



## **Fighting Against Forced Labour and Child Labour in Supply Chains Report**

### **Introduction**

This report has been prepared by BMW Canada Inc. ("BMW Canada") in response to the requirements under Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Act") for the financial year ending 31 December 2023.

BMW Canada opposes the use of forced labour and child labour in its supply chains. It is committed to respecting, protecting and promoting the human rights of people impacted by its operations and supply chain and to continuous improvement in its due diligence, risk assessment, remediation and training processes.

### **Organizational structure, activities, and supply chain**

BMW Canada is part of BMW Group, a vehicle manufacturer and financial services provider. BMW Canada distributes and sells vehicles and other goods in the Canadian market and imports vehicles and other goods into Canada. The ultimate parent company of BMW Group is Bayerische Motoren Werke Aktiengesellschaft ("BMW AG"), which is headquartered in Munich, Germany.

BMW Canada Inc. is made up of the sales and financial services divisions in Canada for BMW, MINI and Motorrad brands. The sales division distributes and sells goods manufactured by BMW Group. BMW Group Financial Services Canada ("BMW Financial Services"), the financial services division, provides wholesale finance to dealerships and regulated consumer loans and leases to retail customers. BMW Experience Centre Inc. is a holding company that does not contract for goods or services. It is supported by head office services provided by BMW Group Canada, including for accounting, compliance, and legal matters.

All vehicles across BMW Canada's brands are manufactured outside of Canada in facilities operated by BMW Group or its approved service providers and imported by BMW Canada into the Canadian market. BMW Canada procures 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 Canada.

### **Steps to prevent and reduce the risks of forced labour and child labour**

In the financial year ending December 31, 2023, BMW Canada has coordinated with BMW Group in taking steps to prevent and reduce the risks of forced labour or child labour in their operations and supply chain. Among other things, BMW Group has:

- Continued to require new and existing suppliers, as well as other business partners, to ensure compliance with BMW Group standards and to require the same from their suppliers and business partners;
- Monitored risks of forced labour and child labour that could affect supply chains;
- Conducted its annual assessment of the risks associated with BMW Group operations to human beings and the environment, as well as the impact of business activities;

- Evaluated internal and external data sources to identify any risks of modern slavery for tier one suppliers;
- Implemented a register of suppliers with increased modern slavery risks within BMW Group supply chains to guide future assessments;
- Developed a supplier risk questionnaire to determine forced labour and child labour risks of new vendors;
- Expanded existing measures to identify and minimize risks relating to human rights, including forced labour and child labour, through engagement with internal stakeholders, review of affected processes, and analysis of supplier arrangements; and
- Provided training to increase awareness of modern slavery risks within local and global supply chains.

### **Policies and due diligence processes**

#### **Governance**

BMW Canada has coordinated with BMW Group with respect to policies and due diligence processes in relation to forced labour and child labour.

BMW Group has an internal, cross-functional Supply Chain Integrity Department that oversees BMW Group's supply chains, including for goods imported by BMW Canada. To support and monitor due diligence requirements and processes, BMW Group has a Chief Compliance Officer who also serves as its Human Rights Officer and regularly updates and advises the BMW Group Board of Management on significant supply chain issues facing BMW Group.

#### **Policies**

BMW Group has adopted a Code on Human Rights and Working Conditions that describes how BMW Group promotes human rights and implements the International Labour Organization Core Labor Conventions in its business activities.

BMW Group has adopted a Supplier Code of Conduct that prohibits its suppliers from using any form of forced labour and requires suppliers to ensure that no other forms of modern slavery are tolerated. The Code also requires suppliers to prevent the use of child labour in their businesses and supply chains. Suppliers must pass on these requirements to their sub-suppliers where relevant.

#### **Due diligence processes**

BMW Group has approved and is implementing risk assessment and due diligence processes to evaluate, prevent and mitigate human rights risks in their operations and with suppliers.

BMW Group's due diligence processes include:

- Performing comprehensive risk analyses on tendering and active supplier sites;
- Assessing vendors to determine modern slavery risk based on geographical location, industry and total spend;
- Evaluating abstract human rights risks based on internal and external data sources;



- Requiring potential suppliers within jurisdictions with increased human rights risks to complete a supplier risk questionnaire;
- Conducting online evaluations of suppliers' organizational compliance with internal provisions and standards, as well as their internal guidelines and targets along the supply chain;
- Engaging third parties to conduct onsite assessments of suppliers;
- Implementing numerous reporting methods for any employee to raise concerns where human rights abuses are suspected; and
- Analysing and responding to all substantiated information relating to forced labour or child labour in the supply chain.

Please refer to the BMW Group website for further information about the due diligence in our supply chain via this URL: <https://www.bmwgroup.com/en/sustainability/supply-chain.html#ace-1142840527>.

### **Forced labour and child labour risk**

The automotive supply chain is one of the most complicated of any industry with many tiers of suppliers. As a result, the global supply chain is subject to multiple risks and uncertainties. Generally, BMW Group prioritizes the most salient risks connected to its operations and business relationships.

Some suppliers from which BMW Group sources BMW-produced vehicles and parts are located in jurisdictions with increased human rights risks. Suppliers are required to comply with BMW Group policies and requirements regarding manufacturing processes and procurement arrangements, including those relating to forced labour and child labour.

Various published reports have discussed risks of forced labour in the supply chain of BMW Group as well as other automotive companies.<sup>1</sup> BMW manages the risk in various ways, including investigating the purported risk, and in some cases by seeking alternative sources of supply.

### **Remediation measures**

If any incident of forced labour or child labour were to be confirmed in BMW Group's supply chain, BMW-related production at that facility would be stopped immediately and BMW Group's relationship with the supplier may be paused or terminated.

### **Employee training**

BMW Group's human rights and modern slavery obligations are accessible by all employees across the BMW Group, including BMW Canada. This access includes key documents referred to in this report, including the BMW Group Code of Human Rights.

BMW Canada provides training to increase awareness of modern slavery risks within its local and global supply chains, including live training throughout the year, as part of its mandatory compliance awareness

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<sup>1</sup> See, e.g., Uyghurs for sale: Re-education, forced labour and surveillance beyond Xinjiang, Australian Strategic Policy Institute, Mar. 1 2020; Driving Force: Automotive Supply Chains and Forced Labor in the Uyghur Region, Sheffield Hallam University Helena Kennedy Centre for International Justice, Dec. 2022; Insufficient Diligence: Carmakers Complicit with CCP Forced Labor, U.S. Senate Democratic Staff, May 20, 2024.

and training programs. BMW Canada also has implemented a Modern Slavery policy to inform employees of requirements under the Act. The guidance provided includes:

- A definition of modern slavery;
- Information on how to recognise modern slavery risks;
- Action to be taken when a modern slavery risk is identified; and
- Information on how to escalate incidents.

**Assessing effectiveness**

BMW Group conducts an annual review of the due diligence tools and procedures used in its supply chain, such as risk analyses, complaints procedures, and preventive and remediation measures. BMW Group also undertakes performance assessments of its prevent and remediation measures to identify and make effective improvements to targeted due diligence measures.

BMW Canada recognises that the review and assessment of its actions to identify and address forced labour and child labour risks in its operations and across supply chains will be an ongoing and evolving process. To this end, BMW Group, in coordination with BMW Canada, continues to develop policies and procedures and strengthen its due diligence and compliance framework to ensure its effectiveness.

**Approval and attestation**

In accordance with the requirements of the Fighting Against Forced Labour and Child Labour in Supply Chains Act, and in particular section 11 thereof, we attest that we have reviewed the information contained in the report for the entity or entities listed above. Based on our knowledge, and having exercised reasonable diligence, we attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Dated in Richmond Hill, Ontario, this 31st day of May 2024.



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**Andrew Scott**  
President & Chief Executive Officer,  
BMW Canada Inc.



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**Norman Shields**  
Vice President, Finance & Administration,  
BMW Canada Inc.