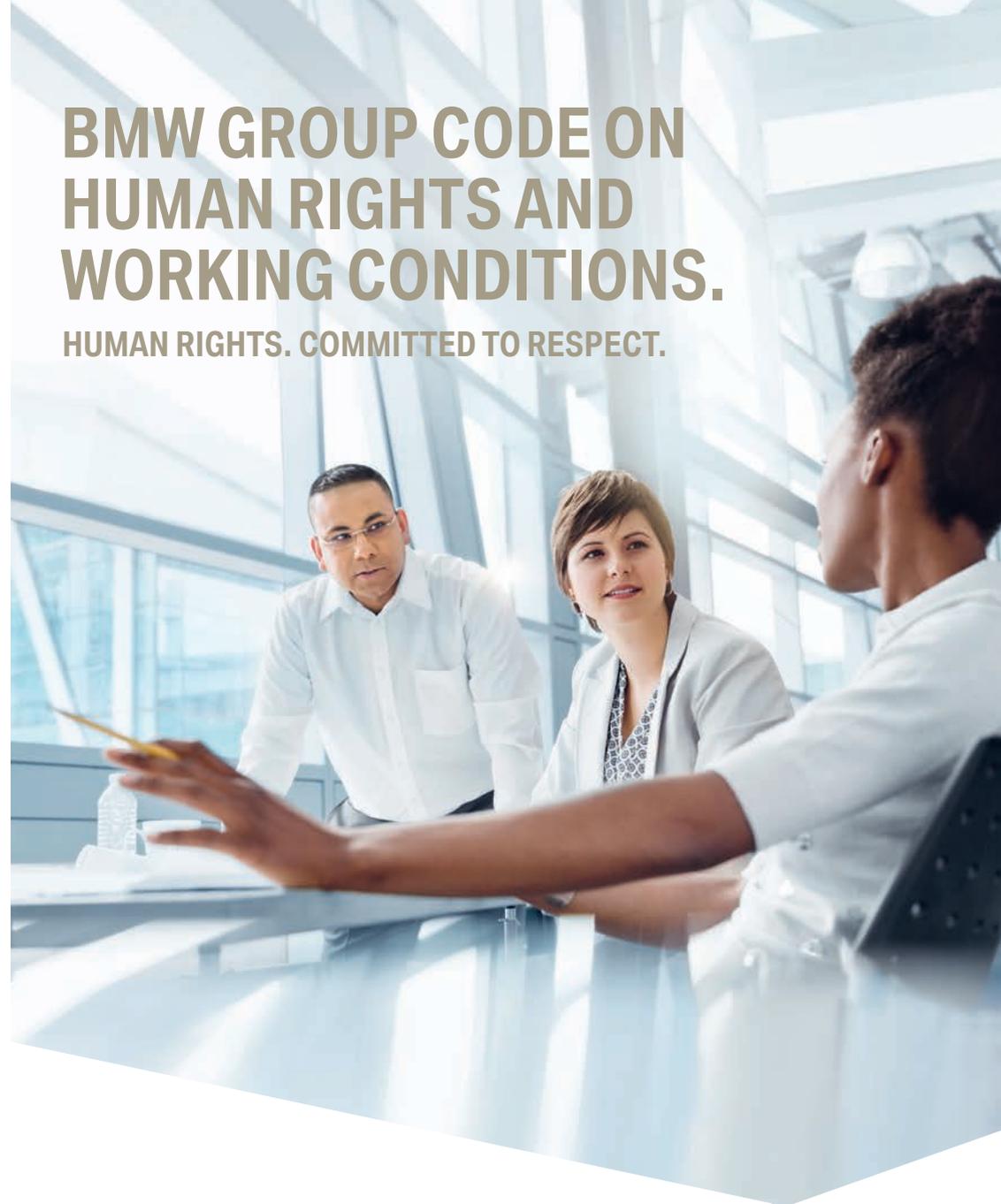


BMW GROUP CODE ON HUMAN RIGHTS AND WORKING CONDITIONS.

HUMAN RIGHTS. COMMITTED TO RESPECT.



PUBLISHED BY
Bayerische Motoren Werke
Aktiengesellschaft
Petuelring 130
80788 Munich
Germany

© BMW AG, November 2019

HRC-EN-EXT-201911

**BMW
GROUP**



Rolls-Royce
Motor Cars Limited



DEAR COLLEAGUES,

The BMW Group takes its social responsibility very seriously. Respect for human rights and fair working conditions are an integral part of our culture.

In October 2018, the Board of Management and General Works Council of BMW AG signed the Code on Human Rights and Working Conditions. This Code is oriented towards the main international standards on human rights and working conditions, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises. It supplements the existing "Joint Declaration on Human Rights and Working Conditions" of 2005, which was reaffirmed in 2010.

The Code outlines how our company promotes respect for human rights and good working conditions and implements the core labour standards of the International Labour Organisation (ILO). It covers important topics such as equal treatment of all employees, the right to health and safety at work and protection of the personal data of employees and customers.

The Code applies to associates, suppliers and authorised sales partners. In this way, we are making an essential contribution to the long-term success of our company.

Yours,

Oliver Zipse
Chairman of the Board of Management of BMW AG



DEAR COLLEAGUES,

Representing the interests of the people who work for the BMW Group is the primary mission of the BMW Works Council. As representatives of the company's employees worldwide, this is what we work for. Our mission arises from a globe-spanning moral and ethical responsibility. The BMW Works Council therefore welcomes the BMW Group's commitment to respect human rights and guarantee good working conditions. The Code of Human Rights applies worldwide, across all borders – and includes our production network and our suppliers.

Let me give you an example: The growth in electromobility is increasingly transforming the supply chain. The Works Council and the company are committed to addressing issues in new business segments. When purchasing new materials, such as cobalt or lithium, the Works Council and the BMW Group are working intensely to ensure fair working conditions and respect human rights. We all share a responsibility for the community of values within the BMW Group, and at its suppliers and sales partners. We must stand up for these values every day.

Many colleagues played an active part in shaping this clear commitment – and I would like to thank everyone for their efforts. Only a company that is committed to the principles of sustainability can achieve long-term commercial success. But success has another dimension for the Works Council: For us, as employee representatives, success also means improving people's quality of life. That is our mission – and we have a joint commitment to achieving it.

Yours,

Manfred Schoch
Chairman BMW European and General Works Council



CONTENT

1. INTRODUCTION	6
1.1. Basics	6
1.2. The BMW Group Code on Human Rights and Working Conditions – Objectives	7
2. PROMOTING HUMAN RIGHTS AND FAVORABLE WORKING CONDITIONS IN THE BMW GROUP	8
2.1. No child labor	9
2.2. No forced labor	9
2.3. Freedom of association and the right to collective bargaining	9
2.4. Protection from discrimination	10
2.5. Right to health and occupational safety	10
2.6. Remuneration	11
2.7. Working times	12
2.8. Training	13
2.9. Right to privacy – Protection of personal data	13
2.10. Rights of local communities close to BMW Group sites	13
3. ENGAGING WITH BUSINESS PARTNERS	14
3.1. Suppliers	14
3.2. BMW Group authorized sales organization	15
4. IMPLEMENTING THE BMW GROUP CODE ON HUMAN RIGHTS AND WORKING CONDITIONS	16
4.1. Accountability	17
4.2. Regular reporting and information exchange	17
4.3. Review and dialogue	18
4.4. Contacts	18
4.5. Dealing with questions and concerns	19

1. INTRODUCTION.

1.1. BASICS.

Responsible, sustainable and lawful conduct forms an integral part of the BMW Group's values and is firmly embedded in its corporate strategy.

As a member of the UN Global Compact, the BMW Group takes its environmental and social responsibilities very seriously. In doing so, it has built up a solid basis for ensuring its long-term business success.

The BMW Group is committed to respecting internationally recognized human rights. It underlined its position on this matter back in 2005, when its Chairman, the employee representatives and the Trade Union signed the "Joint Declaration on Human Rights and Working Conditions in the BMW Group", which was reconfirmed in 2010. The present BMW Group Code on Human Rights and Working Conditions complements the existing Joint Declarations.

The prevention of human rights abuses is in keeping with its values and is one of its stated



aims. BMW Group's responsibility in the area of human rights is focused on topics and fields of action, where it is able to exercise its influence as a commercial enterprise and is always complementary to the duty of states and sovereign institutions to protect human rights.

Human rights are basic standards aimed at securing dignity and equality for all. They are a universal, inalienable and indivisible entitlement of every human being in equal measure. This definition is reflected in the International Bill of Human Rights.

The BMW Group's activities consider the following international standards:

- the ILO Declaration on Fundamental Principles and Rights at Work,
- the OECD Guidelines for Multinational Enterprises,
- the UN Guiding Principles on Business and Human Rights,
- the ten principles of the UN Global Compact.

1.2. THE BMW GROUP CODE ON HUMAN RIGHTS AND WORKING CONDITIONS – OBJECTIVES.

This Code defines and explains how the BMW Group promotes human rights and implements the ILO Core Labor Conventions in its business activities. Applicable worldwide, the code is valid for all BMW Group sites and business units. Its key focus is on aspects that are of particular relevance to the company and business partners.

Foremost, the BMW Group Code on Human Rights and Working Conditions applies to:

- Employees (see chapter 2),
- Suppliers (see chapter 3),
- BMW Group authorized sales organization (see chapter 3).

The present BMW Group Code on Human Rights and Working Conditions reaffirms and clarifies the company's commitment to

respecting human rights. It complements the BMW Group Legal Compliance Code as well as all other existing corporate policies, guidelines and instructions. The code is to be implemented in accordance with current legislation in the various markets and sites concerned and with due regard for their respective cultures.

Where national legal requirements stand in conflict with individual aspects of the BMW Group Code on Human Rights and Working Conditions, the company seeks to apply the highest possible priority to human rights within the legal setting of the country concerned.

2. PROMOTING HUMAN RIGHTS AND FAVORABLE WORKING CONDITIONS IN THE BMW GROUP.

The BMW Group respects the human rights of its employees and aims to provide working conditions that exceed the minimum standards. Cooperations within the BMW Group are characterized by mutual respect and the values set out in the BMW Group corporate strategy. These determine the attitude and conduct of employees around the world and include aspects such as responsibility, appreciation, transparency, trust and openness. A key role in this respect falls to BMW Group managers, who must lead by example, putting the values into practice.

The following sections outline the key points in order to respect human rights and ensure favorable conditions of work.

2.1. NO CHILD LABOR.

The BMW Group does not tolerate child labor of any kind.

A child's development must not be hampered by undertaking any kind of work that keeps them from receiving an education. Their dignity must be respected and their health and safety protected. In accordance with ILO Core Conventions, the BMW Group adheres to minimum employment ages and fully rejects child labor, in particular all worst forms of child labor, i.e. dangerous work that can harm the health, safety or morals of children.

2.2. NO FORCED LABOR.

The BMW Group does not tolerate forced or compulsory labor of any kind.

In accordance with ILO Core Labor Standards, the BMW Group opposes the use of forced or unlawful compulsory labor of any kind in its business activities.

2.3. FREEDOM OF ASSOCIATION AND THE RIGHT TO COLLECTIVE BARGAINING.

The BMW Group recognizes the rights of its employees to form representative bodies and participate in collective bargaining regarding working conditions.

The BMW Group has a culture of trusting, constructive collaborations with applicable employee representatives. Even on controversial issues, it aims to maintain stable collaborations with representative bodies for its own interests as well as for the good of its employees. Employees are neither shown preference nor disadvantaged for either belonging or choosing not to belong to a trade union or employee representative body. Where a facility has no applicable employee representatives, the BMW Group promotes a regular dialogue between the workforce and the company.



2.4. PROTECTION FROM DISCRIMINATION.

Equal treatment of all employees is a fundamental principle of our corporate policy.

The BMW Group does not tolerate discrimination against its employees. Staff must not be disadvantaged, favored or harassed on the grounds of characteristics such as gender, skin color, religion, nationality, political or other beliefs, ethnic origin, disability, age, sexual orientation, or any other characteristics protected by local laws e.g. membership of a national minority, pregnancy or veteran status. BMW Group supports national policies to overcome the effects of past discriminatory practices or other disadvantages. Moreover, in keeping with its Diversity Strategy the BMW Group actively promotes diversity and nurtures an open and integrative corporate culture.

2.5. RIGHT TO HEALTH AND OCCUPATIONAL SAFETY.

At the BMW Group, the protection and promotion of employees' health and safety is a top priority.

Around the world the BMW Group complies with all the applicable employment protection legislation and sets its own additional standards for improving occupational safety. Effective management systems and certification (e.g. OHSAS 18001) allow regular controls in order to verify adherence to specifications concerning occupational health and safety as well as ergonomic workplace design, which in turn reduces the risk of accidents.

In line with applicable legislation, the managers responsible take their duties very seriously. They ensure that all employees concerned are regularly instructed on the relevant aspects of occupational health and safety. To support them in these responsibilities they receive regular training.

In addition, the BMW Group actively promotes the physical and psychological wellbeing of its employees through health management initiatives.

By implementing adequate security measures, the BMW Group also makes every effort to keep employees and visitors safe at all of its sites. Site-specific risk analyses are carried out and measures are implemented in accordance with applicable legislation.



2.6. REMUNERATION.

The BMW Group remunerates its employees with competitive, performance-based compensation which is complemented with additional benefits.

Employees are remunerated fairly by both internal and external standards. Uniform principles provide the foundation for a well-balanced global rewards system. Where legislation exists, the BMW Group pays its employees at least the legal minimum wage applicable in the economic area concerned. It also strives to provide its employees with above-average remuneration overall (consisting of salaries and fringe benefits) compared with the rest of the local employment market.

At all BMW Group entities, performance and results form the key criteria on which employees' salaries are based. The company also rewards workers in line with local policies for their individual or collective performance.



2.7. WORKING TIMES.

The BMW Group complies with national legal working time regulations as a minimum requirement. In addition, our working time principles describe the BMW Group values for employees resting times, leisure, holiday and a healthy life balance. They support BMW Group entities worldwide in designing working time schedules.

Working times and break times take into account not only business but also personal needs. They are based on scientific criteria, such as medically recognized limits regarding physical and psychological stress.

The BMW Group supports employees' efforts to reconcile their professional and personal lives with a range of different working time models as well as childcare arrangements and advice on caring for family members to help them achieve a healthy balance in the various stages of their careers and lives. Every BMW Group site develops appropriate measures that meet regional and national conditions.

2.8. TRAINING.

The BMW Group promotes the long-term employability of its employees. It recruits new employees on the basis of their personal ability and trains and develops them accordingly. Their skills and talents are enhanced by future-oriented training and education programs that are designed to keep their performance and employability levels high over the longer term. As well as concentrating on technical training, courses focus on personal development. Access to further education and training is based on the principle of equal opportunities for all employees.

2.9. RIGHT TO PRIVACY – PROTECTION OF PERSONAL DATA.

To uphold the rights of individuals (e.g. employees, customers) to determine how their own personal information is used, the BMW Group maintains high data protection standards. In essence, these conform to German and European data protection standards to ensure personal rights are safeguarded as best as possible, in every BMW legal entity worldwide.

When it comes to dealing with personal data in day-to-day business, innovative information technologies and increasing media connectivity can represent major challenges. The BMW Group's Corporate Data Protection department makes every effort to ensure that the use of such personal data complies with legislation and that the impact on privacy is as little as possible and the rights of the individuals are guaranteed, including their right to access, correct, block or delete information.

2.10. RIGHTS OF LOCAL COMMUNITIES CLOSE TO BMW GROUP SITES.

At its facilities, the BMW Group respects the human rights of local communities potentially affected by its business activities. Moreover, its stated aim is to minimize impact on local communities during site preparation, construction and operation of its facilities. This is done by carrying out environmental and social analyses on various aspects such as water availability, traffic conditions and emissions. At its facilities and locations the BMW Group takes care to use eco-friendly processes and methods that utilize resources efficiently and minimize negative impacts on local communities.

3. ENGAGING WITH BUSINESS PARTNERS.

The BMW Group expects its business partners to respect human rights and in particular to abide by the ILO Core Labor Conventions, principles of the UN Global Compact and UN Guiding Principles on Business and Human Rights. It takes active steps to promote that these principles are adhered to and implemented along the value chain.



3.1. SUPPLIERS.

The BMW Group expects its suppliers to respect the human rights as they go about their business. For the BMW Group, the commitment of suppliers to meet their social responsibility and especially to abide by the ILO Core Labor Conventions is a crucial prerequisite for sustaining business relations.

As a global enterprise, the BMW Group relies on a comprehensive supply chain network. As purchasing becomes increasingly international and supply chains grow ever more complex, the risk of being linked directly or indirectly to human rights violations is rising. To promote compliance with social standards in its supply chain, the BMW Group collaborates in industry initiatives and networks, engages in capability-building measures with suppliers and has set up a risk management system with which to monitor the supply chain.

The BMW Group Sustainability Standard for the Supplier Network advises suppliers of the basic principles, standards and expectations with regard to social responsibility. It forms an integral part of the documentation accompanying request for quotation.

The General Terms and Conditions of Business and the International Purchasing Conditions of BMW Group stipulate that suppliers must commit to respecting human rights and in particular that they must abide by the ILO Declaration on Fundamental Principles and Rights at Work. They are required to cause their sub-contractors to act accordingly by undertaking reasonable and meaningful steps to ensure that these responsibilities are realized, e.g. by communicating a supplier sustainability policy for their suppliers.

As well as forbidding child labor, forced labor and discrimination and ensuring freedom of association, suppliers must adhere to occupational health and safety standards and provide adequate working conditions.

The BMW Group offers a wide range of targeted training courses for purchasers and suppliers to raise awareness of human rights and labor standards and communicate its expectations clearly. In doing so, it also helps suppliers to comply with the standards that are in place.

Respecting human rights is an evaluation criterion in the supplier selection process and a component of a three-stage risk management process. This includes a risk filter, a media screening, a sustainability self-assessment questionnaire for the automotive industry, a BMW Group specific modular questionnaire, internal on-site assessments and external audits. These measures support the BMW Group in identifying supplier facilities and product groups at particularly high risk of being linked to human rights abuses.

Where potential shortcomings are identified, a Supply Chain Response Team is set up to follow up the issue. Wherever necessary, an escalation process is devised and launched

and corrective action plans are developed together with the supplier. Where a supplier fails to take effective action, the BMW Group may potentially terminate the supply contract.

The BMW Group does not tolerate unlawful conduct of any kind on the part of security staff towards employees or third parties. The BMW Group does everything possible to seek that service providers delivering security services are contractually bound to respect human rights, receive advice and undergo appropriate training wherever necessary.

3.2. BMW GROUP AUTHORIZED SALES ORGANIZATION.

The BMW Group expects its dealers, sales agents and importers to respect the human rights and in particular to abide by the ILO Core Labor Conventions. It takes active steps to promote human rights are adhered to and

implemented in its sales organization, e.g. by including specific clauses in new or updated contractual agreements, addressing the issue at international sales conferences and providing targeted information for dealerships.

4. IMPLEMENTING THE BMW GROUP CODE ON HUMAN RIGHTS AND WORKING CONDITIONS.

In implementing the BMW Group Code on Human Rights and Working Conditions, close reference is made to the requirements of the UN Guiding Principles on Business and Human Rights. Based on a systematic internal analysis of human rights implications for different business units, the due diligence process for the company and in relation to our business partners is continuously refined. Human rights are integral to the BMW Group's corporate culture, operational management processes such as risk management and major investment decisions.

The BMW Group communicates the code to its employees and familiarizes them with its position and expectations in training courses.



4.1. ACCOUNTABILITY.

Managers are responsible for implementing the BMW Group Code on Human Rights and Working Conditions in their respective areas of responsibility.

Every manager has the duty to inform his or her employees of the content and importance of this Code and to advise and support them in implementing its principles in their day-to-day business. At the same time, managers must comply with the Code themselves in their everyday managerial work, for example in their dealings with employees and as a basis for decision-making. Any indications that human rights may have been breached must be followed up and investigated immediately and with the greatest of care.

All BMW Group employees are duty-bound to comply with the BMW Group Code on Human Rights and Working Conditions and align their business activities with the principles set out in it.

Where human rights abuses are suspected, employees can raise their concerns either with their supervisors or with one of the contacts listed below. Queries and comments will be treated confidentially and followed up by the Human Rights Response Team. If necessary, corrective actions will be initiated to help resolve problems early on and prevent the individuals concerned from suffering more severe consequences.

4.2. REGULAR REPORTING AND INFORMATION EXCHANGE.

Progress in implementing the BMW Group Code on Human Rights and Working Conditions is reported to the BMW Group Compliance Committee, BMW Group Sustainability Circle and BMW Group Sustainability Board. In addition, there is a regular information exchange with the BMW EURO Works Council, which includes a report on the inquiries to the Human Rights and Supply Chain Response Teams and the corresponding measures. The BMW Group publishes the latest information on how human rights are being implemented both in-house and with business partners in its Sustainable Value Report.

4.3. REVIEW AND DIALOGUE.

This Code was developed in consultation with relevant departments of the BMW Group, the BMW EURO Works Council as well as external experts and stakeholders, such as non-governmental organizations (NGOs) and associations.

For companies, the challenges involved in upholding human rights are changing over time. Against this backdrop the BMW Group will continue to verify its position on the issue and its implementation of Human Rights to ensure that it remains effective and up-to-date. This will allow it to pick up quickly on important changes in the immediate environment and to adjust its internal processes accordingly. The BMW Group also reflects critically on its position in dialogue with international stakeholders.

4.4. CONTACTS.

The BMW Group has two points of contact for dealing with questions and concerns relating to human rights.

The BMW Group Compliance Contact helpline is available to answer questions and queries about the BMW Group Human Rights Code and advises on assessing possible breaches and on what to do next.

Employees can call the helpline from Monday to Friday, 7.00 hrs. to 20.00 hrs. (Central European Time). Services are available in English and German and calls will be treated confidentially.

BMW GROUP COMPLIANCE CONTACT

Telephone: +49 89 382-60000

Email: compliance@bmwgroup.com

Additionally the BMW Group offers its employees the opportunity to report potential human rights concerns anonymously and confidentially via the BMW Group SpeakUP Line. This service is available in all countries where BMW Group employees operate. It can be reached around the clock via a local toll-free number and operates in 34 languages. Alternatively, employees can report their concerns online.



4.5. DEALING WITH QUESTIONS AND CONCERNS.

Detailed questions and concerns are handled by a Human Rights Response Team including a member of the employee representative body of the affected entity. For international entities, a representative of the BMW EURO Works Council will be invited. Representatives from specialist departments or external stakeholders may also be involved, depending on the individual case concerned. The team verifies reports and takes the necessary action.

In case the investigation shows that the BMW Group has caused or contributed directly or indirectly to any adverse impact, appropriate corrective measures will be taken. Employees found guilty of violating human rights as outlined in this code will be sanctioned in accordance with national labor laws.

FINAL PROVISIONS.

The BMW Group Code on Human Rights and Working Conditions becomes effective on the day of its signing and complements the previous “Joint Declaration on Human Rights and Working Conditions in the BMW Group” in its most recent version. It may not form the basis for any individual claims or claims by third parties. Only the German version of this declaration is binding.

HUMAN RIGHTS. COMMITTED TO RESPECT.



To find out more, visit the BMW Group's
website at www.bmwgroup.com.

RESPONSIBILITY.

We make consistent decisions and stand behind them. This creates freedom for entrepreneurship.

APPRECIATION.

We are critical of ourselves and show mutual respect, provide clear feedback and recognize performance.

TRANSPARENCY.

We do not gloss over problems; we address inconsistencies in a constructive manner. We conduct ourselves with integrity.

OPENNESS.

We always look for opportunities and act boldly in the face of change. We grow from our mistakes.

TRUST.

We rely on each other. It is the only way to be fast and reach our goals.

