



BMW Group Australia Modern Slavery Statement 2020

BMW Australia Ltd

BMW Australia Finance Limited

BMW Sydney Pty Ltd

BMW Melbourne Pty Limited

1. Opening Statement

The BMW Group is one of the most successful manufacturers of vehicles in the world and its BMW, MINI, BMW Motorrad and Rolls Royce brands are among some of the strongest in the automotive industry today. The BMW Group also has a strong market position in providing financial services for BMW Group brands.

The success of the BMW Group has always been based on long-term thinking and responsible action. We have therefore established social sustainability throughout the value chain, including comprehensive measures to help ensure product responsibility and to minimise risks of illicit behaviour within our supply chains, including modern slavery.

Globally, the BMW Group production network comprises 31 production and assembly facilities in 16 countries and its global sales network extends across more than 140 countries with around 3,500 BMW, 1,600 MINI, and more than 1,200 BMW Motorcycle retailers. The global group employs 120,726 people worldwide (based on 2020 year-end) and sold 2,325,179 vehicles in 2020, across its various brands.

2. Structure and Operations

All entities that comprise the BMW Group Australia are wholly owned subsidiaries, with the ultimate parent company being Bayerische Motoren Werke Aktiengesellschaft, which is headquartered in Munich, Germany. This global group of companies is referred to as '**BMW Group**' throughout this report.

BMW Australia Ltd (**BMW Australia**) is the sales company in Australia for the BMW, MINI and BMW Motorrad vehicle brands. Although BMW AG is also the parent company for the Rolls Royce Motor Cars brand, BMW Australia does not facilitate the sale, service or promotion of these vehicles in Australia.

BMW Australian Finance Limited (**BMWAF**) is a financial services company which provides regulated consumer loans and commercial finance solely to retail customers who purchase BMW Group vehicles from an approved dealer.

BMW Sydney Pty Ltd (**BMW Sydney**) is a dealership based in Rushcutters Bay, Sydney, providing vehicle sales, parts sales and vehicle service of BMW, BMW Motorrad and MINI vehicles.

BMW Melbourne Pty Limited (**BMW Melbourne**) is a legal entity wholly owned by BMW Australia, which was associated with the operation of a Melbourne based dealership up until that facility was sold in 2017. Although the corporate entity remains, it had no associated operations during the reporting period. This report therefore includes no detail in relation to supply chains or modern slavery risks during the reporting period for this entity.

Throughout this report the related corporate bodies registered within Australia (comprising BMW Australia, BMWAF, BMW Sydney and BMW Melbourne) are collectively referred to as '**BMW Group Australia**'.

Supply Chains

The supply chains of BMW Group Australia differ based upon the goods and services provided for each of the entities outlined above.

BMW Australia

The automotive supply chain is one of particular complexity, often involving multiple tiers of suppliers through the business chain. As a result, BMW Australia has a diverse mix of suppliers, incorporating suppliers based within Australia and those based overseas. All vehicles across BMW Australia's brands are manufactured overseas within manufacturing facilities operated by the BMW Group or approved service providers and imported by BMW Australia into the Australian market. Manufacturing locations for vehicles and parts imported by BMW Australia during the reporting period include Germany, Netherlands, Australia, South Africa, United States of America, United Kingdom, Mexico, India, and China. Each BMW Group manufacturing location is strictly controlled by subsidiary corporations of the BMW Group or the relevant appointed service provider according to BMW Group guidance in relation to manufacturing processes, supplier management, audit, and oversight. These controls included measures in relation to human rights and anti-slavery outlined in further detail in section 4 below. Locally, BMW Australia procured various services, including professional corporate services (marketing, legal, consulting services), vehicle delivery services, roadside assistance services and warehousing and logistics services. The procurement and management of these locally acquired services are directly overseen by BMW Australia, provided by a specialist procurement team with support from internal governance, legal and compliance functions.

BMWAF

BMWAF's supply chain is less complex than that of BMW Australia. Most of BMWAF's suppliers are based in Australia with the majority providing services rather than goods. These services provided included financial services, provision and/or development of information technology, credit reporting services, debt recovery services, marketing services, training, travel, and professional advisory services such as accounting and legal services.

BMW Sydney

BMW Sydney's supply chains incorporate goods and services ranging from vehicles and parts, as well as products associated with vehicle servicing including required consumable goods, washing and detailing services, logistics and transport services, marketing and advertising services, food and beverage services, recruitment, cleaning, waste disposal services, professional services, finance and insurance products, and information technology products and services.

BMW Sydney is supported by head office services provided by BMW Australia, including in relation to compliance and legal matters.

3. Risks of Modern Slavery

In preparation of this report BMW Group Australia has undertaken a detailed review of supply chains across the entities outlined above. Professional advisors were engaged to assist BMW Group Australia with this review, with work undertaken to assess the risks associated with suppliers across the reporting period. This process included a categorisation of modern slavery risk of suppliers based upon analysis of supplier lists from each of the entities to which this report relates, incorporating key metrics such as the type of services engaged, amounts spent and location of suppliers for the reporting period. This information was assessed against international standards including the Global Slavery Index, LO Global Estimates on Modern Slavery and Department of Justice List of Goods Produced by Child or Forced Labour, as well as information from COMTRADE databases, Eurostat and IDE/JETRO.

Overall, the risk of modern slavery within BMW Group Australia's operations were identified by BMW Group Australia as low, with limited existing vulnerability to modern slavery risks identified by the analysis undertaken. Despite the above, several proactive steps were identified to further manage and minimise risks in the future. These measures are outlined in section 4 of this report.

BMW Australia

BMW Australia sources BMW produced vehicles and parts from a number of countries around the globe, some of which (such as China, India, and South Africa) have medium vulnerability ratings according to the Global Slavery Index. Although generally these countries exhibit a higher overall risk to modern slavery, production facilities and supply arrangements established in these countries are under direct BMW Group management and are required to comply with BMW Group policies and requirements regarding manufacturing processes and procurement arrangements. An overview of these policies and requirements is included in section 4 below.

Analysis undertaken down to 10 tiers of BMW Australia's supply chain identified that the overall low modern slavery risk was classified highest across advertising services (influenced by BMW Australia's significant spend in this area), followed by freight, market research and employment placement services. Much of the risk arising across the 10 tiers occur beyond tier 3, with a mixed country break up of risks down to 10 tiers of the supply chain arising in countries such as China and India.

Given the limited modern slavery risks identified within the first tier of BMW Australia's supply chain, and the majority of identified risks occurring beyond tier 3 of the supply chain – these results emphasised the need for BMW Australia to create engagement with key suppliers to ensure they are enforcing appropriate procurement processes through their own subsequent supplier arrangements, to ensure risks in these subsequent tiers is eliminated.

BMW AF

BMW AF's supply chains has an inherently lower risk of modern slavery, due to the provision of services being weighted heavily in Australia. However, BMW AF has utilised the services of an external consultant specialising in Modern Slavery Risk to make a specific assessment of our supply chain. The assessment supported BMW AF's determination as having a low risk of modern slavery. Those vendors in our supply chain which have a higher modern slavery risk are subject to BMW Group's responsible procurement policies.

The risks of modern slavery practices in BMW Australia Finance's supply chains are spread across a number of industry categories including business management services and computer and technological services with the highest likelihood of slavery in the supply chain is occurring in India.

BMW AF's risk of modern slavery across tiers is consistent with BMW Australia's. The level of modern slavery risk across the first three tiers is extremely small.

BMW Sydney

BMW Sydney's suppliers have some similarity with that of BMW Australia and BMW AF, incorporating the vehicles and financial service products, as well as a number of connections to BMW Group global supply chain.

It does however differ in relation to specific local suppliers related to its dealership operations involving a higher range of third parties outside of the BMW Group global ecosystem of companies. This includes the procurement of consumables, vehicle cleaning and detailing services.

Although maintaining a similarly low overall risk assessment, the varied nature of BMW Sydney's suppliers increases its relative risk above that of the other BMW Group Australia companies noted above.

Analysis undertaken down to 10 tiers of BMW Sydney's supply chain identified that the overall low modern slavery risk was classified highest across several dealership specific suppliers including tyre services, smash repairers and vehicle detailing services with much of the risk arising in subsequent supplier tiers. These results emphasised the need for BMW Sydney to work with some of its smaller and less sophisticated suppliers in these industry segments to ensure adequate procurement processes through their own supply chains, to ensure risks in these subsequent tiers are mitigated.

4. Modern slavery mitigations

For global businesses such as the BMW Group, the response to modern slavery must be driven across the global structure. The global BMW Group has implemented a number of measures key to the management of modern slavery risks throughout the globe, which are supported by targeted measures undertaken by BMW Group Australia for the Australian market. A summary of some key mitigations across both the global BMW Group and BMW Group Australia are outlined below.

BMW Group (Global supply chain arrangements)

One of BMW Group's main aspirations is to avoid negative impacts on human rights arising from our business activities throughout the value chain and it is our expectation that our business partners are as committed to respecting human rights as we are. This includes all applicable anti-slavery and trafficking laws. Amongst other measures, we fully inform our partners about the BMW Group's commitment and formalise our expectations within our supplier and retailer contracts.

The BMW Group is increasingly supportive of initiatives to standardise sustainability requirements and introduce monitoring mechanisms, for example in mining and processing critical raw materials.

The BMW Group is an active member in a number of major networks on human rights. Including:

- UN Global Compact – the world’s largest initiative for responsible corporate leadership
- econsense – Forum for Sustainable Development of German Business
- Drive Sustainability – The European Business Network for Corporate Social Responsibility.
- Responsible Business Alliance – Industry coalition dedicated to corporate social responsibility in global supply chains.

In addition, the BMW Group participates in various cross-sectoral initiatives for example:

- Aluminium Stewardship Initiative - for environmental, social and human rights standards in aluminium production (ASI); and
- Responsible Cobalt Initiative – a framework to enable member companies to identify and address potential adverse impacts arising from their business activities related to extraction, transportation and manufacturing of cobalt.

BMW Group Code of Human Rights and Working Conditions

In October 2018, the Board of Management and General Works Council of BMW Group signed the Code on Human Rights and Working Conditions. This Code is oriented towards the main international standards on human rights and working conditions, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

The Code outlines how the BMW Group of companies promotes respect for human rights and good working conditions and implements the core labour standards of the International Labour Organisation (ILO). It covers important topics such as equal treatment of all employees, the right to health and safety at work and protection of the personal data of employees and customers.

The Code is applicable worldwide and is valid for all BMW Group sites and business units.

All BMW Group employees are duty-bound to comply with the Code and align their business activities with the principles set out in it.

Where human rights abuses are suspected, employees can raise their concerns either with their supervisors, compliance representatives or via the reporting methods (SpeakUp Line and Whistleblower processes) noted below.

Progress in implementing the BMW Group Code on Human Rights and Working Conditions is reported to the global BMW Group Compliance Committee, BMW Group Sustainability Circle and BMW Group Sustainability Board.

Joint Declaration on Human Rights and Working Conditions in the BMW Group

Respect for human rights is fundamental to the strategy and culture of the BMW Group and we fully endorse the United Nations Guiding Principles on Business and Human Rights (UNGP).

The Joint Declaration on Human Rights and Working Conditions in the BMW Group (endorsed in 2005 and reconfirmed in 2010) underlines and specifies our commitment to all BMW Group activities worldwide and encourages business partners to adhere to these human rights standards.

The BMW Group Sustainability Standard

The BMW Group Sustainability Standard for the supplier network advises suppliers of the basic principles, standards, and expectations with regards to social responsibility.

From the perspective of BMW Group's centrally organised procurement arrangements, its General Terms and Conditions of Business and the International Purchasing Conditions of BMW Group stipulate that suppliers must commit to respecting human rights and in particular that they must abide by the "ILO Declaration on Fundamental Principles and Rights at Work". They are required to cause their sub-contractors to act accordingly by undertaking reasonable and meaningful steps to ensure that these responsibilities are realized, e. g. by communicating a supplier sustainability policy for their sub-suppliers.

Respecting human rights is an evaluation criterion in the supplier selection process and a component of a multi-stage risk management process. This includes a risk filter, a media screening, a sustainability self-assessment questionnaire for the automotive industry, a BMW Group specific modular questionnaire, and may include internal on-site assessments or external audits. These measures support the BMW Group in identifying supplier facilities and product groups at particularly high risk of being linked to human rights abuses.

BMW Group Australia

At a local supply chain level, BMW Group Australia also maintains a number of further processes, based upon guiding requirements of the global BMW Group, to identify and minimise risks relating to illicit behaviour and human rights, including modern slavery. Existing measures have been further expanded on in as a result of BMW Group Australia's preparations for this report and the assessment and analysis of modern slavery risks outlined above.

A summary of these processes and controls are included below.

Procurement processes, including the Business Relations Compliance (BRC) check

BMW Group Australia's procurement processes form a key checkpoint in our protections against modern slavery risks. This process includes the individual assessment of each of BMW Group Australia's business relationships, including suppliers, within the BMW Group Business Relationship Compliance framework.

The BRC framework consists of two parts: the determination of an overall level of risk, based upon factors with relevance to potential corruption, illegal behaviour, and human rights concerns. This is followed by a review and approval of the business relationship.

This process classifies BMW Group Australia's business relations into one of three risk levels (low, medium, or high) in the BRC IT system by means of an online questionnaire. The relevant questions for the business relationship are automatically generated by the BRC IT system depending on the services to be performed by

the business partner concerned, the country in which the services are performed and other parameters. The general principle is that the higher the suspected risk, the more questions will need to be answered.

Business relations with an identified risk of medium or high require further involvement of the business partner. This may include providing references, providing further information on identified concerns or to sign BMW Group compliance documents (such as a BMW Group Business Partner Compliance Commitment).

Human rights guidance information for staff, including dedicated internal webpage

An internal intranet page, collating key information in relevant to BMW's Human Rights obligations, processes and requirements on all staff and business interactions is available to all staff across the BMW Group Australia. It includes key documents referred to in this report, including the BMW Group Code of Human Rights and Working Conditions and Joint Declaration on Human Rights and Working Conditions in the BMW Group, as well as materials on Human Rights management and general guidance on a range of human rights concerns including modern slavery.

SpeakUp Line and Whistleblower processes

BMW Group Australia provides a number of avenues for staff, suppliers, and business contacts to confidentially identify and report misconduct, compliance issues or potentially illegal activity to the attention of senior staff members.

This includes the SpeakUp Line which provides staff with the ability to report matters via telephone or in writing 24 hours a day, 365 days a year.

Additionally, BMW Group Australia is fully compliant with Australian Whistleblowing requirements and provides a publicly available whistleblowing policy, outlining protections provided to whistleblower's, and providing a defined process for the reporting, investigation, and actioning of whistleblower claims.

Assessment of modern slavery risks

In 2020 BMW Group Australia undertook an assessment of its modern slavery risks and supply chains. This consisted of engagement with an external consultant specialising in the assessment of modern slavery risks, the collation and analysis of supplier arrangements and the development of detailed reports outlining risks relating to geography, expenditure and industry risks down 10 levels within the supply chain of each of the entities covered by this report. It also involved internal assessment of processes relating to the engagement and management of suppliers.

As a result of this process each BMW Group Australia has clearly identified high, medium, and low risk suppliers across its supply chains, forming the basis of further targeted mitigations for modern slavery.

Register of suppliers with increased modern slavery risk

BMW Group Australia has implemented a register of identified suppliers with increased modern slavery risks within its supply chains in order to guide future mitigations. This register contains a record of the modern slavery risk assessment (along with other risks) undertaken as part of this assessment process.

Suppliers with risks above a defined threshold will be the subject of further engagement actions to manage the identified risks.

Modern slavery clauses in relevant agreements

During FY21, BMW Group Australia is in the process of implementing specific Modern Slavery clauses in standard contracts for the procurement of goods and services, requiring its suppliers to:

- comply with all applicable modern slavery laws;
- take all necessary steps to ensure that there is no modern slavery in their supply chains;
- implement and maintain appropriate due diligence procedures for their own suppliers;
- notify BMW of any suspected modern slavery in their supply chains;
- keep records to trace the supply chain of all goods and services; and
- allow BMW to include Modern Slavery on any audit conducted or required by BMW.

5. Ongoing assessment of effectiveness

BMW Group Australia is in the primary phase of development of its ongoing modern slavery framework. We are committed to advancing our maturity and ensuring that appropriate action is taken to identify, assess and mitigate our risks of modern slavery in our organisation and supply chains.

To this end, BMW Group is working to implement and progress measures to assess our ongoing effectiveness which include:

- Regular review of the register of suppliers with a heightened modern slavery risk, including a review of collated modern slavery risk assessments (along with other risks) to further guide vendor management approaches and actions.
- Regular reporting to relevant Management Committees regarding Modern Slavery Risks and action taken to reduce Modern Slavery Risk within the supply chain.
- Update the Whistleblower Policy to include Modern Slavery as a specific topic relevant to the policy.
- Communication to all staff providing insight in how to identify Modern Slavery Risk, how to escalate and report them through the relevant channels including the whistleblower hotline.

- Modern Slavery Risk training to be delivered to staff involved in the procurement process including key managers.

6. Consultation

BMW Group Australia established a joint working group to cooperatively develop the modern slavery statement with representation on behalf of BMW Australia, BMW AF, and BMW Sydney. In this way, we have taken a group approach to identify, manage, and address our Modern Slavery risks.

The analysis, outcomes and mitigations identified within the report have been aligned with key functions across the entities, including compliance, procurement, legal and vendor management.

BMW Group in Australia and internationally, share a commitment to continuous improvement in the management of modern slavery risks and the improvement of human rights and working conditions in all our operations and supply chains.

The statement has been approved by the Boards of BMW Australia, BMW AF, BMW Sydney, and BMW Melbourne.


 30.06.2021.....
 Wolfgang Buechel Date
 Director and Chief Executive Officer
 of BMW Australia Ltd
 Director of BMW Sydney Pty Ltd and
 BMW Melbourne Pty Limited


 30.06.2021.....
 May Wong Date
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