



# Risks in Global Supply Chain:

## BMW Group

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# Risks in Global Supply Chain: Sustainability



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- Due to the greater proportion of electrified vehicles, **carbon emissions** generated per vehicle in the BMW Group's supply chain are set to rise by more than one-third by 2030 if no countermeasures are taken.
- There could a greater risk of interruptions in the supply chain or the inability of individual suppliers to deliver, particularly due to breaches of sustainability or quality standards and the danger of natural disasters.



# Risks in Global Supply Chain: Human rights



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- Specific **human rights** risks arise in the supply chain due to the collaborative, cross-border and continent-spanning nature of value creation processes in the automotive industry.
- For many raw materials, the requirement to ensure that environmental standards and human rights have not been violated poses a particular challenge. For example, in the case of lithium and cobalt, both of which are key raw materials for manufacturing battery cells.

# Measures to minimize the risks



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- The BMW Group have already agreed with their suppliers that they will only use green power to produce battery cells. This measure alone adds up to about ten million tonnes of less CO<sub>2</sub> over the next ten years.
- The BMW group encourages suppliers to utilize renewable energy in their production activities, including specific measures to reduce carbon emissions or increase the percentage of renewable energy deployed.
- In close cooperation with freight carriers, infrastructure operators and commercial vehicle manufacturers, the BMW Group is developing ecologically sustainable logistics concepts.
- Example: In 2020, the BMW Group used the sea route from Belgium to Spain for vehicle production purposes. The use of biofuel from waste cooking oil led to a reduction in carbon emissions of 1,100 t.



# Measures to minimize the risks



- The BMW Group is promoting compliance with environmental and social standards right from the raw material extraction stage with the aim of making a significant contribution to improving compliance with human rights throughout international supply chains.
- The BMW Group's Supply Chain Response Team processes any information regarding potential breaches of its sustainability standards in the supplier network.
- Furthermore, the BMW Group's Human Rights Contact Supply Chain serves as the central point of contact and can be reached anonymously by telephone or email to report any potential violations of social or environmental standards by suppliers.
- Any risks potentially arising for individual suppliers and / or entire supply chains in conjunction with the need to adapt to the consequences of climate change are continually assessed on the basis of in-house expert knowledge, taking scientific findings into due account.



# Thank you!