SUSTAINABILITY QUESTIONNAIRE FOR SUPPLIERS. BMW-SPECIFIC EVALUATION OF SAQ.

BASED ON SAQ 4.0 (SELF-ASSESSMENT QUESTIONNAIRE) IN NQC

October 2021
THE SUSTAINABILITY QUESTIONNAIRE IS A SELF-ASSESSMENT FOR SUPPLIERS AND BASIS FOR THE EVALUATION OF SUSTAINABILITY REQUIREMENTS.

The 'sustainability questionnaire' by Drive Sustainability is a self-assessment for supplier locations regarding environmental, social and compliance/governance aspects of their business activities. It is a standardized tool and it is used by several automotive OEMs. The BMW Group uses this questionnaire to individually evaluate the sustainability requirements of supplier production and delivery locations. Basis for the evaluation are the requirements set in the supplier sustainability policy and the international purchasing (IPC) conditions of direct purchasing and General Terms and Conditions (GTC) of indirect purchasing, respectively. An evaluation 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 17 groups of questions:

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

In the following, the BMW-specific evaluation logic of the questionnaire (traffic light system) will be explained. Please note: for antitrust reasons, the OEMs are not allowed to rate the joint sustainability questionnaire uniformly. Therefore, the NQC platform only shows an indicative rating for the questionnaire. The completed questionnaire is finally evaluated by BMW Group. This is decisive for the award (see page 4 for the traffic light logic and from page 5 the BMW Group specific requirements).
SUPPLIERS HAVE TO REGISTER ON THE NQC PLATFORM TO ANSWER THE SAQ AND SHARE IT WITH BMW GROUP. PROCESS OVERVIEW.

1. The BMW buyer requests a new SAQ via the supplier database (LDB) for a specific production or delivery location relevant for the awarding process.

2. The supplier answers the SAQ on the external NQC platform and shares the SAQ with BMW Group.

3. NQC validates the SAQ and sends the recommendations to the supplier (‘results’).

4. The results are sent from NQC to LDB via interface and the BMW-specific evaluation happens automatically. The final result is available in LDB only.
THE SUSTAINABILITY STATUS OF A SUPPLIER LOCATION IS BASED ON A BMW-SPECIFIC EVALUATION OF THE SAQ (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
  → 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
  → Nomination allowed with restriction

- Compliance of supplier regarding BMW-specific requirements
- No further need for corrective actions
  → Nomination allowed without any restriction
<table>
<thead>
<tr>
<th>Question</th>
<th>Requirements</th>
<th>Threshold*</th>
</tr>
</thead>
<tbody>
<tr>
<td>1 a</td>
<td>Management person responsible for social sustainability</td>
<td>≥ 500 HC</td>
</tr>
<tr>
<td>1 b</td>
<td>Management person responsible for compliance</td>
<td>≥ 500 HC</td>
</tr>
<tr>
<td>1 c</td>
<td>Management person responsible for environmental sustainability</td>
<td>≥ 500 HC</td>
</tr>
<tr>
<td>2</td>
<td>Publish a CSR-/sustainability report</td>
<td>≥ 500 HC</td>
</tr>
<tr>
<td>3</td>
<td>Code of conduct</td>
<td>≥ 500 HC</td>
</tr>
<tr>
<td>5/5a</td>
<td>Policy on working conditions and human rights covering:</td>
<td>≥ 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>
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<tr>
<td></td>
<td>- Working hours</td>
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<td></td>
<td>- Modern slavery</td>
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<tr>
<td></td>
<td>- Freedom of association and collective bargaining</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Harassment and non-discrimination</td>
<td></td>
</tr>
</tbody>
</table>

*Headcount (HC) on parent company level, not site
### SUSTAINABILITY REQUIREMENTS FOR BMW GROUP SUPPLIERS.
SAQ VERSION 4.0 – VALID FOR CALENDAR YEAR 2020. (PAGE II/III)

<table>
<thead>
<tr>
<th>Question</th>
<th>Requirements</th>
<th>Threshold*</th>
</tr>
</thead>
<tbody>
<tr>
<td>7</td>
<td>Health and safety policy</td>
<td>≥ 50 HC</td>
</tr>
<tr>
<td>8</td>
<td>Certified health and safety management system according to ISO 45001 or similar</td>
<td>≥ 500 HC</td>
</tr>
<tr>
<td>10</td>
<td>Environmental policy</td>
<td>≥ 50 HC</td>
</tr>
<tr>
<td>11</td>
<td>Certified environmental management system according to ISO 14001, EMAS or similar</td>
<td>≥ 50 HC</td>
</tr>
</tbody>
</table>

*Headcount (HC) on parent company level, not site
### SUSTAINABILITY REQUIREMENTS FOR BMW GROUP SUPPLIERS.
SAQ VERSION 4.0 – VALID FOR CALENDAR YEAR 2020. (PAGE III/III)

<table>
<thead>
<tr>
<th>Question</th>
<th>Requirements</th>
<th>Threshold*</th>
</tr>
</thead>
<tbody>
<tr>
<td>15/15a</td>
<td>CSR-/sustainability requirements towards suppliers covering:</td>
<td>≥ 100 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>
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<tr>
<td></td>
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</tr>
<tr>
<td></td>
<td>- Harassment and non-discrimination</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Health and safety</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- GHG emissions, energy efficiency and renewables</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Water quality and consumption</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Air quality</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Sustainable resources management and waste reduction</td>
<td></td>
</tr>
<tr>
<td></td>
<td>- Responsible chemical management</td>
<td></td>
</tr>
<tr>
<td>15b</td>
<td>Communicate CSR-/sustainability requirements to suppliers</td>
<td>≥ 100 HC</td>
</tr>
</tbody>
</table>

*Headcount (HC) on parent company level, not site
YOU NEED HELP?
YOUR CONTACT AT BMW GROUP AND NQC LTD.

Questions regarding the **sustainability requirements** for BMW Group suppliers and their **BMW-specific evaluation** in terms of the nomination process can be addressed to your BMW Group buyer or the Sustainable Supply Chain Management (SSCM) Team.

- General information for suppliers on the web: https://www.bmwgroup.com/en/responsibility/supply-chain-management.html (i.e. under: Supply Chain Due Diligence / Downloads)

- SAQ Toolbox for suppliers from Drive Sustainability: https://www.drivesustainability.org/saq-toolbox

- E-mail: sscm@bmw.de

For technical questions regarding the **SAQ process** on 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

- Live chat and 'contact us' form: https://supplierassurance.com/contact

- E-mail: auto.support@nqc.com

- Phone: +44 (0) 161 413 7983 (multi-lingual)
BACK UP.
PROCESS DESCRIPTION & FAQ.
SAQ WORKFLOW FOR SUPPLIERS AND BUYERS OF THE BMW GROUP.
INVITE A SUPPLIER AND COMPLETE A QUESTIONNAIRE.

Supplier

BMW buyer

NQC

(1) Request new SAQ in BMW supplier database (LDB)

New

(2) Register on NQC platform and answer SAQ

Responding

(3) Validate and support

Validating

Duration max. 5 days

(4) Supplier can see which gaps were identified by NQC

Results

(4) Evaluation of the SAQ available in LDB for buyer

Completed

(4) Evaluation of the SAQ available in LDB for buyer

Green rating: no further actions needed.

Red rating:
Supplier has the chance to go back to Responding, close the identified gaps and send the SAQ again in Validation. SAQ will be rescored in the LDB after Validation. OR agree on due dates with the buyer which leads to a yellow rating (see next slide).

Status description:
New (1):
- Supplier gets invitation via weblink to NQC portal to answer SAQ.
- E-mail to supplier with detailed instructions on how to register on NQC portal.

Responding (2):
- Supplier answers SAQ.

Validating (3):
- NQC validates answers and attachments for accuracy, completeness and validity.

Results (4):
- Supplier sees which gaps were identified by NQC.
- Only accepted answers from NQC are automatically transferred to LDB.

Completed (4):
- Buyer /Supplier sees sustainability status in LDB/B2B (either red or green), which is relevant for nomination process.
SAQ WORKFLOW FOR SUPPLIERS AND BUYERS OF THE BMW GROUP. AGREE CORRECTIVE ACTION PLAN (CAP) AND DUE DATE IN CASE OF GAPS.

**Status description:**

**Completed (5-7):**
- Buyer agrees on CAP and due date with supplier.
- Buyer sets due date in LDB accordingly.

**Responding (8):**
- Supplier updates SAQ after implementing the corrective actions.

**Validating (9):**
- NQC validates answer update and attachments for accuracy, completeness and validity.

**Results (10):**
- Supplier sees which gaps were identified by NQC.
- Data from SAQ is automatically transferred to LDB.

**Completed (10):**
- Buyer sees updated sustainability status in LDB.
## NOMINATION OF SUPPLIER LOCATION REQUIRES SUSTAINABILITY EVALUATION.
### OVERVIEW SAQ STATUS IN LDB.

<table>
<thead>
<tr>
<th>Status SAQ in LDB</th>
<th>Explanation of status</th>
<th>Task buyer/supplier</th>
<th>Is the supplier able to be awarded?</th>
</tr>
</thead>
<tbody>
<tr>
<td>White</td>
<td>Sustainability rating in LDB is not available, yet.</td>
<td>Buyer to request a new SAQ via LDB, if no SAQ available for supplier location. OR Supplier to share an existing SAQ with BMW Group (please contact SSCM-Team).</td>
<td>No.</td>
</tr>
<tr>
<td>Grey</td>
<td>Supplier is currently responding, but has not yet completed the SAQ.</td>
<td>Buyer must ask supplier to complete SAQ. Supplier must finish SAQ.</td>
<td>No.</td>
</tr>
</tbody>
</table>
| Red               | Supplier has completed SAQ and does not meet BMW-specific requirements or a certificate has expired. | **Option 1: Close identified gaps on NQC platform**  
Supplier goes back to the questionnaire, edits the identified gaps and sends the SAQ again for validation. The SAQ will be rescored in the LDB after validation. If all BMW-specific sustainability requirements are met, a green status is achieved.  
**Option 2: Agree upon corrective action plan (CAP) including due dates**  
Buyer and supplier agree upon a corrective action plan (CAP) including due dates. Due dates are set in the LDB and a yellow rating is achieved. | No. |
| Yellow            | Supplier has completed SAQ and does not meet BMW-specific requirements.  
Buyer and supplier have agreed upon corrective action plan incl. due date (before SOP). | Supplier implements corrective actions.  
Buyer monitors implementation. | Yes, but supplier must achieve a green status and meet all requirements before SOP. |
| Green             | Supplier has completed SAQ and meets BMW-specific requirements. | None. | Yes. |