

BMW
GROUP



ROLLS-ROYCE
MOTOR CARS LTD

SUSTAINABLE RAW MATERIAL MANAGEMENT.



RESPONDING TO GLOBAL TRANSFORMATIONS. SUSTAINABLE RAW MATERIAL MANAGEMENT AT BMW GROUP.

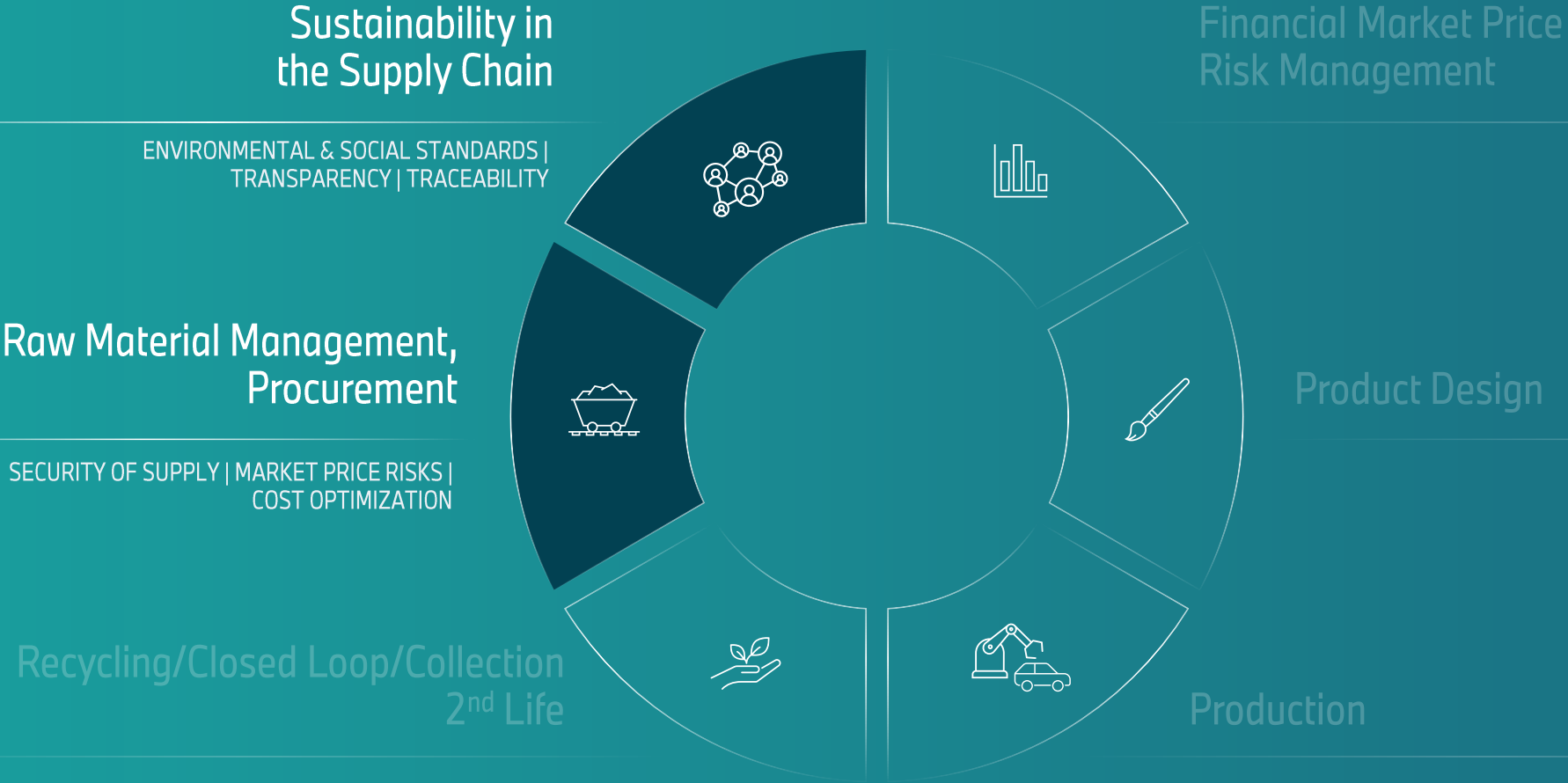


The BMW Group has made **sustainability and resource efficiency central to the company's strategic direction.**
"Our aim is to ensure **the most sustainable supply chain in the automotive industry.**"

SUSTAINABLE RAW MATERIAL MANAGEMENT. AN INTEGRATED APPROACH ... THE BMW WAY.



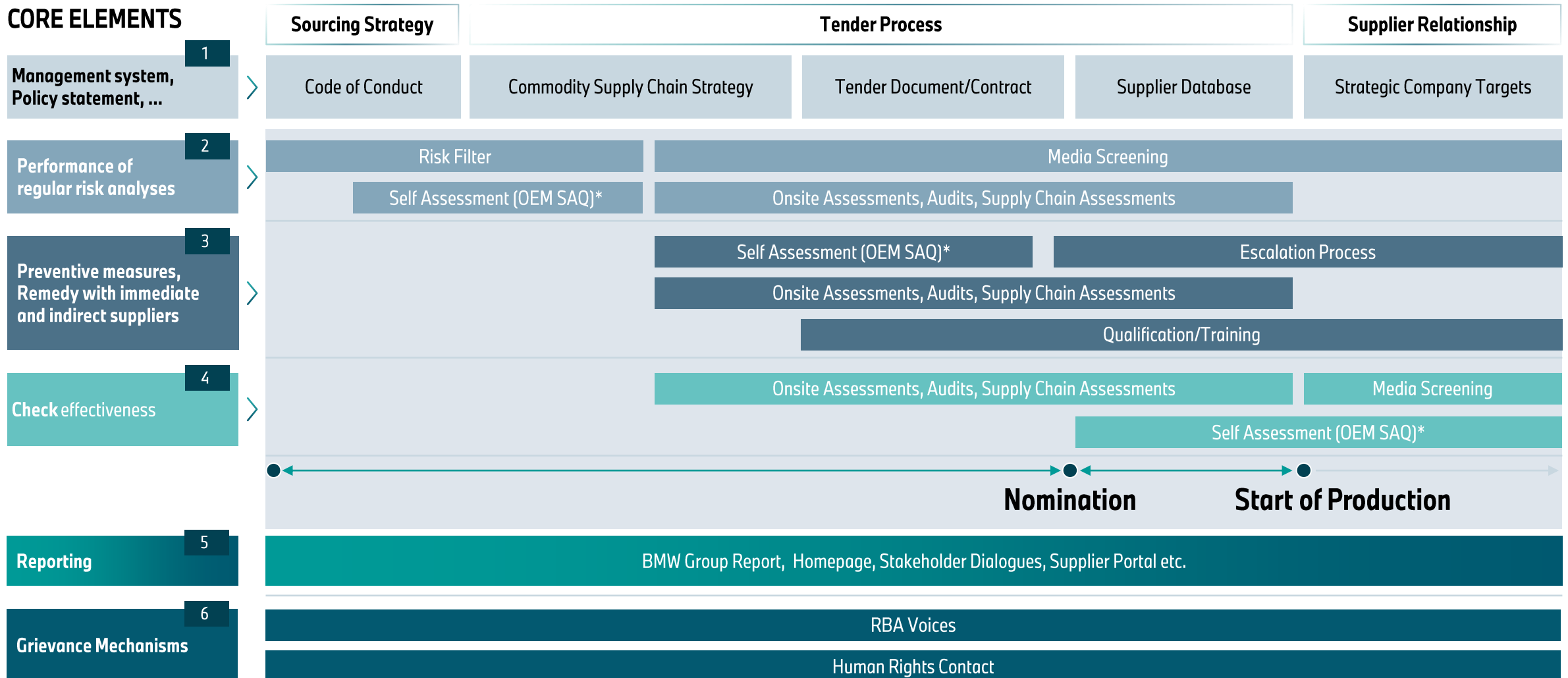
SUSTAINABLE RAW MATERIAL MANAGEMENT. AN INTEGRATED APPROACH ... THE BMW WAY.



PIONEER IN CORPORATE DUE DILIGENCE IN THE SUPPLIER NETWORK.

SUSTAINABILITY IS AN INTEGRAL PART OF PROCUREMENT PROCESSES SINCE 2014.

CORE ELEMENTS



KEY TO SUCCESS: AMBITIOUS LONG-TERM TARGETS, TRANSPARENT REPORTING & PART OF MANAGEMENT COMPENSATION.

Extensive measures to ensure compliance with environmental and social standards and secure access to many critical raw materials:

- Part of the **BMW Group strategic target system**
- **Integrated in all relevant divisions and processes of the BMW Group**
- **Transparent reporting** on the progress every year in the BMW Integrated Report
- **Compensation of the Board of Management and executive management is tied to these targets**

“We don’t just do sustainability at BMW: We are making BMW sustainable.”

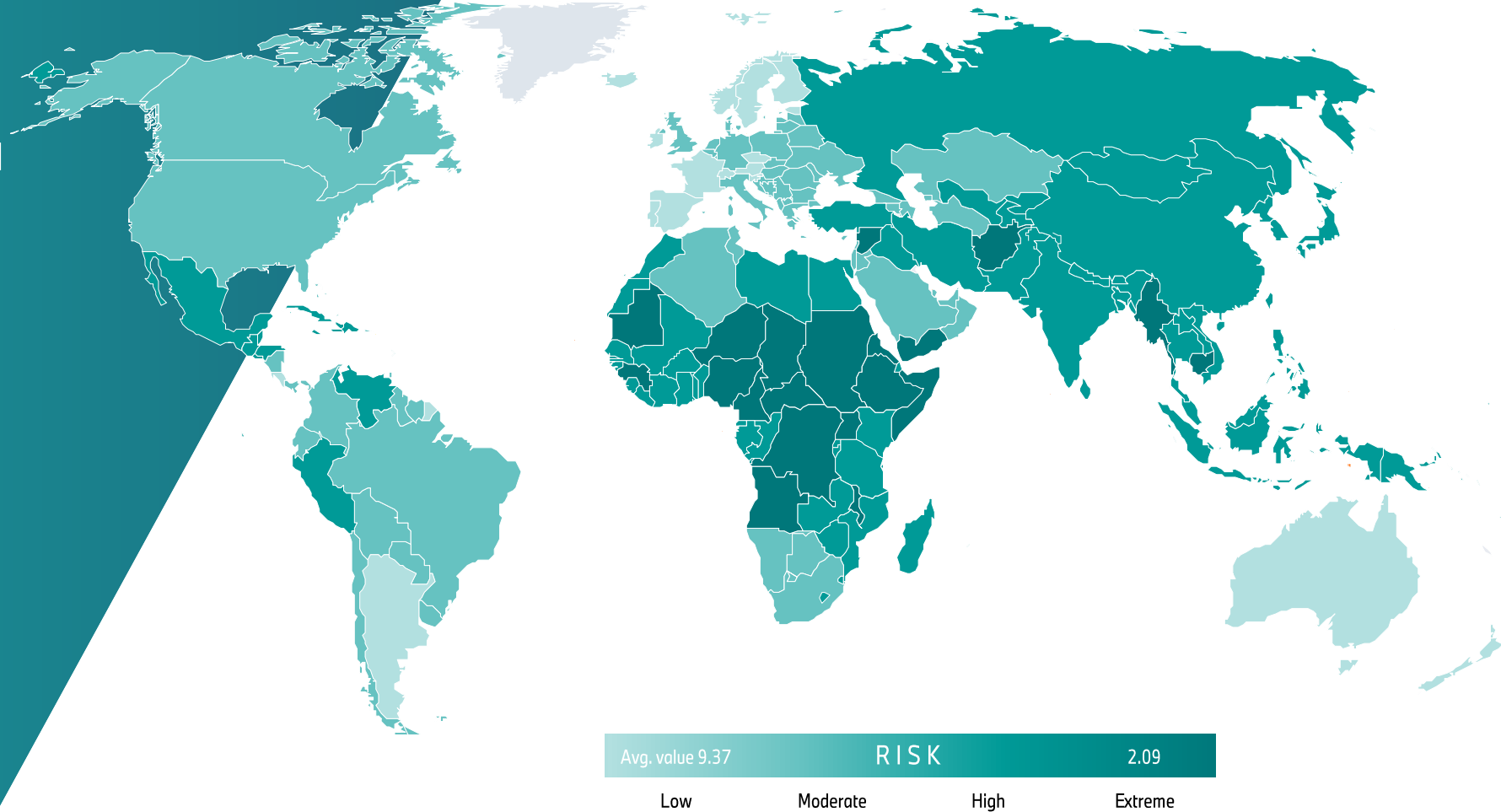
Oliver Zipse
Chairman of the Board of Management

SYSTEMATIC APPROACH TO RISK ANALYSIS DETECTS RISKS AT AN EARLY STAGE.

Overall risk assessment by **countries** and **high risk commodities** regarding the **probability of occurrence, severity** as well as the **causal contribution**.

KEY TOPICS

- Human rights and working conditions
- Occupational safety
- Environment



SUSTAINABILITY STANDARDS ARE SECURED AT ALL 1ST-TIER RISK SUPPLIERS.

CORE ELEMENTS

- 1 Management system, Policy statement, ...
- 2 Performance of regular risk analyses
- 3 Preventive measures, Remedy with immediate and indirect suppliers
- 4 Check effectiveness
- 5 Reporting
- 6 Grievance Mechanisms



MANUFACTURING LOCATIONS THAT

- Implement preventive measures already today, which meet the BMW Group requirements.
- Have agreed a target date for the implementation of the preventive measures.
- Are in the implementation phase of the preventive measures.
- Still have to agree on a target date for the implementation of the preventive measures with the BMW Group buyer.

Risk analysis and preventive measures to minimize potentially negative effects on those affected. Manufacturing locations of direct supplier locations that will deliver components to the BMW Group from 2023.

SAFEGUARDING CRITICAL RAW MATERIALS. NATURAL RUBBER.

AREAS WHERE THE BMW GROUP TAKES LEADERSHIP.

- 2019 BMW was a founding member of the Global Platform for Sustainable Natural Rubber (GPNSR); in the meantime all tier 1 suppliers for tires are participating in this platform
- Initiating ground project with Pirelli and Birdlife in Indonesia
- First FSC certification for tires

FSC CERTIFIED TIRES

Sustainable tires for the BMW X5 plug-in hybrid: BMW Group is the first automobile manufacturer to use new Pirelli tires with FSC-certified natural rubber.



SAFEGUARDING CRITICAL RAW MATERIALS. LITHIUM.

AREAS WHERE THE BMW GROUP TAKES LEADERSHIP.

- Securing access to primary raw materials **with long term offtake agreements** (Livent & Gangfeng)
- Lithium water study for sustainable mining in South America
- Investment in Lilac Solutions

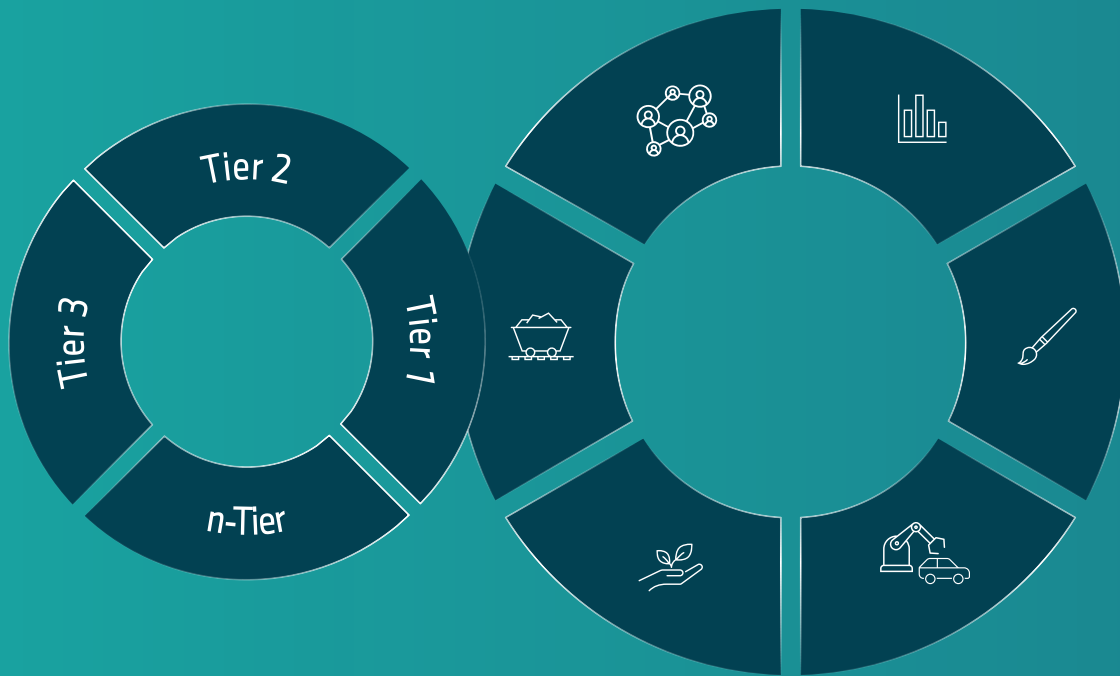
INVESTMENT IN SUSTANABLE LITHIUM

BMW Group invests in innovative method for efficient and sustainable lithium extraction developed by US startup Lilac Solutions through BMW i Ventures.

BMW IS STRONGLY ENGAGED ACROSS THE BATTERY VALUE CHAIN TO SECURE THE SUPPLY, ESG-STANDARDS & TO PROMOTE CIRCULARITY.

RAW MATERIAL SUPPLY SECURED IN THE WHOLE VALUE CHAIN

KEYS TO SUCCESS



PROCUREMENT.

- Securing access to raw materials.
- Enhancing sustainability throughout the value chain.

FINANCE.

- Hedging of raw material price risks.

TECHNOLOGY, ENGINEERING.

- Strengthening expertise in from battery raw materials to cell production.

ENHANCE NEW PARTNERSHIPS.

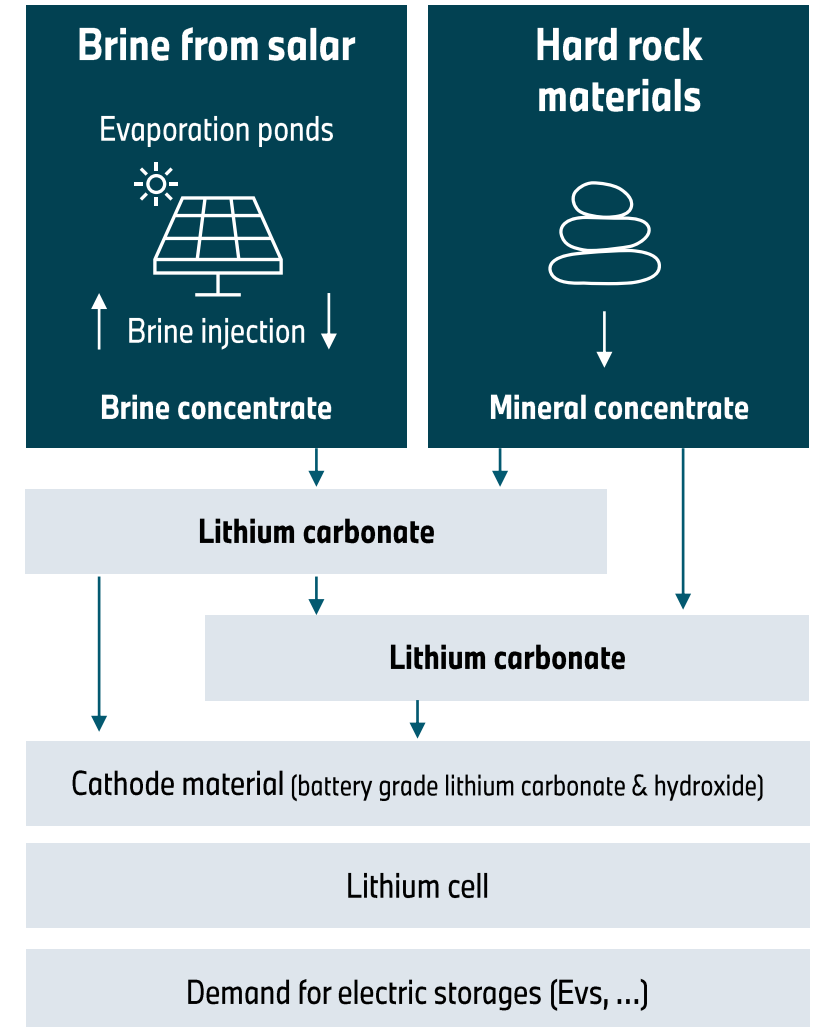
- Entering into new partnerships to secure future projects.

OUR APPROACH TO SECURING SUSTAINABLE LONG-TERM SUPPLY OF RAW MATERIALS.

01//

ASSESSMENT OF THE RISKS FROM VARIOUS PERSPECTIVES:

- **Supply:** Primary and secondary market analysis.
- **Demand:** Economic development and technological innovations.
- **Continuity and Stability:** Market price risk, political risks.
- **Sustainability:** ESG & CO₂ emission, energy consumption.



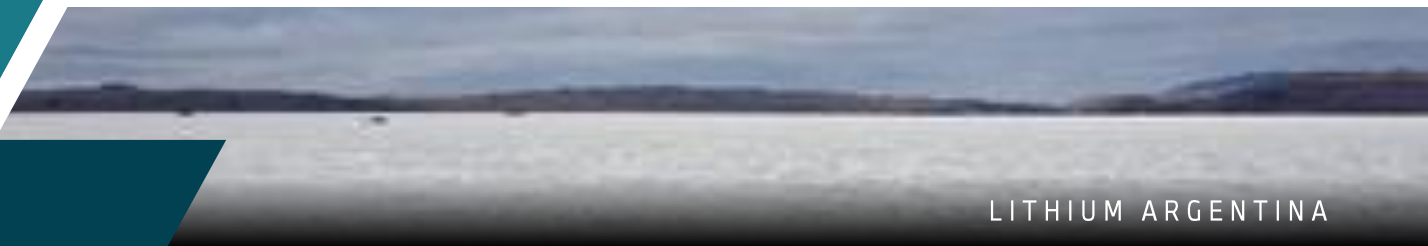
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02//

SECURING SUPPLY:

- Securing access to primary raw materials (**Long Term Offtake Agreements**).
- Successful **provision of critical raw materials** across the value chain (e.g. Co, Li).
- **Minimization/Avoidance** of the use of critical raw materials through technological leadership (e.g. rare earths).

To secure the **long-term supply for raw materials** & to improve the traceability of critical materials, **BMW Group is working closely with it's n-tier suppliers.**



OUR APPROACH TO SECURING SUSTAINABLE LONG-TERM SUPPLY OF RAW MATERIALS.

03//

ENSURING CIRCULARITY:

- Gradually increase the share of **secondary materials**.
- Product design to **foster recyclability**.
- Development of **recycling processes**.



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THANK YOU FOR YOUR
ATTENTION!

