BMW Group supplier sustainability policy

This document summarises BMW Group’s core principles and standards for its suppliers of production materials and non-production-related supplies in accordance with globally accepted guidelines and principles. This includes a commitment to environmental and social responsibility and to the Ten Principles of the United Nations Global Compact, as well as compliance with internationally recognised human rights and labour and social standards.

1. Resource management and environmental protection
The BMW expects all suppliers to implement an effective environmental protection management programme, comply with environmental standards and continuously minimise their resource consumption and environmental impact (energy, water, waste, emissions etc.). The specific requirements are defined in the “BMW Group International Terms and Conditions for the Purchase of Production Materials and Automotive Components” and the “BMW Group General Terms and Conditions for Indirect Purchasing”.

2. Social responsibility
It is crucially important to BMW Group, that all business activities take into account the company’s social responsibility towards its own employees and society. This applies both to the BMW Group itself and its suppliers. All suppliers are called upon to observe the principles and rights set forth in the guidelines of the UN Initiative Global Compact (Davos, 01/99) and the “Declaration on Fundamental Principles and Rights at Work” (Geneva, 06/98) adopted by the International Labour Organisation (ILO) and to align their due diligence process with the requirements of the “UN Guiding Principles on Business and Human Rights.” Of particular importance are the respect for human dignity and internationally recognised human rights, especially the prohibition of child and forced labour and human trafficking, the prohibition of discrimination, freedom of association, the right to collective bargaining and compliance with work and safety regulations.

Compliance with these and other principles are set forth in the “BMW Group International Terms and Conditions for the Purchase of Production Materials and Automotive Components” and the “BMW Group Terms and Conditions for Indirect Purchasing”. The position of BMW Group can be found in the “Joint Declaration on Human Rights and Working Conditions in the BMW Group” and the “BMW Group Code on Business and Human Rights”.
3. Lawful and Responsible Conduct
Responsible and lawful conduct is an integral part of our company. We request lawful conduct (legal compliance) not only from our associates but from all business partners, particularly with regard to corruption and fraud prevention as well as anti-trust matters, taxation regulations, data protection and export control. In order to ensure such adherence, the BMW Group expects its business partners to implement an adequate and effective Compliance Management System within their organizations. The position of BMW Group can be found in the “BMW Group Code of Conduct”.

4. Preventing the flow of funds to armed groups and conflicts
Trade in certain raw materials, such as tin, tungsten, tantalum and gold from high-risk countries like the Democratic Republic of the Congo, can provide armed groups with funding and lead to extreme acts of violence and human rights abuses. The BMW Group aims to use only raw materials whose extraction, transport, trade, processing and export neither directly nor indirectly provide funding to conflicts and human rights abuses in its components.

With regard to the conflict minerals tin, tungsten, tantalum and gold, as well as other raw materials, such as cobalt, the BMW Group establishes processes in accordance with the “OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas” and expects its suppliers to do the same. Smelters and refiners without adequate, audited due diligence processes in place should be avoided.

5. Animal welfare in the supply chain
For BMW Group it is crucial, that corporate activities consider animal welfare as well. Therefore, we require relevant suppliers to implement standards and best-practice methods to comply with animal welfare along the entire supply chain. In general, animal testing must be avoided and alternative methods free of animal testing must be favoured, as long as animal testing is not strictly required by law.

In any case, national and international rules regarding animal protection and animal testing, e.g. the German Animal Protection Law (TierSchG) or the EU Directive 2010/63 shall be followed. Further, BMW Group recognises following ethical principles and expects suppliers and sub-suppliers along the entire supply chain to respect the same principles:
- The “3R” principle regarding animal testing (reduction, refinement, replacement)
- The “five freedoms” of the Farm Animal Welfare Committee (FAWC) as a criteria to evaluate animal welfare
- The standards for the improvement of animal health and welfare (Terrestrial Animal Health Code) of the World Organisation for Animal Health (OIE)
6. Implementation of these standards in the supply chain
All suppliers are called upon to make contractual arrangements to ensure all their subcontractors comply with the standards and rules set out in this document. This should be documented and communicated in a supplier policy for sustainable procurement. The BMW Group also expects its suppliers to identify risks within their supply chains and take appropriate measures to address them. In case of a suspected violation and to provide security for supply chains with increased risk, the BMW Group requires disclosure of relevant supply chains.

Raw materials should be obtained from audited sources as a matter of principle wherever possible. The BMW Group participates in initiatives aimed at establishing the standards and rules set out in this document in raw material supply chains.

7. Ensuring compliance, consequences of misconduct and grievance mechanism
The BMW Group verifies compliance with the standards and rules set out in this document by means of an OEM-wide self-assessment questionnaire and sustainability audits and assessments at supplier production locations in the entire supply chain. The BMW Group escalation process reserves the right to take appropriate measures against suppliers that do not fulfil these requirements, up to and including suspension or termination of a supply relationship.

In case of (possible) violations against the above-mentioned requirements please contact (anonymously) +49 89 382-71230 by phone or humanrights.sscm@bmwgroup.com via e-mail.

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