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Bayerische Motoren Werke

Aktiengesellschaft

Petuelring 130

80809 Munich

Germany

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# BMW GROUP BIODIVERSITY POLICY.



ROLLS-ROYCE  
MOTOR CARS LTD





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## 1. INTRODUCTION

**Nature and biodiversity hold great importance for the BMW Group from both a social and economic perspective. Intact ecosystems and their services are the foundation of life and are essential for the long-term success of the BMW Group.**

**The decline in biodiversity has been accelerating over the past few years. Alongside combating climate change, the loss of biodiversity is one of the greatest challenges of our time.**

Sustainable Development Goals (SDGs) have been established at the global level. The European Union (EU) biodiversity strategy and the Kunming Montreal Global Biodiversity Framework (GBF) also aim to improve the biodiversity of Europe and the world by 2030 and achieve full recovery by 2050. They address the main causes of biodiversity loss (climate change, pollution, changes in land, water, and marine use, excessive use of resources, and invasive alien species).

The objective of the BMW Group Biodiversity Policy is to provide the company



with guidelines on how to make decisions while considering the aspect of biodiversity.

The Biodiversity Policy of the BMW Group additionally includes an assessment of the company in terms of the opportunities, impacts, risks, and dependencies associated with biodiversity, as well as the presentation of relevant

measures for its conservation and promotion. Compliance with the current legal requirements (CSRD – Corporate Social Reporting Directive / ESRS – European Sustainability Reporting Standards) and global agreements are also covered by this document. The BMW Group's biodiversity approach aims to contribute to the above-mentioned po-

litical targets, thereby directly and indirectly impacting the company's resilience.

## 2. APPLICATIONS AND SCOPE

The processes and procedure described in this policy apply to BMW AG, and all subsidiaries over which BMW AG exercises a controlling influence, either directly or indirectly.

## 3. COMMITMENT

The BMW Group acknowledges its responsibility to the environment and society and pursues the overarching goal of harmonizing ecological, social, and economic considerations. The company's approach to biodiversity is guided by the principle of the mitigation hierarchy, which prioritizes the avoidance of negative impacts before any efforts to reduce or restore them.

### 1. Avoiding activities with a negative impact on biodiversity

The BMW Group

- relies on the efficient use of primary and secondary raw materials, considering the preservation of biodiversity.
- promotes cooperation with suppliers who can transparently demonstrate that they consider

the adverse effects on biodiversity in their activities.

### 2. Reducing activities with a negative impact on biodiversity

The BMW Group

- develops and consistently implements approaches to reduce CO<sub>2</sub>e emissions and pollution, and to increase water efficiency.
- is committed to the efficient use of resources in line with the principles of the circular economy.

### 3. Restoring biodiversity

The BMW Group

- is involved as a trusted partner in local projects and capacity building (sustainable development and the strengthening of skills, structures, and partnerships) to contribute to the restoration of biodiversity and ecosystems, among other things.
- does not solely use offsetting measures for biodiversity (such as biodiversity certificates).

## 4. BMW GROUP GOALS AND MEASURES

The company implements measures and goals that support biodiversity. The fields of action include combating climate change, efficiently using raw materials and resources, sustainable land use, and protecting the environment and water.

The BMW Group conducted an internal materiality assessment and reviewed it with external experts and affected stakeholders, such as non-governmental organizations and our investors. The assessment indicates that the material risks lie in the upstream supply chain, particularly related to the mining of raw materials needed for vehicle production. However, no material risks were identified in the downstream stages of the value chain or in BMW's own business activities. This does not mean, however, that biodiversity is not important to the BMW Group.

The materiality assessment is reviewed regularly and as needed to ensure it remains current and effective. The BMW

Group Report provides information to the public on biodiversity.

### 4.1. COMBATING CLIMATE CHANGE

The BMW Group contributes to achieving the goals of the Paris Climate Agreement and, in its approach, considers the interdependence of climate protection and biodiversity conservation.

The company has set itself measurable, science-based targets to be achieved by 2030, aiming to significantly reduce CO<sub>2</sub>e emissions across the entire product life cycle and expand the circular economy.

In addition to electrifying our products and increasing the efficiency of all drive types, the BMW Group is also furthering decarbonization in its supply chain by establishing CO<sub>2</sub>e-reducing measures as a criterion for awarding contracts. This includes the use of electricity from renewable energy sources. The implementation of this measure will be reviewed by an independent external expert. In addition, recycled materials and sustainable production processes are

preferred, along with the use of innovative (e.g. synthetic) materials.

To this end, the BMW Group has formulated principles in its corporate strategy on circular economy that aim to reduce the consumption of primary raw materials by using recycled materials, material selection, dismantling capability, and the promotion of closed-loop material cycles. This includes efficient component design and the recyclability of materials.

## 4.2. EFFICIENT USE OF RAW MATERIALS AND RESOURCES

The automotive supply chain is among the most complex in all industries and is globally networked. Direct and complete control of all indirect impacts on biodiversity is therefore not feasible at present. In contrast to CO<sub>2</sub>e, as yet there is no globally applicable and uniformly quantifiable standard for measuring and aggregating the effects in aspects of biodiversity such as water or soil, in part because their importance and evaluation also vary in different

parts of the world due to local conditions. There is also not a procedure for the global offsetting of locally occurring effects. This also significantly limits the ability to define quantitative targets based on impact for organizational units, all the way down to individual decision-makers. These targets are essential for measuring success and for evaluating and making business decisions regarding measures.

The BMW Group relies on a combination of three paths of action:

1. Reducing the consumption of primary raw materials by increasing circularity,
2. A special duty of care for critical primary raw materials, and
3. The integration of key requirements into contractual agreements with first tier suppliers and (indirectly) with downstream suppliers. All first-tier suppliers of the BMW Group are also contractually obliged to comply with extended environmental and social standards and to introduce corresponding management systems

("BMW Group Supplier Code of Conduct"). Further information is available on our [website](#).





Until the protection of the marine ecosystem can be guaranteed, the BMW Group, as far as is known, will not use raw materials obtained through deep-sea mining for its products. It expects the same from its suppliers and their suppliers, in line with the precautionary principle. Further information is available [here](#).

The BMW Group is taking additional measures, including the following, for the critical raw material natural rubber. Since 2019, the BMW Group has been a member of the multi-stakeholder initiative "Global Platform for Sustainable Natural Rubber" (GPSNR). Its commitment is described in the [High-Level Commitment \(HLC\)](#) for natural rubber. One objective here is to counteract the deforestation resulting from the cultivation of natural rubber. More information on deforestation-free supply chains is available in the relevant policy. ([Anti-Deforestation Policy](#)).

### 4.3. LAND USE

The BMW Group expects its suppliers to protect and preserve forests and other

natural ecosystems through responsible land use, as this is closely connected to the conservation of species. These requirements are specified in the BMW Group Supplier Code of Conduct.

For its own locations, the BMW Group uses a comprehensive approach to assess the impact on nearby biodiversity conservation areas. In addition, a site-specific assessment is conducted to determine how habitats for plants and animals can be designed and how areas can be ecologically enhanced.

One key measure is the greening of industrial areas, such as parking garages and roofs, to create habitats for plants and animals and positively influence the microclimate. This is being implemented at Dingolfing and Leipzig plant sites, for example. The BMW Group also creates new habitats that benefit a variety of species by creating biotopes such as orchards and wildflower meadows or by re-naturalizing water areas. Another element is the upgrading of existing infrastructure. Drainage systems at sites such as Debrecen are being re-designed to be insect- and amphibian-friendly. In this way, the BMW Group contributes to the promotion of biodiversity and sustainable land use.



#### 4.4. ENVIRONMENTAL PROTECTION AND WATER

The careful use of water as a resource has been an integral part of the BMW Group's sustainability strategy since 2009. This underscores the BMW Group's commitment, particularly in its operational processes, for example, through the following measures:

- Optimization of circular systems,
- Replacement of materials hazardous to water,
- Environmental compatibility assessments.

The Supplier Code of Conduct also emphasizes the importance of avoiding water waste and ensuring the responsible use of water as a resource.

Harmful soil changes, water and air pollution, and noise emissions must also be avoided. National and international environmental standards and laws form the basis.



Rolls Royce plant, Goodwood, UK. Source: BMW Group



## 5. BIODIVERSITY AND AFFECTED INTEREST GROUPS/STAKEHOLDERS

Along the entire value chain, people are dependent on biodiversity and intact ecosystems. Ecological and social consequences are directly linked.

The BMW Group considers the impact of its business activities on a wide range of stakeholders, including its own employees, employees in the supply chain, affected local communities, indigenous peoples, and other vulnerable target groups. To this end, the BMW Group seeks an active dialog with its stakeholders.

To effectively fulfill its due diligence obligations, the BMW Group identifies those interest groups within the stakeholders that are at higher risk of adverse impacts on biodiversity. These potentially affected parties occupy a special position within the due diligence processes. Depending on the specific location, we collaborate either directly with the affected communities or with appropriate representatives to implement the measures to meet their needs

and requirements, following the principles of the mitigation hierarchy. The BMW Group considers the protection of affected (local) communities and, in particular, indigenous peoples, and mandates this throughout both the upstream and downstream segments of the value chain via the Supplier Code of Conduct. Risk scenarios such as air, water, and soil pollution, deforestation, or improper handling of hazardous waste are taken into account when deriving specific fields of action to safeguard the rights of these groups of people.

Employees and the younger generation (such as apprentices, or in cooperation with kindergartens) are also intentionally integrated to raise biodiversity awareness at the respective BMW locations. BMW Group employees are encouraged to contribute innovative ideas on sustainability. As part of the "[BMW Group Accelerator](#)", the company supports employees in the development of new ideas, including in the various biodiversity action areas. In the 12-week program in 2024, ideas were developed, for example to use artificial intelligence to protect the animal species

living near the Chinese BMW sites and to predict the behavior of bird flocks.

## 6. ORGANIZATIONAL ANCHORING

The biodiversity approach is developed within the Group Strategy, specifically the Sustainability and Mobility department. The focus here is on close coordination with the BMW Group's other sustainability dimensions, in particular climate protection and the circular economy. Specialized implementation is managed by the designated departments for real estate management, development, purchasing, and the supplier network. The BMW Group's strategic decisions are made in the "Sustainability Strategy Group" and then implemented throughout the Group.

## 7. DUE DILIGENCE AND MONITORING

The BMW Group acknowledges its corporate responsibility to adhere to environmental standards. This applies to our own business operations as well as to our global supply chains. By estab-

lishing clear responsibilities and implementing an array of measures, we help ensure the observance of such fundamental rights. The BMW Group places particular emphasis on the qualification of its suppliers. Suppliers complete a cross-industry self-assessment questionnaire specific to the automotive sector (see [Drive Sustainability](#)) before the contract is awarded. The results are validated by an external entity to identify necessary action areas. The necessary measures must then be implemented and verified by the supplier. These include, for example, the risk filter, media analyses, and supply chain mapping. Reports on possible violations can be submitted via the various channels of the grievance mechanism ([Stakeholder Engagement Policy](#)).

Munich, December 2024



## GLOSSARY

**Own business area** comprises the BMW Group's own sites and branches as well as other affiliated companies within the Group worldwide over which it exerts a controlling influence, regardless of whether they are located domestically or internationally. All activities in branches and business premises worldwide are considered, including plants, warehouses, stores, and offices.

**Suppliers (indirect)** are suppliers who do not have a direct contractual relationship with BMW Group companies, but whose deliveries are nonetheless essential for the manufacture of our products and the provision of our services.

**Suppliers (direct)** are suppliers of products or services whose deliveries are essential for the manufacture of our products and the provision of our services. They have a direct contractual relationship with BMW Group companies for these supplies and/or services.

**Risk** describes a potential negative impact. A human rights risk is therefore a human rights violation that could potentially occur. This refers to factual circumstances that are likely to lead to a breach of one of the human rights or environmental obligations.

**Critical raw materials** are classified as such by the BMW Group if they are scarce and economically crucial, or if their sourcing and use are considered critical with respect to human rights and environmental standards.

## REFERENCES

### **Moratorium on deep seabed mining**

The full statement on the moratorium is available [here](#). The initiative is led by the WWF.

[Moratorium of deep seabed mining](#)

### **BMW Group Accelerator**

[BMW Group Accelerator](#)

### **BMW Group Drive Sustainability**

[BMW Group Drive Sustainability](#)

### **BMW Group Policy Statement on Respect for Human Rights**

[BMW Group Policy Statement on Respect for Human Rights](#)

### **BMW Group Code on Human Rights and Working Conditions**

[BMW Group Code on Human Rights and Working Conditions](#)

### **BMW Group Policy Stakeholder Engagement**

[Stakeholder Engagement Policy](#)

### **BMW Group Policy on Anti-deforestation**

[BMW Group Policy on Anti-deforestation](#)

### **BMW Group Supplier Code of Conduct**

[BMW Group Supplier Code of Conduct](#)

### **BMW Group Environmental and Social Standards**

[BMW Group Environmental and Social Standards](#)

### **Living Rubber/ GPSNR multi-stakeholder platform "Global Platform for Sustainable Natural Rubber"**

[BMW Group Living Rubber](#)

[Policy Framework Living Rubber](#)

### **Environmental Statement BMW Group 2024**

[Environmental Statement BMW Group 2024](#)