

BMW (UK) Manufacturing Limited Slavery and Human Trafficking Statement for 2017

This statement is made by BMW (UK) Manufacturing Limited pursuant to section 54 of the U.K. Modern Slavery Act 2015 ('the Act') to identify actions taken by BMW (UK) Manufacturing Limited and the BMW Group during the financial year ending 31 December 2017 to prevent slavery and human trafficking from occurring in its supply chains and business. The statement considers:

1. BMW Group business and supply chains
2. BMW Group's approach to human rights (including slavery and human trafficking)
3. The approach of the BMW Group to eliminating slavery and human trafficking from its business and supply chain

Although not all BMW Group companies are subject to the Act, the BMW Group takes a group-wide approach to its human rights commitments.

THE BMW GROUP'S BUSINESS

The BMW Group is one of the most successful manufacturers of cars in the world and its BMW, MINI and Rolls-Royce premium brands are three of the strongest in the automotive industry today. The BMW Group also has a strong market position in the motorcycle industry and is a successful financial services provider. In recent years, the company has become one of the leading providers of premium services for individual mobility. The success of the BMW Group has always been based on long-term thinking and responsible action. We have therefore established ecological and social sustainability throughout the value chain, comprehensive product responsibility and a clear commitment to conserving resources as an integral part of its strategy.

The BMW Group production network comprises 31 production and assembly facilities in 14 countries and its global sales network extends across more than 140 countries with around 3,400 BMW, 1,580 MINI, 1,200 BMW Motorcycle and 140 Rolls-Royce Motor Car dealerships. The BMW Group sold over 2,463,500 passenger vehicles and more than 164,000 motorcycles worldwide in 2017 with a workforce of 129,932 employees at 31 December 2017.

The ultimate parent company of the BMW Group is Bayerische Motoren Werke Aktiengesellschaft (BMW AG), which was founded in 1916 and is headquartered in Munich, Germany.

BMW (UK) Manufacturing Limited is part of the BMW Group. MINI Plant Oxford is the centre of MINI vehicle production in the UK.

SUPPLY CHAIN

The automotive supply chain is one of the most complicated of any industry with often six to ten tiers of suppliers between a manufacturer and the source of raw materials that enter the manufacturing process. The BMW Group works with around approximately 13,000 1st tier suppliers in more than 70 countries. The BMW Group's global supplier network makes a major contribution to value creation, quality and innovation of our products and is therefore critical to the success of the BMW Group and its sustainability performance. It is imperative to us that our partners fulfil the same environmental and social standards we set ourselves.

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SUPPLY CHAINS

The BMW Group's public statement "BMW Group Supplier Sustainability Standard" outlines the basic principles we require our suppliers to adhere to and these standards are included in our international purchasing conditions. As a member of the "Drive Sustainability", BMW Group has developed and published the "Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain." These guidelines describe minimum expectations towards business ethics, working conditions, human rights and environmental leadership for our suppliers as well as their subcontractors.

We recognise the risk of human rights violations occurring in the supply chain beyond our immediate suppliers. We therefore identify components and materials at risk of human rights violations, and work closely with our suppliers to achieve greater transparency in these supply chains, and we engage in industry-wide initiatives like the Aluminium Stewardship Initiative (ASI).

MODERN SLAVERY ACT 2015

In order to fulfil the requirements of the Act 2015, the BMW Group has enhanced its already existing risk management process for suppliers of production and non-production material with focus on the existence of:

- Sustainability reports for companies with more than 500 employees;
- Written company policies on principles relating to the following social aspects:
 - Observance of human rights;
 - Prohibition of forced labour, human trafficking and child labour.

In 2016, we introduced an additional process to evaluate all high-risk suppliers for our UK-based business service activities (e.g. distribution of parts, agencies supplying non-permanent workers, suppliers of lifestyle products, and ancillary services such as maintenance, security services, cleaning services, catering services, landscaping). Based on our annual evaluation in 2017, 116 UK service suppliers were identified as high risk (2016, 68 high-risk suppliers were identified). Their sustainability performance and specifically their observance of human rights, prohibition of forced labour, human trafficking and child labour were specifically monitored and evaluated. Among the 116 suppliers, 72 (61%) met all of the BMW-specific sustainability criteria and were able to achieve a green rating. At the beginning of 2017, sustainability deficits were detected for 44 suppliers (39%) and we supplemented the supplier contracts with corrective action plans and binding rules. 15 out of the 44 suppliers have already implemented their corrective actions, 25 suppliers are in the process of implementing the agreed measures and we have needed to terminate our relationship with 4 suppliers. We will continue to monitor and evaluate progress so that the remaining measures are within a reasonable time.

The 116 high-risk suppliers were evaluated on the following aspects. Does the supplier:

- Have a member of management responsible for social sustainability (83 suppliers: 72% achieved compliance)
- Have a Code of Conduct in place (85 suppliers: 73%)
- Have a written company policy on principles relating to prohibition of forced labour, human trafficking and child labour (81 suppliers: 70%)
- Provide training sessions to enhance the understanding of Corporate Social Responsibility (83 suppliers: 72%)
- Perform internal or instruct external social audits / assessments conducted at the supplier site (77 suppliers: 66%)
- Have a Supplier Sustainability Policy and the communication to their subcontractors (79 suppliers: 68%).

THE BMW GROUP'S STAFF TRAINING ON HUMAN RIGHTS

After the adoption of the UN Guiding Principles on Business and Human Rights, the BMW Group implemented a comprehensive employee training programme. We train our employees through face-face training; web based training; internal communications and newsletters. Human rights are also integrated into induction events for new employees and presentations are available on the BMW Group Intranet pages.

The Senior Management of the UK-based entities are aware of each entities responsibilities under the Act. An additional web-based training programme was rolled out during 2017 to heighten awareness of the Act specifically amongst the BMW Group UK based managers and other relevant departments for example Purchasing and Human Resources.



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BMW (UK) Manufacturing Ltd.
10th May 2018



Jeremy Stoye
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BMW (UK) Manufacturing Ltd.
10th May 2018