

SUPPLY CHAIN DUE DILIGENCE. COMMUNICATION ON PROGRESS.

SELECTED KEY PERFORMANCE INDICATORS AND TARGETS 2015 - 2018.



May 2019



INTRODUCTION TO THE BMW SUPPLY CHAIN DUE DILIGENCE PROCESS. ANALYSIS OF KEY PERFORMANCE INDICATORS.

The following numbers are based on an analysis of the data we collected via our supply chain due diligence process. In the course of our sustainability due diligence process we identify suppliers who do not fulfill the BMW sustainability requirements. With these suppliers BMW agrees on corrective actions which the supplier has to implement in order to comply with the BMW sustainability requirements. In this way, BMW ensures that our sustainability requirements are met at each supplier location. This is achieved through self-qualification by the supplier.

Since November 2014, one central tool for the identification of problematic suppliers within our supply chain due diligence process is a self-assessment questionnaire (SAQ). The SAQ is standardized for and used within the automotive industry. Based on the data available from the SAQ we present key performance indicators for the development of 541 BMW suppliers for a number of BMW key sustainability requirements. We focus on these 541 suppliers as they were commissioned by BMW in the financial year 2015 and had filled out the SAQ.

Before November 2014, BMW had its own sustainability questionnaire in place which already covered many topics of the standardized SAQ. Based on this BMW-specific sustainability questionnaire our suppliers had already implemented a number of corrective actions before November 2014. For this reason many suppliers in 2015 were compliant with BMW key sustainability requirements by this time.

For the sake of comparability the data across time the data presented in the following charts is based exclusively on the standardized SAQ for the years 2015 – 2018.

INTRODUCTION TO THE BMW SUPPLY CHAIN DUE DILIGENCE PROCESS. OVERVIEW ON KEY PERFORMANCE INDICATORS AND REQUIREMENTS (I/II).

Whether a sustainability requirement is mandatory for a supplier depends on the supplier's company size in terms of the number of employees. Thus, the following table provides you with an overview on when requirements become mandatory in dependence of the supplier's number of employees (2015-2018).

Since 01.01.2019 there are new and extended requirements, which are published on the BMW Group website.

Requirement mandatory for...	Requirement
... more than 50 employees	Supplier has policies for <ul style="list-style-type: none"> • Social Issues regarding human rights, forced labour, child labour, working conditions, remuneration, non-discrimination, freedom of association, collective bargaining • Health & Safety • Environment regarding energy, water, emissions, waste, chemicals
	Supplier has certified Environmental Management System (ISO14001/ EMAS) in place

Applies to 483 out of 541 supplier locations

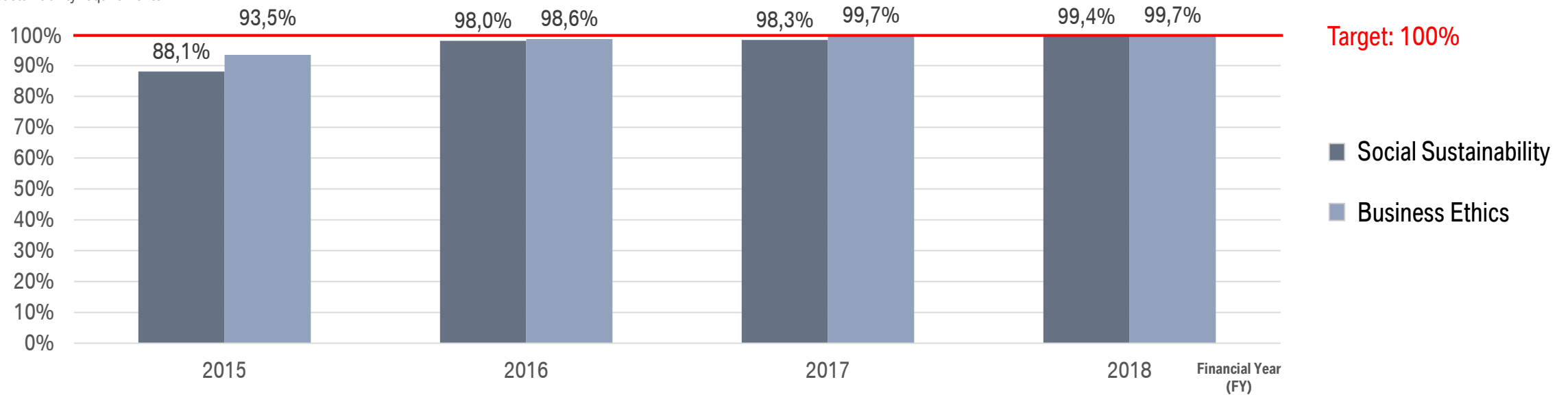
INTRODUCTION TO THE BMW SUPPLY CHAIN DUE DILIGENCE PROCESS. OVERVIEW ON KEY PERFORMANCE INDICATORS AND REQUIREMENTS (II/II).

Requirement mandatory for...	Requirement	
... more than 50 employees	Supplier has a Sustainability Policy for suppliers regarding human rights, forced labour, child labour, working conditions, remuneration, non-discrimination, freedom of association, collective bargaining, compliance, health and safety, environment	Applies to 462 out of 541 supplier locations
	Supplier communicates Sustainability Policy actively to own suppliers	
... more than 500 employees	Supplier has management person(s) responsible for <ul style="list-style-type: none"> • Social Sustainability • Business Ethics • Environmental Sustainability 	Applies to 352 out of 541 supplier locations
	Supplier organizes internal training sessions regarding Code of Conduct, social issues, compliance, environmental management	
	Supplier publishes a sustainability report	

MANAGEMENT RESPONSIBILITY FOR EHS AND COMPLIANCE AT SUPPLIERS HAS IMPROVED BASED ON CORRECTIVE ACTION PLAN BY BMW GROUP.

Development of 352* supplier locations evaluated in FY 2015 which had a management person responsible for...

Percentage (%) of supplier locations which fulfill the BMW Group sustainability requirements

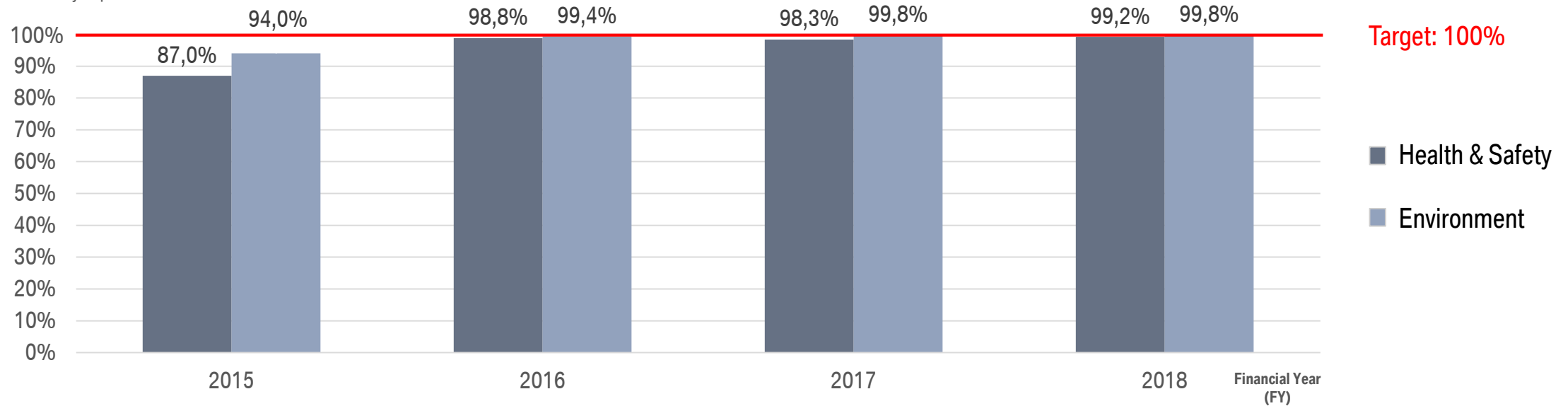


* Requirements mandatory for suppliers with more than 500 employees

NUMBER OF SUPPLIERS IMPLEMENTING POLICIES ON SUSTAINABILITY ISSUES HAS IMPROVED BASED ON CORRECTIVE ACTION PLAN BY BMW GROUP.

Development of 483* supplier locations evaluated in FY 2015 which had policies for...

Percentage (%) of supplier locations which fulfill the BMW Group sustainability requirements

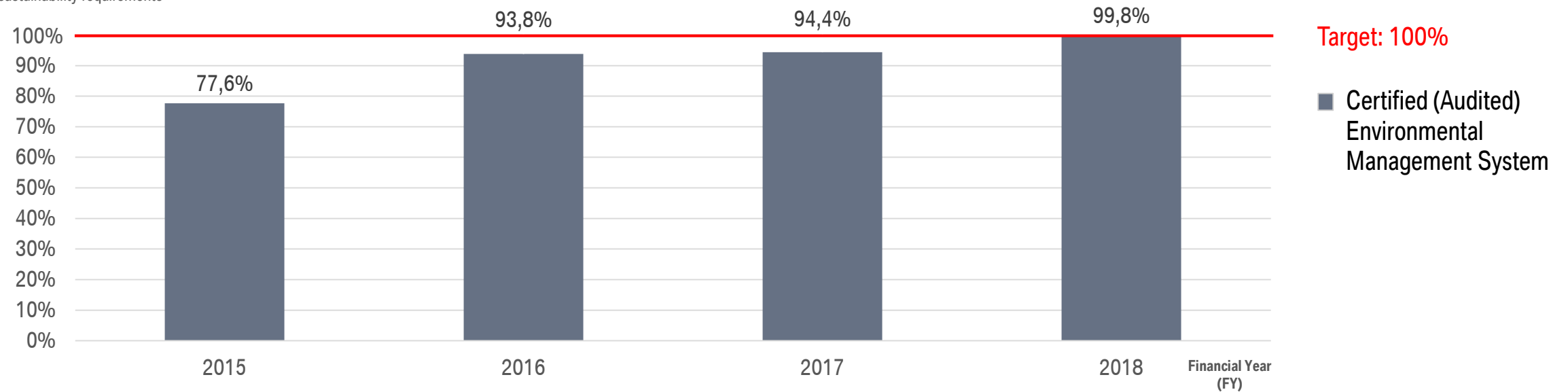


* Requirements mandatory for suppliers with more than 50 employees

NUMBER OF SUPPLIERS WITH ENVIRONMENTAL MANAGEMENT SYSTEM HAS IMPROVED BASED ON CORRECTIVE ACTION PLAN BY BMW GROUP.

Development of 483* supplier locations evaluated in FY 2015 which had a (certified) environmental management system...

Percentage (%) of supplier locations which fulfill the BMW Group sustainability requirements

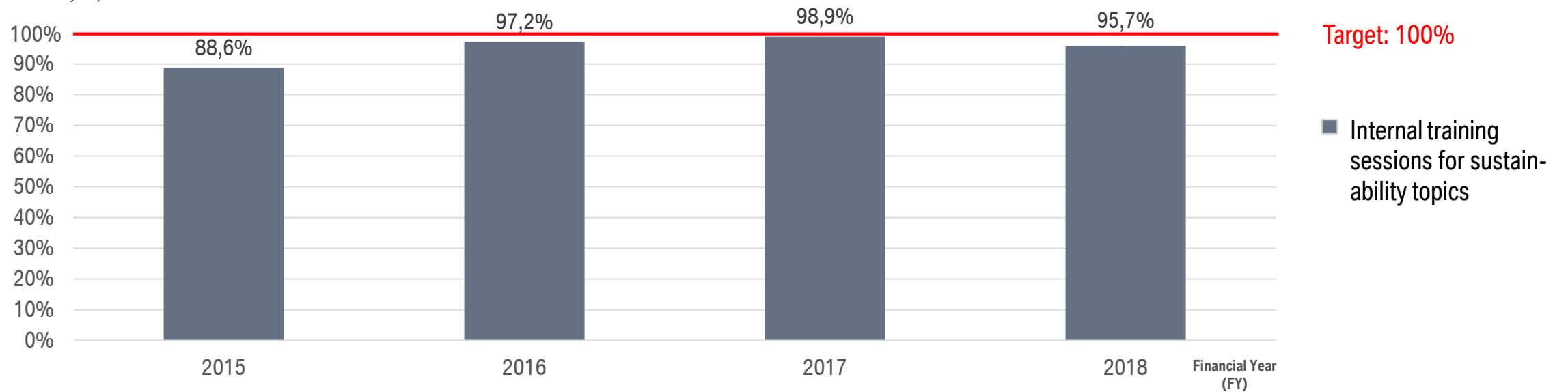


* Requirements mandatory for suppliers with more than 50 employees

TRAINING SESSIONS FOR SUSTAINABILITY TOPICS AT SUPPLIERS HAS IMPROVED BASED ON CORRECTIVE ACTION PLAN BY BMW GROUP.

Development of 352* supplier locations evaluated in FY 2015 which organized internal training sessions for sustainability topics

Percentage (%) of supplier locations which fulfill the BMW Group sustainability requirements

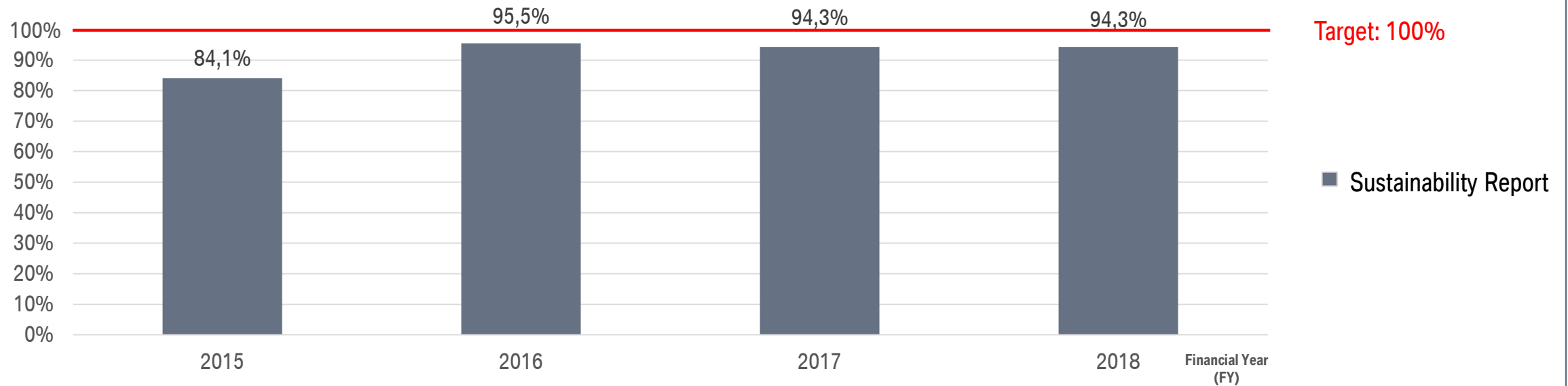


* Requirement mandatory for suppliers with more than 500 employees

PUBLICATION OF SUSTAINABILITY REPORTS AT SUPPLIERS HAS IMPROVED BASED ON CORRECTIVE ACTION PLAN BY BMW GROUP.

Development of 352* supplier locations evaluated in FY 2015 which had a sustainability report

Percentage (%) of supplier locations which fulfill the BMW Group sustainability requirements

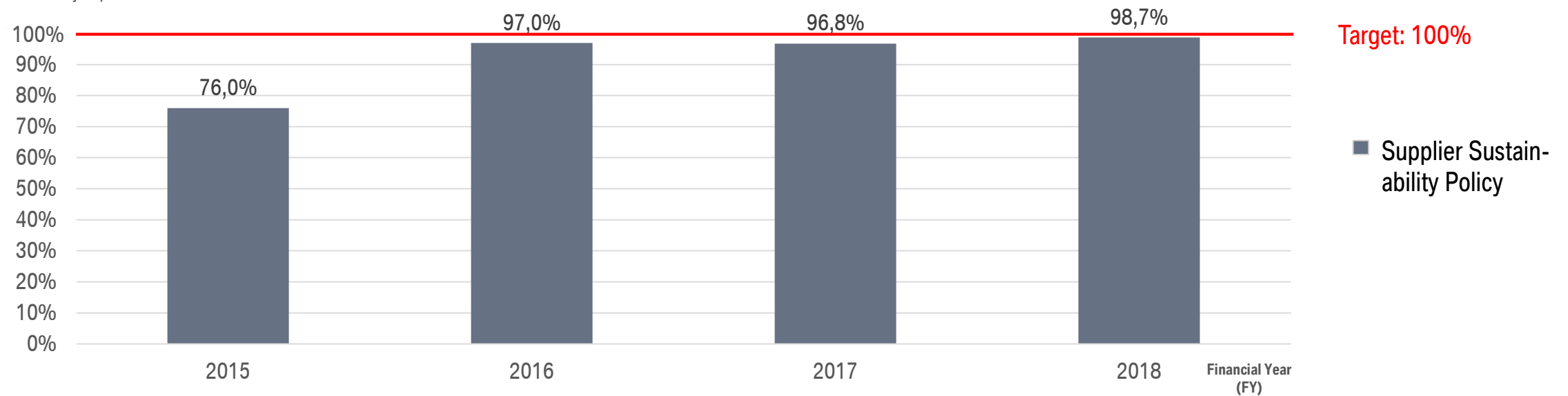


* Requirement mandatory for suppliers with more than 500 employees

AVAILABILITY OF SUPPLIER SUSTAINABILITY POLICIES AT SUPPLIERS HAS IMPROVED BASED ON CORRECTIVE ACTION PLAN BY BMW GROUP.

Development of 462* supplier locations evaluated in FY 2015 which had a supplier sustainability policy

Percentage (%) of supplier locations which fulfill the BMW Group sustainability requirements

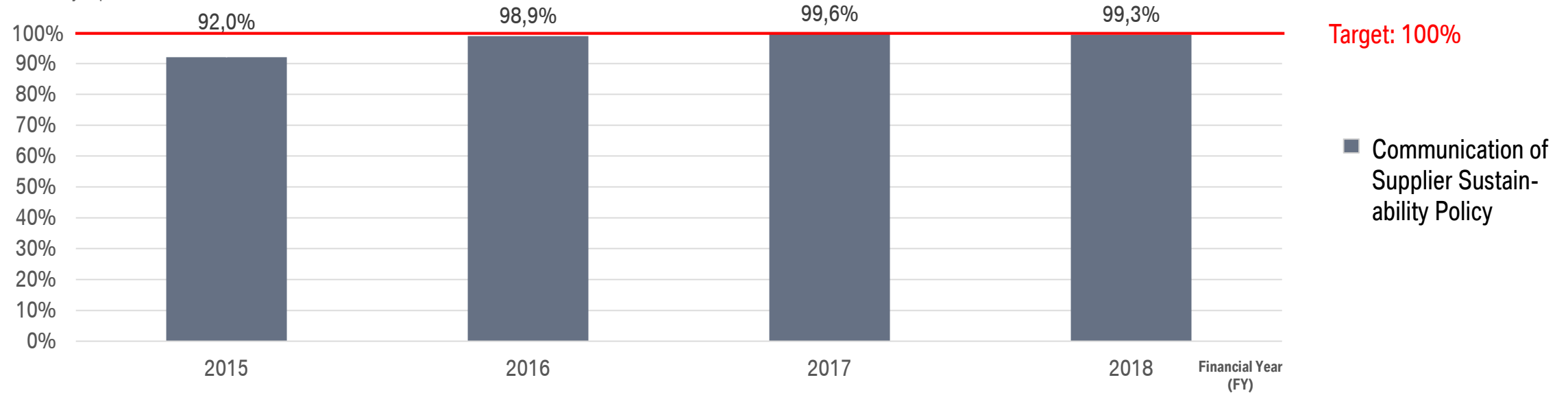


* Requirement mandatory for suppliers with more than 100 employees

IMPLEMENTATION OF SUPPLIER SUSTAINABILITY POLICIES AT SUPPLIERS HAS IMPROVED BASED ON CORRECTIVE ACTION PLAN BY BMW GROUP.

Development of supplier locations evaluated in FY 2015 which had supplier sustainability policy in the respective year and communicated the supplier sustainability policy to their suppliers

Percentage (%) of supplier locations which fulfill the BMW Group sustainability requirements



* Requirement mandatory for suppliers with more than 100 employees