DRIVING SUPPLY CHAIN SUSTAINABILITY IN THE AUTOMOTIVE INDUSTRY TO A NEW LEVEL.

BASF PARTNERSHIP CONFERENCE, JANUARY 29, 2015.
WHAT IS SUSTAINABILITY?
BALANCING THE THREE PILLARS OF SUSTAINABILITY.

Social Responsibility

Economic Performance

Environmental Protection
TRENDS SHAPING THE COMPETITIVE ENVIRONMENT. 
PROACTIVE MANAGEMENT IS KEY TO FUTURE MARKET SUCCESS.

**Environment**
Water scarcity, change in energy access/resources, effects of climate change

**Urbanization**
Demographic trends all over the world, majority of people living in urban areas

**Policy & Regulations**
$CO_2$- and fleet regulations, transparency requirements, material restrictions

**Economics**
Shortage of resources, price increases, resource efficiency means staying competitive

**Capital Markets**
Ratings evaluate sustainability along the whole value chain; basis for good credit standing

**Customer Values**
Increasing inquiries on sustainability by customers, part of a modern urban lifestyle

Dr. Juliane Kluge, BASF Partnership Conference, January 29, 2015
WE WILL CONTINUE TO LEAD THE WAY.
BMW GROUP SUSTAINABILITY TARGETS 2020.

PRODUCTS AND SERVICES
- Electromobility
  - Leader in taking a holistic approach to premium electromobility
- Mobility Patterns
  - Permanent change as a result of integrated mobility services in selected metropolitan areas

CO₂ Emissions
- Reduced by at least 50% in the European new vehicle fleet (base year: 1995)

Health and Performance
- Reduced by at least 50% in the European new vehicle fleet (base year: 1995)
- Promotion of self dependent acting and designing the working environment
- Identifying the right employees, deploying talents in best ways, unfolding potentials and securing employment
- Diversity within the company (culture, gender, age) increased and innovative strength enhanced
- Leading in the field of intercultural communication

Employee Development
- The most successful and sustainable premium provider of individual mobility
- Value chain
  - Transparency and resource efficiency in the value chain improved
  - Leader in using renewable energy for production and value creation

Diversity
- Intercultural Understanding
  - Leader in using renewable energy for production and value creation

Resource consumption
- Renewable energy
  - Water, energy, waste, solvents per vehicle reduced by 45% (base year: 2006)

EMPLOYEES AND SOCIETY
- Value chain
  - Leader in using renewable energy for production and value creation
- Employees and Society
  - Dr. Juliane Kluge, BASF Partnership Conference, January 29, 2015

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EXTERNAL RECOGNITION AS ONE OF THE MOST SUSTAINABLE AUTOMOBILE MANUFACTURERS.

- **Dow Jones Sustainability Indexes**: Sector leader 2014. The only automotive company continuously listed since 1999.
- **FTSE4Good**: Listed in FTSE4Good Index.
- **Oekom**: Corporate Responsibility Rating oekom, Status Prime.
BMW GROUP SUPPLY CHAIN HAS SUBSTANTIAL INFLUENCE ON VALUE CREATION, QUALITY, INNOVATION AND SUSTAINABILITY.
SUSTAINABLE SUPPLY CHAIN NETWORK.
INCREASING TRANSPARENCY, MINIMIZING RISK, LIFTING POTENTIALS.

Risk and Opportunity Management
• Risk filter, Sustainability Questionnaire, Audits
• Identification of resource efficiency potentials

Anchoring of Sustainability Criteria
• in our supplier selection process
• in purchasing conditions

Acknowledging Human Rights
• International Declaration on Human Rights, ILO core conventions

Trainings and Initiatives
• Trainings for suppliers and purchasers
• Joint initiatives with suppliers
• Stakeholder engagement
COMMON SELF-ASSESSMENT QUESTIONNAIRE FOR SUSTAINABILITY PERFORMANCE OF SUPPLIERS IN THE AUTOMOTIVE SECTOR LAUNCHED IN 2014.

- Successful collaboration of 10 OEM in the European Automotive Working Group on Supply Chain Sustainability

- Focus on social and environmental sustainability, business conduct and compliance and supplier management

- Clear benefit: avoid duplication and efficiency gains for OEMs and their suppliers
CDP SUPPLY CHAIN PROGRAM TO IDENTIFY COMPANY / LOCATION RELATED RESOURCE EFFICIENCY POTENTIAL.

- Disclosure of carbon emissions and approach to climate change risk management on a generally accepted platform
- Benefit is greater transparency in resource use, leading to potential business opportunities and cost savings
LEVERAGING OPPORTUNITIES: INTEGRATING SUSTAINABILITY IN PRODUCT DESIGN.

Efficient Dynamics & BMW i

Sustainable Materials

Life Cycle Engineering

Innovative Mobility Services
THANK YOU.