sponsored facility will be subject to a pre-approval audit of its facility. If BMW NA approves a BMW Center's request to sponsor an IRF CCRC, BMW NA will conduct such additional audits as it deems needed to ensure that the IRF CCRC is meeting the required IRF CCRC Program Elements. Unless otherwise agreed, the IRF CCRC is responsible for the cost of all audits. An IRF CCRC that fails to comply with the IRF CCRC Program Elements risks termination of its sponsorship and the right to operate as an IRF CCRC.

When issues of non-compliance are recognized, BMW NA will notify both the sponsoring BMW Center and the IRF CCRC in writing. Such notification will inform them of the results of the audit and BMW NA's actions resulting from the audit, which can include, among other things, probation or immediate termination. The decision on how to respond will be at the sole discretion of BMW NA.

11. NON-DISCLOSURE OF CONFIDENTIAL INFORMATION

BMW NA has invested heavily in the training and repair techniques and process for repairing BMW vehicles. An IRF CCRC will be given access to BMW NA's proprietary and confidential information including, but not limited to, repair techniques and manuals, technical information and bulletins, collectively considered Confidential Information. Sponsoring BMW Centers and IRF CCRCs understand that BMW NA's approval of the sponsoring BMW Center and the sponsored IRF CCRC was conditioned on, among other things, the sponsoring BMW Center's and IRF CCRC's agreement not to make use of, or disclose any Confidential Information to anyone other than its employees needed to repair and service BMW vehicles and customers. Sponsoring BMW Centers and IRF CCRCs are to treat all Confidential Information with at least the same degree of care as the IRF CCRC and sponsoring BMW Center treats its own Confidential Information. Moreover, neither the IRF CCRC nor the sponsoring BMW Center have any ownership interest in any Confidential Information and, within 30-days of termination of this agreement, shall return any and all tangible Confidential Information to BMW NA and destroy or delete any electronic Confidential Information.

12. TERMINATION

The sponsoring BMW Center and BMW NA may terminate the sponsorship of the IRF CCRC without cause upon 90-days' written notice to the other party. In addition, BMW NA may terminate approval of the IRF CCRC immediately should the sponsoring BMW Center or its sponsored IRF CCRC breach any of the obligations in the Letter Agreement, the Required Provisions in the Sponsor Agreement, or the requirements set forth in the IRF CCRC Program Elements. Such termination shall be effective upon written notice by BMW NA to the sponsoring BMW Center and its sponsored IRF CCRC. Should BMW NA terminate the Letter Agreement, the sponsoring BMW Center must immediately terminate its Sponsoring Agreement with the IRF CCRC. Upon termination, the IRF CCRC must: (1) immediately cease holding itself out as a BMW Certified Collision Repair Center; (2) remove all IRF CCRC marketing materials; and (3) remove any listings or advertising by the sponsoring BMW Center or IRF CCRC indicating that the IRF CCRC remains an authorized BMW Collision Repair Center.

13. HEALTH, SAFETY AND LEGAL REQUIREMENTS

All IRF CCRCs are expected to comply with all applicable local, state, and federal laws including all laws and regulations regarding hazardous material handling, health and safety.

14. MODIFICATION OF PROGRAM TERMS AND CONDITIONS

BMW NA reserves the right to alter or amend the IRF CCRC Program Elements at any time at its sole discretion. BMW NA will attempt to provide IRF CCRCs thirty (30) days written notice prior to the implementation of any such changes, but BMW NA is not obligated to provide any prior notice of changes to the IRF CCRC Program elements, services and/or benefits.