

BMW Group sustainability requirements for suppliers and business partners



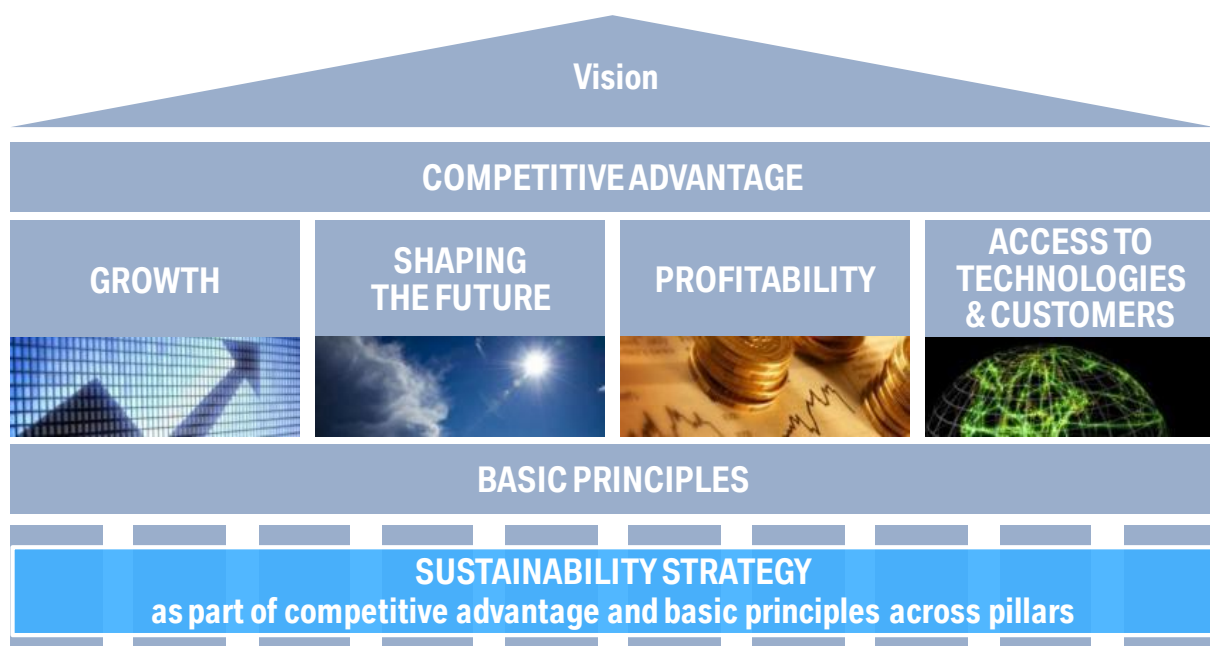
Documentation for suppliers and business partners

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1. Introduction

Sustainability has been a key-guiding principle in the corporate strategy for many years now. The aim is to add value for the BMW Group and employees as well as for society and the environment. Social and ecologically responsible behaviour in all our processes is also demanded from external parties. Our customers, politics and the society ask for products, which are developed, manufactured and sold taking internationally valid social and economic standards into account. Thus, sustainability can only be comprehensively examined, if the value chain is analysed as a whole. This is only possible if our business partners, from product development, over manufacturing to sales and recycling continuously consider environmental and social standards in their companies and make their contribution to the sustainable production of the BMW Group.



Sustainability is an integral part of the corporate strategy NUMBER ONE.

2. Sustainability Questionnaire

Standardization of the sustainability questionnaire

The BMW Group is working together with several automotive manufacturers in the [European Automotive Working Group on Supply Chain Sustainability](#) (EAWGSCS) to enhance sustainability in the entire supply chain. To achieve this, we have developed a joint Automotive Supplier Self-Assessment Questionnaire (Automotive SAQ) on CSR and sustainability for automotive suppliers and we are making this available to our suppliers for free.

Automotive Self-Assessment Questionnaire (Automotive SAQ)

The joint Automotive SAQ is aimed as a first self-assessment of supplier performance on sustainability topics in areas such as social and environmental sustainability, business conduct and compliance, and supplier management. The questionnaire is based on the joint [Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain](#).

Common efforts

As the automotive industry has complex value chains and a deep structured supplier base, we believe in the benefits of this common approach towards automotive suppliers. The joint questionnaire, and use of a common platform to roll out the questionnaire, marks a significant step towards reaching our long-term aim of improving sustainability performance of automotive supply chains.

How is the questionnaire rolled out?

The BMW Group together with several automotive manufactures of the EAWGSCS decided to use NQC Ltd., a UK based service provider, to provide a common technical platform for the joint Automotive SAQ.

Suppliers can complete the Automotive SAQ on **NQC's platform** and share the data with multiple buyers, avoiding duplication and reducing the burden on suppliers. In case of any questions about NQC's platform, suppliers can contact them via **Phone: +44 (0) 845 299 2996** or **Email: auto.support@nqc.com**.

The **questionnaire** has to be **completed** separately for **each production and delivery location** (8-digit supplier number). Suppliers can **use** the NQC platform, including the completion and sharing function of the Automotive SAQ, **for free**. The answers are rated by every OEM individually and not by NQC. The BMW Group uses traffic lights (green/red/yellow) to rate the answered questionnaires. The business partners of the BMW Group (e.g. suppliers of products and services) are explicitly asked to fulfil the sustainability requirements of BMW Group's purchasing conditions. These requirements are also explicitly taken into account in the Automotive SAQ. Of course suppliers' data will be handled confidentially by the BMW Group and NQC Ltd. and is not passed to any third parties. Thanks to the new Automotive SAQ suppliers have the possibility to share location-related questionnaires with other OEMs, which also use the same platform. This reduces the duplication of work for the suppliers.

3. Supplier selection

For the supplier selection it is necessary to have a completely answered sustainability questionnaire for every supplier location (production and delivery location). There are 4 different cases:

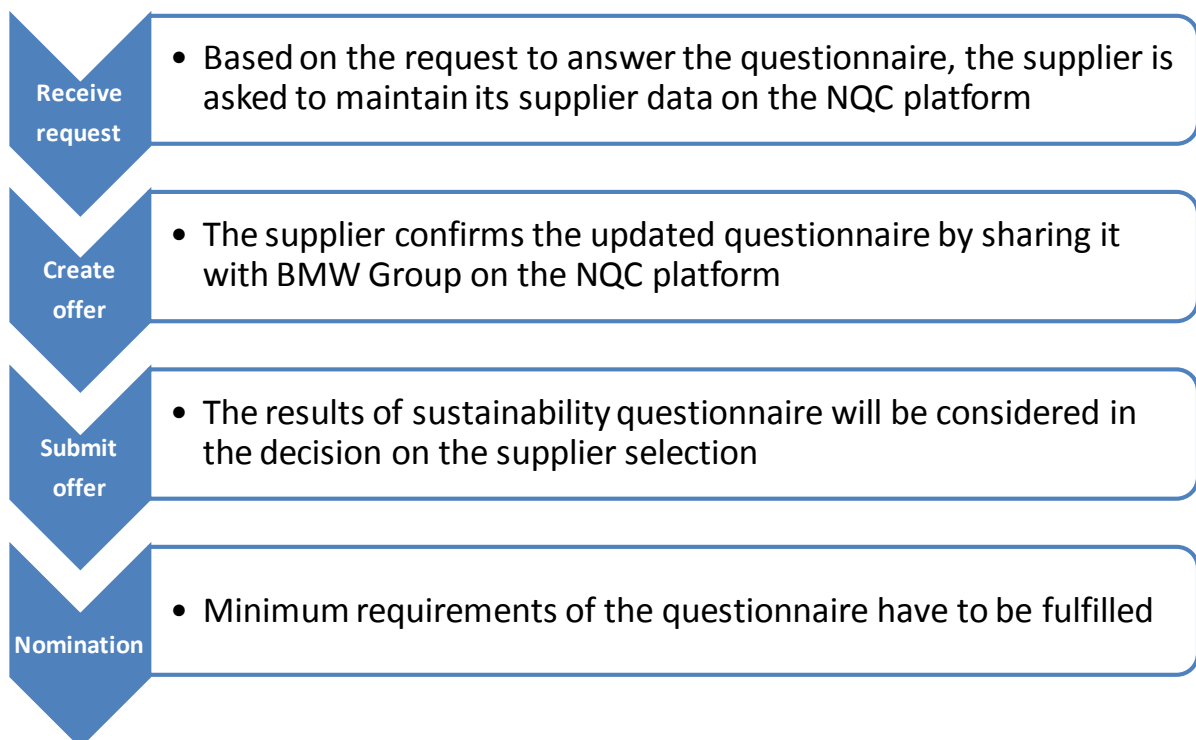
1. The current Automotive SAQ is not older than 24 months, completed and validated on NQC's platform for the relevant supplier location.
 - ⇒ The supplier has to share the Automotive SAQ with the BMW Group on the NQC platform.
2. There is a current BMW-specific sustainability questionnaire in the B2B portal for the relevant supplier location and it is not older than 24 months.
 - ⇒ No further action is necessary. Recommendation: The supplier has the possibility to register on the NQC platform and to answer the Automotive SAQ. After the validation examined by NQC, the supplier can share the validated Automotive SAQ with the BMW Group.
3. There is a current BMW-specific sustainability questionnaire in the B2B-Portal or an Automotive SAQ for the relevant supplier location, but it is older than 24 months.
 - ⇒ The supplier has to register on the NQC platform. Then the supplier has to answer or to update the Automotive SAQ. After the validation examined by

NQC, the supplier can share the validated Automotive SAQ with the BMW Group.

4. There is no answered sustainability questionnaire for the relevant supplier location.

- ⇒ The supplier receives an email where he is requested to answer the Automotive SAQ. Therefore he has to register on the NQC platform if necessary. Then the supplier has to answer the Automotive SAQ. After the validation examined by NQC, the supplier can share the validated Automotive SAQ with the BMW Group.

The supplier is responsible for the content of his answers within the OEM sustainability questionnaire, because this is seen as a self assessment on the platform of NQC. The completed questionnaire is property of the supplier. If there are any changes within the parameters of the supplier, he has to answer a new questionnaire or update the existing questionnaire.



The nomination is based on the sustainability questionnaires.

The result of the BMW-specific rating is displayed to suppliers of direct material in the supplier evaluation system LPKM as an automatic measurement criterion under “Sustainability” in the materials management area. Suppliers of indirect material receive the result from the responsible purchaser. The criterion contains the rating of the answered questionnaire based on the data, which is submitted on NQC’s platform and transmitted to the BMW Group. The

rating shows how the supplier fulfils the BMW Group's sustainability requirements. The rating scale is explained in chapter 4. With this quotation the supplier confirms that the Automotive SAQ has been updated on the NQC platform for all quotation-relevant production and delivery locations. To ensure this, it is necessary to enter the 8-digit BMW-specific supplier number (e.g. 123456-78) in the screen "buyer Ref1" on the NQC platform. This step is embedded in the sharing process. To share a questionnaire of the relevant location, the supplier has to click onto "Share" in the location menu. Then he has to select the BMW Group and enter his BMW-specific supplier number.

4. Supplier Management

The results of the sustainability questionnaire are considered in the supplier evaluation "Supplier performance- and competence management" (LPKM) of the BMW Group with the following ratings:

- 8 - The sustainability questionnaire has been rated green. The supplier fulfils the expectations.
- 6 - The sustainability questionnaire has been rated yellow. The supplier misses the expectations of the BMW Group.
- 4 - The sustainability questionnaire has been rated red. The supplier is not suitable as a supplier of BMW Group without immediate measures.
- 0 - The sustainability questionnaire is not shared with BMW Group on the NQC platform by the supplier. Please submit the supplier's BMW-specific supplier number on the NQC platform, when sharing the questionnaire with the BMW Group.

Within the business cooperation with its suppliers, the BMW Group reserves the right to initiate a qualification process.

5. Contacts at BMW Group

The results are evaluated by the Purchasing department. In case of a breach of K.O. criteria, the measures will be determined together with BMW internal departments for environment, social and recycling.

If the supplier's sustainability questionnaire is **evaluated** with the colours **red or yellow**, the supplier's **BMW purchaser is responsible for introducing suitable measures**. The BMW purchaser is supported by BMW's departments for environmental protection, social standards and recycling requirements.

In case of any questions please contact the Sustainable Supply Chain Management of the BMW Group (sscm@bmw.de) or our User Service Center (ASZ) +49-89-382-55555 (German / English).