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BMW GROUP

ROLLS-ROYCE MOTOR CARS LTD

WE ARE COMPLIANCE

POLICY STATEMENT ON RESPECT FOR HUMAN RIGHTS AND CORRESPONDING ENVIRONMENTAL STANDARDS

OLIVER ZIPSE

DR MARTIN KIMMICH

WE TAKE RESPONSIBILITY

The BMW Group's corporate culture is based on the values of openness, appreciation, trust, transparency, and responsibility; our corporate governance is aligned with ethical principles.

The BMW Group is a member of the UN Global Compact and committed to operating in accordance with the International Bill of Human Rights. The company takes a clear position on human rights and maintains high environmental and social standards. We undertake to ensure compliance with these principles in our global business activities and expect the same from our suppliers. To achieve this, we rely on trust-based business relationships, with appropriate monitoring built in – which also gives us credibility. Our holistic and strategic approach lays the foundation for company-wide activities to ensure respect for human rights and corresponding environmental standards.

Our business model focuses on individual mobility in the premium and luxury segment – which we are making more sustainable, step by step, by setting binding milestones and considering worldwide climate goals. We take a long-term, holistic view that begins with respect for human rights and sustainable extraction of raw materials throughout our far-reaching supplier network and extends all the way into our sales networks.

We firmly believe that exemplary corporate governance must always be based on respect for people and the environment.

Oliver Zipse
BMW AG
Chairman of the
Board of Management

Dr Martin Kimmich
BMW AG
Chairman of the
Central Works Council

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OUR COMMITMENT TO RESPECT HUMAN RIGHTS AND CORRESPONDING ENVIRONMENTAL STANDARDS

The BMW Group recognizes its social responsibility and is particularly aware of its responsibility as a company to uphold human rights and related environmental standards. We do so not only in our own business area, but also make every effort to ensure compliance with these fundamental rights in our upstream and downstream supply chains worldwide. To meet this objective, we require our new and existing suppliers, as well as other business partners, to ensure compliance with our standards – and to require the same from their suppliers and business partners. We provide those impacted by human rights and corresponding environmental violations, particularly vulnerable groups, with access to remedial measures. Where necessary, we involve relevant external stakeholders in our actions. Internal regulations and instructions serve as our guidelines and help us comply with statutory provisions for human rights and environmental due diligence; in many cases, we also go beyond these requirements.

We are committed to compliance with the following international standards:

- International Bill of Human Rights, consisting of the United Nations Universal Declaration of Human Rights, as well as the International Covenant on Civil and Political Rights (ICCPR) and the International Covenant on Economic, Social, and Cultural Rights (ICESCR),
- UN Guiding Principles on Business and Human Rights,
- ILO Declaration on Fundamental Principles and Rights at Work,
- ILO Tripartite Declaration of Principles Concerning Multinational Enterprises and Social Policy (MNE Declaration) and ILO Convention 169,
- Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, and the
- Ten Principles of the UN Global Compact, which we signed in 2001.

Since 2018, the BMW Group Code on Human Rights and Working Conditions complements the Joint Declaration on Human Rights and Working Conditions at the BMW Group of 2010. This policy statement expands and clarifies the BMW Group Code on Human Rights, with reference to the legal requirements arising from the German Act on Corporate Due Diligence Obligations in Supply Chains (German Supply Chain Due Diligence Act).

Sustainable business practices can only be effective if they are upheld throughout the entire supply chain. For this reason, we not only set a high bar for ourselves, but also require environmental and social standards to be implemented by our suppliers and other business partners. We engage our existing suppliers in dialog, based on our contracts and the Supplier Code of Conduct, and work together with them to make improvements. New suppliers are directly integrated through our tender documents. We also oblige them to require compliance with human rights and environment-related standards at their own suppliers and business partners accordingly. At the same time, we are constantly working to improve our processes, measures, and activities, and also bring in external partners to achieve this.

HUMAN RIGHTS AND ENVIRONMENT-RELATED RISKS WITHIN OUR SPHERE OF INFLUENCE

In our risk assessment, we examine human rights and environment-related risks, which may arise as part of our business activities. We follow up on every indication of human rights violations. To ensure that our actions are as proactive and preventive as possible, we focus our human rights due diligence processes on issues where we have identified the most relevant human rights and environment-related risks. These are either related to our business activities directly at our locations or, indirectly, in our global supply chains. We also exert our influence in the upstream and downstream supply chain and require existing and new suppliers, as well as other business partners, to address the risks described below in an appropriate manner and to expect the same from their own suppliers and other business partners. You can find regularly updated information on the human rights and environment-related risks we have considered, identified, and prioritized online.

PROHIBITION OF CHILD LABOR

A child's development must not be hindered 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 Labor Standards, we adhere to minimum employment ages and categorically reject child labor. This applies, in particular, to the worst forms of child labor, i.e. involving children and young people under the age of 18, practices akin to slavery, or activities that are dangerous or immoral. We therefore verify whether applicants and employees have reached the minimum age for employment, for example, as well as determining which tasks may be performed by those under the age of 18.

PROHIBITION OF FORCED LABOR

As a general principle, we do not tolerate forced or compulsory labor of any kind. In accordance with ILO Core Labor Standards, we strongly oppose the use of forced or unlawful compulsory labor in our business activities, from the very beginning of the supply chain. This also includes all forms of modern slavery and human trafficking. All employment contracts with the BMW Group or with enterprises and suppliers commissioned by it must always be concluded on a voluntary basis. All employment relationships may be terminated by both parties, subject to reasonable or statutory notice.

FREEDOM OF ASSOCIATION AND RIGHT TO COLLECTIVE BARGAINING

We recognize the right of employees to form trade unions and participate in collective bargaining to negotiate working conditions. The BMW Group fosters a culture characterized by trust-based, constructive cooperation with respective employee representatives. Even when we have different perspectives, the aim is to maintain a good working relationship in the interest of the company and its employees. Employees are neither favored nor disadvantaged for belonging or choosing not to belong to a trade union or employee representative body. At locations without employee representation, we promote regular consultation between the workforce and the company.

PROTECTION FROM DISCRIMINATION

Equal treatment of all employees is firmly established as a fundamental principle of our company policy. We do not tolerate any form of discrimination or unequal treatment. Throughout our supply chain, we strive to ensure that no one is disadvantaged, given preference, or harassed on the grounds of characteristics such as gender, skin color, religion, nationality, political or other beliefs, ethnicity, disability, age, sexual orientation, or any other characteristics protected by local laws, i.e. membership of a national minority, pregnancy, or veteran status.

We support government programs designed to overcome the effects of past discriminatory practices or other disadvantages. Moreover, in keeping with our diversity concept, we actively promote diversity and nurture an open and inclusive corporate culture.

RIGHT TO HEALTH AND OCCUPATIONAL SAFETY

Protecting and promoting the health of the people who work for us is our top priority. We strictly comply with all applicable occupational health and safety legislation worldwide, as well as imposing our own additional requirements, which extend beyond this. As an example, we apply ISO certification standards, such as ISO 45001, to improve occupational health and safety. We also strive to ensure the well-being of employees in the supply chain and make certain that no one is harmed as a result of their work.

RIGHT TO FAIR REMUNERATION

We offer our employees competitive, performance-based compensation, supplemented by additional benefits. Uniform global principles form the basis for an appropriate worldwide compensation system. Where available, the locally applicable, legally guaranteed minimum standards and minimum wages of the respective economic sectors are complied with. Wages and reimbursable expenses are paid on time, in full, and in recognized currencies and may only be withheld from payroll with sufficient legal basis and relevant justification.

WORKING HOURS

The BMW Group's working time principles take into account both operational and individual concerns. We view working hours as a key element of employer attractiveness. Work-life balance has high priority for us. We are guided by the ILO Core Labor Standards and comply with applicable national working time regulations. We support BMW Group entities worldwide in designing appropriate working time regulations. This includes compensation for overtime, in the form of time off or appropriate remuneration.

USE OF SECURITY PERSONNEL

We do not tolerate unlawful conduct on the part of security personnel toward employees or third parties. Security forces engaged by us are contractually obliged to respect all internationally recognized human rights and environment-related rights and to ensure that security personnel receive adequate guidance and training, where necessary, through appropriate regulations and measures.

RIGHTS OF LOCAL COMMUNITIES AND INDIGENOUS PEOPLES

Our business activities take into consideration the health and livelihood of local communities and indigenous peoples. We consider risk scenarios like air, water, or soil pollution, deforestation, improper handling of hazardous waste, or groundwater extraction in areas of water scarcity when determining our precise fields of action, also to protect the legal positions of the above groups of persons. We also strongly oppose the destruction of cultural and ritual sites and the unlawful eviction and deprivation of land, forests, and waters.

It is also our declared aim to minimize the impact on the local population of construction work at our sites, as well as ongoing operations. We are committed to using environmentally-friendly and resource-efficient processes and methods at our facilities that avoid adverse effects on the local population.

HANDLING HIGH-RISK RAW MATERIALS

We adopt a risk-based approach to handling raw materials with the aim of avoiding negative impact on human rights and environment-related standards. In our risk analysis, we take into account that some of the raw materials used to manufacture our products may be hazardous to people and the environment during procurement and processing and require special measures. We therefore act in accordance with the Minamata Convention on Mercury of 10 October 2013, the Basel Convention on the Control of Transboundary Movements of Hazardous Wastes and their Disposal of 22 March 1989, and the Stockholm Convention on Persistent Organic Pollutants (POPs Convention) of 23 May 2001.

PROTECTION OF PERSONAL DATA

Protecting the individual rights of employees, customers, and other business partners to determine how their personal data is used is very important to us. The focus here is on compliance with applicable local data privacy laws by BMW Group affiliated companies. In the case of employee data, the companies align their protection with German or European legislation, in consultation with one another, in order to protect individual rights throughout the BMW Group. We thus make every effort to uphold the rights and freedoms of each individual, including the right to access, correct, block, or delete their personal data.

OUR APPROACH TO IMPLEMENTING HUMAN RIGHTS AND ENVIRONMENTAL DUE DILIGENCE

Protecting human rights and corresponding environmental standards is a continuous process for us. We monitor implementation of our due diligence on an ongoing basis, taking account of changing framework conditions, the nature and scope of business activities, and findings from our processing of reports. On the basis of this information, we continuously refine human rights and environmental due diligence processes at our company, as well as in our relationships with suppliers and other business partners. Should national laws conflict with the individual principles of this policy statement, we seek to apply the highest possible priority to human rights and corresponding environmental standards within the legal framework of the country concerned.

To meet our due diligence obligations, we examine the potential and actual impact of our business activities on human beings and the environment. For this purpose, we have established a management process that enables us to identify and prioritize relevant risks, as well as those groups potentially impacted by our business activities through our direct and indirect business relationships. Our management process also listens to external voices, so that criticism from civil society and reported incidents can also be incorporated.

SCOPE

The scope of corporate due diligence is not restricted to the BMW Group's own business area, but also extends to all affiliated companies over which the BMW AG exercises a decisive influence, as well as employees and business partners throughout our entire supply chain. This also includes further groups that are directly or indirectly impacted by the activities of the BMW Group.

BMW GROUP AND EMPLOYEES

Respect for human rights is integral to the BMW Group's corporate culture and forms part of our shared values. Employees are required to act in accordance with the BMW Group Code on Human Rights, aligning their professional conduct with its principles and with the Policy Statement on Respect for Human Rights and corresponding Environmental Standards. The Human Rights Code is based on a due diligence process that enables us to identify critical or high-risk aspects and define actions. It reaffirms our commitment to human rights and clarifies how we protect human rights and corresponding environmental standards and implement ILO Core Labor Standards in our business activities worldwide. Compliance with these fundamental principles and rights worldwide is extremely important to us.

ENGAGING WITH SUPPLIERS AND OTHER BUSINESS PARTNERS

We consider our suppliers' and other business partners' commitment to fulfilling their social responsibility as an essential precondition for any form of cooperation.

The Supplier Code of Conduct lays the foundation for supplier relationships, setting out basic principles, standards to be observed, and requirements for sustainability. It is an integral part of our tender documents, as well as our terms and conditions for new suppliers. The Supplier Code of Conduct, the General Terms and Conditions of Business, and the International Purchasing Conditions of the BMW Group require suppliers to commit to protecting human rights and corresponding environmental standards. They are also expected to require the same, within reason, from their own subcontractors – for example, by agreeing on a sustainability policy with their suppliers. You can find further information on our due diligence approach for the supplier network online.

Our human rights and environmental due diligence requirements for other business partners are an integral part of all our contracts. Requirements for our sales partners are clarified in dealer contracts. We also provide our partners with information on our requirements at dealer conferences, for example.

IMPACTED AND POTENTIALLY VULNERABLE GROUPS

Throughout our global supply chains, the human rights and corresponding environmental rights of the following groups of people can potentially be impacted, either by our business activities or their own business activities:

- own employees (including temporary staff and apprentices),
- employees of business partners and joint venture partners,
- employees in our direct and indirect supply chain,
- groups of people indirectly connected to the supply chain: members of local communities, as well as indigenous peoples.

To ensure effective due diligence, we identify those within these groups who are at greater risk of adverse human rights impacts. Those potentially impacted parties occupy a separate category within our due diligence processes. You can find further information on (potentially) impacted groups online.

We are aware that human rights defenders are particularly at risk of being threatened, intimidated, discredited, or criminalized. We categorically reject this behavior and seek out discussion and constructive cooperation with human rights defenders as needed.

RISK MANAGEMENT AND RESPONSIBILITIES

Improving the human rights situation within our supplier network and throughout our global supply chains is a major concern for us. We are committed to continuously refining our human rights and environmental due diligence processes. Protecting human rights and corresponding environmental standards in our business activities and in the supply chain is of outstanding importance to the Board of Management of BMW AG. The Board of Management is therefore informed at regular intervals and on an ad-hoc basis on measures that have been implemented to comply with the law.

Responsibility for effective implementation is clearly defined throughout the company and lies with the respective operating units of BMW Group companies and business partners, who must fulfill the due diligence obligations that apply to them.

To support and monitor these due diligence requirements and processes, the Board of Management of BMW AG appointed the Chief Compliance Officer as Human Rights Officer in December 2021.

Within the Group Compliance function, there are clear responsibilities for both overall concept development to ensure respect for human rights and corresponding environmental standards, as well as for directing due diligence processes in our own business area and at other business partners. The Purchasing and Supplier Network department is responsible for directing our due diligence processes in the supplier network. Other specialist divisions, such as occupational health and safety and environmental protection, report at regular intervals and on an ad-hoc basis, not only to the units with functional responsibility, but also to the Human Rights Officer in accordance with the defined requirements arising from the German Supply Chain Due Diligence Act. You can find further information on this online.

To identify risks and continuously evaluate our measures, we are committed to ongoing dialog with people who may be potentially affected by adverse human rights and environmental impacts arising from our business activities and activities throughout our supply chain. You can find further information on this online.

RISK ASSESSMENT

Our corporate due diligence activities are based on a comprehensive risk assessment, by which we evaluate the human rights and environment-related risks, as well as any impacts arising from our business activities, on both an annual and an ad-hoc basis. A change in business activities or substantiated knowledge from relevant reports may require an immediate update to the risk assessment. In preparing this risk assessment, we consider the nature and scope of the BMW Group's business activities as a complex company with expansive global supply chains.

We make use of digitalized risk data and analysis processes and reach out to business partners and selected stakeholders, including representatives of actual or potentially impacted groups. We conduct this assessment for the BMW Group's own business area, all suppliers, and our other business partners as follows:

1. RISK IDENTIFICATION

Our approach is based on systematic data collection and processing to identify human rights and environment-related risks. External data sources are used to determine country-specific and commodity-group risks (for purchasing) and/or business purpose-specific risks (own business area, as well as for other business partners). Insights gained from implementation of measures and through complaints mechanisms are gradually incorporated into risk identification as additional data points to continuously improve the processes.

2. RISK ANALYSIS AND ASSESSMENT

The second step is for the data to be evaluated and weighted. We use the legally prescribed adequacy criteria of severity and probability of occurrence as moderating factors. This provides us with insights into abstract risk exposure. Any risks identified in this overall assessment are analyzed in detail. We then implement control measures, such as questionnaires or audits, in an attempt to clarify the risk exposure and to identify actual negative impacts on human beings and the environment.

3. PRIORITIZATION OF RISKS

Risks are then prioritized according to the nature of the risk and degree of own responsibility. We determine the latter using the adequacy criteria of ability to exert influence and causal contribution. We integrate the learnings about human rights and environment-related risks and their impact into our corporate decision-making processes. This applies, for instance, to the selection and evaluation of suppliers and business partners, as well as to company transactions and considerations relating to market entry or exit decisions. Potential conflicts of interest between business objectives and respect for human rights, as well as relevant findings from our human rights and environmental due diligence processes, are regular topics of discussion for the Board of Management of BMW AG.

The results also provide us with a basis for adapting internal regulations, processes, and training, where needed, and for considering changes in requirements for our due diligence processes as part of the annual adjustment procedures.

You can find further information on our approach, prioritized risks, and potentially impacted groups online.

CONTROL, PREVENTIVE, AND REMEDIAL MEASURES

We take appropriate measures to fulfill our responsibility for upholding human rights and protecting the environment and pursue a risk-based approach. This means we develop all measures from the results of the risk assessment and prioritize them accordingly. It is our declared aim to protect (potentially) affected persons and to ensure that adverse human rights and environmental impacts are avoided, or at least reduced. We have established standardized processes for systematic implementation of this and developed various measures performed at regular intervals and on an ad-hoc basis.

CONTROL MEASURES

The aim of our control measures is to examine risks and reports and to verify with the necessary thoroughness whether actual violations of rights have occurred.

Above a defined risk threshold, we use questionnaires in our own business area, for our direct suppliers and, on an ad-hoc basis, for our indirect suppliers. These allow us to conduct topic-specific inquiries into identified risks. In some cases, information is also obtained from suppliers using standardized automotive industry questionnaires, which are checked for accuracy and completeness by an independent organization; in other cases, the information is reviewed by the BMW Group's internal departments. Suppliers and BMW management at each location are required to provide information on their sustainability performance.

This information is obtained from new suppliers as part of the tendering process, while suppliers in existing business relationships must update these on an ongoing basis. The information must also be updated in the company's own business area at regular intervals or if the risk situation changes.

If this is the case, or if a defined risk threshold is exceeded, we implement further control measures aimed at corroborating the risk of possible violations. In addition to selected risk-based expert audits, we also rely on audits carried out by departments of the BMW Group themselves. In situations involving high risk or complex risk causes, or if violations have already occurred, we conduct on-site Human Rights Impact Assessments. These are aimed at providing a better understanding of the structural causes of the violations, so we can remediate them effectively.

Our control mechanisms are coordinated with relevant stakeholders, as needed, and form the basis for determining appropriate preventive and remedial measures.

BMW Group entities define an escalation process for both mandatory preventive and remedial measures that applies to their own business area and to the supply chain. This comes into effect if preventive or remedial measures are not implemented as agreed.

PREVENTIVE MEASURES

With regard to preventive measures, we differentiate between voluntary and mandatory measures, both in our own business area and for direct or indirect suppliers. Whether a measure is mandatory or voluntary is determined by the risk category we assign to the site or supplier. The range of measures is diverse but always pursues the goal of improving the risk situation for people and the environment locally.

We promote effective implementation of human rights and environmental due diligence processes within our company through regular, comprehensive training. In this way, we are able to raise awareness among our employees for human rights and environmental due diligence. We also ensure that relevant business areas are provided with the required specialist knowledge. Targeted risk-based training for the Compliance, Purchasing, and Production divisions, among others, supplements this. Further training and communications concepts, with risk-based rollout at other business partners, are constantly being further developed. Sales partner training takes place at dealer or importer conferences, for example, and through provision of appropriate information material.

We rely on training, in some cases mandatory, in our own business area and in the supply chain, as well as on systematic consultation and cooperation with rights-holders and human rights experts. We also incorporate the experiences of other enterprises and stakeholders, shared through industry initiatives, for example, into our work.

Since 2014, we have agreed on preventive measures with our direct suppliers in various areas. The scope of these preventive measures is risk-oriented and geared towards the size of the supplier and the potential risks. By signing a contract with a BMW Group affiliated company, the supplier commits to implement preventive measures and to realize and apply them no later than the start of production or by an agreed target date.

You can find further information on our preventive measures online.

REMEDIAL MEASURES

With regard to remedial measures, we differentiate between violations in our own business area and those that occur at direct or indirect suppliers. In our supply chain and, in particular, at indirect suppliers, the entities of the BMW Group take action whenever they have substantiated knowledge of a violation. We initially respond to justified suspicions of violations that have already occurred or specific reports from ongoing media monitoring by conducting an ad-hoc risk assessment.

If we determine that the BMW Group or our direct or indirect suppliers have violated human rights and corresponding environmental standards or that such a violation is imminent, we take remedial action without undue delay to prevent, end, or minimize the violation. If behavior by our employees leads to a violation of human rights and corresponding environmental standards, we address this behavior and sanction it accordingly.

Our business partners are contractually obliged to furnish reasonable cooperation in implementing measures so we can clarify the circumstances quickly in such a case and/or prevent, mitigate, or remediate the possible violation. Depending on the extent of the violation, we reserve the right to require our business partners to rectify the situation immediately, take legal action, temporarily suspend the business relationship, or, as a last resort, terminate it.

We collaborate with our suppliers on various initiatives to remediate issues in our supply chain. We expect them not only to commit to remedial measures, but also to support remediation processes.

You can find further information on our remedial measures online.

VERIFICATION OF EFFECTIVENESS

At least once a year, as well as on an ad-hoc basis, we verify whether our due diligence process and measures to prevent or mitigate adverse human rights and environmental impacts are effective and whether our topic-specific and procedural requirements are being met. For this purpose, the BMW Group conducts audits and surveys as part of its annual compliance reporting to all BMW Group entities and significant affiliated companies. We also investigate any reports of human rights violations and monitor the effectiveness of our related educational and training activities. To document and measure the progress and function of our due diligence process, we define appropriate metrics. We verify the effectiveness of the measures implemented in our supply chain, based on the results of our ongoing human rights and environment-related risk assessment. To validate the impact of our measures, we conduct risk-based reviews of environmental and social standards, using various risk tools and assessment procedures, such as document reviews, on-site audits, and employee surveys in our own business area, at our direct suppliers, and at our business partners. Wherever possible, we also include potentially impacted persons or their representatives and ensure that rights-holders are consulted in the audits referred to. You can find further information on this online.

COMPLAINTS MECHANISMS

To effectively prevent and remediate adverse human rights and environmental impacts, we have made appropriate complaints management an integral part of our due diligence processes. This consists of various systems for reporting concerns in several languages that are actively and appropriately communicated worldwide, with the option of submitting complaints confidentially or anonymously. These include the BMW Group Compliance Contact, the BMW Group SpeakUP Line, and the Human Rights Contact Supply Chain. As additional operating procedures, we have appointed an ombudsperson and set up customer complaints procedures, residents' forums, and employee committees. We are also involved in various cross-sector initiatives.

We systematically investigate all reports and reasonable suspicion that human rights or environment-related standards may have been violated. Since the individuals providing information are at risk of being threatened or surpressed, we protect their anonymity and ensure confidentiality to ensure they do not face reprisals. The information provided in this way also helps us to continuously improve our human rights and environment-related due diligence processes. We verify the effectiveness of the existing system for reporting concerns once a year and on an ad-hoc basis. You can find further information on the BMW Group's complaints mechanisms online.

REPORTING

Every year, we provide the public with information on our voluntary human rights and environment-related commitments, as well as on our established due diligence processes and their effectiveness in our BMW Group Report. From financial year 2023 onwards, we will also report annually to the German Federal Office for Economic Affairs and Export Control on the significant human rights and environment-related risks we have identified, as well as on the impact of our business activities within our supply chain. This report will also be available on our website. In addition to this, we outline the preventive and remedial measures we have taken, how we evaluate their effectiveness, and what conclusions we draw from this to continuously improve our due diligence process. We also report on this in more depth on our website.

ABOUT THIS POLICY STATEMENT

This policy statement was developed in consultation with relevant BMW Group departments and the BMW Group Central Works Council, as well as with external experts and stakeholders, such as non-governmental organizations (NGOs) and relevant initiatives. The challenges in upholding human rights and corresponding environmental standards faced by enterprises are changing over time. Against this backdrop, we will continue to review our position on human rights and ensure that the measures implemented remain effective and up-to-date. This allows the BMW Group to quickly identify major changes in its immediate environment and adjust its internal processes accordingly.

This policy statement has no retroactive effect and shall enter into force upon 1 January 2023. No individual or third-party rights can be derived from it.

We shall review this policy statement annually and on an ad-hoc basis, and will update it without undue delay should we detect any changes or increase in risk.

CONTACT

If you have questions or comments regarding this policy statement or any other human rights topics, please email us at compliance@bmwgroup.com.

Complaints or reports of non-compliance with this policy statement may be addressed to compliance@bmwgroup.com or to any of the complaints systems described in the chapter Complaints mechanisms.

You can find additional information on the contents described in this document online at bmwgroup.com.

GLOSSARY

Adequacy ensures that, depending on its specific risk disposition, an enterprise does what can be reasonably expected of it to prevent or remediate identified risks. In designing the entire risk management process, prioritizing risks, and developing risk-based measures, the adequacy is assessed ex ante and in accordance with the UN Guiding Principles, based on the criteria of nature and scope of business activities, severity, probability of occurrence, ability to exert influence, and causal contribution.

Business partners refers to persons and/or enterprises that maintain a contractual relationship with a BMW Group company.

Corporate Due Diligence and/or human rights and environmental due diligence refer to obligations with the aim of protecting human rights and corresponding environmental standards, and preventing or minimizing the corresponding risks in our own sphere of influence.

Country-specific, commodity-group, and business purpose risks are analyzed by us to understand the occurrence and context of a risk. Since potential violations of rights depend on a variety of factors, we can identify risks more specifically and take appropriate action by investigating such clusters.

Decisive influence refers to the influence the BMW AG can exert as the parent company on group companies in which it holds a majority stake and where core processes at the subsidiary or affiliated company can be controlled. A strong indication of this is when a regular overlap of personnel exists between executives or at management level and where influence is exerted over the shareholders' meeting.

High-risk raw materials are classified as such by the BMW Group if they are scarce and of crucial economic importance or if sourcing and use of these materials is viewed as critical from a human rights and corresponding environmental standards perspective.

Human rights defenders are individuals and groups committed to protecting and promoting human rights without the use of force. As a result of their activities, human rights defenders are often at risk of becoming victims of human rights violations themselves.

Human Rights Impact Assessments are conducted to analyze the root causes and assess the effects of activities on human rights. We use these assessments to systematically predict, identify, and respond to a business activity's (potential) impact on human rights.

An **ombudsperson** is a trusted external party who serves as an impartial arbitrator. An ombudsperson treats information confidentially and, in case of dispute, clarifies the underlying facts, and takes the interests of the different parties into account.

Own business area comprises the BMW Group's own permanent entities and its branches, as well as other affiliated companies worldwide over which it exerts a > decisive influence – irrespective of their location in Germany or other countries. In this context, all activities at branches and permanent establishments worldwide, including plants, warehouses, businesses, and offices, are considered.

Risk refers to a potential impact. A human rights risk therefore implies the possibility of a violation of human rights. This refers to actual circumstances with sufficient probability that there is a risk of violation of a human rights or environment-related due diligence obligation.

Security personnel refers to both private and public security personnel deployed to protect the enterprise. Their actions must not result in violations of rights or impairment of the freedom of association, injury to life and limb, torture, or inhumane treatment. If enterprises engage security personnel, appropriate briefing and monitoring is necessary.

Substantiated knowledge is obtained by the company when we have factual indications of a human rights or environment-related violation at one of our indirect suppliers. This may occur, for instance, through our own findings from our complaints procedure, the results of an investigation, or media reports, as well as from information provided by the competent authorities.

Suppliers (direct) refers to suppliers of products or services, whose delivery is necessary for the manufacture of our products and provision of our services and who maintain a direct contractual relationship with entities of the BMW Group for delivery and/or provision of services.

Suppliers (indirect) are suppliers who do not maintain a direct contractual relationship with entities of the BMW Group, but whose deliverables are also necessary for the manufacture of our products and provision of our services.

Supply chain refers to all BMW Group products and services and comprises all steps in Germany and other countries that are necessary for the manufacture of products and provision of services, from extraction of raw materials to delivery to the final customer. This encompasses the actions of the BMW Group in its > own business area, as well as the actions of > direct and indirect suppliers.

Violation of human rights and corresponding environmental standards refers to a violation of one of the international human rights and environment-related standards, and/or of the prohibitions set out in the German Supply Chain Due Diligence Act. This term refers to an adverse effect that has already occurred.

Vulnerable groups are individuals or groups of people who are exposed to a particular > risk of adverse human rights impacts as a result of our business activities. This also includes individuals or groups of people who are unable to overcome adverse human rights impacts, or can only do so with difficulty, such as children, people with disabilities, ethnic minorities, migrants, and refugees.