Rolls-Royce Motor Cars Limited Slavery and Human Trafficking Statement for 2023

This statement is made by Rolls-Royce Motor Cars Limited ('RRMC') pursuant to section 54 of the UK Modern Slavery Act 2015 ('the Act') to identify actions taken by RRMC and the BMW Group during the financial year ending 31 December 2023 to prevent slavery and human trafficking from occurring in its supply chains and business. The statement considers:

1. BMW Group business and supply chains
2. BMW Group's approach to human rights (including slavery and human trafficking)
3. The approach of the BMW Group to eliminating slavery and human trafficking from its business and supply chain

Although not all BMW Group companies are subject to the Act, the BMW Group takes a group-wide approach to its human rights commitments.

THE BMW GROUP'S BUSINESS

The BMW Group is one of the most successful manufacturers of cars in the world and its BMW, MINI and Rolls-Royce premium and luxury brands are three of the strongest in the automotive industry today. The BMW Group also has a strong market position in the motorcycle industry and is a successful financial services provider. In recent years, the company has become one of the leading providers of premium services for individual mobility. The success of the BMW Group has always been based on long-term thinking and responsible action. We have therefore established ecological and social sustainability throughout the value chain, comprehensive product responsibility and a clear commitment to conserving resources as an integral part of its strategy.

The BMW Group's production network comprises 31 locations in 15 countries. Operating on a global scale, the BMW Group employed a workforce of 154,950 people at the end of the year under report.

The global sales network of the BMW Group's automobile business currently comprises more than 3,600 BMW, over 1,600 MINI and some 130 Rolls-Royce dealerships. Currently, BMW motorcycles are sold by more than 1,200 dealerships and importers in over 90 countries.

The ultimate parent company of the BMW Group is Bayerische Motoren Werke Aktiengesellschaft (BMW AG), which was founded in 1916 and is headquartered in Munich, Germany.

Rolls-Royce Motor Cars is wholly owned by the BMW Group. It is the head office and manufacturing company of the Rolls-Royce brand.

SUPPLY CHAIN

The automotive supply chain is one of the most complicated of any industry with often six to ten tiers of suppliers between a manufacturer and the source of raw materials that enter the manufacturing process. Our network of supplier locations for direct and indirect goods and services is responsible for the largest share of our value creation and it is vitally important that they safeguard social and legal standards.

THE BMW GROUP'S COMMITMENT TO HUMAN RIGHTS (INCLUDING SLAVERY AND HUMAN TRAFFICKING)

The BMW Group takes its social responsibility seriously. Our corporate culture is based on the values of openness, appreciation, trust, transparency, and responsibility; our corporate governance is aligned with ethical principles. Various internationally recognised guidelines serve as guidance for dealing with employees in a socially sustainable manner and for generally ensuring social standards.

In December 2022, we published our "policy statement on respect for human rights and corresponding environmental standards". In this statement, we express our commitment on respect for human rights, explain the procedures for abiding by human rights and environmental due diligence obligations in the supply chain, the specific risks identified, and the company's human rights and environmental expectations of its employees and suppliers. The policy statement as well as further information can be found here.

The BMW Group is increasingly supportive of initiatives to standardise sustainability requirements and introduce monitoring mechanisms, for example in mining and the processing of critical raw materials. We see a high risk for modern slavery in these areas. The BMW Group is therefore an active member in the major networks on human rights, including:

- UN Global Compact – the world's largest initiative for responsible corporate leadership.
- Econsense – Forum for Sustainable Development of German Business.
- Drive Sustainability – The European Business Network for Corporate Social Responsibility.
- Responsible Business Alliance – Industry coalition dedicated to corporate social responsibility in global supply chains.
- Industry Dialog Automotive for Business and Human Rights of the German government.
- German Institute for Compliance – Leader of the working group Human Rights.

In addition, the BMW Group participates in various cross-sectoral initiatives for example:

- Aluminium Stewardship Initiative - for environmental, social, and human rights standards in aluminium production (ASI); and
- Responsible Minerals Initiative – a framework to enable member companies to

identify and address potential adverse impacts arising from their business activities related to extraction, transportation, and manufacturing of minerals.

For more information on our activities in raw materials and standardisation initiatives, see our current BMW Group Report 2023 and also our website here.

THE BMW GROUP'S DUE DILIGENCE PROCESS FOR HUMAN RIGHTS (INCLUDING SLAVERY AND HUMAN TRAFFICKING)

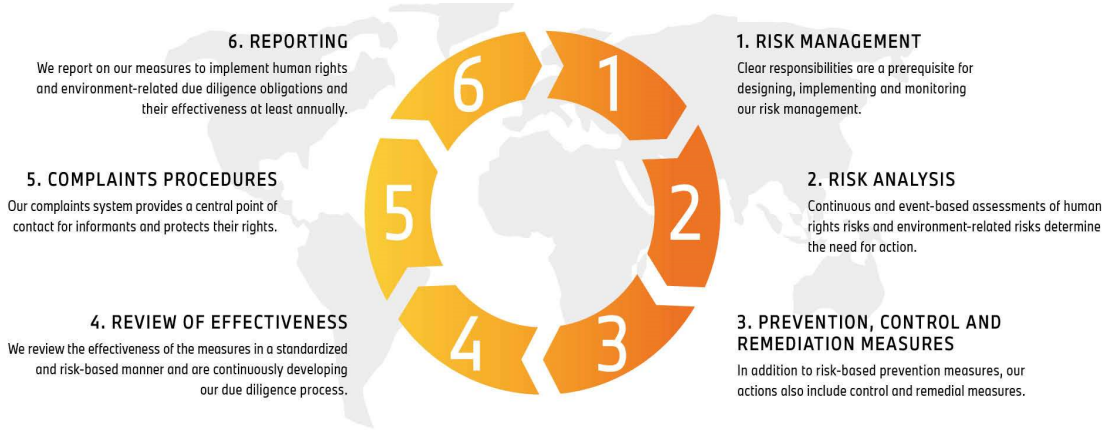
THE BMW GROUP'S BUSINESS

Our human rights due diligence approach aligns with the requirements of the UN Guiding Principles on Business and Human Rights (UNGP) and was updated in 2023 to reflect the requirements stemming from the German Supply Chain Due Diligence Act. A detailed description of our human rights due diligence program, the main identified risks and further activities like our complaints mechanisms is available online here.

HOW WE ENSURE RESPECT FOR HUMAN RIGHTS

We have 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:

- BMW Group Policy Statement on Respect for Human Rights and Corresponding Environmental Standards here
- BMW Group Code on Human Rights and Working Conditions here
- Joint Declaration on Human Rights and Working Conditions here
- BMW Group Code of Code here
- BMW Group Supplier Code of Conduct here



LEVERAGING OUR IMPACT TOGETHER

To fulfil our responsibility as a company, we rely on cooperation – with our employees, our business partners, and our suppliers – because the only way to address the risks in our supply chain effectively is by working together. That is why our approach to compliance with human rights and environment-related standards applies to:

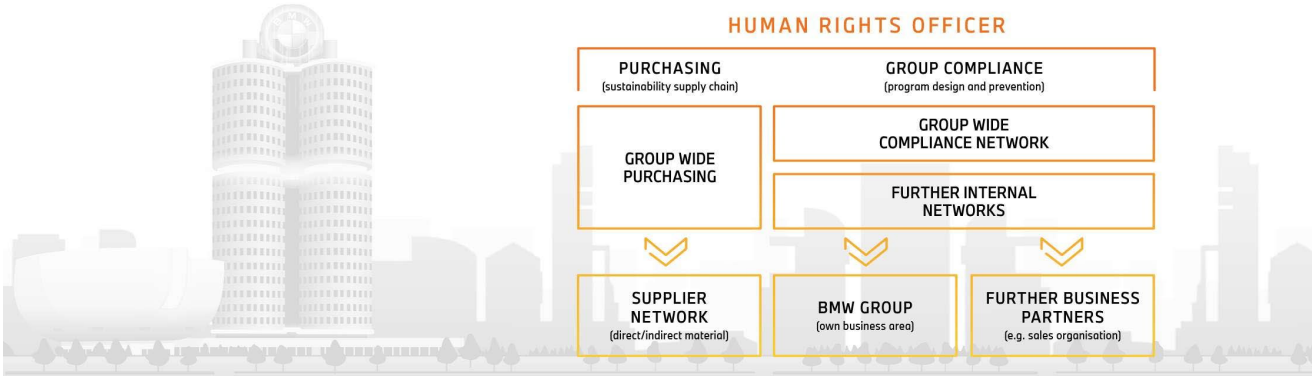
- our own business area,
- our suppliers,
- and our other business partners.

RESPONSIBILITIES

We have been committed to the respect of human rights and environment-related standards throughout our global supply chain for many years. Across the company, we have defined clear responsibilities for effective implementation and monitoring due diligence requirements.

The BMW Group Board of Management decided in December 2021 to appoint a Human Rights Officer and assigned this role to the head of Group Compliance. Concentrating relevant expertise in this new function will also contribute to the strategic alignment of the Company in the social dimension of sustainability.

Within the BMW Group, responsibility resides with the respective business departments or with the management of affiliated companies; outside the company, it lies with the business partners and suppliers. Centralised units like Group Compliance (for the overall program design, for the BMW Group's own business area and other business partners) and Purchasing and Supplier Network (for suppliers) support and monitor due diligence requirements.



RISK MANAGEMENT

Being aware of our risks is fundamental to our risk-based approach. Our corporate due diligence activities are based on a comprehensive risk assessment that provides information on action areas and the degree of urgency. Annually, and on an ad-hoc basis – for example, in response to substantiated knowledge – we examine and assess the risk to human beings and the environment, as well as the impact of our business activities.

We consider potentially impacted groups, such as our own employees (including temporary staff and apprentices), employees of business partners and joint venture partners, employees in our supply chain and groups of people indirectly linked to the supply chain, such as members of local communities.

As a manufacturing company with international locations and many suppliers and other business partners, our activities are associated with inherent risks for human beings and the environment. We are aware of this and respond with risk-based preventive and remedial measures. We determine where there is a concrete need for action based on the risks identified and prioritise as part of our risk assessment.

PREVENTIVE, CONTROL AND REMEDIAL MEASURES

The measures we take to prevent, monitor, and remediate human rights and environment-related risks are always risk-based. We rely on a catalogue of measures that combines training, contractual agreements with suppliers and business partners, certification and reviews using questionnaires or audits.

VERIFYING EFFECTIVENESS

At least once a year and on an ad-hoc basis – for example, in the case of substantiated reports – we verify the effectiveness of our activities regarding the German Supply Chain Due Diligence Act. For this, we have integrated corresponding key figures into all steps of our corporate due diligence process – for example, processing time for complaints.

If we identify any missing functionalities, we make the necessary adjustments to improve processes – especially if preventive and remedial measures do not adequately address the risks, for example.

COMPLAINTS MECHANISMS

Various complaints mechanisms give internal and external informants the opportunity to report possible violations of human rights and environment-related standards. This allows risks to be identified and addressed in the early stages and, if necessary, appropriate remedial action can be taken. The confidentiality and protection of informants is top priority. If preferred, concerns may also be reported anonymously. It is company policy that no attempt will be made to determine the identity of a person providing information, should they choose to make a report anonymously. In addition to having managers, local compliance departments and employee representatives as the usual first points of contact, various complaints channels are available to BMW Group employees and external informants. Since 2020, the BMW Group has been actively involved in a working group of the Automotive Industry Dialogue that is focused on developing a cross-company complaints mechanism in Mexico, in addition to its own options for submitting complaints.

INTEGRATING AND ADVANCING SUSTAINABILITY IN THE SUPPLY CHAINS

The BMW Group considers responsible supply chain management as an integral part of good corporate governance. Our rigorous partner selection process is based on the criteria of quality, innovation, flexibility, cost, and sustainability. The BMW Group enshrines its obligatory sustainability standards in all its supply contracts. A multi-stage due diligence process has been established across all relevant areas of the organisation to delineate our responsibility for the supplier network. We rely on systematic risk analyses as well as prevention, empowerment, and remediation measures. We use standardised online assessments and on-site audits that are integrated in our business processes. As a pioneer in the automotive sector, we have made sustainability an integral part of our procurement process since 2014. The elimination of identified risks up to the start of production is a prerequisite for commissioning the supplier.

INCREASING TRANSPARENCY AND MINIMISING RISKS

The increase in transparency and resource efficiency in our supply chains is based on compliance with environmental and social standards as defined in the BMW Group Supplier Code of Conduct. The code summarises the BMW Group's minimum requirements and expectations for the global supplier network in accordance with internationally recognised standards and guidelines for Environmental and Social Governance, (ESG) topics. It forms an integral part of the purchasing terms and conditions of the BMW Group and is therefore established in the requirements of our contracts with our direct suppliers. We also expect them to pass on the requirements to the respective sub-suppliers, where relevant.

The BMW Group Supplier Code of Conduct is based on legal regulations and internationally recognized standards such as the principles of the UN Global Compact and the ILO core labour standards and contains specifications for resource efficiency. Our employees in Strategic Purchasing are responsible for sustainability topics concerning the supply chain. We use due diligence processes to monitor the implementation of sustainability standards at our suppliers.

RELEVANT SUPPLIER LOCATIONS EVALUATED WORLDWIDE

The BMW Group has defined minimum requirements for supplier locations throughout its global value chain. For example, these minimum requirements include the implementation of preventive measures to minimise the potential negative impact for the parties involved, such as the supplier's employees. Compliance with these requirements is verified using the Drive Sustainability questionnaire.

The due diligence activities are integrated into the business process. The aim is to implement prevention measures to minimise human rights violations by the time all our immediate suppliers start production.

Preventive measures we require, depending on company size include:

- An appointed member of management with responsibility for social sustainability,
- The publication of a CSR / sustainability report,
- Code of Conduct,
- A policy on working conditions and human rights,
- An occupational health and safety policy,
- A certified occupational health and safety management system according to ISO 45001 or comparable,
- Supplier Sustainability Policy communicated to subcontractors which includes prohibition of:
    - Child labour and young workers,
    - Modern slavery (i.e., slavery, servitude and forced or compulsory labour and human trafficking)
    - Harassment and non-discrimination

In the period under review, we assessed 7,650 (2022: 7,183* / 2021: 5,101 / 2020: 3,220 / 2019: 3,921 / 2018: 4,168) nominated and potential supplier locations based on the industry-wide Drive Sustainability questionnaire worldwide. Our focus is on suppliers with a large tendering volume.

Sustainability assessment of relevant supplier locations: **

- Proportion of suppliers of production-related material with implemented preventive measures at the time of awarding: 55 % (2022: 70 %).
- Proportion of suppliers of production-related material with agreed preventive measures at the time of awarding: 31 % (2022: 22 %).

In addition, 95 onsite audits and assessments were carried out by or on behalf of the BMW Group in 2023 (2022: 49 / 2021: 381). Crucial areas of action identified by the audits and assessments have been highlighted and addressed together with the supplier. We have set ourselves the target of ensuring that all direct supplier sites that have been audited meet the locally applicable legal requirements for sustainability as well as international human rights standards (BMW Group minimum requirements).
In 2023, 17 of the 19 follow-up/closure assessments confirmed that all cases of non-compliance with minimum requirements (priority non-conformities) that were identified in initial assessments had been redressed. In two cases, the closure assessment carried out was not immediately able to confirm that the agreed measures had been implemented. However, together with the suppliers the BMW Group has now implemented these measures, which will be re-viewed by means of a new assessment in 2024. We did not, however, terminate any existing cooperation in 2023.

Any information about potential breaches of our sustainability standards for the supply chain is processed and investigated by our internal experts. We have established the Human Rights Contact Supply Chain as a central contact point, which can be reached by phone +49 89 382 71230 and e-mail humanrights.sscm@bmwgroup.com to anonymously report potential infringements against social and also environmental standards by our suppliers. An alternative standardized grievance mechanism that we use is RBA Voices, an application of the Responsible Business Alliance, which we actively communicate in our supplier network. In addition, our ombudsperson for the supplier network can also be contacted by e-mail bmw-ombudsperson@hvc-strafrecht.de. Our experts evaluate information on potential infringements and initiate immediate measures with the supplier if required. They may

*The number of supplier sites evaluated in the previous year using the sustainability survey was reported at 4,260. This was adjusted for reasons of comparison because the method for calculating the figure was developed in 2023.
*** Basis: industry-specific sustainability questionnaire. A new version of the questionnaire containing additional requirements was introduced. As a result, some suppliers had to redo their questionnaires. Some suppliers had to implement additional preventive measures.*

commission more in-depth analysis of the matter in question through third-party audits or BMW Group assessments should they deem it necessary.

Eleven indications of potential violations of our sustainability principles in the supply chain were reported using the relevant channels during the reporting year 2023. Six indications were investigated and closed in the reporting year. The remaining indications of potential incidents were still under internal investigation at the end of the reporting year.

UK MODERN SLAVERY ACT 2015

In 2016, we introduced an additional process to evaluate all high-risk suppliers for our UK-based business service activities (e.g., distribution of parts, agencies supplying non-permanent workers, suppliers of lifestyle products, and ancillary services such as maintenance, security services, cleaning services, catering services, landscaping). Based on our annual evaluation in 2023, 106 UK service suppliers were identified as high risk (2022: 97; 2021: 68; 2020: 59; 2019: 92; 2018: 106 and 2017: 116 high-risk suppliers were identified).

Their sustainability performance and specifically their observance of human rights, prohibition of forced labour, human trafficking and child labour were specifically monitored and evaluated.

Among the 106 suppliers:

- 33 suppliers already fulfil our minimum requirements on environmental, social, and compliance/ governance related aspects, including the implementation of measures to prevent slavery and human trafficking from occurring in its supply chains and business,
- 6 suppliers have agreed a deadline for implementing preventive measures and are in the implementation phase of preventive measures,
- 18 suppliers have yet to agree with the BMW Group on a deadline for implementing preventive measures on environmental, social, and compliance/ governance related aspects. However, among these suppliers:
    - 17 suppliers have appointed a management person responsible for social sustainability,
    - 18 suppliers have a code of conduct as well as a policy on working conditions and human rights,
    - 15 suppliers have defined sustainability requirements for their suppliers that include the prohibition of modern slavery.
- A further 49 suppliers are already scheduled for review within the upcoming year as part of our risk analysis.

THE BMW GROUP'S TRAINING ON HUMAN RIGHTS

The BMW Group offers a wide range of sustainability training courses for purchasers, internal process partners and suppliers to make them more aware of the topic. This includes classroom courses in association with the University of Ulm to become a "Certified Sustainability Officer" as well as a web-based training course in association with Econsense, which includes case studies on sustainability in the supplier network. In addition, we participate in the industry-wide supplier training in high-risk countries, which is coordinated by CSR Europe (European Business Network for Corporate Social Responsibility).

After the adoption of the UN Guiding Principles on Business and Human Rights, the BMW Group implemented a comprehensive employee training programme. We train our employees through face-face training; web-based training; internal communications and newsletters. Human rights are also integrated into induction events for new employees and presentations are available on the BMW Group Intranet pages.

The Senior Management of the UK-based entities are aware of each entities' responsibilities under the Act. An additional web-based training programme was rolled out in 2017 to heighten awareness of the Act. In 2023, this web-based training continued to form part of RRMC associates' annual mandatory training programme.

Chris Brownridge
Chief Executive Officer
Rolls-Royce Motor Cars Limited
Date: 27 June 2024

Timo Poser
Chief Finance Officer
Rolls-Royce Motor Cars Limited
Date: 27 June 2024

COMPANY REFERENCES.

- Our website “Respect for people and the environment” contains all relevant information for this topic here.
- More information about the BMW Group Complaints mechanism is published here.
- Our policy, the “Joint Declaration on Human Rights and Working Conditions in the BMW Group”, has been adopted by the BMW AG’s CEO with Works Council assent in 2005, reconfirmed in 2010. The document is published the BMW Group website here.
- The BMW Group Report 2023 is published on the BMW Group website here.
- The “BMW Group Code on Human Rights and Working Conditions” is published on the BMW Group website here.
- In regard to our suppliers, the publicly available “BMW Group Supplier Code of Conduct” outlines basic principles we require our suppliers to adhere to including respect for human rights, as published on the BMW Group website here.
- The BMW Group Supplier Code of Conduct is incorporated in our International Purchasing Terms and Conditions here and our General Terms and Conditions here.
- Further information regarding our sustainability requirements for BMW Group suppliers can be found in our documentation: Sustainability Questionnaire for Suppliers here.