SUSTAINABILITY QUESTIONNAIRE FOR SUPPLIERS. REQUIREMENTS, THRESHOLD AND EVALUATION.

VALID FROM JANUARY 1, 2019, VERSION SAQ 3.0.

MZ-11 I May 2019
Fischl
The sustainability questionnaire is a self-assessment for suppliers regarding environmental, social and ethical aspects of their business. It is a standardized tool used by several automotive OEMs. The BMW Group uses this questionnaire to individually evaluate the sustainability performance of supplier production and delivery locations. Basis for the evaluation are the requirements set in the supplier sustainability policy and the purchasing conditions (please refer to slide 7). The result is required for the nomination process of supplier locations of direct material with a purchasing volume of more than € 2m and supplier locations of indirect material with a purchasing volume of more than € 10m.

Following topics are covered in 23 groups of questions:

A. Company management (general)
B. Working conditions and human rights
C. Business ethics
D. Environment
E. Supplier management
F. Responsible sourcing of raw materials
G. Additional information

In the following the BMW-specific evaluation logic of the questionnaire (traffic light system) will be explained.
THE SUSTAINABILITY STATUS OF A SUPPLIER IS BASED ON A BMW-SPECIFIC EVALUATION LOGIC (TRAFFIC LIGHT SYSTEM).

- Non-compliance of supplier regarding BMW-specific requirements
  - No corrective action plan incl. due date (before start of production (SOP)) agreed with buyer
  \(\Rightarrow\) **Nomination not allowed**

- Non-compliance of supplier regarding BMW-specific requirements
  - Corrective action plan incl. due date (before SOP) agreed with buyer in written form
  \(\Rightarrow\) **Nomination allowed with restriction**

- Compliance of supplier regarding BMW-specific requirements
  - No further need for corrective actions
  \(\Rightarrow\) **Nomination allowed without any restriction**
## BMW GROUP SUSTAINABILITY REQUIREMENTS FROM SAQ 3.0 WHICH PROHIBIT NOMINATION IN CASE OF NON-COMPLIANCE. SLIDE 1/3.

<table>
<thead>
<tr>
<th>Question</th>
<th>Requirement (valid from January 1, 2019)</th>
<th>Threshold: Company size*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1a</td>
<td>Senior management responsible for social sustainability</td>
<td>&gt; 500 HC</td>
</tr>
<tr>
<td>1b</td>
<td>Senior management responsible for compliance</td>
<td>&gt; 500 HC</td>
</tr>
<tr>
<td>1c</td>
<td>Senior management responsible for environmental sustainability</td>
<td>&gt; 500 HC</td>
</tr>
<tr>
<td>2</td>
<td>Publication of a CSR-/sustainability report</td>
<td>&gt; 500 HC</td>
</tr>
<tr>
<td>3</td>
<td>Code of Conduct</td>
<td>&gt; 500 HC</td>
</tr>
<tr>
<td>4/4a</td>
<td>Training regarding CSR/sustainability, i.e. the following topics:</td>
<td>&gt; 500 HC</td>
</tr>
<tr>
<td></td>
<td>- Environment</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Working conditions and human rights</td>
<td>&gt; 500 HC</td>
</tr>
</tbody>
</table>

*Headcount (HC) company-wide
BMW GROUP SUSTAINABILITY REQUIREMENTS FROM SAQ 3.0 WHICH PROHIBIT NOMINATION IN CASE OF NON-COMPLIANCE. SLIDE 2/3.

<table>
<thead>
<tr>
<th>Question</th>
<th>Requirement (valid from January 1, 2019)</th>
<th>Threshold: Company size*</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Policy regarding the following social topics:</td>
<td>&gt; 50 HC</td>
</tr>
<tr>
<td></td>
<td>- Child labour and young workers</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Wages and benefits</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Working hours</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Forced or compulsory labour and human trafficking</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Freedom of association and collective bargaining</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Non-discrimination</td>
<td></td>
</tr>
<tr>
<td>9</td>
<td>Health and safety policy</td>
<td>&gt; 50 HC</td>
</tr>
<tr>
<td>10</td>
<td>Certified health and safety management system according to BS OHSAS 18001 resp. ISO 45001 or similar</td>
<td>&gt; 500 HC</td>
</tr>
<tr>
<td>13</td>
<td>Environmental policy</td>
<td>&gt; 50 HC</td>
</tr>
<tr>
<td>14</td>
<td>Certified environmental management system according to ISO 14001, EMAS or similar</td>
<td>&gt; 50 HC</td>
</tr>
</tbody>
</table>

*Headcount (HC) company-wide
### Question 19/19a
**Requirement (valid from January 1, 2019)**

- CSR-/sustainability requirements for suppliers regarding the following topics:
  - Child labour and young workers
  - Wages and benefits
  - Working hours
  - Forced or compulsory labour and human trafficking
  - Freedom of association and collective bargaining
  - Health and safety
  - Non-discrimination
  - Energy consumption and greenhouse gas emissions
  - Water quality and consumption
  - Air quality
  - Natural resources management and waste management
  - Responsible chemical management

**Threshold: Company size**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>CSR-/sustainability requirements for suppliers</td>
<td>&gt; 100 HC</td>
</tr>
</tbody>
</table>

*Headcount (HC) company-wide

### Question 19c
**Requirement**

Communicate CSR-/sustainability requirements to suppliers

**Threshold: Company size**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Communicate CSR-/sustainability requirements to suppliers</td>
<td>&gt; 100 HC</td>
</tr>
</tbody>
</table>

### Question 20
**Requirement**

Review process regarding the implementation of sustainability requirements at suppliers

**Threshold: Company size**

<table>
<thead>
<tr>
<th>Requirement</th>
<th>Threshold</th>
</tr>
</thead>
<tbody>
<tr>
<td>Review process regarding the implementation of sustainability requirements at suppliers</td>
<td>&gt; 100 HC</td>
</tr>
</tbody>
</table>
BACKGROUND INFORMATION CAN BE FOUND UNDER THE FOLLOWING LINKS OF BMW GROUP AND DRIVE SUSTAINABILITY.

- **BMW Group Supplier Sustainability Policy:**

- **BMW Group Reference Document Sustainability:**

- **BMW Group International Terms and Conditions for the Purchase of Production Materials and Automotive Components:**
  https://b2b.bmw.com/en/web/b2b/einkauf-direktes-material

- **BMW Group General Terms and Conditions for Indirect Purchasing:**
  https://b2b.bmw.com/en/web/b2b/einkauf-indirektes-material

- **Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain:**

- **Global Automotive Sustainability Practical Guidance:**

- **Self-Assessment Questionnaire on CSR/Sustainability for Automotive Sector Suppliers:**
Questions regarding the **BMW-specific evaluation** of individual requirements in terms of the nomination process can be addressed to your BMW Group buyer or the Sustainable Supply Chain Management (SSCM) Team.

- Help and support for suppliers in the web: please refer to links on the previous slide
- E-mail: sscm@bmw.de

For technical questions regarding the SAQ process and the NQC platform as well as questions regarding the content, e.g. definition of requirements please contact our service provider NQC Ltd. directly.

- Help and support for suppliers in the web: https://supplierassurance.com/help/auto/suppliers
- E-mail: auto.support@nqc.com
- Phone: +44 (0) 845 299 2996 (multi-lingual)