



2020 SUSTAINABILITY REPORT

BMW Brilliance Automotive Ltd.



This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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CEO'S MESSAGE

RESPOND, RETHINK, REINFORCE

2020 was a year that changed everything: From the COVID-19 pandemic to global effects of, and responses to, climate change – last year shifted the trajectory of the world. Amidst all these changes, BMW Brilliance recognised the need to shift and accelerate our approach to corporate responsibility as well. Thanks to resolute crisis management and rigorous digital teamwork at all levels, last year we responded successfully to global crises, committed to rethink our approach in the future, and reinforced our dedication to sustainability and responsible corporate citizenship.

Responding to unprecedented challenges

The COVID-19 pandemic brought immediate challenges to our business and to the world. When COVID-19 first struck China, BMW Brilliance was one of the first automotive manufacturers to respond, offering targeted donations and urgent assistance to the hardest-hit areas. Moreover, with a workforce of 20,000 as well as hundreds of thousands more people employed throughout our value chain, protecting our people, our partners and stabilising the value chain became an immediate top priority. Throughout the year, and in the years to come, we will continue to support the people and places most affected by this crisis.

Climate change led to more-frequent extreme weather events across China and around the world in 2020, and governments made commitments that will shape our business in the coming years. The European Union submitted an updated and enhanced Nationally Determined Contribution with a target to reduce greenhouse gas emissions by at least 55% by 2030 from 1990 levels, while the Chinese government committed to achieving carbon

neutrality by 2060. BMW Brilliance fully supports both of these goals, and will continue to create world-leading sustainable mobility technologies that accelerate the world towards a greener future.

Rethinking our sustainability directions

The unprecedented challenges we faced in 2020, and the ways our company responded to those challenges, have led us to view our approach to corporate responsibility in new ways. In order to align with the BMW Group's new 2030 Sustainability Strategy, as well as the stakeholder expectations we uncovered through an engagement campaign in 2020, we have refined our sustainability directions to the following three areas: climate change actions; accountable, circular, and resilient value chain; and responsible corporate citizenship.

Reinforcing sustainability efforts across our value chain

By focusing our efforts on these three strategic directions, we can use our business to help address the most pressing problems facing our industry, our society, and the world as a whole.

Our climate change actions address the impacts—and the innovative solutions we have developed—of our products, our operations, and our supply chain. The first-ever BMW iX3, which premiered in 2020 in China, is a ground-breaking, all-electric vehicle produced exclusively by BMW Brilliance in Shenyang, using 100% renewable electricity, and shipped using low-carbon rail and sea logistics. This vehicle represents a true path forward for sustainable mobility. And we have enhanced and expanded our NEV charging infrastructure,

"At BMW Brilliance, we are proud to play a role in shaping the future of mobility—a green, low-carbon, sustainable individual mobility ecosystem."

so that our customers can now access more than 300,000 public charging pillars across China—helping us achieve our goal of enabling zero-emission long-distance travel. In 2020, we strengthened our efforts in developing a low-carbon supply chain, partnering with suppliers that use renewable energy and launching a Supply Chain Climate Change Initiative to help suppliers improve energy efficiency and CO₂ transparency. For aftersales and spare parts logistics, we increased our use of rail transport for imported spare parts from Europe to lower our carbon footprint further.

Within our own operations, BMW Brilliance is emphasising resource efficiency and circularity. In 2020, we achieved significant reductions in water and energy consumption per vehicle produced, as well as in waste for disposal per vehicle produced. Working alongside our manufacturing and recycling partners, we created our first closed-loop system for steel, while continuing to enhance our high-voltage battery recycling and parts remanufacturing capabilities.

The COVID-19 pandemic showcased our emphasis on responsible corporate citizenship. BMW Brilliance took immediate, comprehensive action to safeguard the health and safety of our employees, and worked closely with business partners to cope with the challenges we faced together. We also made timely, targeted financial and material contributions to support Chinese society in the anti-pandemic battle. We adjusted our flagship CSR programmes to meet the new normal, using innovative solutions to continue our long-term commitment to benefitting Chinese society.

Priorities in 2021

The year of 2021 marks the beginning of China's 14th Five-Year Plan, which places a strong emphasis on green, low-carbon, sustainable development. BMW Brilliance fully supports these sustainability commitments, and we are committed to developing concrete targets for our updated sustainability directions, and continuing our support to the United Nations Global Compact and its Ten Principles. With a dedicated workforce, like-minded partners, and innovative technologies, our company will stride towards our vision of becoming the leading sustainable provider of premium individual mobility in China's automotive industry.



Dr. Johann Wieland

President and CEO
BMW Brilliance Automotive Ltd.





WORDS FROM OUR SENIOR VICE PRESIDENTS



Franz Decker

Senior Vice President
Technology and Manufacturing



Wang Jun

Senior Vice President
Finance



Sean Green

Senior Vice President
Sales and Marketing



David Shangguan

Senior Vice President
Human Resources

Q1:
How can next-generation production technologies contribute to a more efficient, circular, and low-carbon value chain?

Q2:
In the coming years, what role BMW Brilliance can play on the global stage and at home in China?

Q3:
How is the electrification and digitalisation of BMW Brilliance shaping the future of the company?

Q4:
As we look to a post-COVID era in China and around the world, what lessons do you think BMW Brilliance has learned to support our employees?

A1: In 2020, and in the months and years to come, we are integrating more advanced manufacturing technologies and digital innovations to achieve an intelligent, efficient, and flexible production system producing highest quality products. These new technologies, such as big data, virtual reality, 5G, and AI solutions, will also help us achieve a low-carbon value chain, which we can accelerate by optimising our energy usage with energy-saving initiatives and by incorporating renewable electricity in our plants. By continually making our operations more efficient, we achieved significant reductions in water and energy consumption per vehicle produced, as well as in waste for disposal per vehicle produced. BMW Brilliance has made great progress in building a circular value chain as well, maintaining 98% reusable packaging use for local parts transportation and establishing a fully circular model for steel in 2020. And we are sharing our best practices with key suppliers to help them establish CO₂ disclosure mechanisms and energy management capabilities, to cascade sustainability into our value chain.

A2: The world premiere and export of the first-ever BMW iX3 demonstrates our leadership in the future of mobility and the battery electric vehicle market. The all-electric iX3 also represents our commitment to green, sustainable development: A green car, built in a green plant, and transported using green logistics. At the same time, the future of BMW Brilliance is firmly rooted in local development, as it has been since our founding. In 2020, we contributed 38 billion RMB in taxes, an 8.6% increase from 2019, and increased our local content purchasing volume in China by 10.5%. In 2020 we produced our 3-millionth vehicle in Shenyang, and made significant progress on our plant extension projects, which will increase our production capacity in China and create more jobs for the local community. We will continue to expand our local supplier network; to date we work with 400 local content suppliers here in China, as well as more than 1,000 indirect purchasing suppliers. This localisation of our supply chain reduces our environmental footprint while increasing the economic benefits we bring to our society.

A3: Given the climate commitments from the BMW Group, the Chinese government, and countries around the globe, there is no doubt that electrification is central to our future, and we are well-positioned to play a leading role in shaping the future of mobility. As well as growing our NEV dealer outlets in China to 495 last year, an increase of 10% from 2019, we also expanded the public charging infrastructure our customers can access by 135.3% in 2020. Today, we offer more than 300,000 public charging pillars across China. And we continue to improve our recycling capabilities for high-voltage batteries, with a 33.3% increase in 2020, while also developing innovative ways to reuse batteries whenever possible. The sustainability, convenience, and luxury we offer our customers is a result of our customer-centric focus on delivering a premium experience. In addition to continually improving the safety and performance of our products, new digital solutions like the My BMW app and digital integrations at BMW dealer outlets around the country improve the customer experience, and our commitment to data privacy and compliance with the Cybersecurity Law of the People's Republic of China to ensure that our customers' data remains protected.

A4: Without a doubt, 2020 brought significant challenges to our company and our workforce. We learned—very quickly—the value of prompt, transparent, and effective communication in order to keep our employees informed, connected, and engaged. We also achieved new levels of service for our medical services and employee benefits, while reimagining the ways we work to facilitate efficient, secure, convenient remote work. And while our total workforce grew by 4.6% in 2020 to reach 20,739 employees, we anticipate growing even further to meet demand for our products and the production capacities created by our new facilities. As a result, we remain committed to developing detailed plans for advancing our workers' careers, creating clear succession plans for internal promotions, and enhancing our talent recruitment efforts. During the pandemic, BMW Brilliance quickly shifted our hiring and job fairs to online platforms, and we found this digital approach provided us more reach to promising candidates across China and internationally. We expect to continue to embrace in-person as well as online recruitment, talent development, and education programmes well into the future.



AN OVERVIEW OF BMW BRILLIANCE

ABOUT BMW BRILLIANCE

BMW Brilliance was founded in 2003 as a joint venture of the parent companies Bayerische Motoren Werke Aktiengesellschaft (BMW) and Brilliance China Automotive Holdings Limited.

Our business operations include production, research and development, supply chain management and purchasing, sales, and aftersales services of BMW automobiles in China. BMW Brilliance has a state-of-the-art production base in Shenyang, Liaoning Province—an industrial heartland of China.

We are inspired by the potential of doing business in a sustainable manner and guided by our aspiration to be the leading sustainable provider of premium individual mobility across the entire value chain of China's automotive industry.

OUR FACILITIES

2	Complete Vehicle Plants in Dadong and Tiexi
1	Powertrain Plant in Tiexi
2	Branch Offices
5	Sales Regional Offices
8	BMW Brilliance Finished Vehicle Dispatch Areas
5	BMW Brilliance Spare Parts Distribution Centres
4	Training Centres ¹
17	Training Bases ²

Note:

1. BMW-managed and deliver trainings for dealers.
2. Cooperatively managed for vocational training. Open to dealers based on proximity. Provide BMW Certificate Courses and Body/Paint Courses for dealers.

OUR DELIVERIES

600,554	Automobiles produced
605,050	Automobiles wholesaled
27,664	New Energy Vehicles wholesaled
666	Authorised dealer outlets

OUR WORKFORCE

20,739	Employees
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OUR PRODUCTS

	BMW 1 Series Sedan
	BMW 3 Series Long Wheelbase and Standard version
	BMW 5 Series Long Wheelbase *including plug-in hybrid model
	BMW X1 Long Wheelbase *including plug-in hybrid model
	BMW X2 SUV
	BMW X3 SUV
	BMW iX3 Fully Electric SUV
	BMW 3 Cylinder Engine
	BMW 4 Cylinder Engine
	BMW High-voltage Battery for PHEV
	BMW High-voltage Battery for BEV



HIGHLIGHTS IN 2020

01 JANUARY



- ▶ Dr. Wieland participated in the China EV100 Forum and met with Leaders of Central Government.
- ▶ BMW China and BMW Brilliance donated 5 million RMB to fight pandemic.

02 FEBRUARY



- ▶ BMW Brilliance's 3 millionth car rolled off the production line.
- ▶ BMW China and BMW Brilliance donated 35 million RMB in total towards anti-pandemic battle.
- ▶ Launch of the BMW 530Le e-range Extension with E-range increased to 95km.

03 MARCH



- ▶ Start of construction of BMW Brilliance Products Upgrading Project (Dadong) Assembly & Logistics.
- ▶ Official establishment of BMW Brilliance Beijing Trade Union.

04 APRIL



- ▶ BMW Brilliance Tiexi New Plant embraced the start of construction.
- ▶ Construction ceremony of BMW Brilliance R&D Centre Phase II.
- ▶ The BMW Global "Diversity Week" successfully held.
- ▶ BBT Management Forum 2020 hosted in Plant Tiexi.

05 MAY



- ▶ BMW Global "Diversity Week" successfully held.

- ▶ BBT Management Forum 2020 hosted in Plant Tiexi.

06 JUNE



- ▶ Launch of the "BMW Good Rider" and "BMW Good Driver" Initiatives.
- ▶ BMW & State Grid EV Service Strategic Cooperation signing ceremony.
- ▶ First Anniversary of LingYue.

07 JULY



- ▶ Grand opening of BMW Brilliance Associates' Congress and Union Members' Congress.
- ▶ First BMW iX3 high-voltage battery rolled off the production line in HVB Centre II.
- ▶ Launch of the BMW Brilliance Sustainability Report 2019.

08 AUGUST



- ▶ BMW Brilliance passed the 2020 Annual National Green Plant assessment.
- ▶ The 2nd Meeting of Sino-Germany High-End Equipment Manufacturing Innovation Committee successfully held.
- ▶ BMW Brilliance participated in the Round Table Dialogue at GIV 2020.

10 OCTOBER



- ▶ BMW China Culture Journey Intangible Cultural Heritage Exhibition in Shenyang successfully held.
- ▶ Communication Workshop on Cybersecurity Law successfully held.
- ▶ 2020 BMW Brilliance Supplier Media Visit held in Shenyang.

09 SEPTEMBER



- ▶ World premiere of the BMW iX3 and the start of presale in China.
- ▶ Official opening of BMW Brilliance HVB Centre II.
- ▶ Launch of the New BMW 5 Series Li.
- ▶ 2020 BMW Corporate Social Responsibility Forum.
- ▶ 2020 BMW China Culture Journey's Visit in Liaoning kicked off.

11 NOVEMBER



- ▶ Export of the BMW iX3 to the world market.
- ▶ Kick-off ceremony of BMW Brilliance Art Season.
- ▶ First phase of the BMW Brilliance Simulation Project went live.



12 DECEMBER



- ▶ BMW Brilliance ranked #1 in the Automotive Enterprise Green Development Index.
- ▶ High-quality Development Forum of China-Germany Equipment Manufacturing Industrial Park held successfully.



OUR COVID-19 RESPONSE

Across the globe, 2020 was dominated by the coronavirus pandemic and its impact on businesses. At BMW Brilliance, we faced uncertainty and extreme complexity, especially in the early stages of the pandemic. We are proud of the prompt and comprehensive responses to the crisis we enacted for our employees, our business partners, and the public. As we enter into the post-pandemic era,

we believe the ways these responses align with our long-term perspective—especially how we accelerated our digitalisation transformation—will be key enablers of our development as China continues its recovery and its modernisation journey, while we remain committed to maintaining effective disease prevention and control measures to safeguard our employees' health and safety.



EMPLOYEES

BMW Brilliance always puts people first, so our immediate response when the pandemic struck was to protect our workforce and their families. We quickly established a cross-functional, international Crisis Management Team that convened twice daily to share the latest updates, manage risk, and provide holistic guidance. We kept in close communication with our workforce through regular email and JoyChat messages as well as around-the-clock HR Shared Services Centre hotline and health service hotline. We offered online doctor consultations through JoyChat, on-site health clinics at our plants, and regularly provided health and safety tips to all employees. To protect our on-site workers, we reorganised key aspects of the workplace, including canteen and shuttle bus configurations, and introduced masks, thermometers, workplace disinfection, and mandatory health reports for all staff.

- Crisis Management Team meeting 2x / day
- 24/7 IT helpdesk, HR and health service hotline
- Health reports enabled by online tool
- Online doctor, regular health and safety tips
- Social distancing, workplace disinfections and provision of health kits

SUPPLIERS

The pandemic provided us with an immediate need to intensify collaboration with our key suppliers in order to ensure their continued productivity and to sustain our operations. In order to ensure the resilience of our supply chain, we promptly launched an emergency risk management plan to assess our inventory and logistics for weaknesses, and work to reinforce those operations. We assessed the production capacity of more than 200 suppliers, helped them adjust their production and logistics plans, and improve their own sourcing operations in order to ensure a stable parts supply for our business. As the early stages of the crisis passed, we offered suppliers strong support for their recovery efforts, including disease prevention materials and technical support. We are committed to continuing these close, long-term partnerships with suppliers in coping with risks.

- Emergency Risk Management Plan
- Suppliers assessed for production capacity
- Disease prevention and technical supports
- Health protection guidelines, equipment and technical support

DEALERS

Our dealers are critical business partners, and ensuring their continued success is vital to our business. We worked with our dealers to help stabilise their business in the early days of the pandemic, and to maintain their ongoing recovery. A suite of new business policies were designed and implemented to support their work, including new vehicle sales and aftersales packages, financing support, and more. We launched a new mobile app for dealers with real-time audio-video technology, enabling the development of a zero-contact auto show that increased customer engagement and boosted product sales. We also upgraded our JOY Learning app to facilitate remote learning and increase our dealers' business competitiveness. We continue to support our dealers during their reopening and recovery, providing health protection guidelines, equipment, and technical support to ensure their safety and the safety of our customers.

- New policies to support dealership recovery
- New app to enable zero-contact autoshow
- JOY Learning app upgrade to facilitate remote learning
- Health protection guidelines, equipment and technical support

CHINESE SOCIETY

China is the second home for BMW, and we fully supported China's pandemic response. BMW was one of the earliest global brands to announce donations and assistance for addressing the crisis, and BMW China and BMW Brilliance contributed three rounds of donations targeting the most immediate social needs. We directed funds to purchase medical equipment and supplies for hospitals in Wuhan, Shenyang, and other cities, and we financed the nation's first mental health and counselling hotline for frontline medical personnel, patients, and volunteers. In the post-pandemic era, we will continue to advance the innovative solutions we created to continue our CSR programmes during the crisis, and use those tools to reach more areas of Chinese society.

3 Rounds of donations totalled 35 million RMB

Medical supplies purchase for hospitals

First mental health counselling hotline for medical personnel



OUR SUSTAINABILITY PROGRESS

KEY PERFORMANCE ACROSS VALUE CHAIN

RESEARCH & DEVELOPMENT

+42%

In e-range
The new BMW 5 series plug-in hybrid with e-range extension incorporates our innovative battery technology and can travel 95 km per charge in pure electric mode, a 42% increase over the previous generation.

C-NCAP and Euro NCAP Award

The all-new BMW 3 series scored five-star plus in C-NCAP rating and its Driving Assistant Professional system scores Very Good in Euro NCAP rating.



High-Voltage Battery Centre II

As the first location worldwide for series production of Gen5 high-voltage battery, the HVB Centre II underlines our commitment to high-quality development, and further consolidates BMW's position as an E-mobility pioneer.

SUPPLY CHAIN

50%

of the aluminium ingot for BMW Brilliance
has shifted to using renewable electricity for upstream aluminium electrolysis and aluminium ingot production process at our supplier.

Climate Change Initiative

We launched the CO₂ emission transparency pilot project and on-site energy audit programme as part of the initiative to identify carbon reduction opportunities across our supplier network.

400

Local content suppliers
Our local content suppliers grew to 400 and purchasing volume in China increased by 10.5% to 54.89 billion RMB in 2020.

PRODUCTION

Resource Efficiency

In 2020, for each vehicle produced, we achieved 7.4% reduction in energy consumption, 17.9% reduction in water consumption, and nearly 60% reduction in waste for disposal.

-7.5%

In CO₂ emissions per vehicle produced
We reduced our CO₂ emissions per vehicle produced by 7.5% from 2019, to 0.18 t/vehicle in 2020. We also maintained 100% renewable electricity at our production plants.

-47.1%

In Accident Frequency Rate (AFR)
Our AFR per one million hours worked was down to 0.09 in 2020 from the 2019 level of 0.17.

LOGISTICS & TRANSPORT

16.3%

Customer support parts
were imported by rail, up from 8.3% in 2019.

-51.3%

In CO₂ emissions per unit for outbound logistics since 2014
The CO₂ emissions per unit for outbound logistics was 124.40 kg/unit by the end of 2020, which has been reduced by 51.3% since 2014.

98%

Returnable packaging usage rate
We transported 98% of our local parts in returnable package, contributing to material saving and carbon emission reduction.

SALES & UTILISATION

300,000+

Public charging pillars
have been made accessible to BMW customers – including more than 100,000 fast-charging DC pillars – in over 300 cities across China.

495

BMW NEV dealer outlets
We expanded our NEV dealer outlets from 450 to 495, and BMW i dealer outlets from 91 to 196 in 2020.



DISPOSAL & RECYCLING

108,070

Parts
were collected for remanufacturing in 2020, with a total weight of over 669 t.

4,347

Pieces of high-voltage battery
were recycled in 2020 with a total weight of 98,261 kg.

Steel

The 1st fully circular system
was created for steel in 2020, by collecting and returning scrap steel back into manufacturing processes. An accumulated recycling volume of 45,000 t steel into the loop was achieved in 2020.

OUR SUSTAINABILITY PROGRESS

KEY PERFORMANCE INDICATORS

	2016	2017	2018	2019	2020	% Change
BUSINESS ACTIVITIES						
Revenues from operations (in RMB million)	98,436	113,197	141,918	172,692	189,006	9.4
Tax (in RMB billion)	21	25	31	35	38	8.6
Automobiles produced (in unit)	305,845	396,888	490,151	534,990	600,554	12.3
Automobiles wholesaled (in unit)	310,041	386,556	465,192	544,549	605,050	11.1
Authorised dealer outlets nationwide (number)	558	598	625	647	666	2.9
CLIMATE CHANGE ACTIONS						
Average fleet CO ₂ emissions (in g/km)	159.20	146.90	139.00	137.80	142.09	3.1
Corporate average fuel consumption (in L/100 km)	6.69	6.17	5.84	5.79	5.97	3.1
New Energy Vehicles wholesaled (in unit)	480	1,983	21,438	32,246	27,664	-14.2
Total Greenhouse gas emissions (in t)	9,901,541	11,884,985	14,190,033	15,417,955	17,741,047	15.1
Scope 1 Greenhouse gas emissions (in t) ¹	33,570	37,448	35,733	42,141	43,614	3.5
Scope 2 Greenhouse gas emissions (in t) ²	309,154	240,747	281,753	68,602	71,275	3.9
Scope 3 Greenhouse gas emissions (in t) ³	9,558,817	11,606,790	13,872,546	15,307,212	17,626,158	15.1
CO ₂ emissions per vehicle produced (in t/vehicle)	1.13	0.70	0.63	0.20	0.18	-7.5
Energy consumption per vehicle produced (in MWh/vehicle)	2.05	1.83	1.65	1.63	1.51	-7.4
Total energy consumption (in MWh)	623,419	734,268	841,518	974,642	1,026,890	5.4
Share of renewable electricity (in %) ⁴	--	25	43	100	100	--
ACCOUNTABLE, CIRCULAR AND RESILIENT VALUE CHAIN						
Volatile organic compounds (VOC) per vehicle produced (in kg/vehicle)	0.40	0.54	0.56	0.52	0.50	-3.8
Water consumption per vehicle produced (in m ³ /vehicle)	2.58	2.68	2.47	2.40	1.97	-17.9
Process wastewater per vehicle produced (in m ³ /vehicle)	0.46	0.39	0.42	0.44	0.44	--
Waste for disposal per vehicle produced (in kg/vehicle)	6.42	7.43	8.05	7.47	2.99	-60.0
Total water consumption (in m ³)	--	1,173,531	1,214,892	1,332,876	1,188,228	-10.9
Total waste (in t)	46,033	71,976	85,237	87,013	181,791	108.9
Total non-hazardous waste (in t) ⁵	40,286	63,812	74,073	76,814	172,349	124.4

	2016	2017	2018	2019	2020	% Change
ACCOUNTABLE, CIRCULAR AND RESILIENT VALUE CHAIN						
Total hazardous waste (in t)	5,747	8,164	11,164	10,199	9,442	-7.4
Accident frequency rate (per one million hours worked)	0.54	0.43	0.28	0.17	0.09	-47.1
RESPONSIBLE CORPORATE CITIZENSHIP						
Total workforce at year-end (number)	16,286	16,686	18,925	19,824	20,739	4.6
Female employees in total workforce (in %)	12.9	12.8	12.0	12.1	11.9	-1.7
Employees in management positions (in %)	6.7	6.9	6.6	6.9	7.0	1.3
Female employees in management positions (in %)	28.4	30.2	30.0	30.6	30.2	-1.3
Chinese employees in management positions (in %)	82.0	85.0	86.0	85.5	86.2	0.8
Total new employee hires (in %) ⁶	2.2	8.0	17.3	8.9	8.6	-3.4
Attrition rate (in %)	3.3	4.5	4.8	3.6	3.7	2.3
Average days of further training per employee (in day/person)	1.70	2.10	1.79	1.23	0.75	-39.1
Beneficiaries of BMW CSR activities (number) ⁷	36,200	21,000	80,292	2,628,710	11,568,364	340.1
Expenditure on social commitment activities (in RMB)	--	17,064,616	15,575,085	16,513,831	36,619,722	121.8
Local content suppliers in China (number)	345	359	378	394	400	1.5
Purchasing volume in China (in RMB billion) ⁸	23.90	26.70	43.10	49.68	54.89	10.5

Note:

1. Direct CO₂ emissions generated by fossil fuel consumption at BMW Brilliance plants, excluding the fossil fuel consumption of construction and on-site suppliers. The coefficients used for calculation are from Emission Factors for Electricity, District Heating and Fuels issued by Application of German Association of the Automotive Industry (VDA). Other climate-impacting gases than CO₂ are not included.
2. Indirect CO₂ emissions generated by the consumption of third- party electricity and heating purchased at the BMW Brilliance plants, excluding the third- party electricity and heating consumption of construction and on-site suppliers. For calculation of the Scope 2 CO₂ emissions, "market-based" methodology is used in accordance with GHG Protocol Scope 2 Guidance issued by the World Resources Institute. Other climate-impacting gases than CO₂ are not included.
3. Indirect CO₂ emissions generated in the upstream supply chain, the logistics, the utilisation phase and the disposal of automobiles produced by BMW Brilliance for sales in mainland China market of the year, and those generated from employee commuting and business trips of BMW Brilliance within the year. Emission factors of the supply chain and the disposal are based on the carbon footprints of representative vehicles from the product lines, calculated by Thinkstep's LCA tool GaBi. Emissions factors of logistics are based on emission factors in DIN EN 16258. Emissions from the utilisation phase are calculated based on the average fleet emissions of automobiles delivered of BMW Brilliance and an average mileage of 150,000 km per vehicle.
4. Including the generation of solar power electricity, the purchase of wind power electricity and International Renewable Energy Certificates (I-RECs).
5. Total non-hazardous waste consists of non-hazardous waste for recycling and non-hazardous waste for disposal. We improved the data calculation process in 2020, and there was increase in total non-hazardous waste for recycling over the previous year.
6. Figures related to new employees from 2017 onwards are not directly comparable to figures from previous years due to changes in calculation method. New employees figures before 2017 are those who joined BMW Brilliance during the year and still worked with BMW Brilliance at year-end. Figures from 2017 to 2020 are those who joined BMW Brilliance during the year, regardless of whether they still worked with BMW Brilliance at year-end or not.
7. The increase of beneficiaries of BMW CSR activities is mainly due to more online activities in which the number of beneficiaries is counted by visiting times.
8. Figure is not directly comparable to previous years, as from 2020 we included the purchasing volume of special tools for suppliers' production of BMW Brilliance parts.

01 FUNDAMENTALS

- 1.1 / SUSTAINABILITY MANAGEMENT
- 1.2 / STAKEHOLDER ENGAGEMENT
- 1.3 / COMPLIANCE MANAGEMENT

FROM GOOD TO GREAT

A truly responsible and sustainable business must have a higher purpose than simply achieving profit—it must work to improve the world. The BMW Group has made sustainability central to the company's strategic direction, and BMW Brilliance aligns our goals and values with them. We aspire to be not only the most successful, but also the most sustainable provider of premium individual mobility in China, and always focus on the needs of our stakeholders.

True sustainability requires a company to minimise environmental impacts, and we are making our contribution by focusing on developing and improving technologies and services that can effectively bring about a viable reduction in the global carbon emissions caused by individual mobility. With this strategy, we can create a clear competitive advantage by offering our customers trendsetting mobility solutions that are also made with sustainable principles in mind. Sustainable operations also require responsible business conduct, and we are committed to ethical business practices, strong risk management, and a culture of compliance and exceeding the expectations of our stakeholders.





1.1

SUSTAINABILITY MANAGEMENT

Our aspiration is to be the leading sustainable provider of first-class individual mobility and to sustain responsibility across the entire value chain of China's automotive industry.

As a pioneer that sets standards for the individual mobility of tomorrow, we seek to combine joy and responsibility without compromise and, together with our partners, lead the industry in terms of environmental, social, and integrity standards.

Our sustainability framework is built on eight focus areas spanning the three pillars of our value-creation model, as well as four enablers that accelerate our sustainability journey: new technologies, sustainability mindset, sustainability governance, and compliance & beyond.

In 2020, we refined our three sustainability strategic directions, in response to internal and external changes, the BMW Group Sustainability goals, a world changed by the COVID-19 pandemic, and increased stakeholder expectations.

— OUR THREE SUSTAINABILITY STRATEGIC DIRECTIONS —

1

CLIMATE CHANGE ACTIONS

For Climate Change Actions, we are committed to creating a roadmap to carbon neutrality within our own operations, enabling 100% renewable energy use by our key suppliers, continuously reducing the carbon footprint of our logistics operations through electrification and modal shifts, and accelerating the adoption of new energy vehicles across Chinese society by boosting NEV sales and facilitating convenient long-distance zero-emission travel.

2

ACCOUNTABLE, CIRCULAR & RESILIENT VALUE CHAIN

Within our Accountable, Circular, and Resilient Value Chain direction, BMW Brilliance is committed to ensuring the highest-quality products and premium customer-centric services, while working with our value chain partners to advance circular use of materials and resource efficiency in production activities, enhance workplace EHS management, and foster ethical business practices that help safeguard the rights and interests of our customers and the larger society.

3

RESPONSIBLE CORPORATE CITIZENSHIP

Our focus on Responsible Corporate Citizenship will guide us to empower and develop our employees, dealers, and customers. Within our operations, we will create an environment of diversity and inclusion, and continue to train and encourage our employees and dealers to reach their full potential. In our communities and across China, we will work to create shared values through charitable donations, our flagship CSR programmes, employee volunteerism, and local community engagement.

BMW BRILLIANCE SUSTAINABILITY MILESTONES



Joined UN Global Compact as the 1st automotive joint venture in China.
Published our 1st sustainability report.

2014



Defined BMW Brilliance corporate sustainability, aspiration, principles and strategic frameworks.

Among the first companies to earn the "National Green Plant" title.

2017



100%
Renewable electricity used for production.

Ranked #1 in the first Automotive Enterprise Green Development Index.

2019



Refined three sustainability strategic directions.
Unveiled the BMW iX3 BEV model SOP.

2020



Create new sustainability value system.
Set sustainability targets and holistically integrate into corporate governance.

TOWARDS THE
FUTURE



STRATEGIC DIRECTIONS AND THE ALIGNMENT WITH THE UNITED NATIONS SUSTAINABLE DEVELOPMENT GOALS (UN SDGs)

Strategic Directions	Goals	Actions & Initiatives	Page Index	UN SDGs
CLIMATE CHANGE ACTIONS Take actions to reduce absolute and intensity of CO ₂ emissions across value chain.	Supply Chain Achieve key suppliers CO ₂ disclosure transparency and 100% renewable electricity.	<ul style="list-style-type: none"> Supply chain climate change initiative. Supply chain green power transition. 	49 - 50	 
	Production Reduce the emissions from producing our products in line with the BMW Group sustainability goals and China's carbon-neutral commitment.	<ul style="list-style-type: none"> Renewable energy utilisation for production. STEAM energy-saving initiative. 	45 - 47	 
	Logistics Increase the efficiency of our logistics flows through multi-modal transport and innovative new low-carbon shipping technologies.	<ul style="list-style-type: none"> Multi-modal logistics optimisation. Pilot use of E-trucks and LNG truck roll-out feasibility study in DDA Cities. Increased use of rail transport for imported customer support parts. 	51 - 53	
	Utilisation Accelerate the electrification of China's automotive industry with NEVs and nationwide charging capabilities.	<ul style="list-style-type: none"> NEV product portfolio & competency optimisation. Strategic cooperation with State Grid EV Service. 	39 - 42	
ACCOUNTABLE, CIRCULAR & RESILIENT VALUE CHAIN Optimise our operations for top quality, circularity, minimal EHS impact, and responsible, resilient value chain.	Product and Service Quality Adopt the latest technologies to create the highest-quality products and offer premium service quality.	<ul style="list-style-type: none"> Application of industry 4.0+5G+AI. Intelligent safety system. New BMW Brilliance Material Database system. Dealership "Network Transformation" initiative. Customer board and BMW Service Experience Ambassador Programme. 	59 - 64	 
	Circularity Implement innovative approaches and technologies to reuse, recycle, and repurpose raw materials and end-of-life products.	<ul style="list-style-type: none"> Advance closed-loop project with steel and aluminium. Increase use of secondary materials for Gen5 HVB production. Pilot HVB reuse for pallet truck. ReLife Point and reverse logistics system enhancement. Bin-sharing and rental programme. 	65 - 67	 
	Environment, Health & Safety Minimise the impacts of our operations and our suppliers' operations on the environment, employees, and communities.	<ul style="list-style-type: none"> Continuous measures to enhance VOC reduction, waste management & water efficiency. Supplier EHS audits. Dealer EHS Manual & self-check list update. 	71 - 72 75 - 77	 
RESPONSIBLE CORPORATE CITIZENSHIP Lead our industry by modelling an inclusive, diverse culture that supports our workforce and our communities.	Business Accountability Advance the highest standards of responsibility in sourcing raw materials, data protection, and our partners' business practices.	<ul style="list-style-type: none"> Supply Chain Social Responsibility Code of Conduct. Ethical raw material procurement. Dealer due diligence. 	79 - 81	 
	Diversity and Inclusion Create a work culture that recognises and values the diversity of all associates.	<ul style="list-style-type: none"> Diversity concept for the BMW Group workforce. BMW Global Diversity Week. 	87	 
	Human Capital Development Train our workforce for current and future skills, while enabling them to achieve their personal and professional goals, while optimising our pipeline for new talent.	<ul style="list-style-type: none"> The Academy of BMW Group China online learning platform for employees. Employee leadership training programmes. Future Talent Programmes. The Training Academy with BEST Programme, BMW Dealer Elite Talent Development & Retention Programme, New Staff Enlightenment Journey for dealers. 	95 - 100	 
Corporate Social Responsibility Create shared value for members of society to help address social issues and improve social welfare.	Corporate Social Responsibility Create shared value for members of society to help address social issues and improve social welfare.	<ul style="list-style-type: none"> BMW CSR flagship programmes and BMW Warm Heart Fund. Donations to fight against COVID-19 pandemic. BMW Corporate Volunteer Association. BMW Warm Heart Customer Clubs. 	104 - 117	 
				  

SUSTAINABILITY GOVERNANCE

The BMW Brilliance Board of Management ensures we integrate sustainability into key business decisions regarding the overall direction of the company. Sustainability is a central feature of the annual target-setting process through which business functions must set and deliver on concrete targets, which allows us to implement the guidance of the Board of Management in a systematic way, with accountability for the business functions. The Board of Management is also responsible for ensuring compliance with all provisions of the law and internal regulations, as well as for adequate risk management and control.

In 2020, the Board of Management approved the implementation of the BMW Brilliance Corporate Sustainability Execution Committee. This 9-member management-level group meets every month and is tasked with ensuring transparency and common understanding on overall sustainability progress, synergising resources across departments to accelerate implementation, and sharing external insights, trends, and best practices to drive sustainability innovation.

At the day-to-day level, our internal business functions lead progress on sustainability-related decisions made by the Board of Management. This process is steered and monitored by Management Circles across business functions. Through regular reviews, Management Circles ensure that decisions from the Board of Management are translated into actionable items with measurable targets and delivered to the operational level for implementation.



Sustainability Governance at BMW Brilliance.

SUSTAINABILITY RISK MANAGEMENT

CLIMATE CHANGE ACTIONS

Climate change is one of the most urgent crises facing government, civil society, and stakeholders of all types. We identify climate change-related risks and opportunities based on four core areas: governance, strategic direction, risk management, and metrics and targets.

- **Governance:** The BMW Brilliance Board of Management is the highest entity with direct responsibility for climate-related matters and ensures we integrate our strategic directions on climate into all key business decisions.

- **Strategic Direction:** Our climate strategic direction is guided by the fact that, in the face of increasing regulations—as well as increased demand for low-carbon mobility solutions—companies that embrace sustaina-

bility strategies and actions at an early stage will gain a competitive edge and greater market share. At the same time, we face a number of potential risks, including transition risks in the form of tighter emissions regulations, increased technology costs, changing consumer behaviour, and shifts in consumer preference. Some of the additional risks that we are not alone in facing include extreme weather events and longer-term risks due to changes in water availability. We are working to project the impacts of these and other climate-related risks and adjust our strategic direction, business, and financial planning to meet those risks head-on.

- **Risk Management:** Our Controlling & Risk Management department function manages company-wide risks. Ma-

terial risks reported by other department functions are reviewed and classified according to the likelihood and magnitude of impact. We monitor all risks and opportunities and identify methods to address each material risk, and incorporate those methods—including for climate-related risks—into our company-wide risk management process.

- **Metrics and Targets:** The BMW Brilliance sustainability report offers an overview of the key sustainability indicators that we use to measure, monitor, and manage climate change-related risks. Because CO₂ emissions are of key significance for assessing climate-related issues, we consider Scope 1, Scope 2, and Scope 3 emissions. We have set climate change actions as a strategic sustainability direction, and our Corporate Sustainability Execution Committee is working across business functions to deliver climate-related targets across the whole value chain, including supply chain, production, logistics, utilisation, and disposal.

ACCOUNTABLE, CIRCULAR AND RESILIENT VALUE CHAIN

Continually improving our product quality and safety is central to our ongoing business success. Among the risks we seek to address and avoid include potential hazards to our employees, customers, dealers, and suppliers—as well as reputational damage from quality shortfalls. By achieving our high standards for quality, BMW Brilliance will attract and retain more customers and build brand loyalty that can sustain our business. These same risks and opportunities exist in our efforts to address and increase customer support and satisfaction: By meeting customer desires and needs, we can continue to grow our market presence while also achieving global climate commitments.

Our environmental, health, and safety (EHS) programme aims to protect our workforce—our most valuable resource. The risks we work to eliminate include hazards to individuals and the company from unsafe work practices and work environments, and by addressing these risks in a comprehensive manner, we improve our performance, increase employee satisfaction and retention, and attract top-quality talent through our commitment to safety.

We manage our supply chain and key suppliers to mitigate risks from raw material shortages and supply chain disruptions, as well as reputational and regulatory risks from sourcing from conflict zones and regions at risk of forced labour and child labour. We achieve business benefits through developing resilient and secondary sources for key raw materials and building stronger relationships with our key suppliers that enable us to cascade corporate responsibility further into our supply chain. Increasing the circularity of our supply chain helps us avoid risks of raw material shortages while providing the opportunities of reducing business costs and a lower CO₂ footprint from recycling and upcycling materials.

Each of these categories of risk management meets part of our overall value of accountability: By operating as a responsible, ethical company, we can navigate the risks from failing to comply with laws and regulations, regulatory penalties for unfair or corrupt business practices, and reputational and legal risks from failing to protect customer and corporate data. The opportunities from responsible corporate citizenship are the ones that will sustain our business for the long-term: trust from our employees, customers, and business partners and a strong working relationship with regulatory authorities.

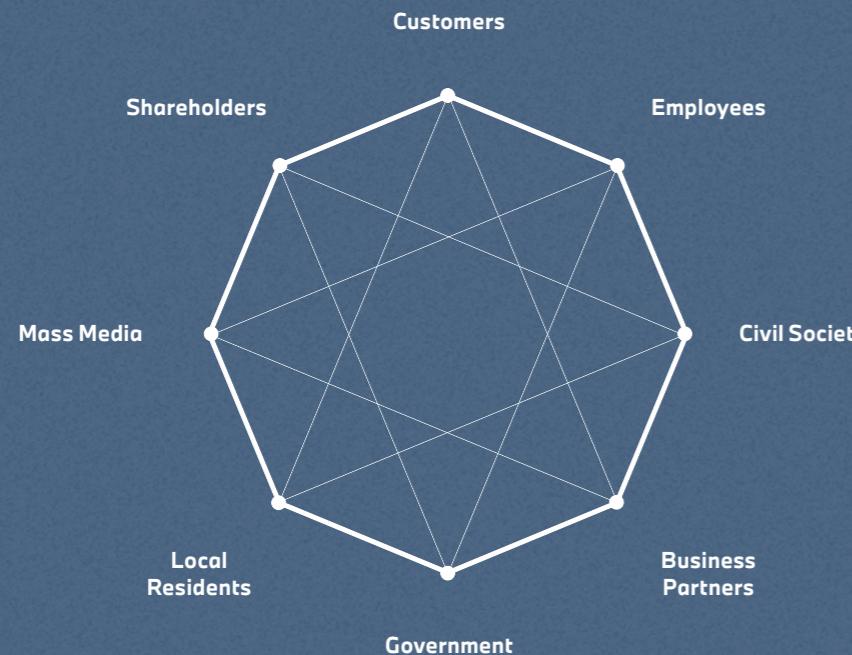
RESPONSIBLE CORPORATE CITIZENSHIP

Expectations for corporate behaviour are rapidly changing, and people expect a company to work for the greater good more than solely for profit. Our employees—current and future—expect BMW Brilliance to support them in their personal and professional goals, and if we fail to do so, we run the risk of losing our competitive edge in recruiting the top talent. By building a company culture that supports and values every employee, from a foundation of diversity, inclusion, and equality, we ensure the dedication and loyalty of our employees and our customers, so we can continue to thrive and grow together.

1.2

STAKEHOLDER ENGAGEMENT

Our stakeholder mapping.



As a company that delivers parts and products around the world, our operations impact the environment and affect a variety of stakeholders. And as a consumer-centric business, the viewpoints, decisions, and actions of our stakeholders have a decisive impact on the success of our enterprise. BMW Brilliance has always sought to ensure we live up to our stakeholders' expectations, and when the world changed dramatically in 2020—with COVID-19, the global economic downturn, and China's new carbon commitments, among others—so did our approach. We conducted a new materiality assessment to determine up-to-date sustain-

ability priority issues and shape strategic directions for the crucially important years to come. An important part of this process required us to identify our most-important and most-impacted stakeholders. Through industry research, literature reviews, and a benchmarking exercise, we considered the impacts of all the many environmental, economic, and regulatory changes that had already taken place. The stakeholder types we identified in 2020 are: Customers, Employees, Business Partners, Shareholders, Local Residents, Government, Civil Society, and Mass Media.

DEFINING MATERIAL ISSUES

Since our last materiality assessment in 2018, the world has undergone significant changes – not only with COVID-19, but also the US-China trade war, Chinese government regulation and climate commitment changes, and more. As a result, our stakeholders' expectations of our performance and strategy have changed, so in 2020 we conducted a new materiality assessment to identify and prioritise the sustainability issues that matter most to our business and key stakeholders. The following steps provide an overview of the process of our materiality assessment:

Our materiality assessment process and matrix.



Defining Issues

We began by listing 26 potential issues grouped into five categories:

- Product Responsibility
- Corporate Governance
- Environmental Protection
- Work Environment and Culture
- Society and Human Rights

Prioritising Issues

We conducted an online survey with 296 participants from a representative cross-section of our eight stakeholder groups, followed by 12 in-depth interviews with internal and external stakeholders. The result is a materiality matrix revealing the 14 issues considered most relevant to BMW Brilliance as well as our stakeholders.

Climate Change Actions
Accountable, Circular & Resilient Value Chain
Responsible Corporate Citizenship

Setting Directions

We then grouped the prioritised issues into three key directions as illustrated. Our Board of Management reviewed the results of our materiality analysis to validate the importance of each topic, and upon validation, our company was able to begin crafting a strategy to achieve successes within each of the key directions.





Our stakeholder engagement approaches.

STAKEHOLDERS	COMMUNICATION CHANNEL	FOCUS TOPICS
Customers	Surveys, social media, trade fairs, auto shows, mass media.	<ul style="list-style-type: none"> Product quality and safety Customer support and satisfaction Information security and privacy protection
Employees	BMW Brilliance Trade Union, employee survey, dialogues with managers, internal communications.	<ul style="list-style-type: none"> Occupational health and safety Employee development and well-being Product quality and safety Diversity, inclusion, and equality
Government	Regular communication with local authorities, events with the CPC and BMW Brilliance, regular discussions on key topics such as emission standards, the advancement of E-mobility and supporting infrastructure, and promotion of innovation.	<ul style="list-style-type: none"> Waste and effluents Raw material/parts lifecycle Occupational health and safety Economic performance
Civil Society	Roundtables, lectures, discussions with experts, scholars and students; specialised and localised programmes, traineeships, and vocational education opportunities.	<ul style="list-style-type: none"> Product quality and safety Information security and privacy protection Occupational health and safety
Business Partners	Regular interaction with suppliers and dealers, business conferences; Industry initiatives, joint events, training courses, supplier risk assessments, supplier forum and supplier media visit.	<ul style="list-style-type: none"> Product quality and safety Customer support and satisfaction Information security and privacy protection Collaborations and partnership
Local Residents	One-on-one meetings, plant visits, neighbourhood dialogue, press events, investment into local communities as part of CSR commitment.	<ul style="list-style-type: none"> Product quality and safety Business ethics Customer support and satisfaction Informational security and privacy protection
Mass Media	Media trips, press releases, information events on new products, test drives, and trade fairs.	<ul style="list-style-type: none"> Product quality and safety Customer support and satisfaction Energy consumption and renewable energy
Shareholders	Communication between our Board of Management and Board of Directors and shareholder representatives (BMW Group and Brilliance Group).	<ul style="list-style-type: none"> Automation and digitalisation Occupational health and safety Product quality and safety Business transparency Economic performance Compliance, anti-corruption and fair competition



We participated in the stakeholder dialogue in 2020 on sustainable cities with media, scholars, and designers.

COMMUNICATING WITH OUR STAKEHOLDERS

We incorporate sustainability issues into our interactions with different stakeholder groups in a variety of ways, with topics and formats that are tailored to each group. We strive to address critical issues and concerns in a timely and transparent manner, and to analyse current and coming expectations in different areas of sustainability management. Engaging in dialogue with stakeholders also means that we can share our perspective on possible responses and actions related to any challenges, whether at the local, national, or global levels.

We work closely with the government on areas of mutual interest and cooperation, such as local economic development and our green transformation. In 2020, our President and CEO, Dr. Johann Wieland, participated in the EV100 Forum before the onset of the pandemic, and met with members of the central government to discuss ways that government policy can sup-

port the growth of China's NEV industry and market. As the pandemic came under control, Dr. Wieland travelled to meet with leaders of the Shenyang CPC and the city of Shenyang to discuss the region's economic recovery and the role BMW Brilliance can play in helping continue the recovery. We were invited to the second meeting of the China-Germany (Shenyang) High-end Equipment Manufacturing Innovation Committee focussed on the theme of Opportunities and Challenges for Sino-German Cooperation in Post COVID-19 era, and we also took part in the first-ever communication workshop that brought together industry and government to discuss the progress and impacts of the new Cybersecurity Law.

With our business partners, we regularly engage in joint conversations to explore the opportunities and challenges we face together. Amidst the pandemic in 2020, our work with supplier partners focussed on the severe impact the coronavirus pandemic has

had on the auto industry supply chain, and how industry leaders can continue to the recovery of the automotive supply chain in the post COVID-19 era. We also hosted an educational webinar with more than 600 BMW authorised dealers to discuss the development of a finance ecosystem built on trust, cooperation, coordination, and a win-win focus between BMW Brilliance and our dealer partners, contributing to their success and our company's continued development.

We continuously communicate with our employees around the country, so that we can hear about their progress and learn about their concerns. During the pandemic especially, we convened regular sessions to share the progress BMW Brilliance has made in building a sustainable recovery, emphasising the importance of diversity among our workforce to our success as a company, as well as the latest developments in our company progress, such as our ongoing Plant Tiexi and Plant Dadong Extension projects.

1.3

COMPLIANCE MANAGEMENT



Tone from the Top speech delivered by Dr. Wieland to all employees.

BMW Brilliance is fully committed to lawful and responsible business conduct. Through years of construction of compliance infrastructure and fostering of compliance culture at the company, BMW Brilliance has embedded compliance value in all the main aspects of the company's operation, and in response to the increasingly complex and constantly evolving regulatory environment, the company has kept reviewing and adapting the management tools, measures and processes to ensure their effectiveness. Despite all the challenges and uncertainties the company has faced in 2020, BMW Brilliance has managed to accomplish all the compliance management targets and has provided a great level of continuity and certainty to employees, business partners and stakeholders in terms of the company's commitment in compliance.

In response to the remote working and the cessation of travel during COVID-19, we adopted technology tools, and accelerated the process automation to transform the core compliance processes from offline to online. We launched "WeCompliance" account at mobile application to communicate the Tone from the Top, compliance news clipping, case study, regulatory and enforcement updates to employees in a timely manner. We also accelerated the shift from classroom trainings to web-based courses to enable employees' micro-learning anytime, anywhere. A record of 20 courseware was developed in 2020, covering a variety range of compliance topics in general compliance, anti-monopoly, conflict of interests, safety and security, cybersecurity, data privacy, export control, information protection, etc.

190,000+
Views in "WeCompliance"
in 2020.

38,000+
2020 web-based compliance
training participants.

Lawful and ethical conduct forms the basis of what we do as a company, defines our company's image in the eyes of the general public, and helps create trust in our brands, products, and services.

CULTURE

Leadership exerts a fundamental influence on our company culture. BMW Brilliance top management has played an active role in cultivating the company's compliance culture and inspiring it among all employees. In 2020, the clear Tone from the Top was constantly communicated and reinforced, reaching all levels through Executive Dialogues and communication letters, Compliance Events, as well as the decisive disciplinary actions around noncompliance.

At BMW Brilliance, the compliance responsibility could not be delegated, and specific measurable compliance goals have been assigned to the management as mandatory targets and have been integrated throughout the regular performance review process. Meanwhile, we ensure that compliance is not just the managers' task, but the responsibility of every employee. Each employee is obliged to acknowledge and exercise the principle of responsibility, integrity and ethics in the daily work, and when in doubt or having compliance concerns, each employee can at anytime access the SpeakUp Line to report their concerns.

ORGANISATION

As an integral part of the effective compliance management system, BMW Brilliance has established a robust organisational framework to ensure a correct compliance accountability structure is in place. The Board of Directors (BoD) of BMW Brilliance takes the ultimate accountability for administering a compliance management system at the shareholder level. The Audit and Compliance Committee (AC) under BoD is responsible for setting compliance objectives, allocating resources, and monitoring practices to ensure compliance with regulatory and ethical requirements.

Authorised by BoD, the Board of Management of BMW Brilliance and BMW Brilliance Corporate Governance & Compliance Committee (BCC) as its sub-committee, take the primary oversight role. In 2020, BCC enlarged its scope from traditional compliance topics to the broader areas of Technical Com-

pliance, Safety and Security, Quality Governance, and IT / Data Governance.

Our compliance function and business departments collaborate closely to drive lawful and ethical behaviour and embedded values throughout the organisation. The dedicated compliance function of Corporate Governance & Compliance department, as well as the broad compliance enablement departments such as Legal Affairs, Corporate Audit, Controlling and Risk Management, Taxes, Customs and Export Control, provide compliance assurance through supervising business departments practices, and build partnership with them via providing enablement and consultancy to protect the business from compliance risks. We have established a comprehensive Compliance Operation Network, comprising of Compliance Responsibilities and Compliance Interfaces in all the business departments, to build the compliance programmes into the business operations.

AUDIT AND COMPLIANCE COMMITTEE /
BOARD OF DIRECTORS

BOARD OF MANAGEMENT

CORPORATE GOVERNANCE &
COMPLIANCE COMMITTEE

CORPORATE GOVERNANCE &
COMPLIANCE DEPARTMENT

COMPLIANCE OPERATIONS NETWORK

Compliance Governance at BMW Brilliance.



11,000+

Online Compliance Quiz participants in 2020.

100%

2020 compliance on-boarding training participation rate.

BMW Brilliance Honour List at Social Credit System.

TAX
A Level
State Taxation Administration

Advanced AEO
General Administration of Customs

Honest Entity
Ministry of Ecology and Environment

A Level
State Administration of Foreign Exchange

A Level
China Quality Certification Centre

HR
A Level
Ministry of Human Resources and Social Security

MEASURES

LEGAL COMPLIANCE CODE, POLICIES, TRAININGS AND COMMUNICATION

The BMW Brilliance Legal Compliance Code which sets basic values, rules and standards that all employees are required to adhere to, forms the foundation of compliance management. To facilitate the company's compliance with applicable laws, regulations and standards, we have formulated the company specific policies and instructions to guide employees' daily work. Diversified initiatives, including trainings, campaigns, and communication programmes, are provided to employees to advocate employees' awareness.

To highlight the company's core value of compliance from the first day of employment at BMW Brilliance, the Legal Compliance Code has been integrated into the HR recruiting process. All new associates are required to read through the Legal Compliance Code carefully, acknowledge the core value that compliance is the personal responsibility of each employee, and make a commitment to adhere to it. After on-boarding, ongoing compliance trainings are provided to help them deepen their understanding of the company's compliance processes, policies and regulations and practice them in their daily works.

MANAGING COMPLIANCE RISKS AND SOCIAL CREDIT STATUS

It is essential to closely monitor the external and internal environment in a comprehensive and timely manner. A multi-dimensional monitoring mechanism has been established at BMW Brilliance, comprised of daily monitoring on the updates to legislations and enforcement, monthly tracking of public social credit records and yearly Compliance Risk Assessment project. This combination of bottom-up monitoring and a central steering mechanism has enabled BMW Brilliance to obtain a full picture of the company's compliance risks, understand respective risk sources and consequences of identified risks, implement targeted preventive and corrective actions, and focus our attention and resources on higher-priority risks.

In response to the Chinese Government's administrative transition toward a credit-based regulatory mechanism, we have optimised our internal Social Credit System management mechanism by implementing proactive credit supervision, aiming to detect and prevent at the earliest stages any bad entries that may affect BMW Brilliance's social credit status. By the end of 2020, BMW Brilliance received several top-ranking honours at different business areas.

MONITORING AND CONTINUOUS IMPROVEMENT

On a daily basis, we monitor, analyse, and follow laws, regulations, industrial policies, enforcement trends and best practices. The monitoring departments make in-depth analysis as to the significance and impact of any changes and propose action plans if needed. Based on the monitoring and analysis, compliance reminders are communicated to all associates to ensure widespread awareness.

Technology changes life, as well as the compliance management in BMW Brilliance. More systematic solutions have been developed, localised or upgraded, to continuously improve the effectiveness in preventive and detective control on compliance management and daily business management.

WHISTLE-BLOWER MECHANISM AND REMEDIATION

We offer a number of channels through which employees, suppliers, and business partners can report possible compliance violations or raise compliance concerns, and give reporters the right to remain anonymous. We continuously promote the reporting channels, and constantly encourage employees and

stakeholders to speak up when they are aware of or suspect potential misconducts. We prohibit retaliation, employees will not suffer adverse consequences or retaliation for refusing to do things that violate laws and regulations, or for raising a concern about potential misconduct in good faith. When receiving a concern or issue, a dedicated team will evaluate and follow up it in a serious, fair, and prompt manner. We practice "Zero Tolerance" for any non-compliance. Where possible, compliance violations are investigated and substantiated, we report them, take appropriate remedial actions, and document the outcomes. Moreover, we resolve the root causes and enhance our controls and processes to minimise the risk of recurrence.

2021 OUTLOOK

In parallel with all the internal compliance efforts, BMW Brilliance has devoted to cultivating compliance culture across the entire value chain. With the world's recovery from the pandemic, BMW Brilliance is planning more proactive and practical steps to foster business partners' engagement in compliance management. In addition to Supplier On-board Evaluation and the contractual provisions under purchasing and dealership agreements with respect to the parties' compliance obligations, more specific advocacies and initiatives will be made by means of programmes such as Social Responsibility Code of Conduct, spot check and enhancing external compliance communication with suppliers and dealers.

Aiming to transform into a high-tech company, BMW Brilliance has reached out into multiple new business areas. It is a clear goal to engrave the compliance value into all the new subsidiaries and business units, and enable them to implement the same level of compliance standard. Measures have been taken in setting up a stable and competent compliance network and empowering the new community constantly to make it function effectively.

Adopting to the rapidly growing business, BMW Brilliance keeps seeking innovative and dynamic application of IT tools in compliance management. Take the E-chop System for instance, with the relentless joint endeavour, the E-chop System has been put into pilot use in 2020. With the progressive application of more functions on the System, it will not only benefit BMW Brilliance in multiple managerial aspects, but will significantly prompt the effective interaction with the massive amount of business partners.

With the world entering into an era of Big Data, BMW Brilliance embarks on better utilising the company's digital assets in compliance management. On the unfolding blueprint of E-compliance, more systematic tools will be deployed in integrating resources, detecting and preventing non-compliance, identifying and analysing potential risks, raising compliance awareness and elevating the company's compliance infrastructure to the next level.

Leveraging on our refined sustainability strategic directions, we will develop our sustainability targets and integrate into corporate governance, advance communication and collaboration with stakeholders, and enhance the overall awareness and level of sustainable development of the company.

CLIMATE CHANGE ACTIONS

02

TAKING PROACTIVE CLIMATE CHANGE ACTIONS
ACROSS VALUE CHAIN IS CRUCIAL TO OUR FUTURE.



BMW iX3

300,000+

-7.5%

495

100%

-7.4%

50%

16.3%

-51.3%

World premiere and first-ever all-electric vehicle exported to the global market

Public charging pillars accessible to BMW customers across China

Reduction in CO₂ emissions per vehicle produced

Number of NEV dealer outlets in China

Renewable electricity used in Shenyang production base since 2019

Reduction in energy consumption per vehicle produced

Percentage of aluminium ingot production that has shifted to using renewable electricity for BMW Brilliance products

Percentage of customer support parts imported by rail (up from 8.3% in 2019)

Reduction in CO₂ emissions per unit for outbound logistics since 2014

New Spare Parts Distribution Centres in Hefei, Beijing and Ningbo

LEED WAREHOUSE

- 2.1 / CLIMATE-FRIENDLY PRODUCTS AND SERVICES
- 2.2 / GREEN PRODUCTION
- 2.3 / SUPPLY CHAIN CLIMATE CHANGE ACTIONS
- 2.4 / GREEN LOGISTICS



THE BMW GROUP'S 2030 CLIMATE COMMITMENT

Sustainability is central to the strategic direction of the BMW Group, and reducing the CO₂ footprint across the entire value chain is a major component of the BMW Group's Sustainability 2030 strategy.

By 2030, the BMW Group commits to:

Lowering lifecycle CO₂ emissions per vehicle by at least

1/3

compared to 2019.

Reducing production CO₂ emissions per vehicle by

80%

compared to 2019.

Reducing use-phase CO₂ emissions per vehicle by more than

40%

compared to 2019.

Reducing supply chain CO₂ emissions per vehicle by at least

20%

compared to 2019.

BMW BRILLIANCE CO₂ FOOTPRINT

We are in the process of developing our CO₂ reduction targets that align and contribute to the BMW Group's 2030 climate commitment. Through these efforts, we aim to reduce our emissions across our value chain, including our product portfolio, production process, supply chain, and logistics. Our work will drive the low-carbon transformation of the nation's automotive industry and help fulfil China's carbon neutrality commitment. By taking decisive action today, we are securing the future.

As an automotive company, BMW Brilliance creates CO₂ emissions from the manufacturing and use of our vehicles. We track our emissions at every stage of our value chain, from our own operations as well as our suppliers' emissions and the emissions generated by our customers. In 2020, our total CO₂ footprint increased due to production growth, and we will strive to reduce emissions across the whole value chain for low-carbon and green transformation.

In 2020, the Chinese government announced new national goals of reaching peak carbon emissions before 2030, and achieving carbon neutrality by 2060. At BMW Brilliance, we recognise that sustainability is far more than a short-term trend: In the long run, it will lead to superior solutions and ensure lasting prosperity. Our approach to climate change is fully aligned with and supportive of the BMW Group's pathway to carbon emissions reduction, and climate action is a key pillar of our refined sustainability directions.

BMW Brilliance CO₂ Footprint

in t CO ₂	2019	2020	Change (%)
Total Emissions	15,417,955	17,741,047	15.1
SCOPE 1: DIRECT GREENHOUSE GAS EMISSIONS¹			
Total Emissions	42,141	43,614	3.5
SCOPE 2: INDIRECT GREENHOUSE GAS EMISSIONS²			
Total Emissions	68,602	71,275	3.9
Electricity/heat purchased by BMW Brilliance	68,602	71,275	3.9
SCOPE 3: INDIRECT GREENHOUSE GAS EMISSIONS			
Total Emissions	15,307,212	17,626,158	15.1
Upstream chain ³	3,981,487	4,339,177	9.0
Logistics ⁴	173,102	175,113	1.2
Utilisation phase ⁵	11,058,404	12,799,547	15.7
Disposal ³	267,321	300,866	12.5
Business trips ⁶	8,815	2,105	-76.1
Employees commuter traffic ⁷	9,065	9,351	3.2

Note:

1. Direct CO₂ emissions generated by fossil fuel consumption at BMW Brilliance plants, excluding the fossil fuel consumption of construction and on-site suppliers. The coefficients used for calculation are from Emission Factors for Electricity, District Heating and Fuels issued by Application of German Association of the Automotive Industry (VDA). Other climate-impacting gases than CO₂ are not included.
2. Indirect CO₂ emissions generated by the consumption of third- party electricity and heating purchased at the BMW Brilliance plants, excluding the third- party electricity and heating consumption of construction and on-site suppliers. For calculation of the Scope 2 CO₂ emissions, "market-based" methodology is used in accordance with GHG Protocol Scope 2 Guidance issued by the World Resources Institute. Other climate-impacting gases than CO₂ are not included.
3. Emissions from the upstream chain and disposal processes are calculated based on the carbon footprint of representative vehicles from the product lines, calculated by Thinkstep's LCA tool GaBi.
4. Emissions factors of logistics are based on emission factors in DIN EN 16258. Include emissions from inbound logistics, finished vehicle logistics, and aftersales logistics. Emissions from inbound logistics do not include those derived from logistics from the US to China. Emissions from aftersales logistics do not include those from Spare Parts Distribution Centres to dealerships.
5. The fleet emissions are extrapolated from the average fleet emissions of BMW Brilliance products sold in a given year. The calculation was based on an average mileage of 150,000 km.
6. Include employees' air travels.
7. Include employees' commuting trips by shuttle bus between Shenyang downtown and BMW Brilliance production sites.



THE BMW GROUP WILL PUT OVER 7 MILLION ELECTRIFIED VEHICLES ON THE ROAD WORLDWIDE BY 2030, AND BMW BRILLIANCE PLAYS A PIVOTAL ROLE IN DELIVERING THIS TARGET.



2.1

CLIMATE-FRIENDLY PRODUCTS AND SERVICES

As a leader in China's automotive industry, we recognise that our premium products have environmental impacts – but also that they can help advance sustainable mobility. Because BMW Brilliance believes there is no premium without responsibility, it is our ambition to lead the way in sustainability. That is why we are taking responsibility by making sustainability issues central to our future strategic direction.

BMW Brilliance takes a holistic approach to new energy vehicle (NEV) development, and we are guided by the 2030 targets set by the BMW Group as well as the relevant goals laid out in China's NEV Industry Development Plan (2021-2035). We are working to achieve the BMW Group's 2030 goal of reducing CO₂ emissions in the use phase of vehicles by 40% per vehicle over 2019 figures through strengthening our E-mobility ecosystem of electrification, e-drivetrain improvements, and charging infrastructure. We aim to meet the government's vision of having NEVs account for 20% of all new car sales by 2025, which aligns with the BMW Group's goal of putting more than 7 million electrified vehicles on the road worldwide by 2030.

To achieve these ambitious goals, not only will we need to accelerate the electrification process and expand the array of electrified vehicles we offer, but also strengthen the BMW Efficient Dynamics expertise to make our conventional engines as efficient as possible. We strive to offer the most climate-friendly product we can create whichever choices our customers make.

BMW Brilliance plays a pivotal role in delivering the BMW Group's product electrification target, and the achievements we make in China will spread throughout the world. Our comprehensive, intelligent manufacturing base can produce every aspect of vehicles, including the latest battery technologies. We also have well-established research and development capabilities, and are home to the BMW Group's largest NEV development network outside of Germany. And our digital transformation – a crucial enabler for E-mobility – is on the fast track in China, as we showcased during the rollout of our new line of NEV models in 2020. As a result, the core competencies that we have developed at BMW Brilliance make us well-positioned to lead the development of China's premium NEV market.

E-MOBILITY PRODUCTS AND COMPETENCY

Electrification and a strong E-mobility product portfolio are the foundation of sustainability.

The year 2020 is BMW's "Year of NEV" in China, and it culminated with the world premiere of the first-ever, all-electric BMW iX3 – a milestone signalling the start of the rapid development of BMW NEVs. The iX3 rolled off the production line in September in Shenyang, and was released to the global market at the end of 2020; it demonstrates our commitment to world-class, made-in-China manufacturing – Made in China, For China and the World – and forecasts the electrification of the BMW brand. We are also transforming our BMW i dealer network to support this E-mobility transformation, with 196 dealers providing customers with our BMW i products at the end of 2020, up from 91 in 2019.

Key Sustainable Features of the BMW iX3



500 KM E-RANGE

The zero-emission BMW iX3 is the first model to offer the fifth generation of BMW eDrive technology, and offers our customers up to 500 km of e-range driving, high energy efficiency, and intelligent mobility.

AERODYNAMIC DESIGN: MORE EFFICIENT TO DRIVE

The aerodynamic wheels weigh 15% less than its predecessors and reduce its drag coefficient by around 5%, which contribute to improved handling and greater overall efficiency.

RARE EARTH MATERIAL-FREE ELECTRIC MOTOR

We eliminate the use of fixed permanent magnets in iX3 drive unit, which helps avoid using rare earth materials in the manufacture of the electric motor.

We believe that sustainability does not have to mean going without comfort and joy. In fact, sustainable products have the biggest impact when they inspire customers and find strong demand in the market. With its sustainable performance, outstanding digital function, intelligent and intuitive user experience, and breath-taking design, the iX3 sets a new benchmark for innovation in electric and digital cars.

FROM "PRODUCTION IN CHINA" TO "CREATION IN CHINA"

Throughout 2020, we continued to strengthen our NEV product performance. The new BMW 5 series plug-in hybrid with e-range extension incorporates our innovative battery technology and is capable of traveling 95 km per charge in pure electric mode, a 42% increase over the previous generation. The combined fuel consumption per 100 km is further decreased to 1.5 L. The battery upgrade at the core of the e-range extension project has achieved 100% independent research and development in its parts for the first time, demonstrating the evolution of high-voltage batteries from "Production in China" to "Creation in China".

We continue to enrich the product line-up and provide customers with diverse choices when it comes to premium NEVs, from business sedans to mid-size SAVs, among which the BMW 535Le continues to lead the Chinese premium PHEV market.

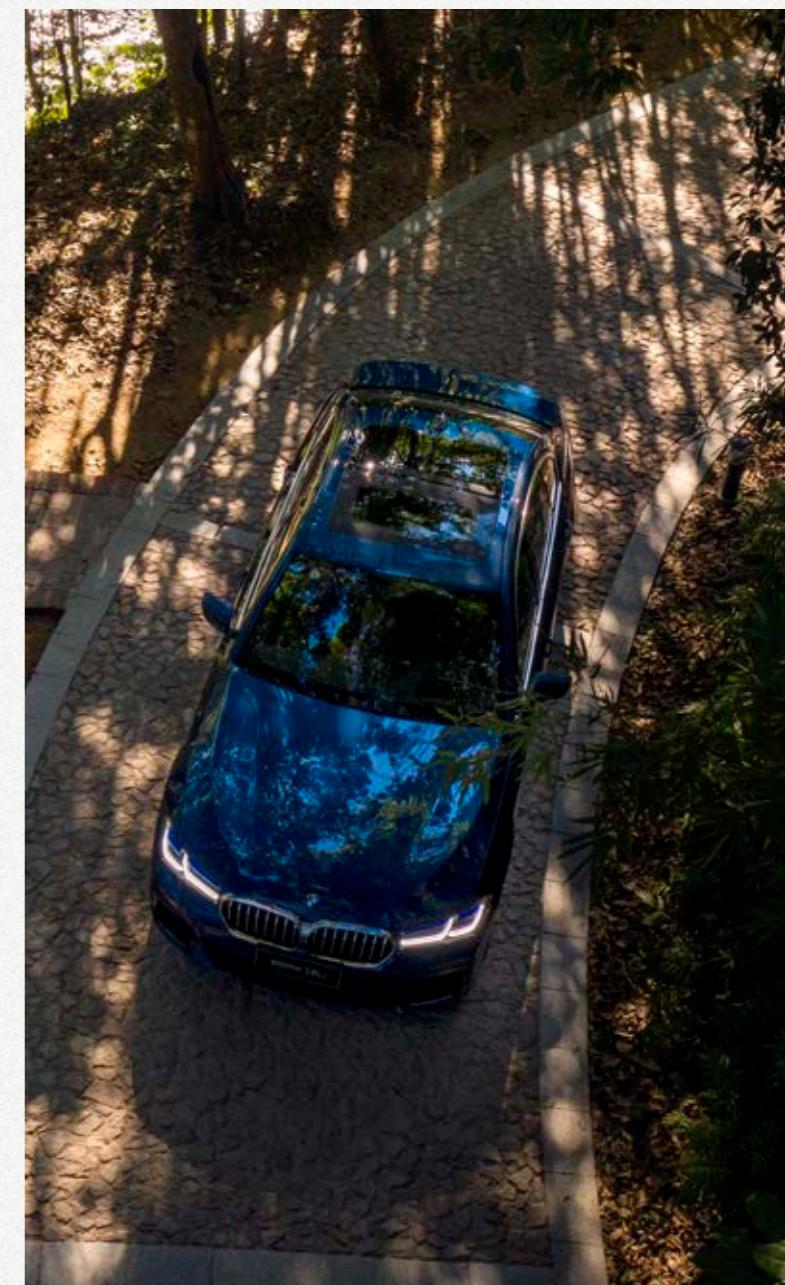
As a result of our continuous improvement and strong product lines in 2020, BMW Brilliance saw strong NEV sales performance both in volume and quality. We sold 27,664 NEVs across China, and our NEV dealer outlets grew to 495, up 10% from last year.

1.5 L/100 KM

Combined fuel consumption of the new BMW 5 series.

495

BMW NEV dealer outlets in China, up 10% from 2019.



The new BMW 5 series plug-in hybrid with a 42% increase in e-range under pure electric mode.

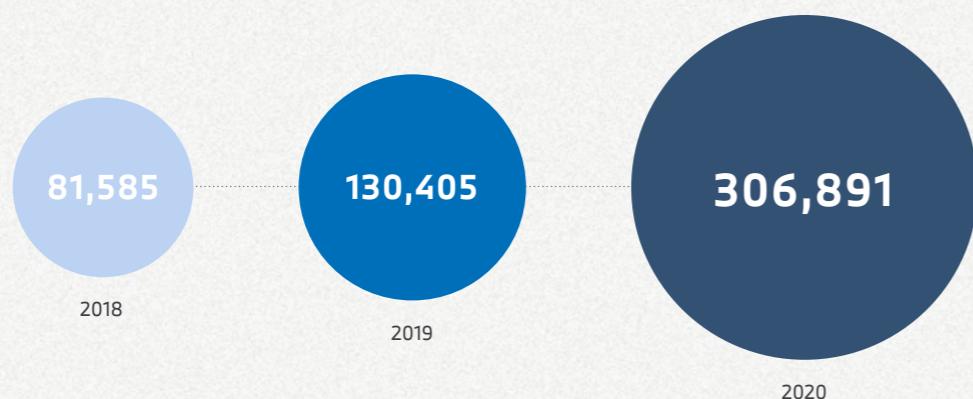
DELIVERING A WORRY-FREE E-MOBILITY EXPERIENCE

We believe that electromobility can only be successful when customers are able to recharge their vehicles conveniently. We are strongly supporting the build-up of charging infrastructure so we can offer our drivers "one-stop shopping" for customer-centric charging services – BMW Charging, including public charging, private charging and branded charging through digital services.

In 2020, we built on our public charging infrastructure network to increase the accessibility and convenience of the BMW charging experience. As of the end of the year, we have integrated more than 300,000 public pillars in a unified network built in partnership with charging point operators

– including more than 100,000 fast-charging DC pillars – in over 300 cities across the country. This extensive network of charging facilities enables long-distance EV travel that spans more than 50,000 km of national highways.

BMW public charging pillars provided in over 300 cities across China
in number



MAKE CHARGING CONVENIENT FOR ALL CUSTOMERS

We now feature three private charging options to fulfil our customer needs. Our complimentary basic installation service with a free BMW wallbox has been offered throughout China for BMW NEV customers who have parking lots with installation feasibility, to make charging at home easy, safe, and convenient. For customers without installation pre-conditions, they can choose a free wallbox only, or enjoy free charging card service in certain cities.

MAKE CHARGING A GOOD EXPERIENCE

We are working to improve the customer charging experience with all-new digital channels. Starting in September 2020, we launched new charging digital services on the My BMW app and on WeChat, including the public charging services covering the find, use, and pay customer journey, the private wallbox control functions, and the reservation services for branded charging stations. The new extended public charging point of interest (POI) is also available in the head-units of some of our NEV models.

THE FIRST 3-IN-1 SUPER CHARGING STATION

As part of our efforts to further improve the NEV ecosystem and benefit more NEV customers, BMW signed a strategic cooperation agreement with State Grid EV Service (SGEVS) to work hand-in-hand on the research and innovation of charging technologies, cooperation in sales and marketing of charging, and promotion of the use of new-energy power for NEVs. Our joint team is implementing the ChaoJi high-power charging standard and technology cooperation, and connecting the SGEVS plug and charge service network to the BMW platform. In 2020, we introduced the first three-in-one charging station at a BMW dealer, which brings solar power generation, energy storage, and NEV charging together in one place.



BMW PARK & CHARGE SERVICE

To provide premium charging services to BMW NEV customers, we offer branded charging options that are powered by BMW. At the beginning of 2021, we have enabled our Park & Charge service at five international airports in four major cities; we have also installed exclusive charging stations at more than 13 popular shopping centres among nine cities. 269 BMW dealers spanning over 120 cities had rolled out charging stations by the end of 2020.

PRODUCT LIFECYCLE ASSESSMENT

REDUCE CARBON AND RESOURCE FOOTPRINT THROUGH LCA

In order to achieve the BMW Group's 2030 goal of reducing the lifecycle emissions per vehicle by at least one-third of the 2019 benchmark of 52t of CO₂ equivalent per vehicle, BMW Brilliance needs to conduct detailed lifecycle assessments (LCAs) of our models. Our assessment approach follows the ISO 14040/44 standard, and in 2020 we completed our first LCA of the BMW 530Li XDrive. This process helped us identify more carbon-reduction opportunities throughout the product lifecycle, such as the use of secondary materials and renewable energy, which we can take into account during product development.

FUEL CONSUMPTION MANAGEMENT

In 2020, our Corporate Average Fuel Consumption (CAFC) increased from 5.79 to 5.97 L/100km, primarily due to a change in the Dual-Credit policy, under which the Chinese government allows vehicle manufacturers to trade NEV credits on a trading platform and transfer CAFC credits to related parties. As a result of this, our average fleet CO₂



We completed our first LCA for the BMW 530Li XDrive in 2020 to identify more carbon-reduction opportunities.

emissions, which is derived from the CAFC, also increased by 3.1% to 142.09 g/km in 2020. Despite the more stringent regulations faced by the automotive industry, BMW Brilliance takes a firm stand on fulfilling our climate commitment and will continue to collaborate with industry peers and regulatory agencies to create sustainable mobility together.

As a technology-driven company, BMW Brilliance aims to advance climate protection through technological progress and collaboration. We apply the BMW Efficient Dynamics to systematically optimise every aspect of the vehicle, with an eye to increasing fuel efficiency and reducing CO₂ emissions. Among the areas in which we have found success are through improving the aerodynamics of our vehicles, light-weighting our product designs, and improving the efficiency of our combustion engines. For instance, by optimising the cylinder structure and thermal management of our BMW B48 TUE1 combustion engine, we were able to increase the engine's efficiency and reduce energy waste by 6%.

FOSTERING A GREEN LIFESTYLE

We believe that a green lifestyle is the lifestyle of the future, and seek to foster a sustainable mindset and behaviour change among our NEV customers.

Not only through our sustainable products, but also by creating customer experience activities and inspiring customers through our dealers' green building designs and low-carbon operations.

85,000+

BMW NEV customers
on the road in China
by end of 2020.

MAINSTREAM GREEN LIFESTYLE AMONG OUR NEV COMMUNITY

We are working to mainstream the NEV community, to keep them strongly connected to each other and to BMW through regular, diversified communications. Building these connections will create a strong sense of belonging, and encourage them to recruit others to join the NEV community. With more than 85,000 NEV customers on the road today, we are continually learning how to better understand our current and future customers' interests and mindsets to create sustainable mobility products and services to meet their needs. We are increasing the visibility of our NEV community on official BMW channels such as the BMW Official Customer Club (BOCC) app and regular NEV-themed posts in the virtual community there. We strive to strengthen our long-term relationships with our NEV customers through prompt, efficient communications and timely responses from our customers across our channels.

In 2020, we hosted a number of sustainability-themed activities for our current and future NEV customers. The BMW NEV Weekend Getaway trip included a visit to an organic farm, dialogues around sustainable lifestyles, and NEV test-drives and cruising. We are encouraging our dealers to create NEV product and brand experiences, including customer testimonials, DIY workshops around NEV and sustainability themes, and more. Among the best practices our dealers presented in 2020 were a number of outdoor activities, including a marathon and a forest music show, that connected the NEV community to a sustainable lifestyle.



PROMOTING SUSTAINABILITY TOGETHER WITH DEALER PARTNERS

We create climate-friendly environment to customers at our dealerships by encouraging and supporting dealers to adopt green building design and low-carbon operations, with reference to the National Assessment Standard for Green Buildings, particularly the standards for 1-star and 2-star grades, as well as BMW's own 5S Standard. Among the practices we help dealers implement are solar photovoltaic systems and green roofs, energy-efficient lighting, efficient water use and stormwater management, and much more.



1
BMW NEV Weekend Get-away trip to an organic farm in 2020.

2
Solar photovoltaic panels installed on the rooftop of BMW Hangzhou Jinchang Chenbao dealership.

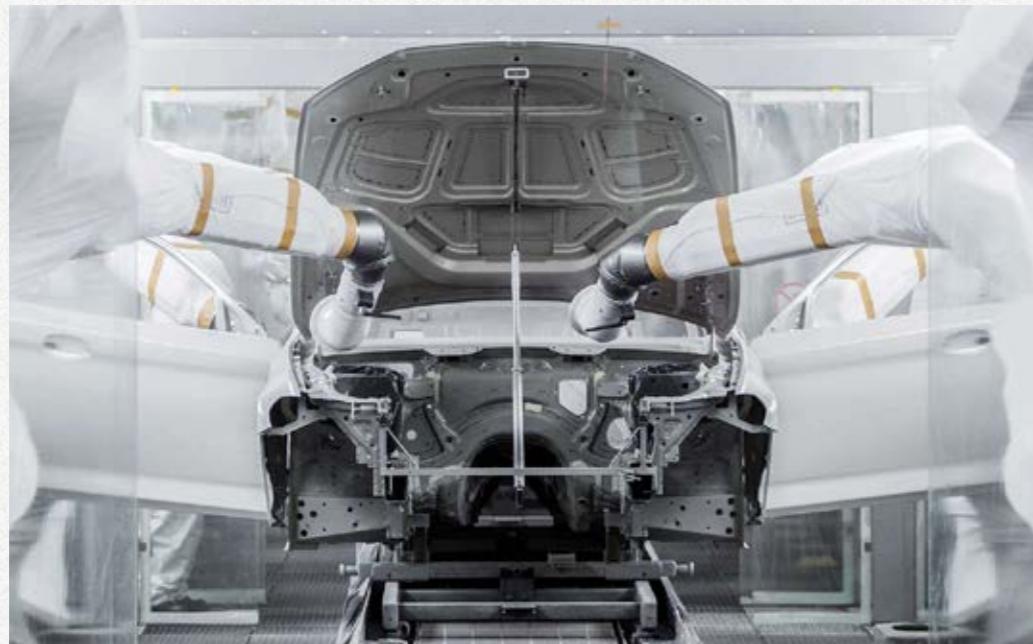
3
The BMW Hangzhou Jinchang Chenbao dealership.

SOLAR PHOTOVOLTAIC SYSTEM AT BMW DEALERSHIPS

Our Hangzhou Jinchang Chenbao dealership installed a 27-kW solar photovoltaic system, which generates estimated coal savings of 7.85 t and CO₂ emission reduction of 20.88 t per year. And our Nanjing Ningbao dealership has gone even further: In addition to installing a geothermal heat pump that is 40% to 60% more efficient than a traditional HVAC system in energy saving, the dealership has installed a solar photovoltaic system capable of generating 44,733 kWh per year, and LED lighting that saves an additional 326,974 kWh of electricity per year, which together generate coal savings of 123.78 t of standard coal equivalent.

2.2

GREEN PRODUCTION



Vehicle painting process in our paint shop.

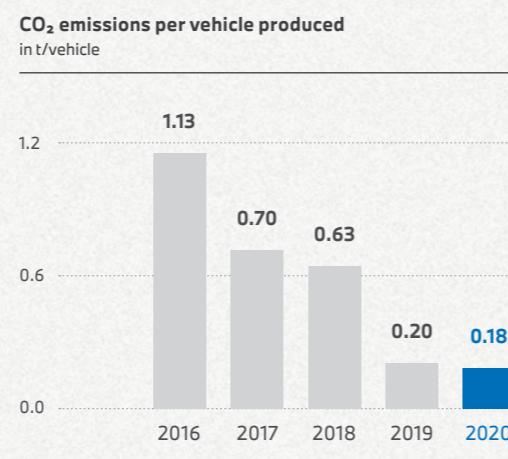
In 2020, the BMW Group announced an ambitious 2030 goal of reducing the CO₂ emissions from the production of its vehicles by 80% per vehicle over 2019 levels and achieving carbon-neutral production in the near future. BMW Brilliance is hard at work aligning with these goals, following a three-pronged approach: optimising our energy infrastructure, improving our energy management systems, and revamping our production processes.

BMW Brilliance has already made strong progress toward these goals: In 2020, we reduced our CO₂ emissions per vehicle produced to 0.18t, down 7.5% from 2019. We successfully maintained our National Green Plant certification during the three-year review, and have fully realised the total energy consumption and energy intensity targets laid out in China's 13th Five-Year Plan. We recognise that there is more work to be done, and have

-7.5%

Reduction in CO₂ emissions per vehicle produced from 2019.

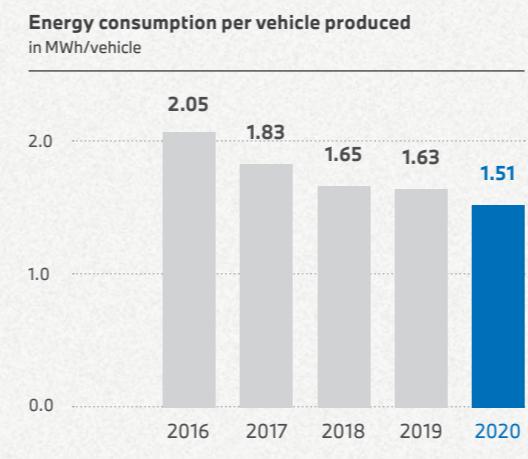
begun exploring other carbon-reduction practices. We aim to show the country, and the world, what is possible in this field.



IMPROVING ENERGY EFFICIENCY

Optimising energy use has long been the BMW Group's focus in reducing overall CO₂ emission. In 2020, the company announced its 2030 goal to reduce energy consumption per vehicle during production by 25% from 2016 levels. To help achieve this goal, BMW Brilliance uses an ISO 50001-certified energy management system, and we work closely with our process teams to refine our management approaches and further standardise our energy metering management to maximise energy efficiency. As a result, in 2020 we decreased energy consumption per vehicle produced by 7.4%, to 1.51 MWh per vehicle.

Optimising our production energy use has been key to achieving these reductions. Under our approach, each production workshop identifies significant energy use and develops standardised procedures customised for various use scenarios to use energy in the most efficient ways possible. We are continuing to standardise our energy metering toolkits and data management platforms to maintain an accurate, real-time database for pinpointing areas with energy-saving potential. And in order to foster awareness of energy efficiency



"Technological revolution and cleaner production is the way of climate change adaptation."

— Shenyang Local Government Representative

among our associates, we host regular training programmes and workshops to provide the workforce with the latest updates in energy-related practices and standards.

PROMOTING INNOVATION THROUGH THE "STEAM" PLATFORM

One key energy-saving initiative we have undertaken is our Standard Tool for Efficiency Applications and Measures (STEAM). We introduced this platform to provide employees with a way to submit their innovative ideas for energy efficiency improvements during production processes. In 2020, our associates submitted 21 measures to the platform, which will result in a combined savings of 6,649 MWh of energy use per year. One of the high-impact examples was a suggestion for making our powertrain washing process more efficient by better controlling the frequency of washes and capturing and recycling the hot steam. This change makes the process 40% more efficient, and can save as much as 3,582 MWh of energy use per year. Another solution came from improving the air supply unit of the paint shop in Plant Dadong. By shutting down the air supply unit in the facility's office area overnight, then preheating and cycling the air into the paint shop oven, we estimate that 812 MWh of energy can be saved per year. As we develop and build new plants, we are using advantage technology to save 12 Bar of compressed air.



The BMW Group's 2030 goal on energy consumption per vehicle during production:

-25%

from 2016 levels.

-7.4%

Reduction in energy consumption per vehicle produced from 2019.

RENEWABLE ENERGY USE

The BMW Group has set a 2020 target of sourcing all external electricity from renewable sources for its worldwide production plants. BMW Brilliance fully achieved this goal in 2019 at our production base in Shenyang, and we continue to optimise our renewable energy portfolio while also exploring other clean energy alternatives.

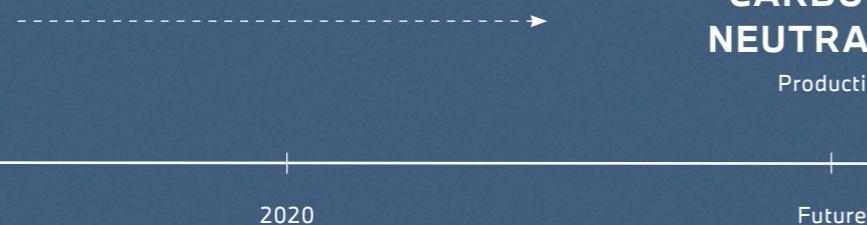
In 2020, we maintained 100% renewable electricity at our production plants, with on-site solar power, wind power and International Renewable Electricity Certificates. As we continue building the Tiexi New Plant and Plant Dadong Extension projects, we estimate the solar photovoltaic systems installed there will quadruple our renewable electricity generation capacity, resulting in further CO₂ reductions.

We are developing an alternative energy roadmap to help us explore additional alternative energy options, such as wind power and biomass gas.

**Since the end of 2019,
we have switched to 100%
renewable electricity at our
Shenyang production base.
Our next goal is to achieve
carbon-neutral production,
as part of the BMW Group's
climate commitment.**

100%

Renewable electricity



Production system at the workshop of CATL, HVB cell supplier of BMW Brilliance.

2.3

SUPPLY CHAIN CLIMATE CHANGE ACTIONS

In 2020, the BMW Group became the first automobile manufacturer to set concrete targets for reducing CO₂ emissions from its supply chain, with a 2030 goal of at least 20% lower supply chain emissions per vehicle from 2019 levels. In addition, the BMW Group has committed to only using electricity from renewable sources for all of its battery manufacturing, which will save an estimated 10 million t of CO₂ by 2030.

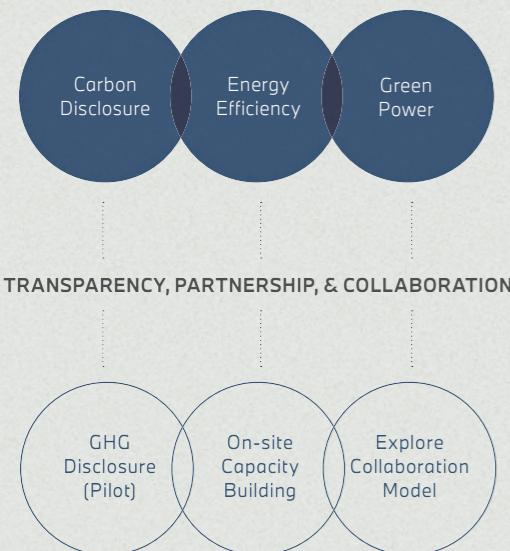
BMW Brilliance has already begun laying the foundations of our own low-carbon supply chain transformation to support the BMW Group's 2030 target as well as the Chinese government's carbon-neutral commitment. Our newly launched Supply Chain Climate Change Initiative will identify the most effective levers in our supplier network to reduce CO₂ emissions, and will improve our transparency on CO₂ emissions disclosures and reporting.

LINES OF ACTION TOWARDS A LOW-CARBON SUPPLY CHAIN

We have identified three initial approaches to accelerate our shift to a low-carbon supply chain. We are working with our suppliers to identify and implement energy efficiency and energy-saving measures. As part of that process, we are also helping improve their data quality and promoting the CO₂ transparency, so we can confidently measure their emissions and track improvements. With these focus areas as a backdrop, our Supply Chain Climate Change Initiative is helping us lay the groundwork to scale up these actions by iden-

tifying CO₂ emissions hotspots across our Tier-1 to N-Tier supplier network, exploring the opportunities for carbon reductions, and strengthening our suppliers' awareness of and capability for CO₂ disclosures through training and sharing best practices. To date, we have included in this initiative representatives from suppliers in our most energy-intensive industries and key geographies across our supplier network, to develop a better overview of the potential areas for improvement in the supply chain.

SUPPLY CHAIN CLIMATE CHANGE INITIATIVE: BUILDING A SOLID CORNERSTONE



"It is crucial to partner with suppliers to bring down carbon footprints in our supply chain."

— message from BMW Brilliance shareholder

Over the course of the year, BMW Brilliance made progress on increasing our supply chain CO₂ emissions transparency. As a pilot project, we developed customised toolkits and offered one-on-one trainings to support our suppliers in disclosing their carbon emissions data on the 3rd party platform. We enrolled 20 suppliers in this 2020 pilot project, who have been well prepared for further improving CO₂ emissions transparency in 2021 as well as for the future.

A key aspect of our supply chain emissions work in 2020 included helping our suppliers evaluate their energy consumption practices and identify

2021 OUTLOOK

BMW Brilliance will continue to explore the potential of clean energy to accelerate the low-carbon transformation of our supply chain. A China sustainability management project team will be set up, with more intensive focus on building a low-carbon supply chain. We will fully roll out our supply chain CO₂ emission transparency project and engage more suppliers in disclosing their CO₂ emissions. We will also initiate CO₂ target-setting process

for supplier nomination to encourage suppliers to prepare for long-term CO₂ reduction strategy and activities. As we continue to advance our understanding, we will share our experiences and best practices across our supply chain to mobilise even more suppliers to achieve green production. These efforts will help ensure the achievement of the BMW Group's overall sustainability target, as well as promote the implementation of China's sustainability strategy across the supply chain.

opportunities to improve their energy efficiency and reduce emissions. We partnered with 20 selected Tier-1 and Tier-2 suppliers and conducted on-site audits with third-party professionals. After processing the results of the audit, we provided each supplier with a summary report and a list of measures to improve efficiency and reduce emissions, including management improvement, equipment upgrades, process optimisation, and awareness-raising.

EXPANDING RENEWABLE ENERGY USE AND BUILDING PARTNERSHIPS IN CLIMATE ACTION

As part of our efforts to green our supply chain, we also began considering our raw material suppliers' renewable energy use as one factor for deciding if we enter into a new contract with them or extend an existing contract. By transparently including renewable energy as a criterion for doing business with our suppliers, we are motivating them to achieve green production and reduce CO₂ emissions.



SOURCING ALUMINIUM INGOT PRODUCED BY GREEN ELECTRICITY

In 2020 nomination, our aluminium ingot supplier, which accounts for 50% of BMW Brilliance's aluminium ingot, has completed its shift to renewable electricity for BMW Brilliance products. The supplier had successfully utilised renewable electricity in the upstream aluminium electrolysis process and ingot production, and will reduce its emissions by 0.36 million t of CO₂ equivalent in the contract period 2021-2023.

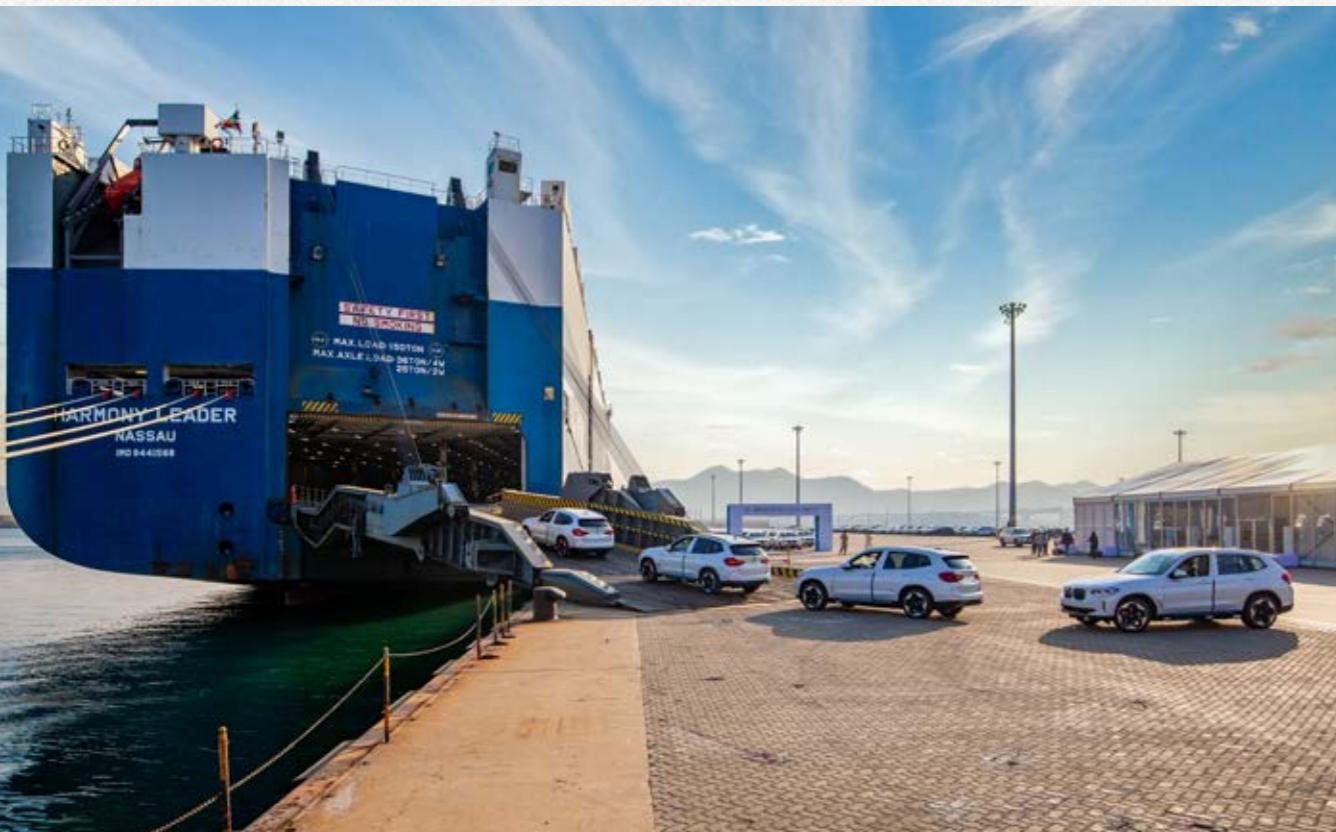
2.4

GREEN LOGISTICS

As we work to achieve the BMW Group's 2030 sustainability goals, as well as the Chinese government's carbon neutrality commitment, BMW Brilliance is committed to low-carbon processes across all of our logistics flows.

Our logistics operations span the country and the world, and managing them is a complex operation. We are targeting all three of our primary logistics operations in our sustainability work: inbound

logistics, getting materials from our suppliers to our manufacturing bases; outbound logistics, sending finished vehicles from plants to consumers; and customer support logistics, delivering spare parts from Spare Parts Distribution Centres to dealerships. To achieve a lighter environmental footprint, we are embracing multi-modal transportation, adopting innovative low-carbon vehicles and fuels and greener warehouses, and applying a digital approach to streamline our operations.



Export of the all-new BMW iX3 from Dalian Port.

EXPANDING LOW-CARBON TRANSPORTATION MODES

RAILWAY-TO-RAILWAY TO THE WEST

BMW Brilliance has been continually expanding the proportion of low-carbon modes of transportation, emphasising multi-modal operations to reduce our CO₂ emissions. We achieved a major milestone in July 2020 when we successfully launched our railway-to-railway project, which now delivers finished vehicles from Xi'an's Xinzhu train station to Urumqi train station. The "last mile" delivery of finished vehicles to Urumqi and Lhasa direction, conventionally by road freight with a 2,000+ km haulage, is now covered by our railway network. By extending trunk-railway transportation and eliminating the need for trucks along the 2,000 km delivery route, we are bringing tangible CO₂ savings while improving the stability, security, and efficiency of our logistics operations.

As a result of these improvements to our outbound logistics, we are now transporting 78% of our finished vehicles wholly or partially by rail, which has reduced our CO₂ emissions by 51.3% per unit since 2014.

TO THE WORLD THROUGH DALIAN PORT

With the world premiere of the all-new BMW iX3 NEV in 2020, we have been prioritising the use of low-carbon transportation options as we begin exporting the innovative vehicle around the world. We selected the port of Dalian as one of the key

export partners: Because the facility is in the same province as our Shenyang plants, we are significantly reducing the transportation distance and CO₂ emissions for the first stage of our outbound logistics for the BMW iX3.

Customer support logistics represent a carbon-intensive aspect of our supply chain: The majority of our spare parts are imported from Europe, with air and sea transport still being the primary modes of shipping for these deliveries. We are dramatically increasing our use of rail transport for these shipments: In 2020, 16.3% of our imported spare parts were transported by rail, up from 8.3% in 2019.

WAREHOUSE PLANNING OPTIMISATION

We are also optimising our warehouse operations with more advance planning through Leading Warehouse Project, allowing us to maintain a reserve of slow-moving spare parts for which we sometimes receive urgent requests. By keeping a stock in our warehouses at the Shanghai Spare Parts Distribution Centre, we are better able to avoid importing items from abroad unnecessarily and inefficiently. As we continue to improve the flexibility of our parts distribution among our local Spare Parts Distribution Centres, we will be able to minimise air transport needs for the urgent parts requests.

2,000 KM+

haulage to Urumqi and Lhasa is now covered by our railway network.

78%

of our finished vehicles are wholly or partially transported by rail.

-51.3%

Reduction in CO₂ emissions per unit for outbound logistics since 2014.

16.3%

of our imported spare parts are transported by rail, up from 8.3% in 2019.

WAREHOUSE OPTIMISATION

Avoid unnecessary imports from abroad for urgent requests.



OPTIMISING LOGISTICS PLANNING

PARCEL TRAIN PROJECT

In 2020, BMW Brilliance built our pilot "parcel train" project from 2019 into our routine operations. This innovative approach to rail transport allows parcels of variable dimensions to be transported together in one container, allowing our logistics service providers to fill containers more efficiently and maximise the use of space. In our first year of full operations in 2020, approximately 10% of the total parcel volume transported from the Greater Shanghai region to our Shenyang production base utilised the parcel train model.

"MILK-RUN" ROUTE PLANNING

For our customer support logistics, we are working to minimise the distances when delivering spare parts. We are developing a milk-run route planning approach to holistically consider distance, timeliness, payloads, and vehicles to deliver parts to dealerships within certain range. In the future, we will increasingly localise our spare parts supplies, so that we can cut down on our international transportation needs.



10% of our total parcel volume from the Greater Shanghai region is now transported to Shenyang with the Parcel Train model, cutting more CO₂ emissions from efficiency improvement.



We are piloting the use of E-trucks in various scenarios - for our in-plant transportation; at our Plant Dispatch Areas, and in our customer support parts delivery, as our attempt to green our logistic fleets.

INNOVATING ON TRANSPORTATION VEHICLES

EXPANDING THE USE OF E-TRUCKS

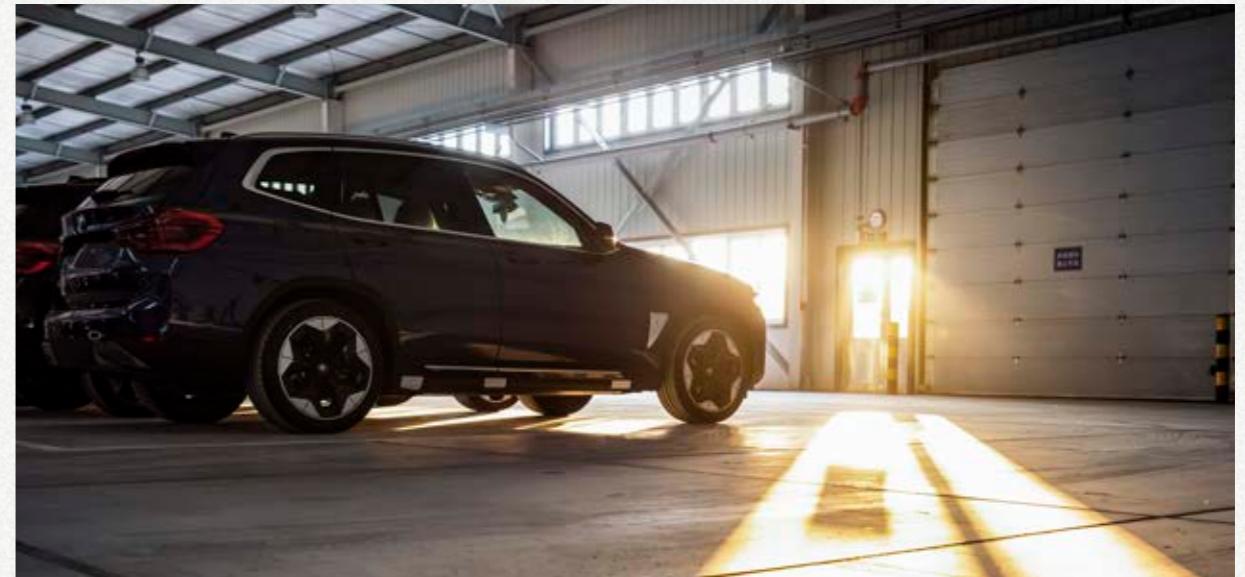
Just as electric vehicles are making personal transport cleaner, we are working to develop electric vehicles that can change how we deliver our products. In 2020, we began collaborating with truck manufacturers and logistics service providers on a trial of battery-powered E-trucks in our Dadong Plant Dispatch Areas (PDAs). Another pilot project in Foshan leveraged E-trucks to transport spare parts from our Spare Parts Distribution Centres to dealerships. We are also trialling the use of E-trucks for in-plant transport: At Plant Dadong, a fleet of these E-trucks are providing low-carbon transport for materials and parts over the short distances to production workshops.

USING LNG FOR HEAVY TRUCKS

In addition to battery-powered trucks, we are conducting a feasibility study to identify the potential benefits and challenges to using liquefied natural gas (LNG) trucks in our logistics operations. In 2020, we rolled out an LNG truck pilot programme in some of our Decentralised Dispatch Area (DDA) cities to help us better understand the opportunities. While LNG fuel promises a lower carbon footprint than diesel, we have identified a number of challenges, including unpredictable prices for LNG, a shortage of fuel and maintenance stations for LNG vehicles, differing documentation needs for annual LNG truck reviews, and reduced carrying capacity due to the location of the gas tank. We are currently working with truck and trailer producers to explore optimising the gas-tank position to increase payload capacity.

DIGITALISED MANAGEMENT APPROACH

Part of our efforts to streamline logistics involves making our vehicle distribution management (VDM) system more efficient. We are developing new modules to enable real-time monitoring and CO₂ emissions calculations for distribution routes in our outbound logistics network. By adopting a digital-first approach, our dealers have visibility into what vehicles are available and the distribution status of the vehicles they have already ordered; we are also able to reduce our paper use by eliminating paper distribution labels and handover sheets.



Our new warehouse in Dalian Port equipped with natural light belts.

GREENING OUR WAREHOUSES

BMW Brilliance's Spare Parts Distribution Centres in Hefei, Beijing, and Ningbo are designed in alignment with the LEED Green Building Standard, which will significantly reduce our energy use and improve our renewable energy use, dramatically shrinking our carbon footprint. And we are currently upgrading and rebuilding our warehouses to improve the efficiency of our storage utilisation and reduce overall energy consumption.

SAVING ENERGY VIA ACTIVE MEASURES

We are also working with our logistics operators at our DDAs to measure and report their energy and water consumption and set water consumption targets to raise awareness of resource use and encourage better conservation practices. Our warehouse in the Zhengzhou DDA has installed a water recycling system that saved 20,409 L of water in 2020 alone. Our Plant Tiexi PDA monitors their electricity consumption and the Block C area reduced electricity use in 2020 by 14,743 kWh over 2019 consumption. And our warehouse in Dalian Port was designed to incorporate natural lighting through skylights and transparent lighting belts. By using natural light for the facility 10 hours per day, we have calculated that the facility is saving 180,000 kWh of electricity use every year.

2021 OUTLOOK

We will continue to improve the energy efficiency and reduce the CO₂ emissions for all of our logistics flows. For our physical logistics, we are piloting a programme to reuse secondary HVBs for pallet trucks in our plants. In collaboration with our business partners, we have developed rigid process to assess, select, and reassemble HVBs that are retired from a BMW vehicle to the same degree of safety and functionality, and repurpose for powering the smaller warehouse vehicles, thereby extending the lifespan of our HVBs and making the most use of our battery technology.

Our outbound logistics work will focus on further utilising clean energy trucks in the coming year. We will put more LNG trucks into use, and roll them out for use in additional DDA cities. We will work in close collaboration with heavy truck/trailer manufacturers and logistics service providers to develop heavy trucks powered by LNG and battery.

For our customer support logistics, in 2021 our Spare Parts Distribution Centre in Hefei will go live, bringing more potential for optimising delivery networks and further reducing CO₂ emissions. We will continue to explore opportunities with our logistics partners to bring more new energy vehicles into our fleet by specifying our preference for NEVs in our service requirement.

A GREAT COMPANY IS ABOUT TAKING
RESPONSIBILITY BEYOND ONE'S OWN AREA.



★★★★★ +

C-NCAP rating scored by the
all-new BMW 3 Series

108,070

Number of parts collected for remanufacturing in
2020, with a total weight of over 669 t

4,347

Pieces of HVB recycled in 2020,
with a total weight of 98,261 kg

STEEL ∞

Establishment of the 1st closed-loop system for
steel, with 45,000 t recycled in the loop in 2020.

-47.1%

Reduction in accident frequency rate (AFR)

-3.8%

Reduction in VOC emissions per vehicle produced

-17.9%

Reduction in water consumption per vehicle produced



PRODUCT AND SERVICE QUALITY / 3.1

CIRCULARITY / 3.2

RESPONSIBLE ENVIRONMENT, HEALTH & SAFETY MANAGEMENT / 3.3

BUSINESS ACCOUNTABILITY / 3.4



3.1

PRODUCT AND SERVICE QUALITY

Everything we do at BMW Brilliance is driven by a desire for premium quality—and that premium quality includes not only best-in-class products and services intended for individual mobility, but also a continual focus on the customer. Customer satisfaction is one of BMW Brilliance's top priorities, and we have created a customer-centric experience at every single touchpoint of the customer journey.

A responsible—and sustainable—company must take into account the impacts of its operations on people and the planet, from the beginning of its supply chain to the end of life of its products. Driven by our goals of corporate responsibility and green development, BMW Brilliance has developed a comprehensive ethos of quality, service, safety, and responsibility.

Our Total Quality Management strategy puts the customer at the centre of everything we do, and BMW customers expect the highest quality products, services, and corporate behaviours. We invest resources and our expertise in creating state-of-the-art products as well as innovative approaches to circularity in our materials use, from raw materials to packaging.

We pride ourselves on maintaining safe and healthy workplaces, at every BMW Brilliance facility and dealership, and by sharing our successes and high standards with our suppliers, we are working to spread responsibility across our supply chain. And as our business, and the country, becomes increasingly digital, we are committed to industry-leading data privacy and information security practices.

TOTAL QUALITY MANAGEMENT

«QUALITY NUMBER ONE»

Our quality strategy is called Quality Number ONE, and it expresses our claim to leading within the premium mobility market. We believe in leading by taking responsibility and ownership to exceed customers' expectations. Our core values shape our behaviour guidelines, which support company efforts to live our quality policy every day.

QUALITY MANAGEMENT AT BMW BRILLIANCE

The BMW Brilliance quality governance structure consists of three lines of defence: The first line is made up of internal controls and the business department, followed by a comprehensive group of Compliance, Quality Management, Risk Management, Controlling, Security, and others to make up the second line of defence; the third line of defence consists of our Corporate Audit team. Each of these groups reports to our Board of Management, and the Corporate Audit team also reports to our Supervisory Board.

The BMW Brilliance Quality Circle for Quality Management System (QC QMS) was launched in 2020 to maintain and improve our overall quality management systems based on the ISO 9001 and IATF 16949 quality management systems. This seven-member panel consists of senior leadership, including our Head of Corporate Quality. The Quality Circle meets regularly throughout the year to assess progress towards our quality targets.

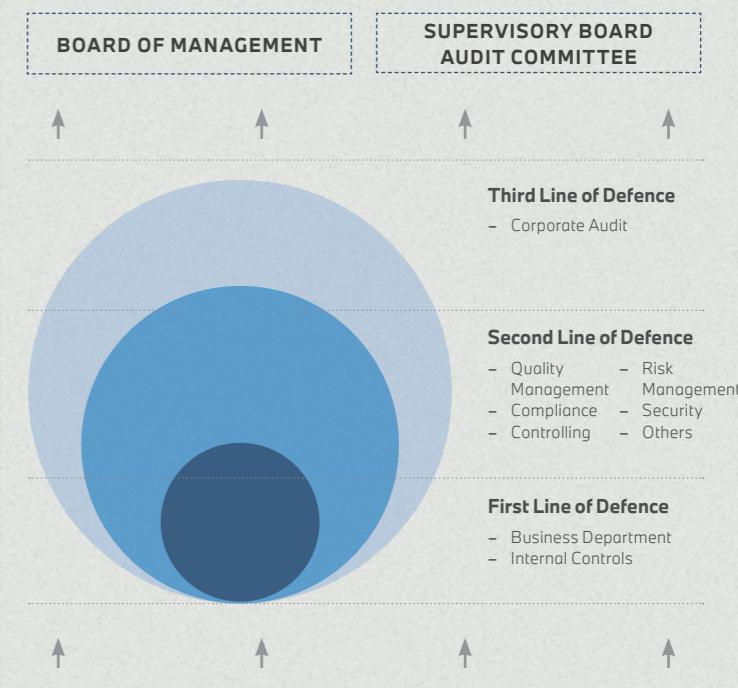
The continuous improvement approach is the core element that shapes our quality targets. BMW Brilliance quality targets cascade down from top management to frontline associates based on long-term company objectives, defined by indicators necessary to measure achievement of that target, and understanding the value of achieving that target. Teams shape the goals in three-level meetings, establishing responsibilities and identifying subsequent review meetings to ensure that the company remains on track to achieve those targets.

A QUALITY-FIRST MINDSET

In order to consistently achieve the targets set by company leadership, we have developed a comprehensive set of quality-related trainings designed to foster a quality-first mindset. The corporate-level Product Safety & Conformity online training spotlights the most crucial aspects of our quality work: People's health and safety must not be endangered by products; producers are responsible for product defects that cause personal and property damage, and products comply with the legal requirements of all countries. In 2020, 100% of BMW Brilliance associates completed this training.

To enhance our quality management capabilities, we actively engage in dialogue with industry experts on latest policies and regulations and best practices. In 2020, we held the fifth annual Quality Management Workshop with China Automotive Technology and Research Centre (CATARC), where experts from government agencies, research institutions and our company shared insights on quality management and product safety. Close collaboration with industry experts helps us

BMW Brilliance Quality Governance Structure
Our Three Lines of Defence



maintain premium product and service quality and strengthen the company's resilience to policy and market changes.

2020 also marked the launch of the first Product Integrity Seminar, co-hosted by BMW Brilliance and VDA QMC, the Quality Management Centre of the German Association of the Automotive Industry. The event brought together managers and senior leaders from Corporate Quality, R&D, Procurement and Supply Chain, Plant Quality, Customer Support, Legal, and more. BMW Brilliance leaders showcased our dedication to product integrity, and jointly discussed how to achieve product integrity across all operations. At the end of the seminar, the Corporate Quality Department committed to organise an ongoing series of product safety and conformity meetings, seminars, and audits to ensure that all requirements are fully and effectively implemented.



PRODUCT QUALITY AND SAFETY

Achieving premium product quality requires exceptional product conformity and corporate responsibility for product safety. BMW Brilliance maintains the high level of quality of products delivered from our plants, and we are proud to rank in the highest levels of the BMW Group's plant network for overall plant delivery quality.

OUR QUALITY ASPIRATION: ZERO DEFECT

BMW Brilliance adheres to a Zero Defect goal across our entire process, from order to delivery, and the BMW Purchasing and QMT teams drive that process. Suppliers are required to commit to the same level of product quality as the company as a whole, and suppliers are selected and evaluated on five strategic criteria: product quality, incorporating sustainability into product development, supply chain management, agile and flexible production, and cost efficiency.

To achieve Zero Defect in our production, in all new products, and throughout the supply chain, BMW Brilliance utilises Industry 4.0 technologies in the pressing, welding, painting, and assembly processes to enhance our data analytics, further improving process stability and product quality. The use of artificial intelligence (AI) and 5G technologies enhance process and product quality. An innovative AI detection system in use in our plants

is able to identify and locate casting or machining defects in cylinder heads with 99.7% accuracy. By leveraging this system, the BMW Brilliance manufacturing department has decreased the rework time for this line by 65%, and has demonstrated how this technology can be reused in any industrial scenario where tiny object detection is necessary. In 2020, we piloted the use of 5G technologies in some processes. For a Welding Point Quality Check pilot, 5G wireless data transmissions allowed for an increase in quality check measurement results, with a 3-D camera in use to collect data.

Production simulation is another promising technology in use in BMW Brilliance plants. Simulating and closely monitoring every step of a process allows for the identification of every minor deviation, and enables us to correct the error virtually before entering physical production.

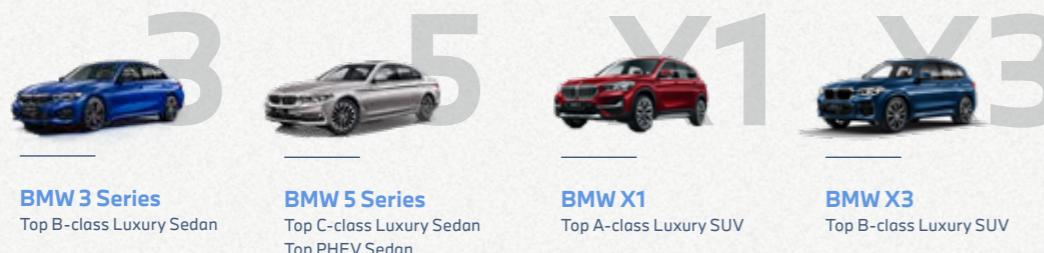
Reliability is a key element of product quality, and our quality management system also covers product use. BMW Brilliance monitors our products and investigates any reports relating to safety. Upon uncovering any safety or quality issues, we immediately inform the relevant authorities and take all necessary steps to protect our customers.



99.7%

Accuracy of defect identification by our AI-detection system in the cylinder-head production process.

BMW Brilliance models won the 2020 China Automobile Customer Satisfaction Index (CACSI) from CAQ



PRODUCT SAFETY DESIGN

Offering our customers the safest products on the road begins at the design phase—and benefits all road users. BMW Brilliance follows an integrated approach to adhere to the most stringent national and international safety standards, all in service of maximising safety and protecting customers' health.

Product conformity is fundamental to safety design, and we go beyond to meet and exceed regulations and customer expectations by integrating safety into every aspect of our products as well as incorporating passive safety systems into our vehicles. The new BMW 3 series increases the ratio of high-strength steel, which improved overall body strength by 25% and cabin and chassis strength by 50%. In addition, the series was designed with active engine hood measures that reduce impacts to pedestrians in case of a collision.

INTELLIGENT SAFETY SYSTEM

New intelligent safety systems go beyond to provide drivers assistance for maximum safety and optimum comfort. For instance, steering and lane guidance assistance are designed to help drivers keep their vehicle in the centre of the lane, whether traveling in heavy traffic or on long drives. Distance control, also called adaptive cruise control, uses sensors to adjust the speed of the vehicle to maintain a safe distance between surrounding vehicles while optimising travel at the desired speed.

These same safety technologies also offer BMW Brilliance drivers unparalleled comfort. The new BMW iX3 offers Personal Co-Pilot driver assistance, which includes an active cruise control with a Stop & Go function to maintain maximum comfort and safety during critical or monotonous traffic situations. The Parking Assistant Plus with Reversing Assistance makes parking easier than ever, and enables safe reversing in narrow lanes or alleys and similar situations.

"Automobiles are products with social attributes. Vehicle safety should always be the priority."

— Perspective from Civil Society



TOP SAFETY SCORE FOR THE BMW 3 SERIES IN C-NCAP AND EURO NCAP

The all-new BMW 3 series has set a new benchmark for performance, quality, and safety. In 2020, the 3 series, manufactured at BMW Brilliance's Plant Tiexi, scored highest of all vehicles tested by CATARC for its China-New Car Assessment Programme (C-NCAP). The five-star plus rating reflects its outstanding 94.3% overall score, including an 84.1% score in pedestrian protection, far above the 65% score required to achieve a five-star rating. In addition, the Driving Assistant Professional system of the 3 series scored Very Good in the European New Car Assessment Programme (Euro NCAP), in recognition of the system's high level of assistance competence and comprehensive safety backup that covers system failure warning, unresponsive driver intervention and collision avoidance.

94.3%

The all-new BMW 3 series obtained the highest overall score among all vehicles tested by CATARC in the 2020 C-NCAP.



LIMITING HAZARDOUS MATERIALS

A key element of product safety is limiting the use of hazardous materials. Throughout the entire lifecycle—from development to use, recycling, and disposal—BMW Brilliance adheres to the most stringent national and international regulations on hazardous material management.

We adhere to EU regulations under Directive 2000/53/EC and REACH, China's GB/T 30512 Requirements for Prohibited Substances on Automobiles, and other relevant international and national standards. We are observing the proposed changes to GB/T 30512, which would expand the number of prohibited substances to include asbestos and polycyclic aromatic hydrocarbons (PAHs), and we already control the limits of all hazardous materials covered in the proposed changes throughout our parts and components. In 2020, our new Material Database System deployed, which allows for even more effective material data management, including identifying prohibited materials and hazardous substances throughout a vehicle's lifecycle.



PEACEFUL INSIDE

To minimise interior noise for the new BMW iX3, we collaborated with tyre suppliers to develop specialised standard (non-run-flat) tyres, reducing road noise while maximising tyre safety. The back of the vehicle is equipped with soundproofing designs such as sound dampening mat to reduce noise from the E-motor, creating a peaceful driving experience.

ENSURING CUSTOMER HEALTH

BMW Brilliance is committed to providing a healthy and comfortable interior for passengers by reducing Volatile Organic Compound (VOC) emissions, improving interior air quality, and minimising interior noise. From the beginning design stages of our products, our VOC management flow sets multiple inspection points to adhere to the BMW Group specifications on VOC emissions from interior components, including seats, carpets, and instrument panels.

All BMW Brilliance vehicles comply with interior air quality requirements of GB/T 27630, and we continue to work to exceed those regulations as well as customer expectations. In 2020, we collaborated with seat suppliers to reduce VOCs in the foaming materials through optimising material formulations, and conducted on-site odour testing at our component suppliers' facilities. By working with suppliers to improve surface materials and reduce odour in seats and door panels of the BMW 3 Series, our VOC test scores improved noticeably.

"OEMs should focus on issues that could have a direct impact on consumers, such as interior materials safety."

—BMW customer



PROMOTING DRIVING SAFETY

We design and manufacture BMW vehicles for maximum safety, but even the best-designed vehicles operate only as safely as the driver's skills allow. The BMW Driving Experience China programme has been developed to offer safety-focussed training courses that allow participants to respond to a wide range of road emergencies. After learning driving-safety tips and tricks to correctly assess and identify critical situations, participants get to experience a number of real-world situations, guided by an elite team of BMW driving trainers, to learn to handle their BMW vehicle with confidence and pleasure. In 2020, 17,020 participants took part in our Driving Experience training courses and events.



BMW Brilliance strives to bring a premium experience to our customers.

SERVICE QUALITY

Just as we make every effort to create the highest-quality products on the market, BMW Brilliance strives to be known as the industry leader in service quality. We have created a customer-centric approach to maintaining and improving the service we offer. The premium customer experience we seek to create delivers a unique, personalised ecosystem that integrates digitalisation inside as well as outside the vehicle.

CREATING PREMIUM CUSTOMER JOURNEY

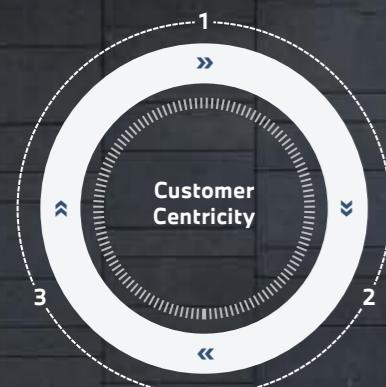
We have developed a seamless, unified customer journey that connects individuals with the BMW brand across all customer-facing platforms and spanning vertical and parallel business units. Empowered by a digital transformation that breaks through the barriers of data integration, customers are able to connect at every touchpoint, whether online or offline, with the company and BMW products. In 2020, we launched a strategic collaborative partnership with Alibaba, where we developed a closed-loop E2E, O2O e-commerce solution to improve user experience. Among the other customer-facing digital touchpoints launched in 2020 include the brand-new My BMW app, BMW E-Mall, a live broadcast feature, and a virtual showroom that brings the BMW experience directly to customers.

HIGHEST SERVICE STANDARD AT DEALERSHIPS

BMW's dealer network plays an important role in connecting the customer experience from online to offline, and ensuring that the premium service quality they offer lives up to the BMW standard. We ensure that every dealer meets the 10 Promises for premium customer service, including convenient parking, a warm welcome into a clean and elegant environment, professional consultations, and much more.

These 10 Promises are involved in various business standards of dealers' operations that every BMW dealer must meet, such as SPC, APA, and Retail Standards. These standards detail the expectations that shape customers' experience when visiting a dealership, and dealers complete a rigorous audit that evaluates every aspect of a dealership's operations, including sales process quality, aftersales process quality, and the overall state of the customer-facing areas of the dealership as well as the repair facilities. Ensuring our dealers live up to these standards helps provide the premium experience that BMW customers expect.

Our customer-centric approach to deliver our promise of service quality



1.	2.	3.
Customer Experience	Customer Satisfaction	Service Improvement
<ul style="list-style-type: none"> - Digital Transformation - My BMW App - Online Community - Network Transformation - Retail Service Standards 	<p><i>Connect customers at every touchpoint to deliver a unique, personalised and premium customer experience from online to offline.</i></p> <p><i>Collect real and direct customer feedback. The percentage of negative customer feedback fell from 10.9% in 2018 to 8.0% in 2020.</i></p>	<ul style="list-style-type: none"> - Customer Board Platform - Best Practice Sharing - Dealership Audits - BMW Training Academy - Dealership Award <p><i>Seek continuous improvement through regular meetings, enhancing service standards, audits, comprehensive training, and performance recognition.</i></p>

Another way that BMW Brilliance empowers dealers is through facilitating the adoption of digital and smart solutions, including continuing to develop the Dealer Mobile Office experience. By digitalising paper-based customer interactions in sales and aftersales service, customers experience a smoother, more pleasant dealer visit.

In 2020, we continued the Network Transformation Project that launched in 2019, a comprehensive effort to revitalise every BMW Brilliance dealer, inside and out, with new designs, product presentation, interactive experiences, and more. As of 2020, the Network Transformation Project has reached 119 dealers across China.

VIRTUAL EXPERIENCE AND COMMUNITY

Our digitalisation efforts extend to BMW Brilliance customers and fans as well: A key aspect of the customer-centric approach to our operations includes leveraging digital technology and innovation to create value for customers while strengthening the social brand experience and personalising communications with customers. In 2020, we launched an all-new My BMW app, offering a centralised digital space to provide value-added services and community for current and potential BMW customers as well as fans. The app includes an intelligent connection to BMW cars, updates on the latest product and company information, and social networking with the BMW Brilliance community. In addition, the China-only version of the app includes a number of

China Fit features, such as Community, Membership, and e-Commerce, that connect the online and offline experience and strengthen customers' brand connection.

CUSTOMER SATISFACTION & SERVICE EVALUATION

In order to gauge the impact of all of our efforts to improve and optimise the customer experience, and to ensure that customer satisfaction remains best in class, we have developed multiple channels to help dealerships engage and measure customer satisfaction. Dealers can use a BMW Brilliance communication platform to directly engage with other dealers to share best practices with each other and offer feedback to our company. Through regular meetings with dealer partners, we are able to connect internal departments and establish protocols to address cross-functional issues and improve dealer performance.

One way we measure customer satisfaction is through the Joy Index, which monitors dealer performance in sales and aftersales services to track improvements over time and align services with customers' needs and expectations. Dealer performance increased significantly in 2020: The percentage of negative customer feedback fell from 10.9% in 2018 to 8.0% in 2020.

In 2020, more dealers adopted the Customer Board Platform, our second customer-satisfaction tool. The platform provides regular dealer performance reports around service

quality as well as tools and best practices for daily operations, and by the end of the year, 40 additional dealers had joined the Customer Board project, bringing the total to 245.

The BMW Service Experience Ambassador programme was launched in 2019 as an innovative approach to collecting real, direct customer feedback. Customers can access the feedback questionnaire by scanning QR codes at dealerships as well as through digital platforms such as the official BMW Brilliance WeChat account. The programme offers dealers a holistic evaluation of their performance from multiple perspectives, and provides a much broader base of customers from which to gauge experiences. We share daily and monthly customer feedback summary reports with dealers that help them identify areas of improvement.

2021 OUTLOOK

In the coming year, BMW Brilliance intends to continue to advance our industry-leading quality programmes for product quality as well as service quality. We sustain our efforts to strengthen our total quality management protocols to ensure that every BMW vehicle meets our own high standards and our customers' high expectations. We will continue to convene a series of product safety and conformity seminars, so that the best minds at BMW can continue to share expertise and experience around product quality. And we will continue to explore the adoption of AI and 5G technologies to continue to improve our processes and product quality.

2020 CUSTOMER EXPERIENCE AWARDS

Each year, we recognise the achievements of the top BMW Brilliance dealerships; this year, the Ningbo dealerships earned the award through their comprehensive efforts to put customers at the centre of everything they do. The dealerships created a series of engagement activities related to automotive service, including a mock car-painting service and lessons on how to gauge proper tyre pressure. The Ningbo dealerships also developed a number of customer-focused activities to engage customers while their vehicles are being serviced, including a reading club, fresh baked goods and coffee, family-friendly activities, and much more. We applaud the customer-centred approach and innovative spirit of our award winners.

Even as we extend our product-quality work, BMW Brilliance will keep the customer at the centre of everything we do. In 2021, we will extend our new customer-facing digital touchpoints to reach more BMW customers and fans, bring our Network Transformation Project to even more members of our BMW Brilliance dealer network, and invite more dealers to join our Customer Board Platform.

By continuing our dual focus on product and service quality, BMW Brilliance will be well-positioned to thrive in 2021 and beyond.

3.2

CIRCULARITY

RAW MATERIALS

Far exceeding national regulations, BMW Brilliance has adopted a circular economy approach to raw materials. We have made dedicated efforts to increase the amount of recycled materials in our products by working closely with suppliers and recycling partners.

The use of steel and aluminium are responsible for a large share of our CO₂ emissions, and therefore offers a significant opportunity to reduce our footprint. By returning scrap aluminium and steel to manufacturers for use as secondary raw materials, not only are we reducing our impacts, but we are also able to extend our sustainability efforts to more elements of our supply chain.

CLOSING THE LOOP

In 2020, we created our first closed-loop system in 17 years by working with our steel-manufacturing partners to incorporate scrap steel back into their manufacturing processes, and achieved an accumulative recycling volume of 45,000 t in the loop. By providing clear guidance and strategy to these suppliers, we were able to help them increase the amount of secondary steel used in the smelting process by 3% while still meeting our technical and performance requirements. We have also begun to return our scrap aluminium to one potential supplier for recycling and reusing, and will continue to explore the possibility of incorporating repurposed aluminium in our raw materials production for coils and ingot.

For BMW NEVs, we are working with our Tier-1 and Tier-2 suppliers for HVBs to use 100% recycled aluminium, at least 50% secondary material for cobalt and nickel, and 100% regenerative energy for BMW's Gen5 HVB production.



Closed the loop for steel

We established the 1st closed-loop system for steel with our supplier in 2020, with 45,000 t recycled in the loop.

+3%

Use of secondary steel

in the smelting process by our supplier while meeting BMW technical requirements.

"Secondary first. Resources are scarce and valuable. Circularity is both an aspiration and a promise for us."

— Oliver Zipse, Chairman of the Board of Management of BMW AG

In order to achieve a truly sustainable business, we must strive to eliminate waste across our operations. One important way that BMW Brilliance is achieving this goal is by developing innovative approaches to repurposing end-of-life materials in new ways within our products. From raw materials to batteries to parts to packaging, our company has made great progress in increasing our circularity this year.

BATTERY RECYCLING

In 2020, we made significant progress on advancing the HVB recycling ecosystem. Our partners in the BMW Brilliance dealer network and our R&D centre help us continue to recycle and repurpose end-of-life and defective HVBs.

ADVANCING HVB RECYCLING PATHWAY

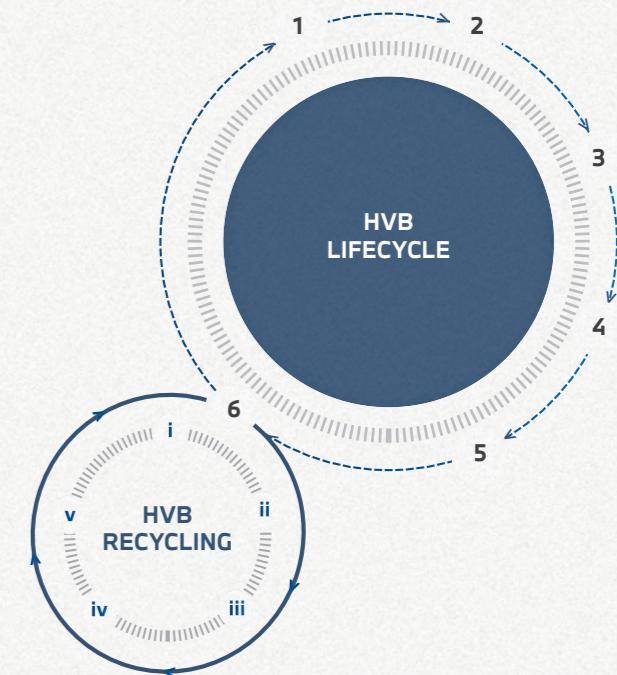
The HVB recycling process now includes two collection models. In some instances, dealerships collect defective batteries and our logistics supplier delivers them to a licensed facility for dismantling; additionally, in order to fulfil the government requirement and explore new business models, we set up the country's first professional HVB recycling service outlet in Shanghai, which integrate collection, sorting, storage, packing, and relevant services before the HVBs are delivered to a licensed facility for dismantling.

In 2020, BMW Brilliance recycled 4,347 HVBs—a 33.3% increase over 2019—weighing 98,261 kg, and achieved a 98.5% recycling rate for nickel, cobalt, and manganese.

PILOTING SECONDARY UTILISATION OF HVBs

This year, we launched a pilot project to repurpose end-of-life HVBs. After disassembling and processing batteries that can no longer power a BMW automobile, we have developed a method to use those batteries to power pallet trucks in our plant workshops, thereby extending the life of the battery before dismantling and recycling and using clean energy to power these pallet trucks.

HVB Lifecycle Management and Building HVB Recycling Ecosystem



HVB Recycling Process at BMW Brilliance

- i. HVB diagnosis.
- ii. Safety check and HVB categorisation.
- iii. HVB coding collection.
- iv. Safety storage and transportation.
- v. Dissembling for recycle / Secondary use.

HVB Lifecycle Management at BMW Brilliance

- 1. Cell production at supplier.
- 2. HVB production at our HVB Centre.
- 3. NEV production.
- 4. NEV sales and utilisation.
- 5. Aftersales HVB maintenance & repair.
- 6. HVB collection and recycling.

PARTS REMANUFACTURING

By expanding the scope of our parts-recycling practices, digitalising our reverse logistics systems, and increasing our parts-remanufacturing capacity, BMW Brilliance has achieved significant progress in circularity.

In 2020, we expanded our remanufactured parts portfolio with the launch of three more parts categories—Electrical Power Steering (EPS) gear, head units, and mechatronics—and we released more material numbers in the Transmission product portfolio to serve more BMW car models and kicked-off the development of remanufactured transfer case. Meanwhile, we are improving our capability of core collection to facilitate with the enriching of remanufacturing product line. In 2020, we enlarged our core collecting scope to cover customer pay parts besides regular warranty parts return.

Over the course of the year, we collected 108,070 pieces of parts weighing over 669 t. Of these, more than 300 transmissions, 600 steering gears, 2,000 air conditioning compressors, 100 head units, and 100 mechatronics were put into remanufacturing process in just four months.

The ReLife Point (RLP), our centralised facility for parts recycling and removal in Cangzhou, is reaching full functionality in 2020, and we have been improving the overall traceability of parts reverse logistics from dealerships back to the RLP via our transportation hub and spare parts distribution centres. In May, we launched Encory China Dealer Front-end (ECDF), the parts tracking system to improve the transparency of the overall reverse logistics process, providing parts information, logistics status, and more.

In 2020, we in total recycled 203.3 t of metal (80% steel and iron, 20% aluminium), 56.7 t of plastic, and 35.9 t of paper.

108,070

Pieces of parts

Collected for recycling in 2020, with a total weight of over 669 t.

- EPS
- HEAD UNITS
- MECHATRONICS

3 new parts categories launched in 2020 for remanufacturing.

GREEN PACKAGING

Continuing to maximise the utilisation of the bins has been a core focus of our circularity work. In 2020, we launched a collaboration with packaging suppliers to explore the possibility of recycling and remanufacturing bins in order to drive material circularity further up the supply chain.

For steel bins, our new pilot programme with three bin suppliers aims to evaluate the feasibility of recycling those bins for remanufacturing, and we will roll out the programme further in 2021. For non-steel bins, made of expanded polypropylene (EPP), we have begun to investigate with our Tier-1 and Tier-2 suppliers the possibility of recycling and reusing these bins.

In addition to recycling and reusing packaging materials, we strive to reduce the use of new packaging in the first place by maximising the usability of bins across products and extending their lifespan. In 2020, our engineers worked alongside bin suppliers to standardise and modularise bin designs; as a result of this project, we released the BMW Brilliance Bin Concept Construction Guidelines in May to detail our requirements for bin design going forward. We also continue to evaluate similarities between product parts and are working with suppliers to design existing bins so they can be used across generations of products.

Our rate of returnable packaging usage for local parts transportation remained steady at 98% in 2020, and we continued our efforts to promote returnable packaging use for imported parts as well. The BMW Brilliance bin-sharing and bin-rental programme, which we rolled out in 2019, expanded in scope this year as we engaged more bin suppliers and service providers.

98%

Rate of returnable packaging usage

for local parts transportation.



Steel coils storage at steel supplier's production facility.

2021 OUTLOOK

Although BMW Brilliance has achieved continued success in advancing our circularity platform, we recognise that much more work remains to be done. We intend to continue to explore the opportunities for using secondary aluminium with our suppliers, while also seeking circularity opportunities for other raw materials. We aim to expand our parts remanufacturing efforts by launching new categories of parts, starting production of remanufactured transfer gears and extending our transmission, mechatronics, and air condi-

tioning compressor capabilities to remanufacture even more parts. We seek to expand our warranty core collection scope from 46.5% to 81% to centralise recycling, and enlarge the RLP space from 5,000 m² to 6,000 m², ensuring more room for centralised scrapping and recycling. We will also initiate the market communication around the concept of remanufacturing and removal. For our circular packaging efforts, we will explore the potential to further expand the scope of our bin-sharing and rental bin programmes.

3.3

RESPONSIBLE ENVIRONMENT, HEALTH & SAFETY MANAGEMENT



Body painting process at our Paint Shop.

A truly sustainable company is one that takes responsibility for its impacts and works to minimise negative impacts—on the environment, on our workforce and customers, and on the communities where we live and work.

In addition to adopting the most advanced and sustainable production practices, ensuring a safe workplace for employees is our fundamental corporate responsibility. By managing occupational health and safety risks in our own operations, we can protect our employees, our most valuable resource, from work-related injury and illness. At BMW Brilliance, we also take responsibility for helping our dealers and suppliers minimise risk and maximise safety in their operations. The Environment, Health and Safety Protection Activity (EPA) programme has set an industry benchmark as a holistic supplier risk-management practice, and we work to empower our dealers to manage the EHS risks associated with their daily operations.

RESPONSIBLE EHS OPERATIONS AT BMW BRILLIANCE

OUR ENVIRONMENTAL MANAGEMENT

As a responsible company, we strive to minimise our environmental footprint during production. All of our production plants are certified to the ISO 14001:2015 Environmental Management System standard. With the increased requirements on environmental protection from our diverse stakeholders, in 2020 we updated the BMW Brilliance En-

vironmental Management Manual with a detailed description of the company's environmental management updates. For example, we completed the environmental risks and opportunities evaluation process within our environmental aspect evaluation and compliance-monitoring procedures; we enlarged the scope of the change management process for normal and significant projects.

BMW Brilliance has established a variety of channels to foster an environmental mindset. The Environmental Steering Committee (ESC) offers a well-established structure with clear designation of responsibilities for steering and execution, which engages employees from management circle to the front-line plant level. The ESC effectively steers our environmental target-setting and monitoring, project planning and implementation, and performance evaluation.

In addition, plant directors and the head of each technology led the green plant circle, which played an active role in environmental protection. We are exploring additional enablers and opportunities, such as energy-saving measures and zero waste practices, which will generate a number of additional ideas for environmental protection.

To responsibly manage the risks and uncover the opportunities inherent in our business, the BMW Brilliance approach covers the whole life cycle of the projects. The environmental management team is involved during the project design phase to analyse the environmental aspects and impacts to avoid foreseeable risks and embed environmentally friendly concepts as early as possible. During the construction phase, we monitor the potential risks and ensure compliance together with the project team. For small-scale project modifications, the project team collaborates with the environmental management team to prioritise environment-friendly thinking early in by completing a risk identification and evaluation checklist, which highlights 12 critical topics, including wastewater discharge, air emissions, noise generation, groundwater usage, and environmental compliance risks.

KEEP AWARE OF REGULATORY CHANGE

The environmental management team also works in close collaboration with the compliance team to stay up-to-date on regulatory changes; for instance, in 2020 the two teams worked together to deliver updates on environment-related laws and policies and associated risks. A total of 55 items were identified as a result of environmental laws and regulation updates, and the evaluation result was released by using the company channel of Legislation Express. Especially for the key areas of environmental protection in the 13th Five-Year Plan—VOCs and waste management, where there are significant amendments to legislation and regulations in 2020, we map out a

Environmental governance and steering at BMW Brilliance

Green Plant Circle

Comprises plant directors and the head of each technology, responsible for decision-making on environmental issues and production activities.



Environmental Steering Committee

Cross-functional environmental target steering and monitoring, project planning and performance evaluation.



Plant Level

Project implementation at various departments and workshops. Ideation of new concepts and measures.

strategy in advance to fulfil the latest stakeholder requirements and expectations.

Site compliance management is also our highest priority. Our management team has developed targeted programmes for on-site inspection. "Early detection, early resolution, and frequent sharing" is our principle for on-site work.

DIGITISING ENVIRONMENTAL TRAINING

We aim to keep all employees well-informed on the environmental impacts most relevant to their duties through regular trainings. In 2020, we developed three new e-learning courses to advance their education: Two courses were designed for the core environmental team, on identifying environmental aspects and impacts of projects and an environmental emergency exercise; one course, on training for waste classification, was open to all associates. In 2020, 560 associates joined the e-learning courses; for waste classification, we also conducted face-to-face trainings led by section leaders and environmental management team.

In addition to formal learning programmes, our environmental management team conducts initiatives and campaigns designed to foster awareness and drive behavioural change among employees through on-site interaction, pop-up in intranet, and mobile push notifications through the JoyChat app. Among the campaigns we promoted in 2020 included notifications about new standards for waste classification and around the importance of biodiversity.

REDUCING VOC EMISSIONS

A key part of our green production efforts includes goals to reduce VOC emissions in our products and in our facilities. In 2020, we launched an online VOC monitoring system in Paint Shop to enable our teams to monitor VOC emissions in real-time and identify hotspots. We continue to expand the use of water-based solvents, and in recognition of our industry expertise, the BMW Brilliance team was invited to engage in the evaluation process for the Liaoning provincial VOC emission standard for industrial coating processes, which went into effect at the end of 2019.

In recognition of our industry expertise, the BMW Brilliance team was invited to engage in the evaluation process for the latest Liaoning provincial VOC emission standard for industrial coating processes. Because of our early involvement in the implementation of this environmental standard, BMW Brilliance was well-positioned to meet the requirements of the rule. As of the end of 2020, we have updated our existing VOC abatement facilities in Plant Tiexi. For the Tiexi New Plant and Plant Dadong Extension projects, we will install and use the state-of-the-art VOC treatment facilities, which we expect to significantly reduce our VOC emissions. In 2020, we reduced our per-vehicle VOC emissions by 3.8% from 2019 to 0.50 kg per vehicle produced.

MINIMISING WASTE

By improving our waste-flow tracking and enhancing the traceability of our hazardous waste, we are better able to continue to reduce and responsibly manage the waste generated by our operations. The BMW Brilliance waste treatment information system

keeps detailed records of the waste we produce, and we meet or exceed the requirements of all waste-management regulations. For instance, the new Law of the People's Republic of China on the Prevention and Control of Solid Waste Pollution requires producers to be able to trace hazardous waste back to a specific plant and a responsible individual.

In 2020, we advanced several initiatives to reduce our waste volume and increase the amount of waste we can recycle and repurpose. We fully rolled out our sludge dehydration programme at Plant Tiexi in 2020, which decreases the water content of sludge by 40%, reducing sludge generation by about 1 kg per car produced. We will roll out a similar programme at Plant Dadong in 2021. All of our domestic waste is delivered to domestic waste treatment plants for incineration to generate power. Also in 2020, we expanded our partnership with a cement factory to recycle waste sand for use in raw materials to produce cement, recycling 12,785 t of waste sand, and we are in discussions with our partner to deliver additional waste as our operations expand in the coming years.

All potential BMW Brilliance waste handling suppliers undergo an extensive evaluation process, including a detailed review of the supplier's qualifications for waste treatment and on-site assessments of their management status and capabilities to find the most environmentally friendly, low-impact treatment methods. For existing suppliers, we audit their documentation and continuously perform on-site audits, ensuring the valid disposal of the waste. In 2020, as a result of adjustments in waste classification and improvement of the treatment processes, the waste-per-ve-

hicle we sent for disposal fell to 2.99 kg per vehicle produced, a nearly 60.0% reduction from 2019.

WATER AND WASTEWATER MANAGEMENT

We are striving to reduce our water consumption and continue to improve our wastewater management. We use reclaimed treated wastewater from our on-site treatment plant for landscaping and cooling purposes, as well as dust control for the Tiexi New Plant project. In 2020, the wastewater recycling systems at Plant Tiexi and Plant Powertrain recycled 154,090 m³ of water. Plant Dadong in 2020 reclaimed 39,832 m³ of water; we are currently expanding the facility's water reclamation capacity which we expect will increase our capacity by 800 m³ per day. Our wastewater quality monitoring process combines real-time monitoring with regular lab testing to ensure our wastewater meets regional and national quality standards.

In addition to water reclamation and recycling, all BMW Brilliance facilities consistently take routine water-efficiency measures, including the use of water-efficient fixtures and posting water-saving reminder signage throughout production and office spaces. We continued to make progress in reducing the water required to produce each vehicle. In 2020, we consumed 1.97 m³ of water per vehicle produced, a 17.9% reduction from the previous year; we generated 0.44 m³ of process wastewater per vehicle produced, maintaining the rate we achieved in 2019. Next we will conduct a water balance investigation to identify additional water-saving opportunities.



-3.8%

Reduction in VOC emissions per vehicle produced from 2019.

Key actions in 2020:

- Online VOC monitoring system launched in Paint Shop;
- Expanded the use of water-based solvents;
- Upgraded VOC abatement facilities in Plant Tiexi.

VOC emissions per vehicle produced



-60.0%

Reduction in waste for disposal per vehicle produced from 2019.

Key actions in 2020:

- Fully rolled out the sludge dehydration programme at Plant Tiexi;
- Partnered with cement factory and recycled 12,785 t of sand & sand dust;
- Undertook evaluation of waste service and disposal suppliers.

Waste for disposal per vehicle produced



-17.9%

Reduction in water consumption per vehicle produced from 2019.

Key actions in 2020:

- 154,090 m³ of wastewater recycled at Plant Tiexi and Plant Powertrain;
- 39,832 m³ of water reclaimed, and water reclamation capacity under expansion at Plant Dadong;
- Continuous application of water efficiency measures.

Water consumption per vehicle produced





OHS management accreditation earned by BMW Brilliance:

ISO 45001:2018

OHS Management System

WORK SAFETY STANDARDISATION

Level 2 Certification

-47.1%

Continuous improvement in accident frequency rate from 2019.

OCCUPATIONAL HEALTH & SAFETY MANAGEMENT

At BMW Brilliance, we believe that ensuring a safe workplace for employees is our fundamental corporate responsibility. Our Occupational Health & Safety (OHS) Management System has been comprehensively developed in accordance with the BMW Group Health & Safety policy, U.N. Global Compact principles, the ISO 45001:2018 standard, the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work, and all applicable occupational health and safety laws and regulations in China.

The company's senior leadership takes overall responsibility and accountability for preventing work-related injuries and ensuring safe and healthy workplaces for all employees. Our leadership team has developed OHS policies and objects to align with our strategic goals and ensures the effective operation and continual improvement of the system. The CEO appoints the Head of Security, Occupational Safety and Services Dptment, as the Occupational Health and Safety Management

Representative to organise and further the operation of the OHS management system, and advance a culture of safety throughout the company. The Designated OHS Management Coordinator, a senior manager from the Safety Management Department, serves as the second-in-command of this operation, supporting the OHS Management Representative in sustaining this important safety work.

In 2020, BMW Brilliance earned accreditation for fulfilling all requirements of the ISO 45001:2018 standard from the International Organisation for Standardisation, as well as the Work Safety Standardisation Level 2 Certification issued by the Emergency Management Department of Liaoning Province. Our 2020 accident frequency rate was 0.09 per one million hours worked, a 47.1% reduction from the 2019 level of 0.17.

OHS HAZARD & RISK MANAGEMENT

As a company engaged in manufacturing processes, our workforce faces a number of occupational health and

Accident frequency rate

per one million hours worked*



* The scope only covers directly contracted employees in the production plants. It is calculated by the number of accidents with one day lost time or more, divided by the total working hours (in millions) of the year.

safety risks, including physical, chemical, and ergonomic hazards associated with different job functions, and other potential risks in the production process. To address these risks and maximise employees' long-term health and performance, we have implemented effective countermeasures, and series of activities and programmes on the basis of our OHS Management System.

We use Safety and Ergonomics Risk Assessment (SERA) to assess the physical, mental, work environment, and workplace-specific risks, and stresses throughout our operations where we make optimisation accordingly. We also conduct industrial hygiene monitoring at each of our plants every year, evaluating and documenting employees' potential exposures to occupational health hazards. Based on the monitoring results, we take effective countermeasures to protect our workers. In addition, as the increasing average age of our workforce brings new health challenges, we implement the Today for Tomorrow > NEXT programme focussing on musculoskeletal disorders to help employees stay healthy and perform well with increasing age.

To enhance workplace safety, we conduct regular safety inspections to identify and rectify employee's unsafe behaviours, equipment and facilities' unsafe condition, as well as other potential safety risk. For the special equipment used in our plants, we conduct annual inspections and engage licensed suppliers for periodic equipment maintenance to ensure compliance with national regulations. Each year we also carry out on-site emergency drills, to test and review the efficiency of the emergency response

process, and to familiarise employees with relevant procedures and requirements.

OHS TRAINING AND COMMUNICATION

To ensure that every BMW Brilliance employee knows that safety is their responsibility, enhance safety awareness and knoelge, and promote a positive safety culture, we conduct a number of trainings and educational programmes to build a comprehensive understanding of safety knowledge among our employees. Each year, in accordance with legal requirements, our company's senior leadership and safety management staffs complete the Safety & Health Responsible Management training delivered by a government-authorised training organisation.

We deliver Three-Level Safety Education to all new associates, job transfer associates, and return-to-work associates, and Four-New Education programme to related associates to that keep them informed of the safety practices about new processes, new technologies, new materials, and new equipment. Associates working in specialised positions also receive topical safety training on personal protective equipment, Lockout/Tagout, chemical safety, confined space safety, and more.

In addition to the regular trainings our associates complete, we have developed a number of channels for OHS information communications and employee consultations. During Safety Month, we gave recognition to associates involved in exceptional safety activities. Throughout the year, we involve associates in conducting safety inspections and safety improvements through our Value-added Production System (VPS).

Our JoyChat platform offers another channel for safety communications, trainings, and tests. And the BMW Brilliance Trade Union is involved in regular safety management reviews. In 2020, we received no complaints or penalties from public or local authorities regarding OHS management in our plants.

BMW Brilliance provides annual health checks for all employees, including comprehensive health evaluation summaries. For workers who are exposed to OHS hazards, we include specific assessment items in these health checks to evaluate any potential for occupational health-related illnesses.



IMMERSIVE SAFETY TRAINING AT TIEXI NEW PLANT

The newly established safety training centre at the Tiexi New Plant project site offers workers an immersive learning experience. Through simulation-based safety training modules, workers are able to develop better understanding of job-specific safety practices. Upon completing all training programmes, workers need to pass a safety test before gaining access to the construction site. The project team also arranges safety drills to help workers respond to emergencies such as falling accidents in a timely and effective manner.

ADVANCING EHS PERFORMANCE IN THE SUPPLY CHAIN

Just as BMW Brilliance seeks to be a leader in occupational health and safety in our own operations, we are equally committed to building a first-class supplier network in China that adheres to our high standards of responsibility and accountability in managing EHS risks in their own operations and supply chains.

SUPPLIER EHS MANAGEMENT

We have established a concrete and holistic supplier EHS risk management system through our EPA programme that has set a benchmark for EHS within our industry.

Building on the work we began as early as 2013 with our Supplier Risk Management (SRM) programme, the EPA is a thorough risk assessment process to identify, analyse, and rectify potential EHS risks throughout the supply chain, from Tier-1 to N-Tiers, along with 10 processes including risk identification, policy trends, process optimisation, database information management, training, audit, early warning, and fast response. The EPA programme is intended to strengthen a partnership with our suppliers to help enhance joint EHS management and effectively improve all parties' environmental and risk awareness.

"BMW is the first OEM that has realised EHS management throughout the supply chain from Tier-1 to N-Tier."

— A BMW supplier

them to provide additional evidence supporting their self-assessment results. High-risk suppliers engage with an independent third party for an on-site assessment of potentially high-risk production activities and technologies. For all suppliers, we offer support to help them implement any corrective actions needed and continuously build their safety capacity. In addition, the digital Environmental Risk Management System (ERMS) enables us and our suppliers to respond earlier and better to potential EHS risks related to weather events, safety incidents, policy changes, and more.

SUPPLIER RISK ASSESSMENT AND PERFORMANCE

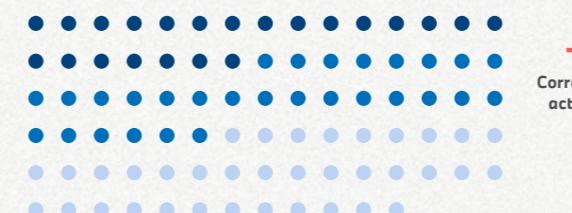
By the end of 2020, the EPA has completed 269 on-site supplier assessments and 846 supplier self-assessments. We have identified more than 50 high-risk production activities or technologies across different tiers of suppliers in different sectors, all specific to the auto industry in China. As a result of this work, we have established a solid supplier EHS risk database that forms the basis of integrating EHS topics in our overall supplier management activity—a first for the BMW Group globally.

From the inception of our EPA programme to the end of 2020, we have made the following progress:

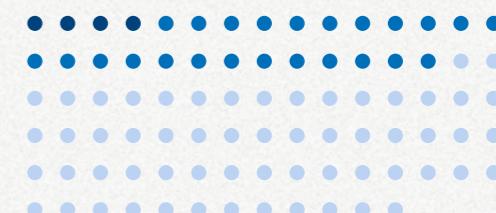
- 269** On-site supplier assessments completed.
- 846** Supplier self-assessments completed.
- 50+** Industry-specific high-risk activities identified.
- 10** Risk management processes established.

In 2020, our third-party auditors conducted 87 onsite EHS audits of key suppliers. We also initiated 170 suppliers to conduct "Challenge Round" EHS self-assessments. Following the initial round of assessments, corrective and preventative actions were implemented and most suppliers demonstrated significant improvements in reducing risk levels from high and medium to low. By the end of 2020, we exceeded our target of helping the top 10 high-risk suppliers achieve an EHS improvement rate of 20%.

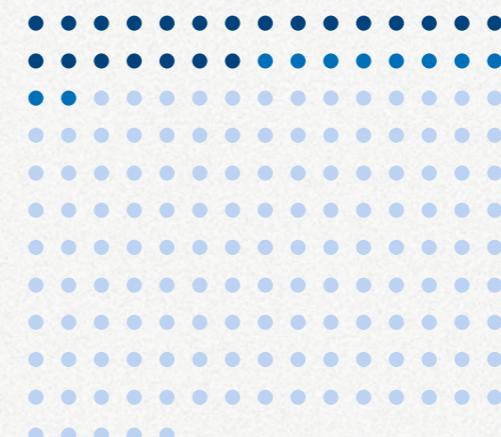
2020 On-site supplier EHS assessment - 1st round result:



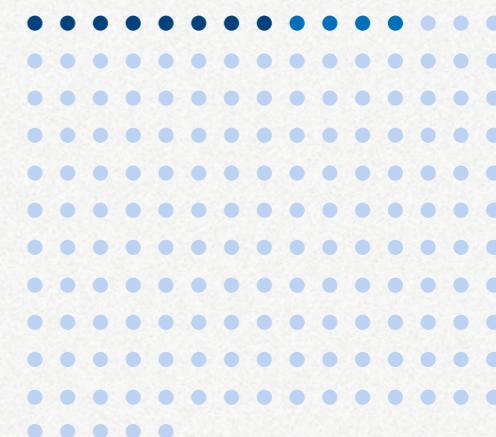
2020 On-site supplier EHS assessment - Final round result:



2020 "Challenge Round" supplier self-assessment - 1st round result:



2020 "Challenge Round" supplier self-assessment - Final round result:



● High Risk ● Medium Risk ● Low Risk

We also optimised our "Challenge Round" approach in 2020 to better identify potential risks among our suppliers. Suppliers' self-assessments receive further review from a Challenger, who can re-score each item in the self-assessment checklist if any initial results are incomplete or suspicious. If a Challenger believes that there are high-risk aspects of a supplier's operations, we initiate a third-party assessment to verify findings and chart an action plan. Through this process, we help strengthen our suppliers' accountability and ownership of their EHS management practices.

Additionally, in 2020 we enhanced our training approaches, developing 15 EHS training videos to share on our JoyChat platform, allowing suppliers to continue their safety education at any time. The topics included relevant laws and regulations on fire safety, noise, waste management and other critical EHS topics.

In recognition of our efforts in building sustainable supply chain, BMW Brilliance received the 2020 "UNGC China Network Best Enterprise Practices" award from the United Nations Global Compact.



EMPOWERING DEALER PARTNERS IN EHS MANAGEMENT

Dealers are our partners in every aspect of our business, and we aim to encourage and empower all our dealers to build capacity and awareness around managing the EHS risks in their daily operations.

Our key approaches include setting performance requirements by integrating EHS-related compliance requirements such as hazardous waste management into our Retail Standards, enabling toolkits such as the EHS Manual and EHS Self-checklist we provide to guide dealers as they identify and control risks in compliance with legal requirements, and offering capacity-building workshops, trainings, and the Dealer EHS Helpdesk to support their day-to-day EHS management.

Due to the COVID-19 pandemic, we have shifted our priorities from conducting in-person EHS workshops to updating the EHS Manual and creating online training materials. The newest editions of the EHS Manual and Self-checklist include new regulatory standards related to NEV servicing, particularly around storage management for end-of-life batteries and safety precautions for NEV maintenance. We published step-by-step training videos on EHS management on our JOY Learning app for dealers to use as needed.

2021 OUTLOOK

In the coming year, the BMW Brilliance EHS team will optimise hazardous waste tracking and handling and work to increase the variety of environmental awareness-fostering programmes and training events we host. We will also continue to develop new e-learning courses throughout 2021.

For suppliers, we have shifted our approach from risk control to risk prevention, and in 2021 we will continue to work with our supply chain partners to internalise and develop their own risk-management system. By focusing on our first-tier suppliers' efforts to work with their own supply chains,

we are able to help these companies increase their own safety mindset and cascade safety practices farther throughout the industry.

We will continue to work with our dealers in 2021 to complete the roll-out of the EHS self-assessment and enabling toolkit to all dealers, and provide corresponding online and offline capacity-building activities throughout the year. We will further integrate EHS self-assessment into Retail Standards as a performance requirement under "business foundations", and we will develop a mechanism to answer dealer questions on EHS self-assessment and regulatory requirements.

BUSINESS ACCOUNTABILITY

As a company committed to operating responsibly and ethically, BMW Brilliance takes great care to thoughtfully manage every aspect of our business. From how we source the raw materials for our products to how we safeguard our customers' personal information, we are dedicated to excellence, and we expect our stakeholders to ensure we live up to our high standards.

RESPONSIBLE SOURCING OF RAW MATERIALS

Cobalt and lithium are two of the critical raw materials contained in the HVBs that help power our NEV fleet. Sourcing these materials can have social impacts in the countries where they are mined, particularly in the Democratic Republic of the Congo (DRC) and adjoining countries; BMW Brilliance has initiated material-specific sourcing strategies to ensure maximum transparency and foster responsible business practices across our supply chain.

In 2020, we began sourcing cobalt for the Gen5 HVB cells directly from mines outside of the DRC—in Australia and Morocco—and made it available to our HVB manufacturer. With full transparency over the origin of cobalt, we are able to minimise the risk of child labour and human rights violations from sourcing this material.

BMW Brilliance has signed long-term contracts with lithium suppliers to make the raw materials available for battery-cell suppliers and their upstream suppliers. As with cobalt, we began sourcing lithium directly from raw material suppliers to increase traceability within our lithium supply chain. We will continue to ensure that our suppliers control and mitigate the environmental impacts associated with lithium mining.

SETTING SUPPLIER SOCIAL RESPONSIBILITY STANDARDS

Ensuring that our suppliers adhere to BMW Brilliance's expectations for social responsibility is a core aspect of our supply chain management framework. In 2020, we established the BMW Brilliance Supplier Social Responsibility Code of Conduct, which we have begun promoting and integrating across our entire supply chain. The Code of Conduct outlines how we expect our suppliers to promote social responsibility in four areas: people-oriented, ethical business practices, responsible sourcing, and management system. Alongside the development of the Code of Conduct, we have also expanded the scope of our supply chain social risk assessments and updated the supplier social audit checklist to integrate Responsible Business Alliance (RBA) requirements.



The BMW Brilliance Supplier Social Responsibility Code of Conduct.

ETHICAL DEALER PRACTICES

Just as we are committed to the highest standards of ethics in our own operations, BMW Brilliance expects our dealer networks to conduct business in the same manner.

We have developed a comprehensive approach to ensure integrity in our dealers' operations. Before approving a dealer to join our network, we undertake a due diligence process that includes reputational and compliance risks.

We monitor a number of potential risks to ensure ethical practices in dealer operations, including anti-competitive practices, anti-corruption and anti-bribery efforts, unethical behaviour in sales and aftersales services, marketing and corporate-identity checks, and data privacy of their customer relationship management. Our senior management also conducts regular communication with our dealer partners on ethical business practices.

INFORMATION SECURITY & DATA PRIVACY

Stakeholders of all types are increasingly concerned about information security and data privacy. BMW Brilliance has made significant investments in protecting the data of our customers, employees, and partners. We have implemented cross-functional systematic management programmes to comply with national and international cybersecurity and data-protection regulations and standards, including the Cybersecurity Law of the People's Republic of China (CSL), the E.U. General Data Protection Regulation (GDPR) and ISO/IEC 27001 and ISO/IEC 27701.

INFORMATION SECURITY GOVERNANCE AND MANAGEMENT

Led by the Steering Committee and Core team with clear roles and responsibilities, the BMW Brilliance CSL Programme provides cross-functional governance to guide the company in complying with the CSL. The group has established the CSL Instruction to facilitate the implementation of the CSL across the company, and is developing KPIs to track progress on implementation. We are working to develop a CSL Library and multiple compliance checklists based on the legislation's requirements and standards to comply with the CSL. We are working on implementing CSL requirements via digitalisation tools integrated with the Agile Working Model and Agile Tool Chain. We are also working on self-assessment of personal information protection, Multi-Level Protection Scheme (MLPS), and Data Cross-Border Transfer. We are conducting regular penetration tests, vulnerability scans, and other cyber risk-defence activities, and settling security incident management process with the IT helpdesk and Remedy system.

DATA PRIVACY GOVERNANCE AND MANAGEMENT

BMW Brilliance's Data Privacy Protection Organisation is responsible for the overarching management of data privacy—from our company, our customers, and our partners. The organisation is chaired by our senior vice president of finance as protection officers (DPPO). One of our supporting DPPOs is a representative from LingYue Digital Information Technology, our subsidiary company that is accelerating our customer-centric digital transformation.

AUTOMOTIVE INDUSTRY CSL WORKSHOP

In October 2020, we participated in the Communication Workshop on the CSL in Beijing, the first industry-wide communication platform on cybersecurity jointly established by government agencies, industry associations, and automotive manufacturers. At the workshop, we engaged in discussions with experts on cybersecurity review requirements and process, cross-border data transfer and other critical issues concerning the CSL. As a leading automotive manufacturer in China, we will enhance communication with industry partners and government agencies on the evolving cybersecurity landscape and ensure full compliance with relevant laws and regulations.

ISO/IEC 27001 ISO/IEC 27701

Certification received by LingYue in 2020 for information security management and security techniques for protecting data.

"There should be a routine data management mechanism to protect the interests of customers and other stakeholders."

— BMW customer

As part of the Data Privacy Protection Organisation, LingYue brings expertise in proper management of customer data privacy protection practices. The Data Privacy Protection Organisation has developed seven guiding Privacy Principles for our company, that include guidelines for the type and amount of data we collect, the consent we receive from individuals before collecting that data, how we use and safeguard that data, and the ways we communicate to individuals about what data we collect and how we use it.

These guiding Privacy Principles shape our Data Privacy Management Process, which is structured around prevention, in-process control, and post-response management. An integral part of our corporate procurement processes is a Data Privacy Impact Assessment (PIA), which business units conduct with partners and sign a data privacy agreement before conducting business with them. In addition, the BMW Brilliance Associate Handbook and dealer contract both include clear and comprehensive requirements around data privacy management.

TRAINING AND COMMUNICATION

Education, training, and internal communication are critically important to ensure that we abide by our guiding privacy principles and to foster a culture of information security and data protection. Every new BMW Brilliance employee is required to

complete our online data privacy protection training, and every employee is required to re-complete the training every two years. We have developed three levels of CSL training targeting different associate levels and functions. In total, 4,955 out of 5,710 associates completed an online Fundamentals training in 2020, and 494 associates attended the Technical training sessions to gain a detailed understanding of the CSL Instruction. In addition, our internal CSL communication platform includes a CSL programme homepage for information-sharing as well as an online conference and webinar to keep associates up-to-date on our progress in complying with the CSL.

2021 OUTLOOK

As we continue to improve our information security and data privacy programmes, in 2021 we will update our CSL toolkits based on the information we compiled for the CSL Library. We will also release a combined information security/cybersecurity instruction that covers data privacy, IT security, information security, and the CSL. We will prepare an official MLPS filing for selected applications, and we will keep working on security by designing methodologies to incorporate security measures from the earliest system development phase. In addition, we will enhance our cybersecurity organisation platform to meet increased security requirements and prevent our organisation from security threats.



RESPONSIBLE CORPORATE CITIZENSHIP

04

AN INCLUSIVE, DIVERSE, AND ENABLING CULTURE THAT SUPPORTS OUR WORKFORCE AND COMMUNITIES.



4.1

RESPONSIBLE HUMAN RESOURCES MANAGEMENT

Our workforce is the beating heart of BMW Brilliance, and we always put their health and safety first. Our response to COVID-19 has only deepened this commitment.



We took prompt action preventing the pandemic to ensure employees' health and safety, job security, and morale throughout the crisis. As soon as it became clear that the disease was spreading in China—before the Chinese New Year on January 25, 2020—we began communicating to all staff about COVID-19, its risks, symptoms, precautions to take, and travel instructions. Around the same time, we held twice-daily crisis management meetings to stay close to the fast-changing situation.

To ensure our employees could resume work safely, we launched a health service hotline and an Human Resources Shared Services Centre (HRSSC) hotline on January 29 to address associates' questions, and provided online doctor consultations through JoyChat. Our on-site plant clinics remained open to provide workers access to medical professionals, and we offered tele-medical assistance for associates outside of Shenyang and a psychological health hotline available to all employees around the clock.

Before we encouraged our associates to return to work, we established mandatory health and temperature checks, purchased masks and thermometers for all on-site staff, facilitated social distancing capabilities in all workplaces, reconfigured our canteens

and shuttle buses to allow safe distances between employees, conducted facility disinfection, and took other prevention measures. We stayed close to the national and local government's announcements, and kept adapting self-quarantine requirements and travel guidelines. Through a step-by-step approach, we reopened our workplaces and allowed flexible working schedules to accommodate the disruptions to our employees' lives.

TRANSPARENCY AND COMMUNICATION

All through the pandemic, we emphasised timely and transparent communication to all employees. In total, we delivered 95 sessions of communication to our workforce, starting as early as January 21 and continuing throughout the year. Our messages included the latest medical knowledge about COVID-19 and how to prevent exposure, travel guidance and self-quarantine requirements, workplace safety and remote work arrangements, health monitoring requirements and health services available to associates.

Over the year, we saw that despite the pandemic, BMW Brilliance successfully maintained a safe workplace and a stable, engaged, and growing workforce. By the end of 2020, there was no COVID-19 positive case reported related to our associates in China.

HUMAN RESOURCES MANAGEMENT & CULTURE

Our approach to responsible human resources management is guided by our Core Values, which serve as the overarching principles for how we conduct every aspect of our business.

These values shape our people-centred corporate culture, one that recognises the value of our diverse workforce and em-

phasises serving higher purposes and the greater good of society. We work to make sure that BMW Brilliance is a company all our employees can be proud of.

We believe that these core values are the main cornerstones for sustainable success. These factors make the difference between good and great.

RESPONSIBILITY

We make decisions and commit to them personally.
We go beyond for the best corporate interest.

APPRECIATION

We respect, motivate, and care for each other.
We give clear feedback. We celebrate our success.

TRANSPARENCY

We share meaningful information efficiently.
We acknowledge concerns and address inconsistencies in a constructive way. We act with integrity.

TRUST

We earn mutual trust by keeping our promises.
We trust and rely on each other.

OPENNESS

We are open to different opinions. We learn from our mistakes. We inspire each other to identify new opportunities and to embrace changes.



DIVERSITY AND INCLUSION

At BMW Brilliance, we treat every associate as an ambassador, inside and outside the company, and together we show how we work as one family.

Diversity is one of our sources of strength. By welcoming people from all backgrounds and life plans, we increase our competitiveness, develop more innovative solutions to business challenges, expand our opportunities, and create a company where everyone can thrive.

The BMW Group Code on Human Rights and Working Conditions declares that equal treatment of all employees is a fundamental principle of our corporate policy. We embrace the BMW Group's focus on diversity, and consider the diversity of our employees along a number of dimensions, including gender, age, cultural background, disability, sexual orientation, religious background, and more.

In difficult times, diversity matters more than ever. Even in the midst of

the pandemic, we strongly emphasised the importance of diversity—and the benefits that it brings to our business. By creating a welcoming culture, we can unlock the potential of all our diverse associates and enhance the resilience and innovation strength of BMW Brilliance.

As part of a global company, BMW Brilliance cares for our expatriate associates and their families. We value the diverse backgrounds of our expatriate employees and welcome the new ideas and approaches they bring to our business. Recognising that relocating internationally can be a challenging process, we support our associates as they establish their lives in China, including securing places to live, quality education for children, supporting spouses in their own professional growth, and more.

THE BMW GLOBAL DIVERSITY WEEK

In May 2020, the BMW Global Diversity Week took place across all global locations. At BMW Brilliance, we participated by celebrating traditional festivals from other cultures, a company-wide communication programme emphasising the importance of diversity and inclusion, and provided food from different cultures in our canteens. Over the course of the week, we reinforced the message that every single associate is unique and makes us stronger as a group through posts on our internal company communications, JoyChat mobile platform, and a screen saver activated on all office computers. We also shared our efforts in promoting diversity through social media and news outlets to help raise public awareness of the importance of diversity.



EMPLOYEE ENGAGEMENT

Driven by our Core Values of trust, transparency, and openness, BMW Brilliance strives to engage our employees in our corporate decision making and human resources policy setting through mutual dialogue and direct, transparent communication.

THE 9TH EDITION ASSOCIATE HANDBOOK AND VIRTUAL HR POLICY CENTRE

We are continually improving and enhancing our human resources policies and communication, and in 2020 we released the ninth edition of our Associate Handbook. The new edition, which was developed with input from the BMW Brilliance Trade Union, associate representatives, and representatives from our business functions and units, makes our policies more user-friendly, concise, precise, and transparent.

To ensure that our workforce has easy access to all human resources information and tools, in 2020 we launched a Virtual Human Resources Policy Centre on the JoyChat mobile platform. This new, digital approach makes it much easier for employees to ask and answer questions, provide feedback, and share any concerns with company leaders, and also serves as an employee self-service platform where employees can submit leave requests, check working time account and payslips, and even participate in recognition programmes. In addition to the new virtual Policy Centre, we maintain regular communications with all employees through email, weekly departmental meetings, and other routine communications channels.



BMW Brilliance Open Talks live-streaming.

MINI EMPLOYEE SURVEY: FOSTERING TWO-WAY FEEDBACK

BMW Brilliance conducts a full survey of all employees every two years to track their engagement with our company as well as identify areas where we can improve our efforts. Our last Employee Survey was conducted in 2019, but because of the many challenges our company and our society faced during the pandemic, we piloted a BMW Brilliance Mini-survey in

2020 to ensure we could monitor and improve employee satisfaction, dive into the results of the 2019 Employee Survey, continue to cultivate our two-way feedback culture, and encourage conversations between associates and line managers.

The results of our shorter, more efficient Mini Survey revealed that employees appreciated the safety and prevention measures we took during COVID-19, as well as the transparent communications we undertook during the pandemic. In addition to the BMW Brilliance Mini Survey, we intend to conduct our next full Employee Survey in 2021.

MORE COMMUNICATION FROM SENIOR MANAGEMENT

To better manifest our core values of openness and transparency, we have developed a number of ways to facilitate consistent communications between our top leadership and our associates:

1. EXECUTIVE DIALOGUE

Direct dialogue between employees and management with open Q&A sessions.

2. EXPERT TALK

Internal experts from various business lines share knowledge with employees.

3. ASSOCIATE MEETINGS

Dialogue between plant employees and management.

4. OPEN DOOR

Informal discussions for management to learn about & address employees' concerns.



The sixth BMW Brilliance Associates' Congress and the fourth Union Members' Congress held in July 2020.

BMW BRILLIANCE TRADE UNION ACTIVITIES

As always, we worked closely with the BMW Brilliance Trade Union as a key aspect of our employee engagement in 2020. In July, we convened the sixth BMW Brilliance Associates' Congress and the fourth Union Members' Congress, which highlighted how COVID-19 has shaped our work this year.

The "Two Sessions" meeting was organised with simplicity, efficiency, and safety in mind, and abided by all pandemic precautions. The meeting presented, reviewed, and approved the 2020 Collective Contract, the 2020 Collective Contract Supplementary Agreement, and a Special Collective Contract on Work Safety.

We also celebrated the work of An Liang, an associate at Plant Dadong, as the National Model Worker, in recognition of his technical capabilities, his spirit of innovation, and his unreserved support for his co-workers.

THE NEW BMW BRILLIANCE BEIJING TRADE UNION

In response to employee needs and stakeholder expectations, and to provide better service to our employees in the Beijing and Shanghai branches and LingYue, in March 2020 we officially established the BMW Brilliance Beijing Trade Union.

In July, we convened the first Associates' Congress and the second Union Members' Congress. For the first time, LingYue, BMW Brilliance Beijing and regional associates' representatives attended the Associates' Congress, reviewed and approved the 2020 Collective Contract, the 2020 Collective Contract Supplementary Agreement, and 2020 Female Worker's Special Interest Protection Collective Contract.

At the Union Members' Congress, the representatives identified four directions that would guide the Beijing Trade Union's work: culture and fitness, employee care, care for female employees' needs, and helping employees overcome hardships.

Together with the BMW Brilliance Trade Union, the two unions work to support business growth by fostering our culture of innovation through a virtual and physical Innovation Workshop, while also caring for employees with a number of benefit programmes aimed at enhancing their welfare, fitness, and facilitating work-life balance.

BENEFITS AND WELL-BEING

At BMW Brilliance, we know that our company's success and well-being depends on the well-being of our employees. We make every effort to protect our employees' health and safety in the workplace, and to enable them to fulfil their long-term personal and health goals.

We developed our compensation and benefits policy to ensure we can attract and retain the best talent, and to motivate and inspire them to give their best work to our company. In addition to competitive salaries and social welfare, we offer a competitive supplemental benefit package under the BMW flexible benefits programme, which allows our associates to customise their benefits based on individual and family needs. Despite COVID-19 disruptions, we realised our annual employee remuneration review and annual bonus payment in year 2020, and continued to transparently communicate with employees throughout the process.

To better support our employees' work-life balance, we offer associates extensive vacation leave in addition to the statutory annual leave, and generous personal leave benefits for maternity and paternity leave, sick leave, and compassionate leave.

BMW BRILLIANCE TRADE UNION'S EFFORTS TO SUPPORT EMPLOYEE HOUSING

One of the important ways BMW Brilliance attracts and retains the best talent is by helping our employees secure high-quality housing in Shenyang. In 2020, the BMW Brilliance Trade Union signed a three-year agreement with the Shenyang Real Estate Corporation to extend the leases currently supplied to our employees, and to offer 1,500 more units—expanding our existing Public Rental Housing Project with 1,000 additional units and the launch of the Talent Apartment Project of 500 pilot units available to our employees – over the next three years. To date, our Public Rental Housing Project has helped 1,400 associates solve their short-term housing challenges. Furthermore, the new Talent Apartment Project will play an important role in attracting and retaining skilled workers and increase the competitiveness of our company.

sleep programme for our production associates who work in shifts that can disrupt normal sleeping patterns. As part of this programme, 2,004 associates completed the Pittsburgh sleep quality index (PSQI) self-assessment to identify any challenges they are facing in achieving healthy sleep patterns.

COVID-19 PREVENTION GREETING PACKAGES

In early March, when the COVID-19 situation was most severe around the country, and all colleagues worked from home with great concerns around leaving their homes to do even the most essential shopping, BMW Brilliance Beijing Trade Union organised a greeting activity to deliver a large package of fresh vegetables for all associates at the BMW Brilliance Beijing and Shanghai branches and LingYue.

THE ELITE TEAM CHALLENGE

We know it can be hard to maintain an active lifestyle amidst busy work schedules, so in 2020 BMW Brilliance Beijing Trade Union, together with BMW China Trade Union, jointly launched a challenge activity to encourage employees to support each other in being active and eating healthy. Participating employees formed teams that competed over the course of 20 days, with 10 days focused on exercise in the form of brisk walks and 10 days focused on nutrition. In total, 378 teams participated, and they walked a cumulative 164,876 kilometres, which is equivalent to 4.1 laps around the earth.


1,783

Total new employees hired in 2020.

TALENT DEVELOPMENT

Our success as a company relies on continuously improving our associates' skills and capabilities, and ensuring that they can pass those skills on to the next generation of employees. Our overall talent development approach guides us to help each associate develop their career path within BMW Brilliance and build internal succession pipelines as employees advance their careers. We offer our associates a broad range of training courses to help them achieve their short-term and long-term career goals and our company's business objectives, in line with each associate's individual development plan.

As we provide an environment of opportunity for our employees in advancing their careers, and as we continue to grow and expand our business, we are always seeking to recruit the best company-fit talent to sustain our top performing level with future orientated qualification. In 2020, we implemented innovative recruitment methods to enhance each candidate's unique experience while driving the digital transformation of the company and swiftly responding to challenges posed by COVID-19.

TRAIN AND RECRUIT WITH INNOVATION

With in-person interviews no longer possible, we shifted our recruitment efforts online, setting up online job fairs that leveraged VR technology to create immersive, one-stop solutions for department introductions, live-broadcast Q&A sessions, and video interviews.

To facilitate campus recruitment activities, we introduced an AI-powered interview process and innovative campus programmes. In 2020, we met with overseas prospects in the form of virtual presentation for the first time, overcoming geographical barriers with instant communication. Our annual campus-focused "BMW Brilliance Open Talks" live-broadcast attracted more than 12,000 students and 6,000 applications. We also harnessed high-impact social media by launching interactive

campus recruitment video programmes on social media platforms popular among passionate youth groups. These new approaches allowed us to expand our reach in scouting the next generation of BMW Brilliance employees.

While our workforce continues to grow organically, we remain committed to sustaining our efforts to attract, train, and retain the best talent in the industry. We are proud of our strong, stable, engaged workforce, as well as our reputation as the most desirable employers in China's automotive industry.



PREPARING TALENT FOR PRODUCTION EXPANSION

As we prepare for significant expansions of our production with the Tiexi New Plant and Plant Dadong Extension projects, we have increased our talent acquisition programme and internal talent preparation. We have estimated our total workforce needs for the new facilities, categorised the types of talent we will need to meet those requirements, and created a detailed plan for training current employees for advancement, recruiting new workers to fill new positions, and identifying succession plans for bringing associates into new roles. With our broad, dedicated approach, we are confident that our talented workforce will be ready as we open these new facilities.



BMW Brilliance won the 2020 Innovative Extraordinary Employer Award by Liepin.

2021 OUTLOOK

As we look ahead to the coming months, we will continue our talent preparation to support future business development, and equip our workforce with future-oriented competencies. In the meantime, we will explore a creative talent-sourcing plan for different talent groups, and further drive talent segment-specific employer branding to enhance our attractiveness as an employer for future-oriented talents.

Our BMW Brilliance Trade Union and BMW Brilliance Beijing Trade Union will continue to improve employee well-being and support our company's development. BMW Brilliance Trade Union will open the Associate Home

at Plant Dadong in November 2021 to provide all-around services to our workforce there, including IT support, reimbursement services, and more. Our Digital Union Project will work with our IT departments to digitalise and streamline employee benefit programmes. In addition, BMW Brilliance Trade Union will publish a Union Express bi-monthly newsletter to facilitate communication between the union and employees.

COVID-19 vaccination for key groups at BMW Brilliance clinics has been ongoing and will be accessible to other associates according to local governmental guidelines.

Employer Awards Won by BMW China and BMW Brilliance:

Zhaopin.com

2020 Best Employer Award for Campus Recruitment
China Best Employers Award Top 10 2020

2nd place

Universum

Most Attractive Employers in China 2020

#1 in Automotive Industry

Liepin.com

2020 Extraordinary Employer Top 100
Innovative Extraordinary Employer

For 5th consecutive year.

51job.com

China's Top 100 Model Employers

For 7th consecutive year.

Model of Corporate Social Responsibility
Chinese College Students' Favourite Employer

Lagou.com

2020 Top Employer

Maimai.com

Annual Popular Employer in Northern China

LockIn China

University Selected Global Employer
Most Popular Employers Among Females in China 2020



4.2

PEOPLE EMPOWERMENT

At BMW Brilliance, we recognise that our company's sustainable growth is powered by our people and our business partners.

By enabling them to succeed, we ensure our success as a company. That is why we have developed a sustainable training and talent development ecosystem for our employees, dealer partners, and future talents to help them reach their full potential, while also achieving our business goals.

As the COVID-19 pandemic disrupted our business in 2020, our culture of innovation and resilience allowed us to promptly

adjust our training approaches and methods to online learning for employees and dealers. As a result, we were able to turn a period of upheaval into an opportunity to learn and grow, and BMW Brilliance shared our innovative training approaches and applications with members of the BMW family in other countries as well as our efficient measures for supporting dealerships' learning during the pandemic with other industries.



EMPOWERING EMPLOYEES

"Companies should think ahead and the cultivation of future talents for automation and digitalisation is essentially important."

— United Nations Global Compact



Our online training approaches to enable employee training throughout the pandemic:

- Live broadcast trainings
- Virtual live trainings
- Live webinars
- Short videos
- Online recorded courses

+223%

Increase in total time spent in online learning programmes vs 2019.

+77%

Increase in learning completion rate vs 2019.

5x

More active learners than 2019.

In addition to helping us achieve our business objectives, our employee training programme helps to build a pipeline of talent for BMW Brilliance as well as the automotive industry in China and worldwide. We develop our training programmes in close communication with our business units so we can ensure we meet business needs as well as employees' career goals. In 2020, we successfully achieved a rapid transformation of our training approaches, leveraging our internal intelligence and expertise to deeply integrate our business needs.

GROW TALENT THROUGH THE PANDEMIC

At the beginning of the pandemic, we quickly shifted our training programmes to facilitate online education. Across four platforms, we introduced five new methods to maximise our training effect: live broadcast trainings, virtual live trainings, live webinars, short videos, and online recorded courses. We also enhanced our training management and online feedback capabilities to ensure associates are satisfied with the trainings. We offered a number of new online training programmes in 2020, including an online "Mini MBA" programme, a remote collaboration series offered by Harvard Business Publishing, and a number of new courses designed for our associates and leaders. As a result of our innovative approach to training, we saw remarkable improvements in our employees' participation and completion rate of training courses.

TRAINING FOR FUTURE SKILLS

We offer employees three types of training programmes besides legal mandatory and compliance training, available online as well as offline: technical, non-technical, and leader-

ship training. In 2020, we offered several training courses aimed specifically at developing skills BMW Brilliance will need for our future operations.

New Energy Vehicle Project

To support our development and production of electric vehicles, we require associates who work with these high-voltage systems to complete a High Voltage Flash Training course. In 2020, we adapted the highest qualification level of this training, the Flash 4 Training, to the Chinese language, giving our associates even greater skill with these systems. Over the course of the year, we certified 899 BMW Brilliance associates and an additional 15 BMW China associates with various High Voltage Flash qualification.

Digitalisation of Maintenance and Planning Area

Under our Digitalisation strategy, we are empowering associates with comprehensive knowledge and abilities to build their skills in this important area. In 2020, we developed and published on the Academy e-learning platform seven online training courses for four key competency fields: Predictive Maintenance; IOT, Sensors, and Edge Computing; Virtual Commissioning; and Data Analysis. The Academy will continue to provide training courses online and offline as a one-stop learning resource library for our associates.

Training for Tiexi New Plant and Plant Dadong Extension Project

To prepare our associates for work in our Tiexi New Plant and Plant Dadong Extension projects, we continue to develop new technical training topics for supporting the projects. We organised 11 training topics across four competency categories that offered diversi-



FUTURE TALENT DEVELOPMENT

The automotive industry is a demanding and rapidly changing field; we place a high value on developing future talent to help us overcome challenges and take advantage of opportunities when they arise. Our Future Talent Programme aims to provide high-quality development programme to young talents, boosting their technical proficiency and soft skills to help them carve their own career paths in the industry.

THE NEW VOCATIONAL EDUCATION PROGRAMME (NVEP)

Adapted from the dual education system in Germany and modified to suit the Chinese context, the NVEP in 2020 optimised our methodology and tried new approaches. We created a new Electronics for Automation Technology profession and cultivated 30 apprentices to work on the Tiexi New Plant. In response to COVID-19 precautions, we also piloted live broadcasting as a new learning method and incorporated the Teams app as an interactive online platform.

PROMOTION CHINA PH.D. PROGRAMME & GLOBAL LEADER DEVELOPMENT PROGRAMME

Aimed at shepherding advanced students into future technical experts and high-level leadership roles at BMW Brilliance. In 2020, we achieved 11 Ph.D. patents under the BMW Brilliance name.

SPEEDUP CHINA IN PRODUCTION PROGRAMME

Aims to recruit bachelor degree students and develop young professionals into competent production technicians and future section leaders. In 2020 we built a BMW class at Shenyang University of Technology and organised a BMW lecture roundtable for students. In 2020, 104 trainees in the programme successfully joined BMW Brilliance, with the retention rate of 72.2%, a 17.9% increase from 2019.

FASTLANE CHINA PROGRAMME

Provides career growth and rapid development opportunities for outstanding master graduates. In 2020, 29 trainees in this programme passed their final evaluation and joined BMW Brilliance.



The BMW Brilliance Training Centre, built by Shenyang Sino-German Park based on BMW Brilliance's construction standard and training function requirement, was handed over to BMW Brilliance in January 2020 as part of a government vocational education cooperation project and began its pilot-run in May 2020. The 13,500-square-metre facility includes areas for technical and non-technical training, leadership training, New Vocational Education Programme, and more, offers professional trainings for current and future talent, in line with BMW standards, and facilitates knowledge-sharing with business partners.



EMPOWERING DEALER PARTNERS

Our BMW dealers are key partners, and by nurturing high-quality dealer talent and helping them succeed, we can also achieve BMW Brilliance's sustainable business growth. We provide all-around support for our dealers to establish comprehensive, sustainable human resource platforms through our collaborative learning ecosystem, one that inspires and empowers dealers to learn, share, and grow their businesses, while preparing for the opportunities and challenges in the automotive industry.

We empower our dealers by supporting them in five strategic focus areas:

- | | | |
|--|--|--|
| 1. | 2. | 3. |
| TALENT
DEVELOPMENT | CUSTOMER
EXPERIENCE | NEW ENERGY
VEHICLES |
| Reshape retail talent development mechanism. | Promote premium customer experience and drive corporate cultural change. | Support NEV business and talent development. |
-
- | | |
|---|---|
| 4. | 5. |
| DIGITALISATION | KNOWLEDGE |
| Training digitalisation and enhance blended learning. | Encourage and enhance best practices for knowledge co-creation and sharing. |



SUPPORTING DEALER PARTNERS TO RECOVER FROM DISRUPTION

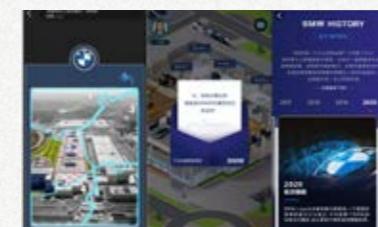
During the COVID-19 pandemic, we took swift action to help our dealers cope and even grow amidst the disruption. In February 2020 we upgraded our JOY Learning website and mobile app to facilitate remote learning, publishing a variety of online course packages with different themes for dealer positions including sales, technicians, and customer service; hosting multiple live broadcasts; releasing training instructions; and leveraging various channels to communicate with dealerships during the pandemic. We launched detailed guidance to help training centres develop pandemic control and prevention practices, and on May 11, BMW Brilliance became one of the first in the automotive industry to reopen face-to-face dealer training. By working together, we strengthened our partnerships and helped our dealer partners thrive in challenging times.



2020 BMW Premium Customer Experience Ambassadors Award Ceremony.

EACH YEAR, WE RECOGNISE THE ACHIEVEMENTS OF THE BRILLIANT DEALER TALENTS FOR THEIR COMPREHENSIVE EFFORTS TO PUT CUSTOMERS AT THE CENTRE OF EVERYTHING THEY DO.

Each of our Star Programmes, described below, are tailored to provide comprehensive, structured trainings targeted to each of these focus areas, and to support dealers at different phases of their career development.



BMW EDUCATION OF SALES & SERVICE TALENT PROGRAMME (BEST PROGRAMME)

We developed the BEST programme in 2006 in response to a national call for the development of vocational training, incorporating the dual-education vocational training. Through the BEST programme, BMW Brilliance keeps inspiring and nurturing the talents of our dealers, and helping them to become industry leaders. To date, we have created 17 training bases and graduated nearly 9,000 individuals, more than 50% of whom have joined BMW dealerships.

BEST NEV PROGRAMME

A new component of the BEST Programme is our development of specific courses to train BEST students in the latest new energy vehicles, which represents the cutting edge of automotive technology. In 2020, two training bases, in Nanjing and Wuxi, were well-equipped with NEV training facilities, and they have offered BEST students high-quality NEV training, and will gradually offer NEV courses for more dealer talents.

BMW DEALER ELITE TALENT DEVELOPMENT & RETENTION PROGRAMME

BMW Brilliance created this programme to sustain and organically grow our pool of experienced dealership talent in 2019. We specifically seek to inspire and advance key positions at every BMW dealership: sales consultants, service advisors, parts advisors, and technicians. These people are ambassadors of the BMW brand and they convey the joy of BMW to our valuable customers every day. Participants in this programme receive hands-on training from our Training Academy experts, and undergo a comprehensive evaluation on three dimensions of skills, their achievements during training, work performance, and their BMW Premium Customer Experience competency. Between its launch in 2019 and the end of 2020, 3,958 senior talents and 843 elite talents were cumulatively awarded to dealers.

NEW STAFF ENLIGHTENING JOURNEY

Onboarding new talents is one of the most important aspects of any company, and BMW Brilliance developed this programme to enable new talents to quickly improve knowledge and skills of their functions, seamlessly blend into BMW culture at any dealership, and provide enhanced customer service. We rolled out our Enlightening Journey programme in May 2020 as an online education platform that, combined with dealer in-house training, provides new employees with three to six months of skill-boosting trainings, particularly geared for young professionals with gamification features. More than 7,200 individuals participated in this programme in 2020, and they received in-depth education on the BMW brand, products, and customers, as well as information about our career development and post-professional courses.

FACTS ABOUT BMW DEALER PARTNER TRAINING

IN 2020

BMW JOY LEARNING APP



1,917

TOTAL ONLINE COURSES

- Micro-course
- Material
- MOOC
- Blended learning courses



10,175

AVERAGE DAILY ACTIVE USERS IN 2020

Increased by 56.6% from 2019.



13.4

TOTAL TRAINING MANDAY PER PERSON

Increased by 55.8% from 2019.

FACE-TO-FACE TRAINING & COACHING

3,231

FACE-TO-FACE TRAINING SESSIONS

259

ON-SITE COACHING AT DEALERSHIPS

114,655

TOTAL TRAINING MANDAY

Including dealership training and BEST programme training.

NEV TRAINING AND COACHING

161

ONLINE TRAINING COURSES

62

NEV ON-SITE COACHING

1,828

CERTIFICATIONS ISSUED TO NEV TECHNICIANS AND SERVICE ADVISORS

2021 OUTLOOK

As we look ahead to the post-pandemic era in China, we intend to use our new and existing digital training platforms to continue to develop the skills of our current and future employees as well as our dealer partners.

In 2021, we will continue to enrich our digital trainings to improve their efficiency and effectiveness, particularly with a focus on developing additional courses for the Production Technology Internal Trainer Programme and new training courses to meet the needs of employees at our Tiexi New Plant and Plant Dadong Expansion projects.

For our dealer partners in 2021, we will be focusing on enhancing our NEV training and coaching to meet our business needs and deliver more well-qualified talents to the fast-growing NEV market.

Meanwhile, taking customer-centricity and business orientation as core values, we will further inspire and help dealers explore innovation of customer service through National Competition and all rounds of training and coaching programmes, and work together with dealers to realise the customer-oriented cultural change.

魏岚德博士 华晨宝马汽车有限公司总裁兼首席执行官

Dr. Johann Wieland,
President and CEO of BMW
Brilliance Automotive,
delivering a speech on the
2020 BMW Supplier Media
Visit event in October 2020.

Dr. Johann Wieland

President & CEO
BMW Brilliance Automotive Ltd.

"CSR helps BMW overcome a crisis very well. Contributing to local communities, stakeholders, and society is not a 'nice-to-have' option for BMW Brilliance, but a 'must-do' on our priority list."



4.3

CORPORATE SOCIAL RESPONSIBILITY

We believe that China's social need is our need, and we are committed to taking a leading role in responding to social challenges and contributing to Chinese society in this difficult time.

2020 was a particularly hard time for our company and Chinese society as a whole. Since the outbreak of COVID-19, BMW China and BMW Brilliance have focused on meeting Chinese society's most pressing needs. The social issues and needs we faced before the pandemic have not disappeared, rather they have become more acute in the past year, which drives us to reinforce our commitment to CSR.

FIRST RESPONDER TO THE CRISIS

That commitment led us to be a first responder during the crisis: We quickly adapted our CSR strategy to achieve solid, wide-ranging social impact. Relying on our mature and systematic CSR strategy, as well as the strong connections we had built with all our stakeholders, we donated a total of 35 million RMB to support the battle against the pandemic and helped establish the first national mental health and counselling hotline for frontline medical personnel, patients, and volunteers.

Our company culture of flexibility and innovation also allowed us to advance our flagship CSR programmes despite the huge disruptions we faced in 2020. We adopted a no-contact engagement approach to align with social distancing policy: We developed innovative ways to continue our flagship BMW Children's Traffic Safety Education programme online, extended the reach of our

BMW JOY Home support for disadvantaged children, and leveraged livestreaming platforms to sell Intangible Cultural Heritage products during the BMW China Culture Journey to Liaoning.

We witnessed how CSR becomes a mirror, reflecting a company's relationship with its communities and society at large—and how crucial a role CSR plays in creating shared value for society amid the complexities of social governance.

A GREAT COMPANY MUST BE A RESPONSIBLE COMPANY

For a company to grow from good to great, we believe that it must stand for more than just sales performance and profitability. A great company should also be a responsible company that closely engages in social issues to promote social development.

BMW China and BMW Brilliance are driven to use our platform—our brand influence, our industry knowledge, and our experience as a responsible corporate citizen—to create shared value for our communities and our business. Guided by our core values, we have developed CSR programmes that deeply engage our stakeholders as partners to jointly solve real problems in our communities and our society with the aim of making long-term contributions to Chinese society.



Delivering the BMW CTSE training programme at a local school.

RETHINKING OUR CSR APPROACH

The disruptions that our business faced in 2020 allowed BMW China and BMW Brilliance to showcase our flexibility, innovation, and resilience in CSR strategy and approach. We quickly developed ways to integrate our online and offline CSR activities, so that both types of engagement could reinforce each other and generate more profound influence. As the country came together to respond to the pandemic and support medical workers, we embedded our CSR ethos even deeper in our business practices, emphasising our ability to create shared value that benefits both society and the enterprise.

As China enters the post-pandemic era, we recognise that CSR is more important than ever, and BMW China and BMW Brilliance are committed to reflecting and refreshing our understanding of and approach to CSR—our purpose must continue to be greater than making profits. We believe that large companies like ours, with more resources and power at our disposal, have a greater responsibility to do more for society.

In the future, we will optimise our internal disaster rapid-response mechanisms, create a stakeholder-engaged public welfare platform to make our corporate matching donations more impactful and influential and follow the impacts of the pandemic and remain prepared to assist in China's recovery.



11,568,364

Total beneficiaries of BMW CSR activities in 2020.

BMW WARM HEART FUND STARTS A NEW CHAPTER

After the Wenchuan earthquake in 2008, the BMW Warm Heart Fund was established jointly by BMW China and BMW Brilliance, which was the first corporate fund in China's auto industry. Since then, the BMW Warm Heart Fund has always been among the first to respond to major disasters or epidemics. It has developed into a platform that widely engages stakeholders to make contributions to Chinese society together, and since 2008, we have accumulatively donated over 97 million RMB in charitable causes.

In 2020, despite the pandemic and its economic fallout, BMW China and BMW Brilliance increased our CSR investment: We announced a joint donation of 10 million RMB and a pledge to donate an additional 10 million RMB every year to increase our investment in the BMW Warm Heart Fund, and working in partnership with China Education Development Foundation, we will engage even more people with BMW's CSR programmes and continue to contribute to China's social development.

UNRESERVED SUPPORT

TO OUR SOCIETY IN THE ANTI-PANDEMIC BATTLE



"Shenyang is the home of BMW Brilliance. In this time of crisis, our thoughts are with the local people that have shown us nothing but great support throughout the years. We firmly stand with our family in Shenyang. We are confident that with the joint efforts of the Chinese government and all sectors of society in this great country, China will soon overcome this epidemic."

Since the outbreak of COVID-19, BMW China and BMW Brilliance have targeted our support to society's most pressing needs. BMW was one of the first global brands in the auto industry to commit funds to fight COVID-19 in China. Through three waves of donations, BMW China and BMW Brilliance created continuous and recognised social impact in Chinese society and received unanimous praise from BMW associates, dealers, customers, beneficiaries, and the public.

JANUARY 26

FIRST DONATION



We made our first donation of 5 million RMB to the Hubei Charity Foundation, to purchase urgently needed medical supplies, and help treat patients in local hospitals.

FEBRUARY 12

SECOND DONATION



We announced a further donation of 25 million RMB to the China Population Welfare Foundation to purchase urgently needed medical equipment for hospitals in Wuhan as well as other cities in Hubei Province and to establish the first national mental health and counselling hotline for all frontline medical personnel, patients, and volunteers.

The second donation by BMW China and BMW Brilliance fully considers and responds to the needs of medical personnel. By funding to establish the first national mental health hotline, we innovated and redirected the social focus gradually from cash and supplies donation to services support.

FEBRUARY 14

THIRD DONATION



We sent 5 million RMB to the Sixth People's Hospital of Shenyang in view of the urgent need to support medical personnel in Liaoning and Shenyang to fight the epidemic. Those funds were directed to purchase urgently needed supplies and medical equipment in our hometown.

FEBRUARY 18

ASSOCIATE DONATION

MID-2020

IOOI IMPACT ASSESSMENT

To gauge the impact of our anti-pandemic donations, BMW China and BMW Brilliance uses a comprehensive, scientific social responsibility assessment known as IOOI (Input, Output, Outcome, Impact). According to the evaluation, the overall donation goal was completely achieved and the utilisation rate of donation reached 100%. Donations were made in accordance with the donors' wishes.

21

Provinces, cities, and regions benefited.

356

pieces of medical equipment purchased

Including ventilators, patient monitors, and disinfection machines purchased and donated to **38 hospitals**, benefiting **3,650 patients**.

176,783

medical protective items purchased

Donated to **44 schools**, benefiting **26,075 students** and **1,659 teachers**.



MENTAL HEALTH HOTLINE

124 professional training courses, 231 tutoring sessions, and 571 volunteer counsellors, who benefited **10,768 callers**.

1.67 Million RMB

Donation made by BMW dealers and car owners.

374,689 RMB

Donation made by **734 employees** from BMW China and BMW Brilliance.

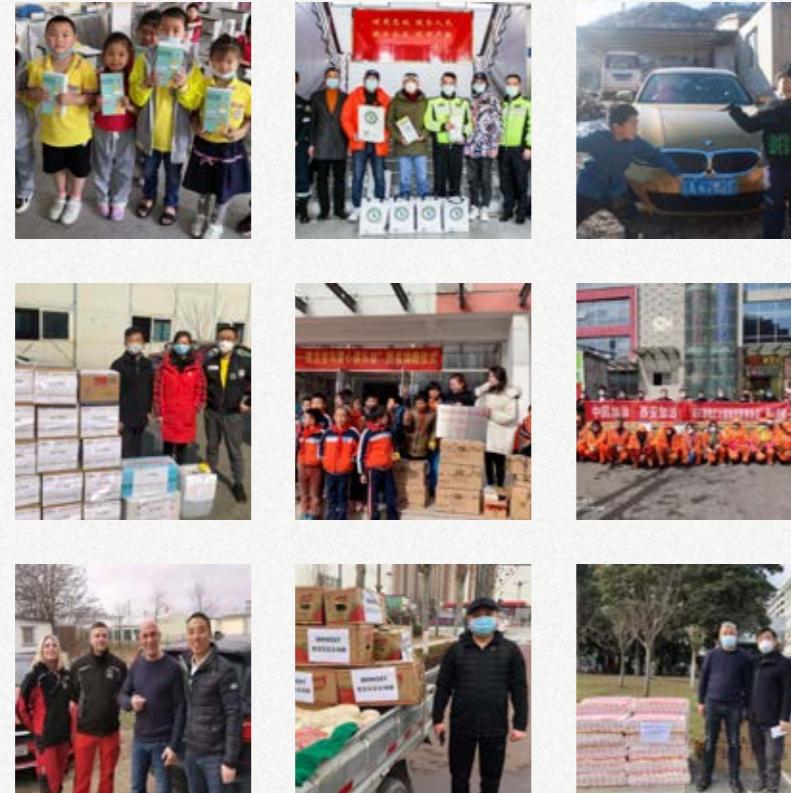
1,200

disadvantaged children in Hubei Province

Received our urgent donation of living supplies, school supplies, and sports equipment.



YOUR ACTION BMW'S EPITOME



BMW's stakeholders have joined in the fight as well: Our dealers, associates and warm-hearted customers led collective donations of cash as well as much-needed supplies and equipment, and also provided volunteer services. Our systematic stakeholder-engaged public welfare platform makes all these rapid responses possible. The BMW CSR team published a series of articles themed "Your Action, BMW's Epitome" on BMW stakeholders who conducted a variety of charitable activities to fight the epidemic. The series of reports generated great social impact, improved cohesion, and a sense of honour among BMW car owners, associates and dealers.

"I hope that more BMW dealers and car owners can join our efforts and help us pass on the positive energy to all of society. Together, we will eventually overcome the pandemic."

Guo Sheng

BMW Dealer and Investor

HIS STORY

Wuhan Union Hospital's request for masks inspired Guo's 29-hour facemask relay. After purchasing masks in Luxembourg, he drove them to Frankfurt Airport and arranged for one warm-hearted Chinese passenger to bring them to Beijing Capital Airport, and another to deliver them from Beijing directly to Wuhan. After a 10,000-kilometre journey, the 5,000 masks arrived in the hands of Union Hospital's medical staff.



"My biggest motivation for starting a business is not just to make money; I hope to help others and serve the public good. As an entrepreneur, I hope that every enterprise, regardless of size, can act responsibly and do something for society."

Xu Chenhua

BMW car owner, senior media worker, and entrepreneur

HIS STORY

In just one day, Xu worked to raise 120,000 RMB to purchase desperately needed equipment for Nanfang Hospital in Wuhan. He managed to source hard-to-find supplies from the United States, coordinate a number of complex cross-border logistics solutions to enable teams to deliver 3,000 protective suits first to Guangzhou Airport and then to Nanfang Hospital.



"We say 'Joy of Driving' at BMW, but I would rephrase it to 'Joy of Giving'. I am happy in my work at BMW because my values and the company's values are consistent. Working here is a harmonious and mutually beneficial process—and it brings me joy to help others as well."

Huang Yanling

An employee at the BMW Group Assembly Plant in Munich

HER STORY

Huang devoted herself to making donations and joining a public welfare team to help collect urgently needed medical resources and coordinating efforts. She connected with different Chinese college alumni in Germany to raise €80,227 to purchase and deliver 7,220 medical protective suits, 150 medical goggles, and 460 shoe covers to the liaison hospital in Wuhan.





BMW CSR PROGRAMMES

1.

Continue to boost drivers' awareness of traffic safety to oneself, to others, and to the society to improve Chinese children's traffic safety awareness and skills.

BMW CHILDREN'S TRAFFIC SAFETY EDUCATION

BMW CHILDREN'S TRAFFIC SAFETY EDUCATION

Facts about BMW CTSE Ambassador Training Programme

35	CTSE Ambassador Training Bases
19	Cities
886	CTSE Volunteers
7,050	Beneficiaries

We have developed our flagship CSR programmes to address social issues in three areas. And as China enters the post-pandemic era, BMW is more committed than ever to contribute to Chinese society. Although all businesses are facing unprecedented challenges as a result of COVID-19, BMW has been one of the first in China's automotive industry to restart CSR programmes. We will continue our innovative CSR solutions and programmes as part of our long-term commitment to benefitting Chinese society.

2.

Conserve Chinese traditional culture and develop Chinese intangible cultural heritage.

BMW CHINA CULTURE JOURNEY

Since 2005, the BMW Children's Traffic Safety Education (CTSE) programme has been promoting public awareness of traffic safety, raising awareness of children and families about safe behaviour and activities around roads and vehicles. CTSE is the longest-standing CSR programme of BMW in China and its development in the past 16 years exemplifies BMW's long-term commitment to the Chinese society.

FROM OFFLINE TO ONLINE

In 2020, influenced by the COVID-19 pandemic, the new trend of online learning and no-contact media communication posed new challenges to traditional event pattern of BMW CTSE. Thus, BMW CTSE shifted its focus from offline events to online communication

3.

Focus on and subsidise specific disadvantaged groups in the society, such as migrant children and left-behind children in China's underdeveloped areas.

BMW JOY HOME

and an online platform, which enables teachers, parents, volunteers and policeman to easily deliver road safety education courses to children.

On Children's Day, we launched our CTSE Online Platform in partnership with the China Children's Press & Publication Group and the Traffic Safety Research Centre of the Ministry of Public Security, under the guidance of the Traffic Management Bureau of the Ministry of Public Security. By innovating our CTSE activities online, we have been able to sustain our commitment to providing life-saving safety education and reach even more people. The Online Platform offers games, augmented reality exhibitions, training classes, and live-streaming

events; by the end of 2020, it received more than 2.68 million views and excellent feedback from teachers, parents, and BMW dealerships.

The establishment of the CTSE platform mobilised social power to promote traffic safety education, engaging traffic police, teachers, volunteers, parents, and children to participate in traffic safety education. At the same time, during the pandemic, the platform continued to meet the needs of society for traffic safety education with the help of the Internet's wide coverage, strong interaction, strong influence, and rich forms.

To better engage stakeholders under the new normal of no-contact communication, we released an interactive H5 e-poster, to invite the media to take selfies and share their posters on WeChat Moment, endorsing BMW's advocacy on "One Helmet, One Belt", instead of attending the kick-off event onsite. 84 journalists from a list of 100 media shared the poster on WeChat.

BMW GOOD DRIVER & BMW GOOD RIDER

We unveiled another online social campaign for National Traffic Safety Day, which aligned the My BMW app and BMW Motorrad Weibo with regional traffic police to spread the word about our "BMW Good Driver" and "BMW Good Rider" traffic safety campaigns. More than 2.96 million people participated in the event.

We have long focussed on traffic safety education as a participant in the China Road Traffic Safety Charity Alliance and through our BMW Good Driver initiative. In 2020, we introduced

BMW CTSE class held at a BMW dealership.



our BMW Good Rider initiative, the first auto brand to respond to the Traffic Management Bureau of the Ministry of Public Security's "One Helmet, One Belt" safety campaign. Our initiative calls on all BMW car and Motorrad owners to wear safety belts and helmets correctly, travel in full gear in all seasons, take part in safety training, and serve as role models of traffic-rule compliance and courteous driving. To date, we have engaged more than 13,200 people to endorse BMW's advocacy.

In addition to our online innovations around child traffic safety education, we also upgraded our in-person events, bringing our new CTSE pop-up event to Chongqing and Shenyang during 2020. We included our "BMW Good Driver" and "BMW Good Rider" initiatives in the interactive photography zone we created to broaden the social impacts of our campaign. These pop-up events also included a new AnAn Warm Heart Ambassador module, allowing participants to create a customised 'One Helmet, One Belt' poster, and an online Blind Lottery Box prize game linked to the WeChat account for BMW CSR.

ENABLING STAKEHOLDERS

Another key aspect of our CTSE efforts is focussed on enabling our stakeholders to help others. In 2020, we continued to build on the CTSE Ambassador Training Base we launched in 2019, which engages our BMW dealers and car owners with our philosophy of safety and responsibility. We provide our dealers with toolkits and training manual to enable car owners to lead children's road-safety courses, and by the end of 2020, it has become one of the most popular CSR activities for our dealers: From 35 training bases in 19 cities, we had 886 volunteers lead children's road-safety courses for 7,050 beneficiaries.

Xiu Yan Manchu Paper-cut,
one of the representative
Intangible Cultural Heritage
items selected during the 2020
BMW China Culture Journey.



Songhua Inkstand Skill,
one of the representative
Intangible Cultural Heritage
items selected during the 2020
BMW China Culture Journey.

BMW CHINA CULTURE JOURNEY

In 2020, facing the challenges of the COVID-19 outbreak, BMW China Culture Journey demonstrated our firm commitment to support society's recovery and resilience. During the pandemic, our Culture Journey took timely action and launched the online Intangible Cultural Heritage Pop-up Store to help inheritors in Hubei to overcome the tough period.

As the epidemic eased, we paid an in-depth visit to and held an exhibition in Liaoning to give back the hometown of BMW Brilliance, to strengthen our connection with the local community, and help to promote the recovery of the culture and tourism industry in Liaoning.

TRACE THE ROOT OF LIAOHAICULTURE

Themed "Trace the Root of Liaohai Culture, a Spiritual Homeland of Continuity and Preciousness", in 2020 we embarked on a four-day tour that explored, promoted, and safeguarded intangible cultural heritage (ICH).

We visited more than 30 representative ICH items, including the Xiu Yan Manchu Paper-Cut, the Haicheng Stilt, and the Panjin Municipal Fisherman's Work Chant. During the tour, we selected six ICH inheritors from Liaoning and Hubei Provinces to co-design creative products in the Tsinghua BMW Innovation Centre for Intangible Cultural Heritage Safeguarding.

By collaborating with the Alibaba Foundation's Model Mother Programme, we supported female ICH inheritors in using e-commerce platforms to safeguard and promote ICH knowledge. In partnership with Mafengwo, we launched the "BMW China Culture Journey Intangible Culture Heritage Tour Guides of Liaoning", contributing to the culture and tourism industry in Liaoning Province. Taking into account insights into changing travel habits in the post-epidemic era, two BMW China Culture Journey Regional Mini-Tour Guides customised for different regions in China were launched on the Mafengwo platform in August.

BMW China undertook extensive outreach to promote the Culture Journey. Our live-streaming innovation created a great social buzz, with over 4.49 million people viewing the livestream during the tour, and a series of short TikTok videos received more than 620,000 views. Through Taobao Live, we engaged with more than 1.8 million people, hit over 6.8 million views on social platforms, and sold more than 3,000 ICH products.

In October, the programme also held a 2020 BMW China Culture Journey Intangible Cultural Heritage Exhibition at Shenyang Palace Museum. More than 40 inheritors from Liaoning were invited to attend the Exhibition's Liaoning Intangible Cultural Heritage Creative Fair to showcase and sell 20 different types of Liaoning intangible cultural heritage products. The exhibition features not only Liaoning intangible cultural heritage boutiques, but also the debut of the first batch of creative intangible cultural heritage products from the Tsinghua BMW Innovation Centre.

In our 14th year of the BMW China Culture Journey, we focussed on strengthening our roots in local communities, and deepening BMW's ongoing connection to Chinese society. In the future, the BMW China Culture Journey will continue to use our strong brand influence to build bridges for culture and tourism industry, and strengthen the region's social and economic development.

 **9.22**
Million views
engaged by 2020
Culture Journey on social
platforms, incl. TikTok,
Weibo, and Taobao Live.

3,000+
ICH products sold through
Taobao Live during the BMW
China Culture Journey outreach.



Artefact co-designed by
ICH inheritors and the
Tsinghua BMW Innovation
Centre, showcased in the
2020 BMW China Culture
Journey Intangible Cultural
Heritage Exhibition at
Shenyang Palace Museum.

BMW JOY HOME

BMW JOY Home is a BMW exclusive stakeholder engagement programme tailored to help left-behind and migrant children in China's underdeveloped areas to obtain equal educational opportunities. This programme widely engages BMW customers, dealers, associates and other warm-hearted people across the nation, and since we launched BMW JOY Home in 2011, 79 BMW JOY Home schools have been established in 29 provinces, municipalities, and autonomous regions in China.

Since 2017, in line with BMW's CSR strategy, BMW JOY Home has achieved its strategic transformation. To address left-behind children and migrant children's real and urgent needs, BMW JOY Home launched the all-new programme theme of "Joyful Football" and "Joyful Sports", leveraging our core competencies and up-

grading from charitable donations to the empowerment of beneficiaries.

Among our three flagship CSR programmes, BMW JOY Home was most affected by COVID-19. Nevertheless, in 2020 we promptly took several actions to help schools cope with new and existing challenges. After conducting a detailed investigation of 75 BMW JOY Home schools across the country, 44 of which have been found to be in urgent need of epidemic prevention supplies to support campus health management. To address this issue, we decided to provide assistance through the China Charity Federation BMW Warm Heart Fund and donated 176,783 sets of pandemic prevention materials to 44 JOY Home schools nationwide, benefitting more than 26,075 students and 1,659 teachers. In addition, we also managed to help build new football fields in nine BMW JOY Home schools.



The epidemic prevention materials donated by the China Charity Federation-BMW Warm Heart Fund have been delivered to all students at Lindu Primary School, Hechuan District, Chongqing.

BMW JOY Home was most affected by COVID-19. Nevertheless, in 2020 we promptly took several actions to help schools cope with new and existing challenges.

OUR CSR AWARDS AND HONOURS

BMW China and BMW Brilliance's story of fighting COVID-19 selected in "Research Report of Corporate Social Responsibility in Fighting Against Epidemic"

China Benefit Corporation of Tencent
CSR Cloud

2020 Responsible Corporate

China Newsweek, in 16th Corporate Social Responsibility Forum: China

Golden Key • Honour

China Sustainability Tribune

"Gold Award" in Social Innovation

7th SuQin Awards Ceremony

Best Automotive Enterprise for Fighting Against Epidemic in China

China Automotive News

2020 Best Enterprise Practices for Achieving Sustainable Development Goals (SDGs)

UN Global Compact Network in China

CSR Gold Award

2020 Golden Flag Award

"Communication Innovation Tribute Award" in the List of CSRWORLD Innovation 2020

CSRWORLD

**2020 Best CSR Brand
Best Sustainable Development Award**

From the 4th CSR China Education Award, initiated by China Philanthropist and China College Students' Social Practice Promotion Committee of Chinese Communist Youth League

2020 Golden Bee China Corporate Social Responsibility - Harmonious Contribution

Golden Bee

Excellent CSR Project

Southern Weekly

China Automotive CSR Golden Key Awards

QUTO-FIRST

● BMW China / BMW Brilliance

● BMW Children's Traffic Safety Education

● BMW China Culture Journey

● BMW JOY Home



LOCAL COMMUNITY ENGAGEMENT

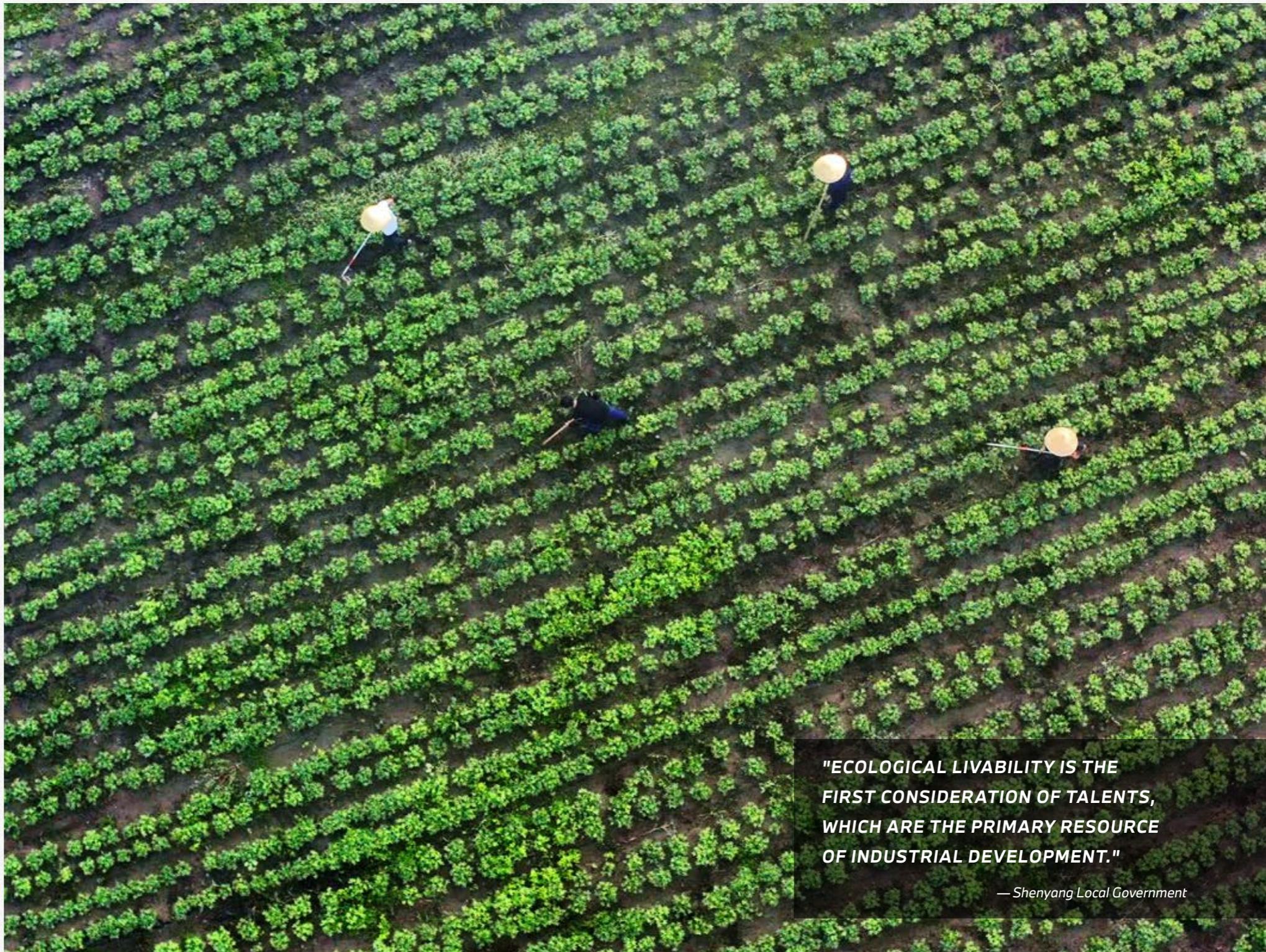
Connecting with our stakeholders and focussing on our communities has been fundamental to our corporate philosophy over the past 17 years. As BMW's home in China, BMW Brilliance places great value on promoting social, environmental, and intellectual development in Shenyang. We implement our community development initiatives through employee volunteerism, corporate localisation, and cultural development projects.

GREEN AREA PROJECT PEANUT PLANTING

At BMW Brilliance's Shenyang HVB II Plant, our Green Area Project not only provides a more diverse and greener natural environment for our associates and makes sensible use of existing land, but also offers an opportunity for our associates to engage in public welfare activities.

As a major activity of the Green Area Project, we have conducted a peanut-planting activity at the new Battery Centre and our associates are involved in planting, watering, and harvesting throughout the peanut season. Besides helping associates to bond with each other, a primary focus of the project is to make a sustainable contribution to society. In October, associates organised charity events at BMW Brilliance's three plants, where the home-grown peanuts were among the goods on sale to colleagues. The proceeds went to local communities to support infrastructure projects and to students in need at our BMW JOY Home school.

With more major construction projects ongoing, BMW Brilliance is committed to expanding our work to protect biodiversity and ecology at our facilities in response to the national initiative of constructing an ecological civilisation and creating a sustainable working environment that is good for our associates and the community.



"ECOLOGICAL LIVABILITY IS THE FIRST CONSIDERATION OF TALENTS, WHICH ARE THE PRIMARY RESOURCE OF INDUSTRIAL DEVELOPMENT."

— Shenyang Local Government

Peanut-planting activity of the Green Area Project, at BMW Brilliance's Shenyang HVB Centre II.

BMW CORPORATE VOLUNTEER ASSOCIATION

We are proud of our employees' dedication to giving back to their communities, and BMW Brilliance helped coordinate several notable volunteering projects in 2020 to support our communities.

SHENYANG ASSOCIATE SOCIAL RESPONSIBILITY PROJECT

Shenyang Associate Social Responsibility Project is a social public welfare project launched in 2008 to engage Shenyang associates in social volunteering activities in Shenyang community. This year, more than 30 associate volunteers from our production facilities together with Shenyang Charity Federation visited Shenyang Municipal Child Welfare Home and Shenyang Social Welfare Home, and donated daily necessities including diapers and towels to ensure daily operations of welfare homes and the quality of life for children and the elderly. BMW Brilliance Trade Union organised a team of 12 associate volunteers to create and offer a "Love Mother, Love Hometown, Love Life" themed class meeting at our Joy Home school of Jinzhou Dashi Town Central School. We visited the school on National Day, and our associates conducted various courses that built on their own personal and professional experience, inspiring students and helping them understand more of the opportunities available in the larger world.



Shenyang associates visited Shenyang Social Welfare Home and donated daily necessities.

GIVING BACK TO OUR COMMUNITIES

For the third year in a row, our Trade Union arranged a Home Visit Project to continue to give back to our communities. The union organised BMW Brilliance associates to donate money, school supplies, and daily necessities, and arranged for associates to volunteer to deliver the donations to Dashi Town Central School in Beizhen City. Our associates visited the families of the students at our Joy Home School and brought love and the joy of sharing to them.

"BMW Children's Traffic Safety Ambassador" is a voluntary service project that recruits BMW employees, dealers, and car owners as volunteers to provide children with rich and interactive traffic safety experience courses. This year, the BMW Corporate Volunteer Association recruited professionally trained associate volunteers who were certified as "BMW Children's Traffic Safety Ambassador" to enter Beijing Hua-ao School in Shijingshan District and provided children with an unforgettable traffic safety course.

CORPORATE LOCALISATION

We continue to look to the future of our company and our industry, and how we can build BMW Brilliance while also benefiting the sustainable development of our communities. 2020 marked the fifth year of our China-Germany Equipment Manufacturing Industrial Park (CGIP), and illustrates how we can collaborate for continuous success. Our focus as we develop the CGIP has been particularly on integrating the project with the city—including developing local talent, protecting and sustaining the environment, and connecting the work at CGIP with BMW Brilliance's sustainability principle, particularly the 3P approach of People, Planet, and Property. In 2020, Shenyang Zhongguancun (ZGC) Innovation Centre was set up in CGIP to strengthen collaboration between Shenyang and Beijing by leveraging the solid industrial advantage of Shenyang with the IT and technology innovation strength of Beijing. In the future, we will continue to work to cultivate the automotive industry through CGIP in Shenyang, and promote the high-quality development of Liaoning's manufacturing industry.

At BMW Brilliance, we are committed to developing a local suppliers network that supports local communities' economic growth, employment, and mutual prosperity. We also provide consistent support to empower local suppliers to achieve technological breakthroughs, boost our level of operations, and optimise their production. This year, the BMW Brilliance Supplier Media Visit was successfully held in Shenyang, where BMW Brilliance discussed the severe impact of the pandemic on the auto industry supply chain and the thinking of industry players on supply chain development in the post COVID-19 era. Since the beginning of COVID-19 outbreak, BMW Brilliance has launched an emergency plan and comprehensive recovery measures for our local suppliers. Through joint efforts with our suppliers, BMW Brilliance successfully resumed production at Shenyang Plant on February 17. In a changing environment, BMW Brilliance will further empower local suppliers and enhance the overall resilience of the supply chain in the Chinese automotive industry.

54.89

Billion RMB

Purchasing volume in China in 2020.

400

Local content suppliers in China by the end of 2020.



Production workshop of BMW Brilliance's wheel supplier—the Lizhong Group.

BMW BRILLIANCE ART SEASON 2020

We strive to promote local cultural development that explores and stimulates forward-looking dialogues between art and industry. We unveiled the 2020 BMW Brilliance Art Season Kick-Off Ceremony and Shang Chengxiang solo exhibition at the BMW Brilliance Plant Powertrain Art Space. The event marked a new chapter of our efforts to support local artists in Shenyang for ongoing explorations into the beauty of industry and the spirit of art. We will continue to advance the BMW Brilliance Art Season as a long-term project to honour our commitment to corporate social responsibility and blending Chinese and German cultures. At this year's Kick-Off Ceremony, we signed a memorandum with the Bureau of Culture, Tourism, Radio and Television of Shenyang to further enhance and enrich Shenyang's cultural industry development.



Artwork exhibited at the BMW Brilliance Powertrain Plant Art Space during the Art Season 2020.

2021 OUTLOOK

In the coming year, we will continue to re-centre our CSR work while continuing to recover from the pandemic, and we look to build on our work in 2020 in the following ways:

For our CTSE programme, we are working to create a breakthrough in stakeholder engagement, with customers as well as dealers. For our customers, we plan to continue our successful direct engagement efforts, emphasising the lens of CSR and social participation. For our dealer partners, in order to encourage and engage all BMW dealers to jointly participate in CSR activities and make their own contributions to building a better community and Chinese society, we will develop new dealer action guidelines and support policies in 2021, advocating all BMW dealers to not only become an outstanding corporate through business operations, but also grow into an excellent corporate social citizen promoting community development by taking corporate social responsibility actions.

2021 marks the 15th year of our BMW China Culture Journey, and we plan to increase our outreach and communications all over the country to help tell the story of our programme. We will expand how we market ICH products to better support inheritors and to motivate the public to explore, protect, and preserve traditional Chinese culture. And we plan to present a series of successful ICH innovation cases combined with Culture Journey's 15 years of insights to provide the constructive reference for ICH's sustainable protection.

In addition, BMW JOY Home will continue to focus on the social issue of left-behind children, and we will encourage and support dealers, customers and employees to carry out activities on the theme of caring for left-behind children at BMW JOY Home schools.

BMW will for the first time call for an extensive dealer-level engagement in CSR activities with BMW, and dealers' own contributions to building a better community and Chinese society, inspiring all BMW authorised dealers to achieve excellence not only in commercial operations, but also in becoming an outstanding corporate citizen that undertakes CSR actions for the development of the community.

BMW CSR will be integrated into My BMW App community with CSR programmes, other related initiatives, and communication, to fundamentally enrich BMW customers' premium experience.

The BMW Corporate Volunteer Association will officially launch its online management platform for recording volunteer data, issuing volunteer certificates, and managing volunteer activities. With this digital tool, BMW CSR will further enhance stakeholder engagement.

We will continue and expand our BMW Brilliance Art Season, presenting a series of activities including artistic performance, concerts, art exhibitions, and talk shows—all with the aim of continuing to boost local cultural cooperation, innovation, and development.



- 5.1 / ABOUT THIS REPORT
- 5.2 / KPI PERFORMANCE INDICATORS
- 5.3 / GRI CONTENT INDEX
- 5.4 / LIMITED ASSURANCE REPORT
- 5.5 / BASIS OF REPORTING

5.1

ABOUT THIS REPORT

The BMW Brilliance 2020 Sustainability Report provides stakeholders with comprehensive information about the company's sustainability ambitions and progress. The topics included here have been selected and weighted in accordance with the findings of a systematic materiality process. The content of the report was prepared in compliance with the GRI Standards of the Global Reporting Initiative, applying the "Core" option. Using the Global Reporting Initiative Content Index helps to show how we are implementing the communication requirements of the UN Global Compact.

REPORTING PERIOD

This is BMW Brilliance's seventh Sustainability Report, covering the calendar year from January 1 2020 to December 31 2020. The last BMW Brilliance Sustainability Report, covering our 2019 performance and activities, was released in July 2020. The next Sustainability Report will be published in mid-2022. BMW Brilliance reports on an annual basis.

REPORTING SCOPE

The sustainability performance data in the report include the following production and operation sites of BMW Brilliance: our plants in Shenyang, as well as our branch offices in Beijing and Shanghai, and our five sales regional offices.

The content and data of the report relate primarily to BMW Brilliance. We have made no changes in the methods used to collect and measure the data on our sustainability performance. There were changes to the list of material topics and topic boundaries of the report during this reporting period. The targets set within the report build on the indicators presented in previous years. Additional disclosures on Greenhouse Gas Emissions applying to the logistics transportation, and other emissions of BMW Brilliance were added in this report. Joint Initiatives with BMW China Automotive Trading Ltd. or the BMW Group are included in the areas of customer relationship management, employee training and development, and corporate social responsibility.

THIRD-PARTY ASSURANCE

PricewaterhouseCoopers Zhong Tian LLP has provided limited assurance on selected key data in this Report.



5.1

KEY PERFORMANCE INDICATORS

	2016	2017	2018	2019	2020	% Change
BUSINESS ACTIVITIES						
Revenues from operations (in RMB million)	98,436	113,197	141,918	172,692	189,006	9.4
Tax (in RMB billion)	21	25	31	35	38	8.6
Automobiles produced (in unit)	305,845	396,888	490,151	534,990	600,554	12.3
Automobiles wholesaled (in unit)	310,041	386,556	465,192	544,549	605,050	11.1
Engines produced (number)	282,776	393,110	491,488	478,588	598,316	25.0
Authorised dealer outlets nationwide (number)	558	598	625	647	666	2.9
CLIMATE CHANGE ACTIONS						
Average fleet CO ₂ emissions (in g/km)	159.20	146.90	139.00	137.80	142.09	3.1
Corporate average fuel consumption (in l/100 km)	6.69	6.17	5.84	5.79	5.97	3.1
Total Greenhouse gas emissions (in t)	9,901,541	11,884,985	14,190,033	15,417,955	17,741,047	15.1
Scope 1 Greenhouse gas emissions (in t) ¹	33,570	37,448	35,733	42,141	43,614	3.5
Scope 2 Greenhouse gas emissions (in t) ²	309,154	240,747	281,753	68,602	71,275	3.9
Electricity/heat purchased by BMW Brilliance	309,154	240,747	281,753	68,602	71,275	3.9
Scope 3 Greenhouse gas emissions (in t)	9,558,817	11,606,790	13,872,546	15,307,212	17,626,158	15.1
Upstream chain ³	2,099,198	2,675,910	3,408,077	3,981,487	4,339,177	9.0
Logistics ⁴	--	--	--	173,102	175,113	1.2
Utilisation phase ⁵	7,292,407	8,735,582	10,219,060	11,058,404	12,799,547	15.7
Disposal ³	167,212	195,298	245,409	267,321	300,866	12.5
Business trips ⁶	--	--	--	8,815	2,105	-76.1
Employees commuter traffic ⁷	--	--	--	9,065	9,351	3.2
CO ₂ emissions per vehicle produced (in t/vehicle)	1.13	0.70	0.63	0.20	0.18	-7.5
Share of renewable electricity (in %) ⁸	-	25	43	100	100	--
Total energy consumption (in MWh)	623,419	734,268	841,518	974,642	1,026,890	5.4
Total fuel consumption from non-renewable resources (in MWh)	183,422	184,408	196,553	233,127	238,834	2.4
Total electricity consumption (in MWh)	295,867	393,565	475,702	557,572	590,214	5.9
Total heating consumption (in MWh)	144,130	156,295	169,263	183,943	197,842	7.6
Energy consumption per vehicle produced (in MWh/vehicle)	2.05	1.83	1.65	1.63	1.51	-7.4

	2016	2017	2018	2019	2020	% Change
CLIMATE CHANGE ACTIONS						
New Energy Vehicles wholesaled (in unit)	480	1,983	21,438	32,246	27,664	-14.2
New Energy Vehicles dealer outlets in China (number)	173	234	336	450	495	10.0
Public charging pillars provided in China (number)	1,718	65,708	81,585	130,405	306,891	135.3
ACCOUNTABLE, CIRCULAR & RESILIENT VALUE CHAIN						
Volatile organic compounds (VOC) per vehicle produced (in kg/vehicle)	0.40	0.54	0.56	0.52	0.50	-3.8
Total water consumption (in m ³)	--	1,173,531	1,214,892	1,332,876	1,188,228	-10.9
Water consumption per vehicle produced (in m ³ /vehicle)	2.58	2.68	2.47	2.40	1.97	-17.9
Process wastewater per vehicle produced (in m ³ /vehicle)	0.46	0.39	0.42	0.44	0.44	--
Total waste (in t)	46,033	71,976	85,237	87,013	181,791	108.9
Total waste for recycling (in t)	44,091	69,029	81,276	83,004	179,987	116.8
Total waste for disposal (in t)	1,942	2,947	3,961	4,009	1,804	-55.0
Waste for disposal per vehicle produced (in kg/vehicle)	6.42	7.43	8.05	7.47	2.99	-60.0
Total non-hazardous waste (in t)	40,286	63,812	74,073	76,814	172,349	124.4
Total non-hazardous waste for recycling (in t) ⁹	39,067	62,230	72,152	73,346	172,007	134.5
Total non-hazardous waste for disposal (in t)	1,219	1,582	1,921	1,897	342	-82.0
Total hazardous waste (in t)	5,747	8,164	11,164	10,199	9,442	-7.4
Total hazardous waste for recycling (in t)	5,024	6,799	9,124	8,113	7,980	-1.6
Total hazardous waste for disposal (in t)	723	1,365	2,040	2,086	1,462	-29.9
Accident frequency rate (per one million hours worked)	0.54	0.43	0.28	0.17	0.09	-47.1
Spare parts recycled (number)	--	56,362	217,500	124,600	108,070	-13.3
Spare parts recycled (in t)	--	826	800	563	669	18.8
High-voltage batteries recycled (pieces)	--	--	--	3,262	4,347	33.3
High-voltage batteries recycled (in kg)	--	--	--	78,875	98,261	24.6

Note:

1. Direct CO₂ emissions generated by fossil fuel consumption at BMW Brilliance plants, excluding the fossil fuel consumption of construction and on-site suppliers. The coefficients used for calculation are from Emission Factors for Electricity, District Heating and Fuels issued by Application of German Association of the Automotive Industry (VDA). Other climate-impacting gases than CO₂ are not included.
2. Indirect CO₂ emissions generated by the consumption of third-party electricity and heating purchased at the BMW Brilliance plants, excluding the third-party electricity and heating consumption of construction and on-site suppliers. For calculation of the Scope 2 CO₂ emissions, "market-based" methodology is used in accordance with GHG Protocol Scope 2 Guidance issued by the World Resources Institute. Other climate-impacting gases than CO₂ are not included.
3. Emissions from the upstream chain and disposal process are calculated based on the carbon footprint of representative vehicles from the product lines, calculated by Thinkstep's LCA tool GaBi.
4. New data input since 2020. Data includes emissions from inbound logistics, finished vehicle logistics, and aftersales logistics. Emissions from inbound logistics do not include those derived from logistics from the US to China. Emissions from aftersales logistics do not include those from Spare Parts Distribution Centres to dealerships.
5. The fleet emissions are extrapolated from the average fleet emissions of BMW Brilliance products sold in a given year. The calculation was based on an average mileage of 150,000 km.
6. New data input since 2020. Data includes employees' air travels.
7. New data input since 2020. Data includes employees' commuting trips by shuttle bus between Shenyang downtown and BMW Brilliance production sites.
8. Including the generation of solar power electricity, the purchase of wind power electricity and International Renewable Energy Certificates (I-RECs).
9. Total non-hazardous waste consists of non-hazardous waste for recycling and non-hazardous waste for disposal. We improved the data calculation process in 2020, and there was increase in total non-hazardous waste for recycling over the previous year.



	2016	2017	2018	2019	2020	% Change
RESPONSIBLE CORPORATE CITIZENSHIP						
Total workforce at year-end (number)	16,286	16,686	18,925	19,824	20,739	4.6
Female employees in total workforce (in number)	2,094	2,129	2,268	2,389	2,465	3.2
Female employees in total workforce (in %)	12.9	12.8	12.0	12.1	11.9	-1.7
Male employees in total workforce (in number)	14,192	14,557	16,657	17,435	18,274	4.8
Male employees in total workforce (in %)	87.1	87.2	88.0	87.9	88.1	0.2
Employees, age <30 (number)	8,711	7,805	8,276	7,486	6,893	-7.9
Employees, age <30 (in %)	53.5	46.8	43.7	37.8	33.2	-12.2
Employees, age 30-50 (number)	7,472	8,771	10,526	12,192	13,675	12.2
Employees, age 30-50 (in %)	45.9	52.6	55.6	61.5	65.9	7.2
Employees, age >50 (number)	103	110	123	146	171	17.1
Employees, age >50 (in %)	0.6	0.7	0.7	0.7	0.8	11.4
Production employees (number)	11,551	11,971	13,844	14,311	15,029	5.0
Production employees (in %)	70.9	71.7	73.2	72.2	72.5	0.4
Non-production employees (number)	4,735	4,715	5,081	5,513	5,710	3.6
Non-production employees (in %)	29.1	28.3	26.9	27.8	27.5	-1.1
Employees in Shenyang (number)	15,601	15,994	18,175	19,068	19,963	4.7
Employees in Shenyang (in %)	95.8	95.9	96.0	96.2	96.3	0.1
Employees in Beijing (number)	685	692	750	756	776	2.6
Employees in Beijing (in %)	4.2	4.2	4.0	3.8	3.7	-2.6
Employees in management positions (number)	1,094	1,146	1,256	1,367	1,448	5.9
Employees in management positions (in %)	6.7	6.9	6.6	6.9	7.0	1.3
Employees in non-management positions (number)	15,192	15,540	17,669	18,457	19,291	4.5
Employees in non-management positions (in %)	93.3	93.1	93.4	93.1	93.0	-0.1
Female employees in management positions (number)	311	346	377	418	437	4.5
Female employees in management positions (in %)	28.4	30.2	30.0	30.6	30.2	-1.3
Chinese employees in management positions (number)	897	974	1,080	1,169	1,248	6.8
Chinese employees in management positions (in %)	82.0	85.0	86.0	85.5	86.2	0.8
Share of employees with fixed contracts (in %)	80.0	60.0	49.7	48.1	41.0	-14.8
Total new employee hires (number) ¹	363	1,330	3,266	1,756	1,783	1.5
Total new employee hires (in %)	2.2	8.0	17.3	8.9	8.6	-3.4
Female new employees (number)	113	182	310	261	172	-34.1
Female new employees (in %)	0.7	1.1	1.6	1.3	0.8	-37.0
Male new employees (number)	250	1,148	2,956	1,495	1,611	7.8
Male new employees (in %)	1.5	6.9	15.6	7.5	7.8	3.0

	2016	2017	2018	2019	2020	% Change
RESPONSIBLE CORPORATE CITIZENSHIP						
New employees in Shenyang (number)	270	1,205	3,096	1,629	1,682	3.3
New employees in Shenyang (in %)	1.7	7.2	16.4	8.2	8.1	-1.3
New employees in Beijing (number)	93	125	170	127	101	-20.5
New employees in Beijing (in %)	0.6	0.8	0.9	0.6	0.5	-24.0
New employees, age <30 (number)	212	1,037	2,534	1,222	1,339	9.6
New employees, age <30 (in %)	1.3	6.2	13.4	6.2	6.5	4.7
New employees, age 30-50 (number)	141	280	722	518	438	-15.4
New employees, age 30-50 (in %)	0.9	1.7	3.8	2.6	2.1	-19.2
New employees, age >50 (number)	10	13	10	16	6	-62.5
New employees, age >50 (in %)	0.1	0.1	0.1	0.1	0.03	-64.2
Attrition rate (in %)	3.3	4.5	4.8	3.6	3.7	2.3
Voluntary attrition rate (in %)	2.6	3.1	3.7	2.6	2.9	10.7
Involuntary attrition rate (in %)	0.6	1.4	1.2	1.1	0.8	-24.1
Training days of training organised by the Human Resources Department (in day)	27,851	34,314	33,804	24,311	15,491	-36.3
Average days of further training per employee (in day/person)	1.70	2.10	1.79	1.23	0.75	-39.1
Average training days for employees in production (in day/person)	1.10	1.30	1.00	0.77	0.48	-37.5
Average training days for employees in non-production (in day/person)	3.20	4.40	4.00	2.39	1.36	-43.1
Average training days for employees in management positions (in day/person)	3.20	3.40	3.70	1.14	0.92	-19.3
Average training days for employees in non-management positions (in day/person)	1.60	2.05	1.70	1.87	0.71	-62.1
Training attendee satisfaction rate (in %)	97.0	97.0	97.0	98.2	98.4	0.2
Beneficiaries of BMW CSR activities (number) ²	36,200	21,000	80,292	2,628,710	11,568,364	340.1
Accumulative beneficiaries of BMW CSR activities (number)	136,600	157,600	237,892	2,866,602	14,434,966	403.6
Expenditure on social commitment activities (in RMB)	--	17,064,616	15,575,085	16,513,831	36,619,722	121.8
Total employee participants of CSR activities (number)	--	--	--	212	85	-59.9
Total hours of volunteer service (in hour)	--	--	--	1,915	923	-51.8
Accumulated graduates of BEST Programme (number)	5,222	6,377	7,473	8,381	8,953	6.8
Overall training mandays for BEST Programme (manday)	420,879	746,377	767,622	659,922	892,842	35.3
Local content suppliers in China (number)	345	359	378	394	400	1.5
Purchasing volume in China (in RMB billion) ³	23.90	26.70	43.10	49.68	54.89	10.5

Note:

- Figures related to new employees from 2017 onwards are not directly comparable to figures from previous years due to changes in calculation method. New employees figures before 2017 are those who joined BMW Brilliance during the year and still worked with BMW Brilliance at year-end. Figures from 2017 to 2020 are those who joined BMW Brilliance during the year, regardless of whether they still worked with BMW Brilliance at year-end or not.
- The increase of beneficiaries of BMW CSR activities is mainly due to more online activities in which the number of beneficiaries is counted by visiting times.
- Figure is not directly comparable to previous years, as from 2020 we included the purchasing volume of special tools for suppliers' production of BMW Brilliance parts.



5.3

GRI CONTENT INDEX

This report has been prepared in accordance with the GRI Standards: Core option. The compliance with the GRI Standards has not been externally assured.

GRI 101: FOUNDATION 2016 GRI 102: GENERAL DISCLOSURES

Disclosure	Page number	Further information (incl. UNGC) and omissions
102-1 Name of the organisation	p.7	--
102-2 Activities, brands, products, and services	p.7-8, p.13-14	--
102-3 Location of headquarters	p.7	--
102-4 Location of operations	p.7	--
102-5 Ownership and legal form	p.7	--
102-6 Markets served	p.7	--
102-7 Scale of the organisation	p.7	--
102-8 Information on employees and other workers	p.16, p.85-92, p.125-126	(UNGC 6) d. Do not include the total number of employees or interns. They assist in administrative tasks. There are no self-employed workers. e. There are no significant variations (such as seasonal variations) in the employment numbers of BMW Brilliance. f. The small number of employees in other regional locations next to Shenyang and Beijing are integrated into the Beijing figures, as those locations legally belong to the Beijing offices.
102-9 Supply chain	p.48-50, p.75-76, p.118	
102-10 Significant changes to the organisation and its supply chain	p.118	
102-11 Precautionary Principle or approach	p.23-24	(UNGC 7)
102-12 External initiatives	p.27-28, p.41-44, p.48-54, p.65-68, p.90-91, p.103-113, p.117 & 119	

Disclosure	Page number	Further information (incl. UNGC) and omissions
102-13 Memberships of associations	--	CAAM (China Association of Automobile Manufacturers) CAEFL (China Association of Enterprises with Foreign Investment) IAC (The Investment Association of China) LNAEFL (Liaoning Association of Enterprises with Foreign Investment) SYAEFL (Shenyang Association of Enterprises with Foreign Investment) BAEFL (Beijing Association of Enterprises with Foreign Investment) ABNEA (Association of Beijing New Energy Automotive) AHK (German Chamber of Commerce in China) EFQM (European Foundation for Quality Management) Road Vehicle Committee of China Intelligent Transportation Systems Association (ITS China) CBCSD (China Business Council for Sustainable Development)
102-14 Statement from senior decision-maker	p.01-06	--
102-15 Key impacts, risks, and opportunities	p.23-24	--
102-16 Values, principles, standards, and norms of behaviour	p.29-32, p.79-81, p.87-88	(UNGC 10) The 12 Basic Principles are: Customer Orientation, Peak Performance, Responsibility, Effectiveness, Adaptability, Dissent (Frankness), Respect and Trust and Fairness, Associates, Leading by example, Sustainability, Society, and Independence. Core Values: Responsibility, Appreciation, Transparency, Trust, and Openness.
102-17 Mechanisms for advice and concerns about ethics	p.29-32, p.79-81	(UNGC 10) Norms of Behaviour: - Associate Handbook including an Ethics and Code of Conduct section - Legal Compliance Code- Corruption and Prevention Guideline - Corporate Hospitality and Gift Instruction - Anti-Fraud Policy and Fraud Response Guideline
102-18 Governance structure	p.23, p.30, p.70	According to the Articles of Association of BMW Brilliance, the highest authority of BMW Brilliance is the Board of Directors (BoD). The BoD has the power to make decisions on all major and important matters of BMW Brilliance as provided in the Articles of Association. A management organisation, the Board of Management (BoM), is established under the BoD, and is responsible for and in charge of the day-to-day operation and management of BMW Brilliance.
102-40 List of stakeholder groups	p.25, 27	--
102-41 Collective bargaining agreements	p.88-89	(UNGC 3) 100% of local employees are members of the BMW Brilliance Trade Union, and all Union members are covered by the Collective Contract on Labour Remuneration. This excludes expatriates, who are not eligible for the Trade Union.



Disclosure	Page number	Further information (incl. UNGC) and omissions
102-42 Identifying and selecting stakeholders	p.25-27	
102-43 Approach to stakeholder engagement	p.27-28	--
102-44 Key topics and concerns raised	p.26-28	--
102-45 Entities included in the consolidated financial statements	p.122	--
102-46 Defining report content and topic boundaries	p.26-28, p.122	--
102-47 List of material topics	p.26-27	--
102-48 Restatements of information	-	Where necessary and possible, restatements are explained in footnotes to the respective groups.
102-49 Changes in reporting	p.122	--
102-50 Reporting period	p.122	--
102-51 Date of most recent report	p.122	--
102-52 Reporting cycle	p.122	--
102-53 Contact point for questions regarding the report	End of report	--
102-54 Claims for reporting in accordance with the GRI standards	p.122, p.127	--
102-55 GRI Content Index	p.127-136	--
102-56 External assurance	p.137-140	--

SPECIFIC DISCLOSURES FOR MATERIAL TOPICS

GRI Standard	Disclosure	Page Number	Further information (incl. UNGC) and omissions
PRODUCT QUALITY AND SAFETY			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	p.57-58	--
	103-2 The management approach and its components	p.58	--
	103-3 Evaluation of the management approach	p.58-61	--
GRI 416: Customer Health and Safety 2016	416-1 Assessment of the health and safety impacts of product and service categories	p.58-61	--
	416-2 Incidents of non-compliance concerning the health and safety impacts of products and services	-	BMW Brilliance did not have significant non-compliance with laws / regulations in 2020 that resulted in a financially material impact.
OCCUPATIONAL HEALTH AND SAFETY			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	p.73-74	
	103-2 The management approach and its components	p.73-74	
	103-3 Evaluation of the management approach	p.73-74	
GRI 403: Occupational health and safety 2018	403-1 Occupational health and safety management system	p.73-74	
	403-2 Hazard identification, risk assessment and incident investigation	p.73-74	
	403-3 Occupational health services	p.73-74, p.90	
	403-4 Worker participation, consultation and communication on occupational health and safety	p.74	



GRI Standard	Disclosure	Page Number	Further information (incl. UNGC) and omissions
OCCUPATIONAL HEALTH AND SAFETY (CONTINUED)			
GRI 403: Occupational health and safety 2018 (continued)	403-5 Worker training on occupational health and safety	p.74	
	403-6 Promotion of worker health	p.74, p.90	
	403-7 Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	p.74, p.90	
	403-8 Workers covered by an occupational health and safety management system	p.73, p.90	
	403-9 Work-related injuries	p.16, p.124	
	403-10 Work-related ill health	-	This information is subject to internal confidentiality regulations and is not reported.
CUSTOMER SUPPORT AND SATISFACTION			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	p.62	
	103-2 The management approach and its components	p.62-64	
	103-3 Evaluation of the management approach	p.62-64	
INFORMATION SECURITY AND PRIVACY PROTECTION			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	p.80-81	
	103-2 The management approach and its components	p.80-81	
	103-3 Evaluation of the management approach	p.80-81	
GRI 418: Customer privacy 2016	418-1 Substantiated complaints concerning breaches of customer privacy and losses of customer data	-	BMW Brilliance did not encounter substantiated complaints in 2020 concerning breaches of customer privacy and losses of customer data.

GRI Standard	Disclosure	Page Number	Further information (incl. UNGC) and omissions
BUSINESS ETHICS			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	p.29-32, p.79-81	(UNGC 1,2,3,4,5,6)
	103-2 The management approach and its components	p.29-32, p.79-81	
	103-3 Evaluation of the management approach	p.29-32, p.79-81	
GRI 419: Socioeconomic compliance	419-1 Non-compliance with laws and regulations in the social and economic area	-	BMW Brilliance did not have significant non-compliance with relevant laws and regulations in 2020 that resulted in a financially material impact.
COMPLIANCE, ANTI-CORRUPTION, AND FAIR COMPETITION			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	p.29-32	(UNGC 10)
	103-2 The management approach and its components	p.29-32	
	103-3 Evaluation of the management approach	p.29-32	
GRI 205: Anti-corruption 2016	205-2 Communication and training about anti-corruption policies and procedures	p.29-32	We define governance bodies as those committees which receive active regular reports by the compliance function. All committee members are informed about BMW Brilliance's anti-corruption policies and procedures. All committee members who are BMW Brilliance employees have also received training on anti-corruption. Committee members representing our shareholders are not covered by the training programme of BMW Brilliance, but are covered by the compliance programmes of BMW Group and Brilliance Group respectively.
			Our compliance training includes mandatory online training for all non-production employees, additional classroom training for new employees and managers, and special workshops and training for specific target groups (e.g. Sales, Purchasing, and Finance).
			Information unavailable: The number of business partners that policies and procedures have been communicated to is not reported.
GRI 206: Anti-competitive behaviour 2016	206-1 Legal actions for anti-competitive behaviour, anti-trust, and monopoly actions taken	-	In 2020, there were no legal actions regarding anti-competitive behaviour or violations of anti-trust and monopoly legislation.

GRI Standard	Disclosure	Page Number	Further information (incl. UNGC) and omissions
GREENHOUSE GAS EMISSIONS AND AIR POLLUTION			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	p.36-38	(UNGC 7, 8, 9)
	103-2 The management approach and its components	p.36-38	
	103-3 Evaluation of the management approach	p.36-38	
GRI 305: Emissions 2016	305-1 Direct (Scope 1) GHG emissions	p.15, 36, 123	
	305-2 Energy indirect (Scope 2) GHG emissions	p.15, 36, 123	
	305-3 Other indirect (Scope 3) GHG emissions	p.15, 36, 123	
	305-4 GHG emission intensity	p.15, 123	
	305-5 Reduction of GHG emissions	p.36-54	
WASTE AND EFFLUENTS			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	p.69-72	(UNGC 7, 8, 9)
	103-2 The management approach and its components	p.69-72	
	103-3 Evaluation of the management approach	p.69-72	
GRI 306: Effluents and waste 2016	306-1 Water discharge by quality and destination	p.15, p.71-72, p.124	
	306-2 Waste by type and disposal method	p.16, 124	

GRI Standard	Disclosure	Page Number	Further information (incl. UNGC) and omissions
ENERGY CONSUMPTION AND RENEWABLE ENERGY			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	p.45-47	(UNGC 7, 8, 9)
	103-2 The management approach and its components	p.45-47	
	103-3 Evaluation of the management approach	p.45-47	
GRI 302: Energy 2016	302-1 Energy consumption within the organisation	p.15, 123	
	302-2 Energy consumption outside of the organisation	p.15, p.123	
	302-4 Reduction of energy consumption	p.45-47	
SUPPLY CHAIN SUSTAINABILITY MANAGEMENT			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	p.48-50, p.75-76, p.79	(UNGC 1,2,3,5,6,7, 8, 9,10)
	103-2 The management approach and its components	p.48-50, p.75-76, p.79	
	103-3 Evaluation of the management approach	p.48-50, p.75-76, p.79	
GRI 308: Supplier Environmental Assessment 2016	308-1 New suppliers that were screened using environmental data	-	Due to the complexity and in some cases the lack of transparency across entire supply chains, it is not possible to give a percentage of the new suppliers screened.
	308-2 Negative environmental impacts in the supply chain and actions taken	p.75-76	
GRI 414: Supplier Environmental Assessment 2016	414-1 New suppliers that were screened using social criteria	-	Due to the complexity and in some cases the lack of transparency across entire supply chains, it is not possible to give a percentage of the new suppliers screened.
	414-2 Negative social impacts in the supply chain and actions taken	p.75-76, p.79	

GRI Standard	Disclosure	Page Number	Further information (incl. UNGC) and omissions
RAW MATERIALS AND PARTS LIFECYCLE			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	p.65-67	(UNGC 7, 8)
	103-2 The management approach and its components	p.65-67	
	103-3 Evaluation of the management approach	p.65-67	
GRI 301: Materials 2016	301-1 Materials used by weight or volume	p.65-67	
	301-2 Recycle input materials used	p.65-67	
	301-3 Reclaimed products and their packaging materials	p.65-67	
DIVERSITY, INCLUSION AND EQUALITY			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	p.87	(UNGC 6)
	103-2 The management approach and its components	p.87	
	103-3 Evaluation of the management approach	p.87	
GRI 405: Diversity and equal opportunity 2016	405-1 Diversity of governance bodies and employees	p.16, 87, 125- 126	
	405-2 Ratio of basic salary and remuneration of women to men	-	This information is subject to internal confidentiality regulations and is not reported.
GRI 406: Non-discrimination 2016	406-1 Incidents of discrimination and corrective actions taken	-	This information is subject to internal confidentiality regulations and is not reported.

GRI Standard	Disclosure	Page Number	Further information (incl. UNGC) and omissions
EMPLOYEE DEVELOPMENT AND WELL-BEING			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	p.91, p.95-96	(UNGC 6)
	103-2 The management approach and its components	p.91, p.95-96	
	103-3 Evaluation of the management approach	p.16, p.91, p.95-96, p.126	
GRI 404: Training and education 2016	404-1 Average hours of training per year per employee	p.16, p.126	
	404-2 Programmes for upgrading employee skills and transition assistance programmes	p.91, p.95-96	
	403-3 Percentage of employees receiving regular performance and career development reviews	--	BMW Brilliance carries out a companywide portfolio process on an annual basis to assess associates' performance and career development. The percentage information is not currently available due to the complexity of the portfolio process and variations among different job functions.

GRI Standard	Disclosure	Page Number	Further information (incl. UNGC) and omissions
ELECTRIFICATION AND SUSTAINABLE PRODUCTION PORTFOLIO			
GRI 103: Management approach 2016	103-1 Explanation of the material topic and its boundary	p.37-42	(UNGC 7, 8, 9)
	103-2 The management approach and its components	p.37-42	
	103-3 Evaluation of the management approach	p.37-42	

LIMITED ASSURANCE REPORT



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Independent practitioner's assurance report

To the Board of Management of BMW Brilliance Automotive Ltd.

We have been engaged to perform a limited assurance engagement on the selected 2020 key data as defined below in the 2020 Sustainability Report of BMW Brilliance Automotive Ltd. (the "Company").

Selected key data

The selected key data in the Company's 2020 Sustainability Report that is covered by this report is as follows:

- Automobiles produced (in unit)
- Automobiles wholesaled (in unit)
- Authorised dealer outlets nationwide (number)
- Average fleet CO₂ emissions (in g/km)
- Corporate average fuel consumption (in l/100km)
- Scope 1 Greenhouse gas emissions (in t)
- Scope 2 Greenhouse gas emissions (in t)
- Scope 3 Greenhouse gas emissions (in t)
- Share of renewable electricity (in %)
- CO₂ emissions per vehicle produced (in t/vehicle)
- Total energy consumption (in MWh)
- Energy consumption per vehicle produced (in MWh/vehicle)
- Volatile organic compounds (VOC) per vehicle produced (in kg/vehicle)
- Total water consumption (in m³)
- Water consumption per vehicle produced (in m³/vehicle)
- Process wastewater per vehicle produced (in m³/vehicle)
- Total waste (in t)
- Waste for disposal per vehicle produced (in kg/vehicle)
- Total non-hazardous waste (in t)
- Total hazardous waste (in t)
- Local content suppliers in China (number)
- Purchasing volume in China (in RMB billion)
- Total workforce at year-end (number)
- Female employees in total workforce (in %)
- Employees in management positions (in %)
- Female employees in management positions (in %)
- Chinese employees in management positions (in %)
- Total new employee hires (in %)
- Attrition rate (in %)
- Training days of training organised by the Human Resources Department (in day)

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- Average days of further training per employee (in day/person)
- Training attendee satisfaction rate (in %)
- Accident frequency rate (per one million hours worked)
- Beneficiaries of BMW CSR activities (number)
- Expenditure on social commitment activities (in RMB)
- Total employee participants of CSR activities (number)
- Total hours of volunteer service (in hour)

Our assurance was with respect to the year ended 31 December 2020 information only and we have not performed any procedures with respect to earlier periods or any other elements included in the 2020 Sustainability Report.

Criteria

The criteria used by the Company to prepare the selected key data in the 2020 Sustainability Report is set out in the definitions of the key data in Appendix 5.5 of the 2020 Sustainability Report (the "basis of reporting").

The Board of Management's Responsibilities

The Board of Management of the Company is responsible for the preparation of the selected key data in the 2020 Sustainability Report in accordance with the basis of reporting. This responsibility includes designing, implementing and maintaining internal control relevant to the preparation of the selected key data in the 2020 Sustainability Report that is free from material misstatement, whether due to fraud or error.

Our Independence and Quality Control

We have complied with the independence and other ethical requirement of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants, which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.



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(Page 3 of 4)**Practitioner's Responsibilities**

It is our responsibility to express a conclusion on the selected key data in the 2020 Sustainability Report based on our work.

We conducted our work in accordance with the International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements Other Than Audits or Reviews of Historical Financial Information". This standard requires that we plan and perform our work to form the conclusion.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for a reasonable assurance engagement. Consequently the level of assurance in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed. Accordingly, we do not express a reasonable assurance opinion about whether the Company's 2020 selected key data in the 2020 Sustainability Report has been prepared, in all material respects, in accordance with the basis of reporting. Our work involves assessing the risks of material misstatement of the selected key data in the 2020 Sustainability Report whether due to fraud or error, and responding to the assessed risks. The extent of procedures selected depends on our judgment and assessment of the engagement risk. Within the scope of our work, we have performed the following procedures in Beijing Office, Tiexi Plant, Dadong Plant and Powertrain Plant of the Company:

- 1) Interviews with relevant departments of the Company involved in providing information for the selected key data within the Sustainability Report;
- 2) Analytical procedure;
- 3) Examination, on a test basis, of documentary evidence relating to the selected key data on which we report;
- 4) Recalculation; and
- 5) Other procedures deemed necessary

Inherent Limitation

The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measures and measurement techniques and can affect comparability between entities.

Conclusion

Based on the procedures performed and evidence obtained, nothing has come to our attention that causes us to believe that the 2020 selected key data in the 2020 Sustainability Report is not prepared, in all material respects, in accordance with the basis of reporting.



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Our report has been prepared for and only for the board of directors of the Company and for no other purpose. We do not assume responsibility towards or accept liability to any other person for the content of this report.



BASIS OF REPORTING

Automobiles produced (in unit)	BMW and ZINORO automobiles produced by BMW Brilliance for mainland China market and that obtained the certificate of vehicle of the year. The data is publicized on the website of the Ministry of Industry and Information Technology of the People's Republic of China.
Automobiles wholesaled (in unit)	BMW Brilliance wholesale volume of BMW Brand in mainland China of the year.
Authorised dealer outlets nationwide (number):	Number of authorised dealer outlets in operation in mainland China at year-end, excluding MINI and BMW Motorrad dealer outlets.
Average fleet CO ₂ emissions (in g/km)	Average CO ₂ emissions of automobiles produced by BMW Brilliance for sales in mainland China market of the year.
Corporate average fuel consumption (in l/100 km)	Average fuel consumption of automobiles produced by BMW Brilliance for sales in mainland China market of the year. The calculation is based on the <i>GB 27999-2014 Fuel Consumption Evaluation Methods and Targets for Passenger Cars of the People's Republic of China</i> . The data is publicised on the website of the Ministry of Industry and Information Technology of the People's Republic of China.
Scope 1 Greenhouse gas emissions (in t)	Direct CO ₂ emissions generated by fossil fuel consumption at BMW Brilliance plants, excluding the fossil fuel consumption of construction and on-site suppliers. The coefficients used for calculation are from <i>Emission Factors for Electricity, District Heating and Fuels issued by Application of German Association of the Automotive Industry (VDA)</i> .
Scope 2 Greenhouse gas emissions (in t)	Indirect CO ₂ emissions generated by the consumption of third- party electricity and heating purchased at the BMW Brilliance plants, excluding the third- party electricity and heating consumption of construction and on-site suppliers. For calculation of the Scope 2 CO ₂ emissions calculation, "market-based" methodology is used in accordance with GHG Protocol Scope 2 Guidance issued by the World Resources Institute.
Scope 3 Greenhouse gas emissions (in t)	Indirect CO ₂ emissions generated in the upstream supply chain, the logistics, the utilisation phase and the disposal of automobiles produced by BMW Brilliance for sales in mainland China market of the year, and those generated from employee commuting and business trips of BMW Brilliance within the year. Emission factors of the supply chain and the disposal are based on the carbon footprints of representative vehicles from the product lines, calculated by Thinkstep's LCA tool GoBi. Emissions factors of logistics are based on emission factors in DIN EN16258. Emissions from the utilisation phase are calculated based on the average fleet emissions of automobiles delivered of BMW Brilliance and an average mileage of 150,000 km per vehicle.
Share of renewable electricity (in %)	The ratio of renewable electricity consumed to the total electricity consumption of BMW Brilliance Shenyang Production Region. The renewable electricity includes the generation of solar power electricity, the purchase of wind power electricity and the International Renewable Energy Certificates (I-RECs).
CO ₂ emissions per vehicle produced (in t/vehicle)	Production-relevant CO ₂ emissions per vehicle produced in BMW Brilliance plants, excluding CO ₂ emissions from energy consumption of R&D, Plant Dispatch Area (PDA), construction, on-site third- party suppliers and other non-production relevant energy consumption of the plants.
Total energy consumption (in MWh)	Total energy consumption of the year in BMW Brilliance plants, including purchased electricity, purchased heating and natural gas.
Energy consumption per vehicle produced (in MWh/vehicle)	Production-relevant energy consumption per vehicle produced in BMW Brilliance plants, excluding the energy consumption of R&D, PDA, construction, on-site third- party suppliers and other non-production relevant energy consumption of the plants.
Volatile organic compounds (VOC) per vehicle produced (in kg/vehicle)	Production-relevant VOC per vehicle produced in BMW Brilliance plants.
Total water consumption (in m ³)	Total fresh water consumption of the year in BMW Brilliance plants.
Water consumption per vehicle produced (in m ³ /vehicle):	Production-relevant water consumption per vehicle produced in BMW Brilliance plants, excluding the water consumption of R&D, PDA, construction, on-site third-party suppliers and other non-production relevant water consumption of the plants.

Process wastewater per vehicle produced (in m ³ /vehicle)	Production-relevant process wastewater per vehicle produced in BMW Brilliance plants.
Total waste (in t)	Production-relevant non-hazardous and hazardous waste for recycling and for disposal of the year in BMW Brilliance plants.
Waste for disposal per vehicle produced (in kg/vehicle)	Production-relevant waste for disposal per vehicle produced in BMW Brilliance plants.
Total non-hazardous waste (in t)	Production-relevant non-hazardous waste for recycling and for disposal of the year in BMW Brilliance plants.
Total hazardous waste (in t)	Production-relevant hazardous waste for recycling and for disposal of the year in BMW Brilliance plants.
Local content suppliers in China (number)	Total number of parts suppliers and raw material suppliers of the year including the run-out suppliers of the year.
Purchasing volume in China (in RMB billion)	The amount of purchasing volume, including tax, paid by BMW Brilliance to parts suppliers and raw material suppliers in mainland China of the year.
Total workforce at year-end (number)	Number of permanent employees at year-end, excluding interns and third-party contractors.
Female employees in total workforce (in %)	The ratio of female permanent employees at year-end to the permanent workforce at year-end.
Employees in management positions (in %)	The ratio of permanent employees in management positions at year-end to the permanent workforce at year-end.
Female employees in management positions (in %)	The ratio of female permanent employees in management positions at year-end to total permanent employees in management positions at year-end.
Chinese employees in management positions (in %)	The ratio of Chinese permanent employees in management positions at year-end to total permanent employees in management positions at year-end.
Total new employee hires (in %)	The ratio of newly hired permanent employees of the year to the permanent workforce at year-end.
Attrition rate (in %)	The number of voluntary and involuntary turnover divided by the number of monthly average permanent employees of the year.
Training days of training organised by the Human Resources Department (in day)	Total training days of LRG (learning resources guide) training, department training and language training organised by Human Resources Department of the year.
Average days of further training per employee (in day/person)	Average training days for permanent employees participating in the training organised by the Human Resources Department.
Training attendee satisfaction rate (in %)	Average training satisfaction evaluated by employees who have attended training organised by the Human Resources Department.
Accident frequency rate (per one million hours worked)	The scope only covers directly contracted employees in BMW Brilliance plants. It is calculated by the number of accidents with one day lost time or more divided by the total working hours (in million) of the year.
Beneficiaries of BMW CSR activities (number)	Number of times people benefited from CSR activities organised by BMW CSR team and BMW Brilliance Trade Union in mainland China and BMW Brilliance Shenyang Associate Social Responsibility Programme.
Expenditure on social commitment activities (in RMB)	Expenditure on social commitment by BMW Brilliance and China Charity Federation-BMW Warm Heart Fund.
Total employee participants of CSR activities (number)	Total number of times employees attending voluntary activities held by BMW Corporate Volunteer Association in mainland China.
Total hours of volunteer service (in hour)	Total hours that employee volunteers spend on voluntary activities held by BMW Corporate Volunteer Association in mainland China, including direct service hours and indirect service hours. Direct service hours refer to activity hours, and indirect service hours refer to the hours that volunteers spend on transportation, on-site preparation and lunch hours during the activities.



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<http://www.bmw-brilliance.cn/cn/en/csr/download.html>

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