

**BMW  
GROUP**

Australia



# **BMW Group Australia Modern Slavery Statement**

**Reporting Period from 1 January – 31 December 2022**

**BMW Australia Ltd**

**BMW Australia Finance Limited**

**BMW Sydney Pty Ltd**

**BMW Melbourne Pty Limited**

**June 2023**

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## 1. Opening Statement

The BMW Group is a global market leader in developing and manufacturing innovative premium automobiles and motorcycles, and providing financial services.

Globally, the BMW Group production network comprises 31 production and assembly facilities on 6 continents and its global sales network extends across more than 140 countries with over 3,600 BMW, 1,600 MINI, 150 Rolls Royce and more than 1,200 BMW Motorcycle dealerships. The BMW Group produced 2,399,632 vehicles in 2022, across its various brands.

In addition to its commitment to individual mobility, the BMW Group recognises its social responsibility - particularly to uphold human rights and reduce the risk of Modern Slavery within its business and supply chains. At 31 December 2022, the BMW Group employed a workforce of 149,475 people worldwide.

One of the 11 key focus areas of the BMW Group globally in 2022 was environmental and social standards and respect for human rights in the supply chain, particularly regarding the procurement of raw materials for electric mobility applications.

This joint statement is being submitted on behalf of the following BMW Group Australia entities:

- BMW Australia Ltd
- BMW Australia Finance Limited
- BMW Sydney Pty Ltd
- BMW Melbourne Pty Limited

It sets out details of operations across BMW Group Australia, its supply chains, and measures taken to address risks of modern slavery in the reporting period from 1 January to 31 December 2022.

## 2. Structure and Operations

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

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

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

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

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

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

## **2.1 Supply Chains**

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

### **2.1.1 BMW Australia**

The automotive supply chain is complex, often involving a diverse mix of suppliers, both within Australia and overseas.

All vehicles across BMW Australia's brands are manufactured overseas in facilities operated by the BMW Group or its approved service providers and imported by BMW Australia into the Australian market. Manufacturing locations for vehicles and parts imported by BMW Australia include Germany, Brazil, Netherlands, Austria, South Africa, United States of America, United Kingdom, Mexico, India, and China. Each BMW Group manufacturing location is strictly controlled by subsidiary corporations of the BMW Group or the relevant appointed service provider according to BMW Group guidance in relation to manufacturing processes, supplier management, audit, and oversight. These controls include measures in relation to human rights and anti-slavery outlined in further detail in section 4 below.

Locally, BMW Australia procured various services, including professional corporate services (marketing, legal, consulting services), vehicle delivery services, roadside assistance services and warehousing and logistics services. The procurement and management of these locally acquired services are directly overseen by BMW Australia, provided by a specialist procurement team with support from internal governance, legal and compliance functions.

### **2.1.2 BMWAF**

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

### **2.1.3 BMW Sydney**

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

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

### 3. Risks of Modern Slavery

In the preparation of this report BMW Group Australia has continued to build upon the initial detailed review of supply chains across the entities outlined above conducted for the 2020-21 Financial Year. To inform the preparation of this statement, BMW Group Australia again retained professional advisors to complete an updated mapping of its supply chain risks and conduct a risk assessment of its supply chain over the reporting period.

Overall, the categories of suppliers identified by the professional advisors as presenting a higher risk of modern slavery within BMW Group Australia's operations were monitored. Further proactive measures for the identification and mitigation of modern slavery risks are outlined in section 4 of this report.

#### 3.1 BMW Australia

Some countries from which BMW Australia sources BMW produced vehicles and parts (such as China, India, and South Africa) present an increased risk of modern slavery<sup>1</sup>. Although generally these countries exhibit a higher overall risk to modern slavery, production facilities and supply arrangements established in these countries are under direct BMW Group management and are required to comply with BMW Group policies and requirements regarding manufacturing processes and procurement arrangements. An overview of these policies and requirements is included in section 4 below.

Analysis undertaken by the professional advisors down to 10 tiers of BMW Australia's supply chain and identified that the greatest modern slavery risk presented at tier two of the supply chain.

The top three highest risk industries identified were:

- other business services;
- crude petroleum and services related to crude oil extraction, excluding surveying; and
- printed matter and recorded media.

These results suggest the need for BMW Australia to engage with key suppliers to ensure they are enforcing appropriate procurement processes through their own supplier arrangements, to ensure risks in these subsequent tiers is mitigated.

#### 3.2 BMW AF

BMW AF's supply chains are predominately made up of the provision of services rather than manufactured goods, with most expenditure based in Australia which has a geographically lower risk of modern slavery. However, some services are hosted in or by providers based in the other countries which may have an inherently higher risk than Australia.

BMWAF continued to identify and manage Modern Slavery Risk by:

- conducting Risk Assessments for new providers;
- updated the Risk ratings for all providers who were active in 2022;
- utilised the services of an external consultant specialising in Modern Slavery Risk to map and make a specific assessment of its supply chain for the reporting period.
- retained the assessment of individuals suppliers' risks in the BMWAF internal Risk Assessment register; and

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<sup>1</sup> Some countries have medium vulnerability ratings according to the 2018 Global Slavery Index.

- vendors in the supply chain which had a higher modern slavery risk were subject to BMW Group's enhanced due diligence and responsible procurement policies.

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

BMWAF's risk of modern slavery is mostly higher in tiers 2 and 3 and is comparatively low in tier 1.

### **3.3 BMW Sydney**

BMW Sydney's suppliers have some similarity with that of BMW Australia and BMWAF, incorporating the vehicles and financial service products, as well as a number of connections to BMW Group global supply chain. It does however, differ in relation to specific local suppliers related to its dealership operations involving a higher range of third parties outside of the BMW Group global ecosystem of companies. This includes the procurement of consumables, vehicle cleaning and detailing services.

The varied nature of BMW Sydney's suppliers means its risk profile is relatively higher than the other BMW Group Australia companies.

Analysis undertaken by the professional advisors undertaken down to 10 tiers of BMW Sydney's supply chain identified the highest risk industry to be crude petroleum and services related to crude oil extraction, excluding surveying. Suppliers in this industry were found to be based in countries including Vietnam, Indonesia and Nigeria with the highest risk appearing at the second tier. Again, this suggests that BMW Sydney must work with its suppliers to ensure that they are able to mitigate the risks further down their respective supply chains.

## **4. Modern slavery risk mitigation**

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

The BMW Group recognises its responsibility as a company to respect human rights and environmental standards as they apply to our own business activities and our global supply chains. We ensure these fundamental rights are observed by assigning clear responsibilities through a wide range of different measures.

To support and monitor these due diligence requirements and processes, the Board of Management of BMW AG appointed the Chief Compliance Officer as Human Rights Officer in December 2021.

As a consequence, the BMW Group globally has implemented a number of measures key to the management of modern slavery risks throughout the globe, which are supported by targeted measures undertaken by BMW Group Australia for the Australian market. A summary of some key mitigations across both the global BMW Group and BMW Group Australia are outlined below.

### **4.1 BMW Group**

The BMW Group has established appropriate due diligence processes to ensure compliance with social and environmental standards – both within our own company and sales network and in our relationships with suppliers and other business partners. We are guided by internationally recognised

standards, including the International Bill of Human Rights, the UN Guiding Principles on Business and Human Rights and the Ten Principles of the UN Global Compact. The demands arising from these commitments for our company, our supply chain and our other business partners are anchored at the BMW Group through internal standards:

In December 2022 BMW Group published our Policy Statement on Respect for Human Rights and Corresponding Environmental Standards. Our statement recognises our commitment to uphold human rights and, in particular, reduce the risk of Modern Slavery within our company and our supply chains and includes specific commentary on:

- **Prohibition of child labour.** In accordance with ILO Core Labour Standards, we adhere to minimum employment ages and categorically reject child labour;
- **Prohibition of forced labour.** In accordance with ILO Core Labour Standards, we strongly oppose the use of forced or unlawful compulsory labour in our business activities, from the very beginning of the supply chain. This also includes all forms of modern slavery and human trafficking. All employment contracts with the BMW Group or with enterprises and suppliers commissioned by it must always be concluded on a voluntary basis;

It is our expectation that our business partners are as committed to respecting human rights as we are. Importantly, we fully inform our partners about the BMW Group's commitment and codify our expectations within our supplier and retailer contracts.

#### **4.1.1 BMW Group Code of Human Rights and Working Conditions**

In October 2018, (updated in 2020) the Board of Management and General Works Council of BMW Group signed the Code on Human Rights and Working Conditions. This Code is oriented towards the main international standards on human rights and working conditions, such as the UN Guiding Principles on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

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

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

The BMW Group does not tolerate child labour, and any forced or compulsory labour, of any kind. At its facilities the BMW Group respects the human rights of local communities potentially affected by its business activities. Equal treatment of all employees is a fundamental principle of our corporate policy and the protection and promotion of employee health and safety is a top priority.

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

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

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

Since 2005, our Joint Declaration on Human Rights and Working Conditions (updated in 2010) has been our benchmark for value-oriented corporate governance. This commitment was developed

with the participation of our employee representatives and the trade union and is in line with globally recognised guidelines for environmental and social standards – such as the basic principles of the UN Global Compact. All of our tier-1 suppliers are called upon to observe the principles and rights set forth in the guidelines of the UN Initiative ‘Global Compact’ and the ‘ILO Declaration on Fundamental Principles and Rights at Work and its Follow-up’ and to align their due diligence process with the requirements of the ‘Guiding Principles on Business and Human Rights’ by the United Nations.

### **4.1.3 The BMW Group Sustainability Standard**

We are strongly committed to ethical business conduct throughout our business operations and in our supply chains, as outlined in our BMW Group Supplier Sustainability Policy.

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

All suppliers are called upon to implement a due diligence process themselves, to ensure that their contractors and sub-contractors comply with the standards and rules set out in this document, as well. This includes, but is not limited to contractual agreements, a supplier policy for sustainable procurement and audits. Suppliers shall map their supply chain to effectively identify, analyse and prioritize material ESG-risks and take appropriate measures to address them properly

## **4.2 BMW Group Australia**

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

A summary of these processes and controls are included below.

### **4.2.1 Procurement processes**

BMW Group Australia’s procurement processes form a key checkpoint in our protections against modern slavery risks.

Our ethical procurement practices are outlined in our Procurement Policies as well as the BMW Australia Finance Provider Management Instruction, including the process for identifying, assessing and addressing modern slavery risk throughout the procurement process.

Vendors are assessed to determine their modern slavery risk based on geographical location, industry and total spend. Those identified as having a higher modern slavery risk are required to submit a modern slavery questionnaire to help further assess their risk profile. In addition BMW Group Australia undertakes Business Relations Compliance (BRC) checks of suppliers in accordance with the BMW Group Business Relationship Compliance Framework. This now integrates a human rights check for business partners.

### **4.2.2 Human rights guidance information for staff**

An internal intranet page, collating key information in relevant to BMW’s Human Rights and modern slavery obligations is accessible by all staff across BMW Group Australia. It includes key documents referred to in this report, including the BMW Group Code of Human Rights and Working Conditions and Joint Declaration on Human Rights and Working Conditions in the BMW Group, as well as



materials on Human Rights management and general guidance on a range of human rights concerns.

#### **4.2.3 SpeakUp Line and Whistleblower processes**

BMW Group Australia provides a number of avenues for current and former staff, suppliers and business contacts to confidentially and anonymously identify and report misconduct, compliance issues or potentially illegal activity to senior staff members, including in relation to human rights and modern slavery.

One such avenue is the BMW Group SpeakUP Line. The BMW Group SpeakUP Line is available throughout the day in a total of 34 languages in all countries in which the BMW Group operates via local, toll-free numbers. Concerns may also be reported online.

Additionally, BMW Group Australia is fully compliant with Australian Whistleblowing requirements and provides publicly available whistleblowing information on its websites across all brands.

#### **4.2.4 Assessment of modern slavery risks**

BMW Group Australia has undertaken two independent assessments of its modern slavery risks and supply chains. These consisted of engagement with an external consultant specialising in the assessment of modern slavery risks, the collation and analysis of supplier arrangements and the development of detailed reports outlining risks relating to geography, expenditure and industry risks throughout the supply chain of each of the entities covered by this report.

In addition, we have introduced a risk assessment to determine the modern slavery risk of new vendors and identify whether further due diligence is required before engagement. This process is continuing to be developed.

#### **4.2.5 Modern Slavery Supplier Survey**

BMW Group Australia requires new high risk vendors to complete a modern slavery supplier survey. The survey identifies specific risks within the supply chain as well as what controls they have implemented.

The results of the surveys, along with the Risk Assessment inform BMW Group Australia's risk assessment.

#### **4.2.6 Register of suppliers with increased modern slavery risk**

BMW Group Australia has implemented a register of identified suppliers with increased modern slavery risks within its supply chains in order to guide future mitigations. This register contains a record of the modern slavery risk assessment.

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

#### **4.2.7 Modern Slavery Training and Awareness**

BMW Group Australia has provided information to all associates to increase awareness of modern slavery risks within our local and Global supply chains. The guidance provided includes:

- definition of modern slavery;
- how to recognise modern slavery risks;
- action to be taken when a modern slavery risk is identified; and

- how to escalate incidents.

Additionally, face to face training is conducted within the BMWAF induction program and within our Compliance awareness and training programs delivered throughout the course of the year.

#### **4.2.8 Modern slavery clauses in relevant agreements**

All standard contracts for the procurement of goods and services include clauses that place an obligation on the counterparty to comply with the law and allow BMW Group Australia to conduct an audit of the provider and to check the Subcontractor's compliance with the agreement and the Law. These extend to Modern Slavery obligations.

## 5. Ongoing assessment of effectiveness

It is important to measure our overall modern slavery response overall and between reporting periods. We recognise that our framework should continue to develop and this statement provides an opportunity to assess where we have been able to effectively implement our proposed actions and those which have not yet been achieved. The following table provides a list of activities with a progress report in achieving them.

Area of Focus	Improvement	Activities	Progress Report
Governance	Strengthen policies relating to modern slavery	Implement a specific Modern Slavery Policy/Procedure to inform our Procurement and Provider Management processes.	A BMW Group Australia Modern Slavery Policy has been drafted.  The inclusion of Modern Slavery in the BMWAF Provider Management Instruction - Complete
Supplier Engagement, Corrective Action and Remedy	Provide a stronger contractual requirement for compliance with modern slavery obligations with our suppliers	A modern slavery clause to be included in our template supply agreement.  Uptake of the template supply agreement to further guide vendor management approaches (including audits) and actions.	Clause drafted and rolled out in new agreements – Complete  Ongoing uptake of the template supply agreement as contract periods are renewed – in progress
Risk Assessment	Review the modern slavery risk of suppliers and conduct deeper due diligence where required	Regular review of the register of suppliers with a heightened modern slavery risk, including a review of collated modern slavery risk assessments (along with other risks).	Independent Risk Assessment to identify higher risk suppliers – Complete  Update of Risk Assessment of Register of suppliers – Complete
Training and Collaboration	Increase awareness of modern slavery risk and mitigation across BMW Group Australia	Reporting to relevant Management Committees regarding Modern Slavery Risks and action taken to reduce Modern Slavery Risk within the supply chain.  Continuing communication and appropriate training across the business providing insight on Modern Slavery Risk within the supply chain.	Complete  Annual Compliance awareness and training – Complete
Governance	Strengthen oversight and governance	Appointment of Chief Compliance Officer as Human Rights Officer	Complete

We recognise that our review and assessment of our actions to identify and address our modern slavery risks in our operations and across our supply chain will be an ongoing and evolving process that we are committed to continue to build upon. To this end, we will continue to develop our policies, procedures and KPI's to strengthen our modern slavery framework and assess the effectiveness of our approach. This will also ensure that future developments are identified and appropriate action taken.

Our planned actions include in the next reporting period include:

<b>Area of Focus</b>	<b>Planned Action for Next Reporting Period (2023)</b>
Risk Assessment	Enhance due diligence on high risk suppliers
Training and Collaboration	Include Modern Slavery training for induction of all new associates
Training and Collaboration	Provide modern slavery activities to all associates to engage them with the topic
Training and Collaboration	Implement regular modern slavery collaboration and information sessions to associates regularly involved in procurement and onboarding of suppliers
Governance	Enhance the supplier screening process to identify and conduct due diligence.
Supplier Engagement, Corrective Action and Remedy	Continue to roll out contracts with Modern Slavery clauses to new and existing suppliers

## 6. Consultation

As noted above, BMW Group Australia engaged an outside provider to map our supply chain risks and conduct a modern slavery risk assessment of our supply chain.

This Modern Slavery statement was prepared by compliance representatives from each entity within BMW Group Australia in consultation with the businesses where necessary. In this way, we have taken a group approach to identify, manage, and address our Modern Slavery risks.

Consultation and engagement across BMW Group Australia has occurred in the preparation of this Statement. This involved meetings with representatives of the BMW Group Australia's business operations (including Compliance, Legal, Vendor Management and Procurement teams) to collate the information requested. Members of BMW Group Australia's leadership team were consulted and involved in the final review.

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

## 7. Approval

This statement has been approved by the respective Boards of each entity within BMW Group Australia and signed by a director from each of these entities below.



.....  
**Wolfgang Buechel**  
Director and CEO, BMW Australia Ltd  
Director, BMW Sydney Pty Ltd  
Director, BMW Melbourne Pty Limited

26.06.2023

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Date



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**May Wong**  
Director and CEO, BMW Australia Finance Limited

26.06.2023

.....  
Date