
<table>
<thead>
<tr>
<th>Due Diligence NAP core elements</th>
<th>Sourcing Strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td>1) Management-system, policy statement, ...</td>
<td>Market research</td>
</tr>
<tr>
<td>2) Conducting regular risk analyses</td>
<td>Code of Conduct</td>
</tr>
<tr>
<td>3) Measures to ward off potentially adverse impacts at direct and indirect suppliers</td>
<td>Risk filter</td>
</tr>
<tr>
<td>4) Effectiveness review</td>
<td>Qualification/ Training</td>
</tr>
<tr>
<td>5) Reporting</td>
<td>Nomination</td>
</tr>
<tr>
<td>6) Grievance mechanism</td>
<td>½ - 2 years</td>
</tr>
</tbody>
</table>

* An evaluation result is required for the nomination process of supplier locations of direct material with a purchasing volume of > €2 m and supplier locations of indirect material with a purchasing volume > €10 m.

Target achievement, i.e. the fulfillment of our due diligence requirements, is measured at an agreed due date prior to the start of production and is reported to the Board of Management. It is part of the BMW Group PSC target system. By integrating due diligence tools into the procurement process and agreeing and continuously measuring PSC targets, we achieve a high level of implementation of preventive measures.
IDENTIFICATION AND ASSESSMENT OF POTENTIAL ADVERSE IMPACTS OF OUR BUSINESS ACTIVITIES ON INDIRECT SUPPLIERS.

In 2017, at the suggestion of the BMW Group and with the support of other automotive manufacturers in the Drive Sustainability initiative, an analysis of the most important raw materials was carried out at the European business network CSR Europe.

In 2018, this resulted in the Material Change Report of the two standardization initiatives mentioned above as well as in "The Dragonfly Initiative".

In the meantime, the BMW Group has expanded its raw material evaluation methodology on its own initiative and is applying this to an even more comprehensive raw material portfolio. On the basis of regular analysis updates, current environmental developments on the commodity markets are taken into account, comprehensive commodity risk monitoring is ensured and appropriate prioritization of raw materials is ensured in order to derive effective measures.


https://tdi-sustainability.com/
OCCASION-RELATED HUMAN RIGHTS DUE DILIGENCE OBLIGATIONS FOR INDIRECT SUPPLIERS. PREVENTIVE AND CORRECTIVE MEASURES.

Creation and assurance of traceability to determine affectedness.
The BMW Group is involved in standardization initiatives such as the Catena-X partner platform and is actively driving the expansion of the IMDS database with the goal of obtaining traceability on an occasion-related basis to environmental and social standards. Blockchain technologies, among others, are also used to secure traceability.
Other methods to create and ensure traceability back to the raw material extraction or smelting and thus to determine the affectedness are:
- supply / directed buy of raw materials from the mine (cobalt, lithium, palladium, platinum)
- as well as the supply / directed buy of smelters (steel, aluminum).
The direct purchase of the raw materials aluminum, steel, platinum, palladium, cobalt and lithium is one of several instruments for ensuring traceability and transparency with regard to environmental and social standards and to anchor appropriate due diligence measures in the raw material supply chain.
OCCASION-RELATED HUMAN RIGHTS DUE DILIGENCE OBLIGATIONS FOR INDIRECT SUPPLIERS.

**Activities / measures to eliminate, avoid or mitigate identified adverse impacts on affected parties in raw material supply chains:**

- **Avoidance or substitution** (e.g. BMW iX: replacement of chrome with olive leaf essence for leather tanning, replacement of chrome with lacquer for trim)
- Suppliers are activated to demand minimum standards from their suppliers (cascading) for all 37 raw materials analyzed.

**Communication:**

- The BMW iX... combines locally emission-free driving pleasure, sporting agility and a compelling operating range with a character profile dedicated squarely to sustainability.

**Participation in the development of n-tier certification systems** (Chain of Custody) e.g. aluminum (ASI), natural rubber (GPSNR), leather (Leather Working Group) and demand / apply the **certification systems** in the supplier network (aluminum (ASI) (natural rubber (FSC))

- Contribute to the development of **certification systems for specific stages of the value chain** (RMI, IRMA) and demand these in the supplier network for mineral raw materials such as conflict minerals and lithium.

**Closing material cycles.** The use of secondary raw materials (aluminum, steel, tungsten, ...) reduces or avoids the purchase of primary raw materials.

**Enabling identified supply chain levels through supplier site activities.**

- The cross-industry “Cobalt for Development” initiative began training sessions for twelve micro-mining cooperatives in Kolwezi, Democratic Republic of Congo (DRC). The trainings cover key environmental, social and governance aspects of responsible mining practices. They include mine site management and legal compliance, human rights, health and safety, and environmental management.

**Greater Transparency in Cobalt Mining.**

- Sustainable tires for BMW X5 Plug-in Hybrid: BMW Group becomes first automotive manufacturer to use new Pirelli tires containing FSC-certified natural rubber and rayon.
- Harnessing the power of the desert sun: BMW Group sources aluminum produced using solar energy.
- BMW Group steps up sustainable sourcing of lithium for battery cell production to ensure rapid e-mobility expansion.
- Minerals derived from responsible mining.
- BMW Group creates closed-loop material cycle for tungsten production tools to protect valuable resources.