

SUSTAINABILITY REPORT 2014 BMW BRILLIANCE AUTOMOTIVE LTD.



**SUSTAINABILITY REPORT 2014
BMW BRILLIANCE AUTOMOTIVE LTD.**

PREFACE

At BMW Brilliance, we see sustainability as an integral part of our long-term business commitment in China.

Becoming the most sustainable and responsible premium automotive manufacturer in China is the core tenet of our business strategy. It is my conviction that sustainability is key to achieving our goals and realising our full potential in the Chinese market.

We joined the UN Global Compact in 2014 – committing to aligning our operations and strategies to the ten universally accepted principles in the areas of human rights, labour, environment and anticorruption. Today, we have integrated sustainability throughout our entire value chain, with equal emphasis on economic development, environmental protection and social contribution.

We have taken the necessary steps to meet the challenges of today and tomorrow. As a result of the BMW Group Efficient Dynamics strategy, the energy requirements and CO₂ emissions of each of our models are being continuously reduced. The electric ZINORO 1E and the new plug-in hybrid version of the BMW 5 Series contribute to the further electrification of our fleet. In 2014, we reduced our fleet fuel consumption to 7.06 litres per 100 kilometres. This positions us as number one in the national ranking of the fleet fuel consumption achievement rate among all local manufacturers.

Today, we are one of the most attractive employers in the automotive industry. This is a core competitive advantage and helps sustain our business success. In 2014, we intensified our employee development programme to 3.4 days of training per BMW Brilliance employee.

Since 2012, we almost doubled our production and significantly increased our employee headcount. The one millionth BMW vehicle produced in China represents another significant milestone for BMW Brilliance. After only 12 years, BMW Brilliance has become one of the leading premium car manufacturers in China.

To drive our success, we are convinced that we need to invest in sustainable innovations and deliver sustainable mobility solutions. The BMW Brilliance Research and Development Centre provides great potential for innovative mobility solutions, including new electric vehicles and vehicle connectivity. To seize the opportunities ahead, we actively engage with our suppliers and our dealers. Both are key business partners for our future success. We will continue our intensive cooperation with suppliers and dealers to develop sustainable solutions.

We see our commitment to sustainability as an investment in the future of our company and a contribution to social innovation at the same time. Our 2014 Sustainability Report upholds this commitment and provides our stakeholders with an overview of the progress we have made on our sustainability issues, activities and our goals.



Olaf Kastner
President and CEO
BMW Brilliance Automotive Ltd.



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OUR POINT OF VIEW

Dr. Anton Heiss

Senior Vice President, Technology and Manufacturing



Considering global resource shortages and limited environmental capacity, our vision of sustainable mobility is becoming even more imperative to achieving business success. As a result of the Efficient Dynamics strategy of the BMW Group, we are continuously improving the efficiency of our products and introducing vehicles with electric drivetrains in our model range. The start-up of production for the BMW 530Le plug-in hybrid electric vehicle in 2014 at our Dadong plant is an important milestone in the implementation of this strategy. And, with the introduction of our Clean Production approach, we are continuously improving the resource efficiency and lowering the emissions of our production plants.

Lei Xiaoyang

Senior Vice President, Finance



We define our sustainability strategies by considering BMW Brilliance's social and ecological performance, as well as our profitability. Sustainability activities make an important contribution to the value we create as a company. We are investing in research and development in order to develop innovative solutions for sustainable mobility, which is important for our business. At the same time, our investments in the efficiency of our production plants reduce our energy and disposal costs in the medium term.

Jochen Goller

Senior Vice President, Sales and Marketing



Our customers are at the heart of everything we do. We aim to create a perfect "customer journey" with each customer interaction. Customer expectations are constantly evolving and changing. As a result, we continue to expand and enhance our sales and service network. In our new ZINORO showrooms, we promote innovative approaches to electric mobility in the Chinese market. With the expansion of the 5S dealers' model in China, we integrate sustainability criteria into the premium services we offer to our customers.

Olaf Kastner

President and CEO, Senior Vice President, acting Human Resources



A company is only as good as its employees. Their expertise is our most precious resource. Therefore it is important we attract and retain the best employees. Our record of sustainability engagement positions us as one of the most attractive employers. We offer our employees a variety of benefits and development opportunities that are tailored to their individual strengths. As we prepare for Industry 4.0, our training requirements further increase. We need employees with the ability to manage highly complex processes. Our advanced training programmes assure we keep pace with the technological advancements and allow us to implement components of the "Smart Factory" already today. This is an indispensable investment in BMW Brilliance's future success.

AN OVERVIEW OF BMW BRILLIANCE



OUR HISTORY

2003: FOUNDING OF THE COMPANY, A JOINT VENTURE OF THE FINAL PARENT COMPANIES OF BAYERISCHE MOTOREN WERKE AKTIENGESELLSCHAFT AND BRILLIANCE CHINA AUTOMOTIVE HOLDINGS LIMITED.

OUR PRESENT

WE ARE THE LEADING PROVIDER OF PREMIUM VEHICLES AND SERVICES IN CHINA.

OUR VISION

WE SUSTAINABLY DELIVER A PREMIUM CUSTOMER EXPERIENCE THROUGH DESIRABLE PRODUCTS AND SERVICES, PASSIONATE ASSOCIATES AND COMMITTED PARTNERS.

PRODUCTION AND SALES as of 31 December 2014.

2 COMPLETE VEHICLE PLANTS AND **1** ENGINE PLANT

460 AUTHORISED DEALER OUTLETS NATIONWIDE

4 PARTS DISTRIBUTION CENTRES

3 BMW TRAINING CENTRES

15 TRAINING BASES AND **11** TRAINING SITES



OUR PRODUCTS



BMW 5 SERIES LONG WHEELBASE



BMW 3 SERIES LONG WHEELBASE



BMW 3 SERIES STANDARD WHEELBASE



BMW X1



ZINORO 1E



BMW N20, 4-CYLINDER ENGINE



EMPLOYEES	AUTOMOBILES PRODUCED — units	AUTOMOBILES DELIVERED — units
2014 15,257	2014 287,780	2014 278,637
2013 13,024	2013 214,978	2013 206,729

Founded in May 2003, BMW Brilliance Automotive Ltd. is a joint venture of the final parent companies Bayerische Motoren Werke Aktiengesellschaft and Brilliance China Automotive Holdings Limited. Its operations include the production, sales and aftersales services of BMW and ZINORO automobiles. Situated in Shenyang, Liaoning Province, BMW Brilliance has over 15,000 employees and a nationwide sales and service network. By the end of 2014, BMW Brilliance had a total of 460 sales and service outlets nationwide, four BMW parts distribution centres, three BMW training centres, 15 training bases and 11 training sites. We are continuously adding electrically powered and plug-in hybrid cars to our model range. This allows us to contribute directly to China's national target of reducing industrial average fuel consumption to 6.9 litres of

petrol per 100 kilometres by 2015. In 2014, BMW Brilliance's Corporate Average Fuel Consumption (CAFC) was 7.06 litres of petrol per 100 kilometres (2013: 7.3 litres per 100 kilometres). This positions us as number one in the national ranking of the fleet fuel consumption achievement rate among 88 local manufacturers, according to the 2014 Corporate Average Fuel Consumption report of the Chinese authorities. The joint venture contract between BMW AG and Brilliance China Automotive Holdings Limited was successfully extended until 2028, which underscores the harmonious collaboration between the shareholders and BMW Brilliance's commitment to the future.

Key performance indicators (KPI)

	2013	2014	Change to previous year %
BMW Brilliance activities			
Automobiles produced (units)	214,978	287,780	33.9%
Automobiles delivered (units)	206,729	278,637	34.8%
Number of dealers	420	460	9.5%
Thereof dealers with 5S certification	30	35	16.7%
Product responsibility			
CO ₂ emissions of BMW Brilliance automobiles (in g/km)	174	168	-3.4%
Fleet fuel consumption (in l/100 km)	7.30	7.06	-3.4%
Environmental protection			
Energy consumption per vehicle produced (in MWh/vehicle)	2.06	1.67	-18.9%
CO ₂ emissions per vehicle produced (in t/vehicle)	1.10	0.97	-11.8%
Water consumption per vehicle produced (in m ³ /vehicle)	2.72	2.18	-19.9%
Process wastewater per vehicle produced (in m ³ /vehicle)	0.50	0.47	-6.0%
Waste for disposal per vehicle produced (in kg/vehicle)	4.41	5.67	28.6%
Volatile organic compounds (VOC) per vehicle produced (in kg/vehicle)	3.52	0.48	-86.4%
Suppliers			
Purchasing volume in China (in billion RMB)	17.9	23.9	33.5%

	2013	2014	Change to previous year %
Employees			
Workforce at the end of the year	13,024	15,257	17.1%
Attrition rate (% of workforce)	6.8%	6.8%	0%
Percentage of women in total workforce (in %)	12%	12%	0%
Average days of further training per employee	3.2	3.4	6.3%
Accident frequency rate (per one million hours worked)	0.92	0.82	-10.9%
Corporate Citizenship			
Number of employees and customers that participated in Warm Heart Fund activities	50,000	65,000	30.0%
Number of people benefiting from Warm Heart Fund activities	70,000	91,000	30.0%



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SUSTAINABILITY MANAGEMENT

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How relevant is BMW Brilliance for the BMW Group?

BMW Brilliance has a key role in the business model of the BMW Group. China is the largest single market within the BMW Group. The pace of expansion in China has been rapid. In only 12 years, BMW Brilliance grew to 15,000 employees and will celebrate its one-millionth roll-off in 2015.

What are the most important sustainability challenges for BMW Brilliance?

As our business in China grows, BMW Brilliance faces complex challenges. Urbanisation and a growing middle class present not only business opportunities, but also the need for solutions to cope with social and environmental impacts, particularly in large cities. Finding sustainable and profitable solutions in this context is one of the most important challenges we face today.

What are the most important sustainability milestones for BMW Brilliance?

BMW Brilliance launched the joint-venture-owned brand ZINORO in 2013, a pure electric vehicle, and began producing the new plug-in hybrid version of the BMW 5 Series in 2014. Both contribute to reducing the fuel consumption and air emissions of the vehicle fleet and consequently to sustainable mobility. The continuous development of sustainable products is key to further driving BMW Brilliance’s success.

Ursula Mathar | Vice President Sustainability and Environmental Protection, BMW Group



1

SUSTAINABILITY MANAGEMENT

1.1 **Our management approach**

Sustainability management is an investment in our future success and long-term viability. Our business success is measured by financial indicators, the level of integration into society and our environmental impacts. Managing our social and environmental responsibility is integral to the way we do business. We are convinced that the lasting economic success of any enterprise will be based increasingly on acting responsibly. We believe future leaders of our industry will be manufacturers who integrate sustainability throughout their value creation chain.

As a member of the UN Global Compact Initiative, we are committed to its ten principles as well as to the principles of fundamental rights as set out in the ILO’s “Declaration on Fundamental Principles and Rights of Work”. We strive to protect human rights related to our employees, suppliers, business partners and the communities in which we live and work. We use targeted dialogue with our stakeholders to gain various perspectives and input on strategically relevant topics. This also enhances the acceptance of our activities and decision-making. Our compliance policies apply to all management procedures. These policies provide guidance to our employees on all compliance-related enquiries.



Ten principles of the UN Global Compact

The BMW Brilliance Automotive Ltd. Sustainability Report 2014 documents our progress toward achieving the ten principles of the UN Global Compact, which are:

Human rights

- ▶ Businesses should support and respect the protection of internationally proclaimed human rights; and
- ▶ make sure there is no complicity in human rights abuses.

Labour

- ▶ Businesses should uphold the freedom of association and recognition of the right to collective bargaining;
- ▶ eliminate all forms of forced and compulsory labour;
- ▶ effectively abolish child labour; and
- ▶ eliminate any discrimination in respect of employment and occupation.

Environment

- ▶ Businesses should support a precautionary approach to environmental challenges;
- ▶ undertake initiatives to promote greater environmental responsibility; and
- ▶ encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

- ▶ Businesses should work against corruption in all forms, including extortion and bribery.

www.unglobalcompact.org



OUR VISION AND GOALS

In 2014 the Board of Management reviewed BMW Brilliance's corporate strategy and set a clear direction for our company to move forward with our new vision and goals.

Vision:

BMW Brilliance sustainably delivers a premium customer experience through desirable products and services, passionate associates and committed partners.

Goals:

The acronyms of our goals form the word "STARS", making it emotionally inspiring and easy to remember:

★ Satisfaction

We deliver personalised services to customers and dealers, achieving the highest customer and dealer satisfaction. By providing personalised and value-added services, we aim to redefine premium standards in China and maintain our position as the most recognised premium brand.

★ Top quality

We manage growth and complexity, delivering everything with top quality, especially our products and services. We will deliver the right car, to the right customer, at the right time and with the right quality by applying "zero defect" value chain process management.

★ Associates

We develop our people, organisation and enablers, ensuring we have the competencies for future growth. We believe that this is the foundation to achieving our 5 STARS goals and realising our vision.

★ Return

We grow together with our shareholders and partners, generating returns on investments. Only through strong collaboration and cooperation with our dealers, suppliers and government partners can we be successful and create a rewarding environment for all.

★ Sustainability

We build an innovative and sustainable business in China with a long-term mindset. With constant investment in green production and logistics, local research and development, ZINORO brand implementation, as well as various corporate social responsibility activities, we are committed to driving the sustainable development of our company and society in China.

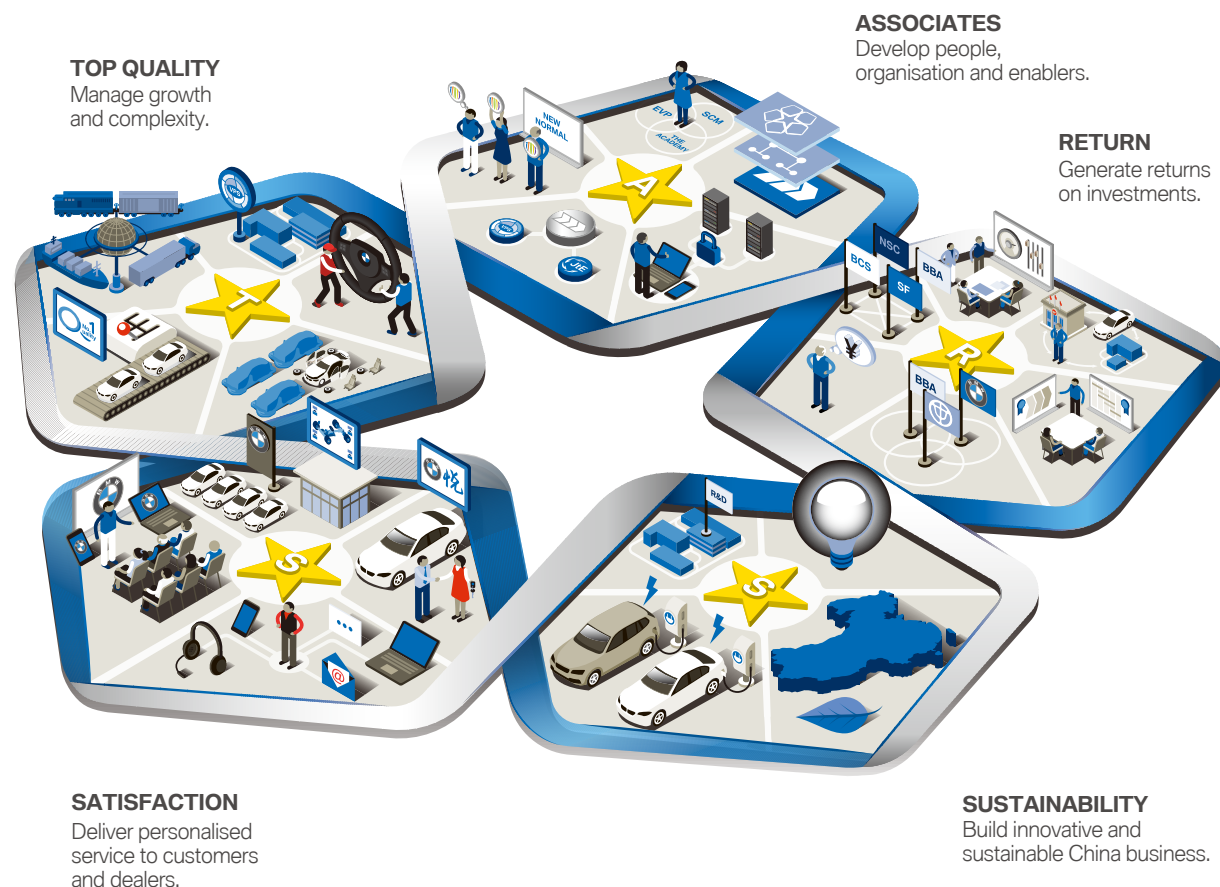
VISION AND GOALS OF BMW BRILLIANCE



VISION

BMW Brilliance sustainably delivers a premium customer experience through desirable products and services, passionate associates and committed partners.

GOALS: "5 STARS"



Our sustainability efforts encompass our entire value chain. We aim to enhance our image as the most sustainable and innovative premium brand in China by delivering efficient products, developing new energy vehicles, and ensuring sustainable production, as well as the sustainability of our 5S dealerships.

While we continuously strive to improve our performance, we are proud of our sustainability achievements to date. These include:

- ▶ BMW Brilliance was the first joint venture in China to join the United Nations Global Compact.
- ▶ BMW Brilliance is a major contributor to local economic development. By 2014, for example, we had been ranked as the highest taxpayer in Shenyang for nine consecutive years. In 2014 alone, we paid taxes of more than RMB 16 billion. By the end of 2014 we provided more than 15,000 high-quality job opportunities. In the foreseeable future, we plan to hire even more employees with our plant expansion and the construction of our new engine plant.
- ▶ We continue to advance and locally produce a range of efficient automotive products that support our strategy of sustainable mobility. We launched the electric vehicle ZINORO 1E in November 2013, and we started the production of the new BMW 530Le plug-in hybrid (PHEV) in 2014, which was developed with our local research and development capabilities.
- ▶ Our Tiexi plant is one of the most advanced and sustainable automotive plants in China and the world. It uses world-class production technology to ensure low energy consumption and low emissions, which define sustainability for modern automobile production.
- ▶ BMW Brilliance is committed to sustainable talent development. Our goal is to create a good working environment for our employees, where they can contribute their personal strengths to help us achieve our vision. In 2014, the first group of 45 apprentices graduated from the New Vocational Education Programme and became BMW Brilliance employees. We established a new area for practical training, which provides the apprentices with room and equipment to practice, according to the standards of the German dual education system.
- ▶ We are committed to being an excellent corporate citizen. We believe it is an indispensable part of our long-term commitment to China. In 2014, the BMW Warm Heart Fund distributed, for example, student-aid funds to almost 1,000 outstanding college students from 14 provinces to assist them in completing their college studies.

ORGANISING SUSTAINABILITY WITHIN BMW BRILLIANCE

The BMW Brilliance Board of Directors is the highest authority. The Board of Management, a management organisation under the Board of Directors, is responsible for the day-to-day operation and management of BMW Brilliance.

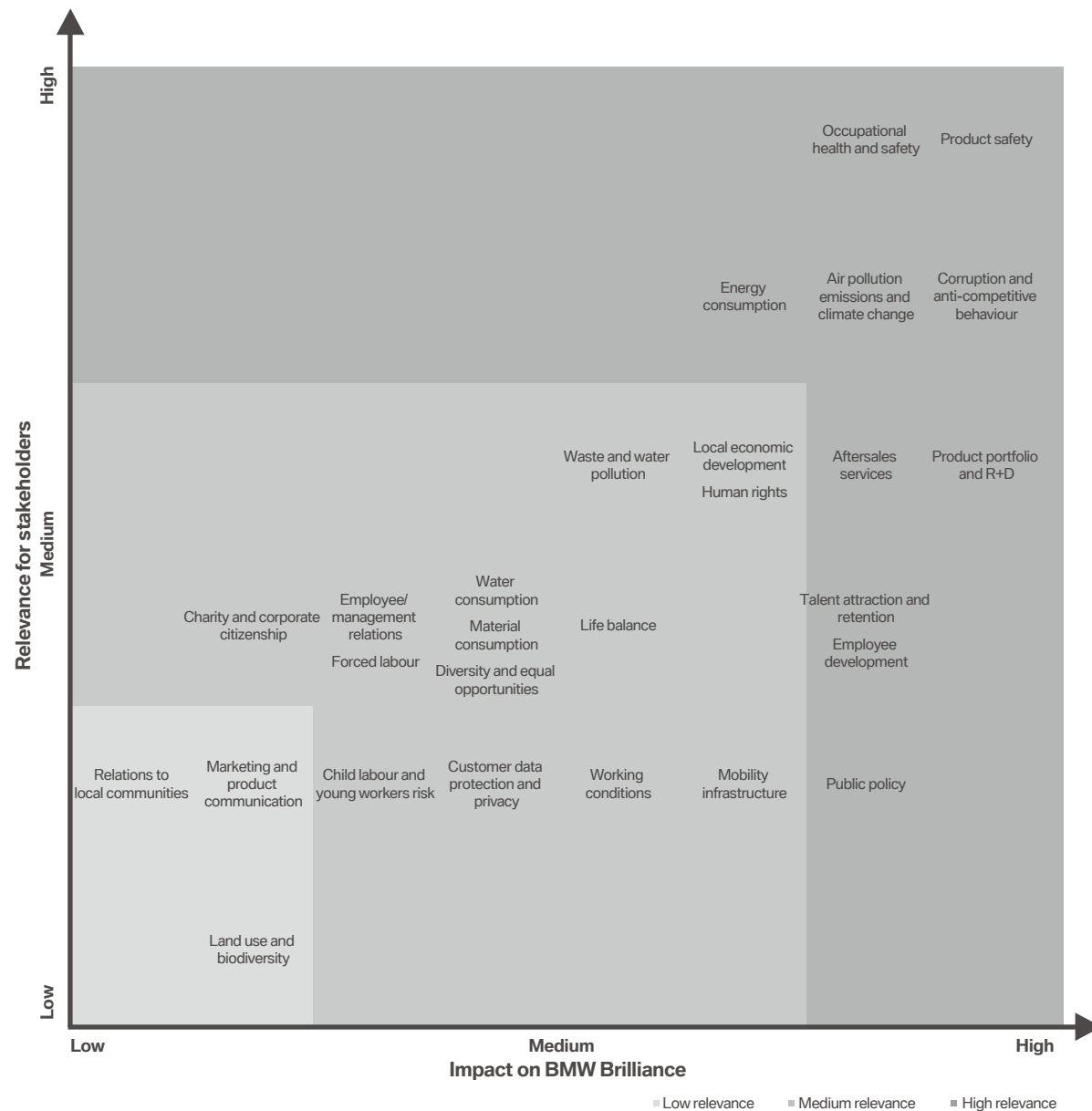
In addition to developing the new corporate vision and STARS strategy, the Board of Management also reviewed and validated our sustainability reporting process as well as the key sustainability issues relevant to our business. Within BMW Brilliance, sustainability issues are managed in a decentralised manner. Specialist divisions implement measures and processes for the continuous improvement of our sustainability performance.

IDENTIFYING KEY SUSTAINABILITY ISSUES

To develop a solid basis for our sustainability management, BMW Brilliance reviewed our most relevant sustainability issues with our key stakeholders. We invited 16 representatives of stakeholder groups to contribute their ideas and concerns in individual, detailed interviews. Key topics raised during the stakeholder interviews related to product safety, occupational health and safety, and fuel consumption.

In an internal workshop with participants from the BMW Group and different BMW Brilliance divisions, we prioritised 28 potentially relevant sustainability issues according to each issue’s business impact on BMW Brilliance. We considered the global context of the issues as well as where the most relevant impacts occur along the value chain.

F.01 BMW Brilliance matrix of relevant sustainability issues



As a result, we identified ten sustainability issues that are highly relevant for BMW Brilliance and its stakeholders. These issues are our priorities. This report’s contents reflect the key issues that govern sustainability at BMW Brilliance:

- ▶ Product safety
- ▶ Corruption and anti-competitive behaviour
- ▶ Product portfolio and research and development
- ▶ Occupational health and safety
- ▶ Air pollution, emissions and climate change
- ▶ Aftersales services
- ▶ Talent attraction and retention
- ▶ Employee development
- ▶ Public policy
- ▶ Energy consumption

Our sustainability ambitions encompass our entire value chain. While our ten key sustainability issues are related to risks or impacts in our own operations, some of them also relate to impacts that occur outside of BMW Brilliance’s direct control. Product safety, energy and fuel consumption, as well as emissions, are strongly related to our customers’ driving habits. With specific offerings such as driver safety training or Efficient Dynamics, we reduce the sustainability impact of our products (> see Chapter 2.1).

Energy consumption, emissions, occupational health and safety, and corruption are – on the other hand – strongly related to our supplier base. Our localisation and supplier risk management strategies help us to reduce the sustainability impacts in our supply chain (> see Chapter 4.1).

RESPECTING HUMAN RIGHTS

We have implemented a sustainable development strategy throughout our value chain (supply – production – retail), with equal emphasis on economic development, environmental protection and social contribution. Human rights are a cross-cutting issue that relate to our entire value chain as well as to all our stakeholders. The BMW Brilliance Joint Venture Equity Contract explicitly relates to these rights. We respect human rights by avoiding infringement on the human rights of others, and by addressing adverse human rights impacts that might involve our company. Specific human rights related to our employees, suppliers, business partners and the communities in which we live and work are outlined below and elaborated upon in subsequent chapters.

Human rights related to our employees

Through our Human Resource Guidelines, we commit to providing employees with a safe, clean and open-minded working environment. The ILO Core Labour Standards are firmly anchored in our values. In order to achieve this commitment:

- ▶ our Human Resource Guidelines address full compliance with China's Labour Law and relevant regulations, in regards to forbidding forced, compulsory and child labour.
- ▶ we established the BMW Brilliance Labour Union in 2007, working to protect employees' rights and interests and mediating disputes between employees and the company.
- ▶ we engage in a work environment that is free from any behaviour that could be considered as harassment.
- ▶ we support employees by providing medical care, occupational health services, and by promoting health and healthy lifestyles, including health checks and flu vaccinations on a regular basis. We also offer services such as medical insurance plans for our employees and their families.
- ▶ to avoid discrimination, all employment decisions are made without any regard to race, colour, sex, religion, national origin, marital status, age, sexual orientation, disability or military status. Migrant workers are treated equally to any other employee, with full coverage of social welfare and protection.
- ▶ the Human Resources Department and line managers review employee leave and working hours on a monthly basis. All managers must ensure employees use their full entitlement of annual leave over the year.
- ▶ the minimum corporate salary at BMW Brilliance is higher than the living wage stipulated by the government.

Human rights related to our suppliers and business partners

As we work together with our suppliers and business partners, we make every effort to ensure they meet the same environmental and social standards that we set for ourselves. This includes compliance with all internationally recognised human rights, as well as with labour and social standards. In order to achieve this aim:

- ▶ BMW Brilliance dealers must reach a relevant standard on sustainability. This includes dealers' contributions to the local economy and employment, acting as an attractive employer and ensuring their employee's health and safety, their participation and dedication to the welfare of their local community, as well as validating energy savings and lowering the carbon emissions of their operations.
 - ▶ we have set up a supplier risk management process to identify and analyse potential sustainability and human rights risks along the supply chain. Our regular supplier review considers issues such as operational health and safety, child labour risks or environmental impacts.
 - ▶ security forces hired directly by BMW Brilliance are treated like any other employee and therefore are subject to the company's guidelines. BMW Brilliance has no record of human rights infringements by commissioned security forces.
-

Human rights related to the communities and the environment

Our business is deeply rooted in China, which integrates our pace of business development with that of Chinese society. In order to achieve our long-term sustainability commitment to China, BMW Brilliance:

- ▶ takes all necessary measures to fight corruption in order to prevent personal gain or preferential treatment.
 - ▶ takes a comprehensive approach to product responsibility. We produce fuel-efficient vehicles that are safe for drivers and other road users and better for the environment. We implement holistic recycling and high-quality customer care.
 - ▶ takes social and environmental impacts into consideration in the earliest stage of infrastructure planning, in order to minimise the impact on neighbours and local communities. All BMW Brilliance infrastructure construction activities are pre-examined and go through a national Environmental Impact Assessment.
 - ▶ commits to minimising our environmental impact, e.g. by continuously improving resource efficiency of energy and water consumption, process wastewater, waste for disposal and VOC emissions per vehicle produced.
 - ▶ actively engages in the communities in which we live and work. We promote cross-cultural understanding and social inclusion to reduce inequality and to safeguard social stability and prosperity. We also provide educational support for new generations.
-

FORECAST

Having launched our STARS strategy in 2014, we will work further on defining our ambitions, internal responsibilities, measures, and key performance indicators to realise our vision. We strive to integrate sustainability into all aspects of our company and to further strengthen the sustainability culture within BMW Brilliance. As part of our target-setting process, we will incorporate and phase in the sustainability targets that have been identified and prioritised by our management team.

1.2 Stakeholder engagement

OUR STRATEGIC DIRECTION

We build long-term trust with our stakeholders.

Our ongoing dialogue with BMW Brilliance's stakeholders is a continuous learning process for our business. We use targeted dialogues to understand various perspectives and to receive their input on strategically relevant topics. We identify trends and key topics at an early stage which helps us to gain acceptance of our activities and decisions. We want to build long-term trust with our stakeholders. This is important to demonstrate our commitment to society and for our future business success.

We aim to achieve mutual benefits with a variety of different stakeholders. For the city of Shenyang, for example, our business contributes significantly to tax, employment and economic development. For our Chinese customers, we are a top automotive manufacturer in the premium market. For our business partners, we are committed to create a profitable and responsible business. Understanding the different perspectives of these and other stakeholders allows us to gain knowledge, build trust and deepen partnerships that are critical to the performance of our company.

STRATEGICALLY ALIGNING STAKEHOLDER ENGAGEMENT

Our main stakeholder groups are our shareholders, customers, employees, suppliers, dealers, policymakers, students and society. BMW Brilliance's stakeholder engagement is reflected in our approach to key areas such as Product Responsibility, Human Resources, Corporate Citizenship, Production and Supplier Management.

Dialogue with targeted stakeholder groups takes place in a wide range of formats that include dialogues, presentations, events, meetings, surveys and training. For example:

- ▶ we conduct customer surveys and talks to understand customer expectations and needs;
- ▶ we train dealers to enhance their capacity and build greater customer satisfaction;
- ▶ we arrange open discussions for employees with top management to understand their concerns and suggestions;
- ▶ we conduct ongoing dialogue with central and local policymakers to share our expertise; and
- ▶ we interact with students and society to jointly raise awareness about issues such as environmental protection and traffic safety.

DEFINING STRATEGIES WITH OUR SHAREHOLDERS

Our Board of Management reports to the Board of Directors which represents our shareholders – BMW Group and Brilliance Group. With our shareholders' support, we integrate sustainability into our strategic decisions regarding environmental, social and corporate governance issues. For example, during the development and launch of new energy vehicle products, our shareholders provided support in terms of technology, product strategy and planning.

The BMW Group and the Huachen Automotive Group entered an "MoU on Deepening Strategic Cooperation"



Dr. Friedrich Eichiner, Member of the Board of Management of BMW AG, and Mr. Qi Yumin, Chairman of Huachen Auto Group, signed a "Memorandum of Understanding (MoU)".

On 28 March 2014, BMW Brilliance's joint venture partners and shareholders – Bayerische Motoren Werke AG and Brilliance China Automotive Holdings Limited – entered into an MoU on Deepening Strategic Cooperation in Berlin. Dr. Friedrich Eichiner, Member of the Board of Management of BMW AG, and Mr. Qi Yumin, Chairman of Huachen Auto Group, signed the MoU. The signing ceremony was jointly witnessed by Chinese President Xi Jinping and the Chancellor of Germany Angela Merkel.

Both parties are satisfied with the achievements of BMW Brilliance Automotive Ltd. over the past decade, which rely on the shareholders' joint value of "mutual trust and win-win", as well as a management model rooted in clear and effective corporate governance, leading and mature development strategy, and direct and efficient cooperation between shareholders. This sets up a role model for joint ventures in the automotive industry. They understand that their cooperation has gone beyond operating a successful joint venture, and they are committed to following a comprehensive strategy of cooperation on various levels – from technology and products, to management and sales. Both parties agreed to further expand the joint venture's production capacity and introduce more sophisticated products for local production as a solid basis for the joint venture's future development. With the signing of the MoU, the BMW Group and the Huachen Group are committed to achieving sustained success in the long term with concerted efforts.

VALUING CUSTOMER FEEDBACK

Our customers are at the heart of everything we do. We gain customer insights and knowledge by conducting customer talks and surveys, which provide us with a clearer understanding of how to meet their needs and expectations. We also interview customers to obtain timely feedback about their satisfaction with purchasing and service experiences at BMW dealers, or authorised repair shops. Most customer feedback is related to enhancing the BMW service experience, for instance at the time that the customer's car is being serviced or repaired (> see [Chapter 2.3](#)).

ENGAGING OUR EMPLOYEES

In order to increase communication between our employees and senior management, our Public Relations Department set up a series of open door and round table discussions. Non-production and production employees both have the opportunity to meet with senior management. In 2014, we held four open door and round table discussions.

By the end of 2014, the Labour Union covered 100% of employees who were eligible for membership. Annual consultation sessions cover issues such as wage increase, production plan scheduling and labour dispute mediation (> see [Chapter 5.1](#)).

COMMUNICATING OPENLY WITH OUR SUPPLIERS

In 2014 we hosted another BMW Brilliance Supplier Day. Our event focused on our new projects, bringing together suppliers and management for an open discussion forum. Over 100 suppliers from across China took the opportunity to share their information, expectations and challenges with other members of our network. We discussed our future business plans and opportunities to work together, as well as logistics and quality-related matters.

In particular, we discussed the challenge of addressing sustainability issues, such as environmental and social responsibility. Our goal is to bring our suppliers geographically closer to the BMW Brilliance plants in order to save logistics and energy costs.

Our Supplier Days have been very successful in building, as well as deepening, important relationships with key suppliers and our own business partners. We have received positive feedback from our suppliers and from the government on this initiative.

During the 2015 Supplier Day, we will introduce a BMW Brilliance award for innovative sustainability ideas (> see [Chapter 4.3](#)).

ASSISTING OUR DEALERS

We engage with BMW dealers and help them improve their performance in several ways. We offer dealer training, for example, to help them obtain the latest technology knowledge in order to enhance the customer service experience. We also actively promote our 5S dealer certification programme (Sales, Service, Survey, Spare Parts and Sustainability). BMW 5S dealers must reach a relevant sustainability standard. This includes contributing to the local economy and employment, helping to improve community welfare, and validating the energy conservation and carbon emissions of their operations.

BMW Brilliance has a significant professional training network in China. This includes three training centres, 15 training bases that work with local technical institutions, and 11 body and paint training centres. In 2014, we provided over 250,000 man-days of training for dealers' employees – the largest amount of training offered in BMW's global markets.

We have also launched a set of resilience measures to help dealers manage their costs, increase their revenues and improve their overall business efficiency (> see [Chapter 2.3](#)).



IN OPEN DIALOGUE WITH POLITICAL DECISION-MAKERS

Over the past decade, BMW Brilliance has established relationships of mutual trust between BMW and Brilliance as shareholders, and the Chinese government. We engage in regular, open dialogue with political decision-makers, union representatives, associations and non-governmental organisations. For example, in recent years we have discussed fuel economy legislation, the national strategy on developing and promoting new energy vehicles, air pollution control and traffic measures with these stakeholders. We want to play a constructive role in shaping the general political framework for our business activities by offering our expertise and helping to find sustainable business solutions.

Through our employees, and as part of our memberships in national associations and industry-representative bodies, we foster an ongoing dialogue with policymakers.

EXAMPLES OF NATIONAL ASSOCIATIONS (GRI G4-16)

- ▶ CAAM (China Association of Automobile Manufacturers)
- ▶ CAEFI (China Association of Enterprises with Foreign Investment)

FOSTERING SOCIETY

BMW Brilliance has hosted a series of industry-leading corporate citizenship projects as part of our long-term commitment to China. In October 2014, we held a “Lead the Way to a Sustainable and Responsible Future – 2014 BMW Brilliance Sustainability and Corporate Social Responsibility Forum” at our Tiexi plant. Internal and external stakeholders gathered to discuss the journey to a more sustainable society under the “New Normal” conditions in China.

By hosting this forum, we aim to build a platform for an interaction of ideas from experts and opinion leaders. The forum allows these leaders to discuss the latest trends and leading-edge developments in sustainability. They also exchange their experiences in advancing sustainability and corporate social responsibility (CSR) innovation practices. We will continue to fulfil our long-term commitment to contribute to the harmony and sustainability of Chinese society, with the support of forum attendees (> see Chapter 6.1).



ENCOURAGING CHINESE STUDENTS

We realise the importance of our relationship with college students. We promote our values through our automotive technology and brand culture, with a goal of motivating and supporting young talent and innovation. We have held nine consecutive “BMW Days” at Shanghai Tongji University which were attended by nearly 200,000 college students. Our goal is to showcase our innovative technologies and passion, as well as to encourage Chinese students’ own spirit of innovation and inspiration. In the future, we will further our cooperation with China’s higher education schools and contribute to the cultivation of talent (> see Chapter 6.2).

We realise the importance of close relationships with local universities. In 2014 we launched a new Doctoral programme at the Northeastern University, known as ProMotion, with four students, who are studying research and development, production planning, and process optimisation. Through their practical thesis work, these young talents are transforming their academic values into productivity improvements. To foster the young spirit of innovation, we plan to committed to a further six Doctorate student placements in 2015.

FORECAST

We plan to foster and further expand our dialogue with BMW Brilliance’s key stakeholders. We plan to conduct a stakeholder dialogue with them in 2015 to discuss trends in sustainability. We will continue to communicate openly with them, and incorporate their valuable input, in order to advance our sustainability strategy and overall performance.

1.3 Anti-corruption and compliance

OUR STRATEGIC DIRECTION

We protect our company's integrity and avoid risks associated with corruption and non-compliance. As a responsible company, we take resolute action to combat bribery and corruption.

Acting responsibly and complying with the law are critical to the business success of BMW Brilliance. This approach is integral to our corporate culture and helps define our image in the eyes of the general public. It also helps to create trust in our products and brands. Any violation of the law could result in serious consequences for our company, such as fines or compensation claims. Equally significant, our reputation could be damaged, seriously weakening BMW Brilliance's position as a leading provider of premium products and services. Therefore, we must adhere to all applicable laws and regulations, which are the binding framework for our business activities in China. The growth of our business, and the complexity of legal regulations in China, require that an effective compliance management system is in place.

MANAGING COMPLIANCE

BMW Brilliance's Compliance Management System is an important component of our corporate governance system (> see [Figure 02](#)). This landscape forms the basis for corporate governance at BMW Brilliance and illustrates the levels of compliance management. As shown in Figure 02, compliance management interacts with three other corporate governance functions: Internal Control Management, Operational Risk Management and Internal Audit.

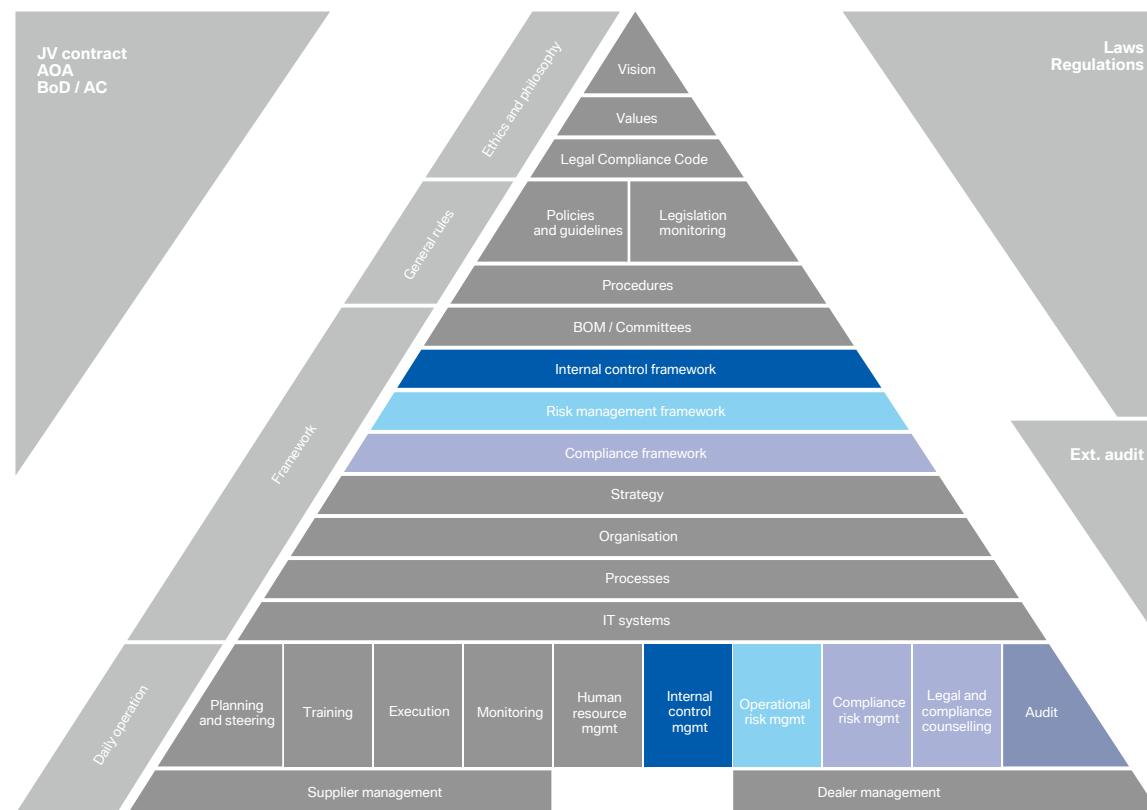


We have four internal functions to support managers and associates in corporate governance activities.

F.02 BMW Brilliance Corporate Governance Landscape

Managers and associates

- ▶ Every associate is responsible for following regulations and compliance standards of BBA.
- ▶ Associates are responsible for the proper execution of control measures in the working procedures.
- ▶ Managers are responsible for setting up and safeguarding continuous internal control, risk management and compliance activities.



Internal control management

- ▶ Run internal control review.
- ▶ Manage company regulations.
- ▶ Monitor segregation of duties, control flows and other comprehensive control indicators.
- ▶ Support business departments on daily internal control management, e.g. review processes and define specific control points.
- ▶ Counsel and provide training on internal control.

Operational risk management

- ▶ Set up regulations and activities to ensure operational risk management.
- ▶ Support managers to identify and monitor threats of impending losses to the company (individual and cumulative risks).
- ▶ Support managers to define and actively control potential risks – both within and outside the company.
- ▶ Report risks.

Compliance management

- ▶ Develop compliance strategy.
- ▶ Monitor compliance environment.
- ▶ Compliance risk management and monitoring.
- ▶ Design and update Legal Compliance Code and compliance regulations.
- ▶ Compliance communication and training.
- ▶ Compliance governance and processes.
- ▶ Compliance reporting.
- ▶ Compliance counselling.
- ▶ Maintain compliance hotline.

Internal audit

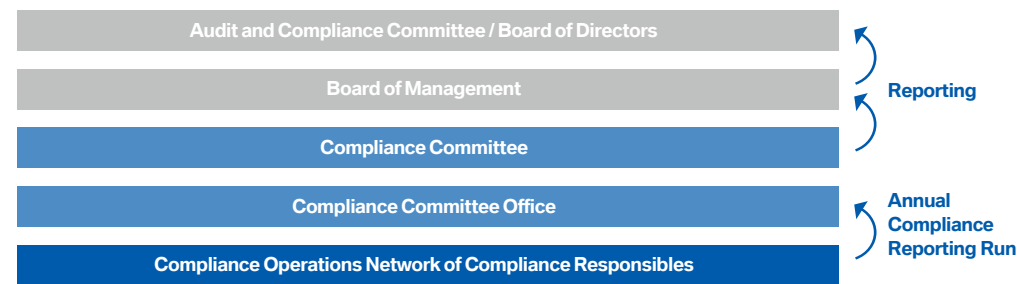
- ▶ Provide independent assurance and consulting activity to add value and improve BBA's operations.
- ▶ Evaluate and improve the effectiveness of risk management, control and governance processes.
- ▶ Lead investigation process for fraud cases.

We have established the BMW Brilliance Compliance Committee (BCC) to manage and monitor the overall effectiveness of the Compliance Management System. Compliance Committee Working Procedures have been formulated to regulate its activities.

The Compliance Management System of BMW Brilliance focuses on the fields of antitrust and competition, corruption and bribery, fraud, defalcation and theft, data protection, and money laundering. The system includes the management of possible compliance risks associated with our business (including risk identification, assessment, monitoring, control and reporting), the implementation of compliance training programmes, the management of compliance enquiries and reporting of non-compliance (the BMW Brilliance SpeakUP Line) and targeted communication measures, as well as the definition and implementation of codes, guidelines and procedures.

These measures are designed to protect BMW Brilliance’s business reputation and to ensure that the company, Board members, directors, managers and employees act in accordance with all applicable laws and regulations.

BMW Brilliance Compliance Management System



Compliance Risk Analysis

- ▶ Annual Risk Assessment of the business units of BMW Brilliance.
- ▶ Analysis of compliance-relevant developments within the business environment.
- ▶ Identification of further development potential.

Compliance Investigations and Controls

- ▶ The Compliance office coordinates the cooperation of Corporate Audit, Legal Affairs, Corporate Security and other relevant departments.
- ▶ Investigations in case of identified compliance issues. Mainly conducted by Corporate Audit, Corporate Security and Legal Affairs.
- ▶ Compliance Spot Checks (e.g. anti-corruption audits) by the compliance office.
- ▶ Compliance audits by Corporate Audit.

Compliance Reporting

- ▶ Regular company-wide query of compliance risks and defaults as well as confirmation of adherence to the compliance obligations.
- ▶ Addressees are the Compliance Responsibles, i.e. the reporting level 1, the region heads, and the heads of defined specific units.

Compliance Contact and SpeakUP Line

- ▶ BMW Brilliance Compliance Contact: Helpline contact where compliance-relevant issues can be addressed (either by telephone or via email).
- ▶ BMW Brilliance and BMW Group Compliance SpeakUP Line: Anonymous and confidential notification of potential violations of the law within BMW Brilliance (phone and Web service).

Legal Compliance Code and Regulations

- ▶ The Legal Compliance Code forms the base of all compliance activities within BMW Brilliance.
- ▶ Additional regulations address other subjects of special importance, such as corruption prevention.

Compliance Communication

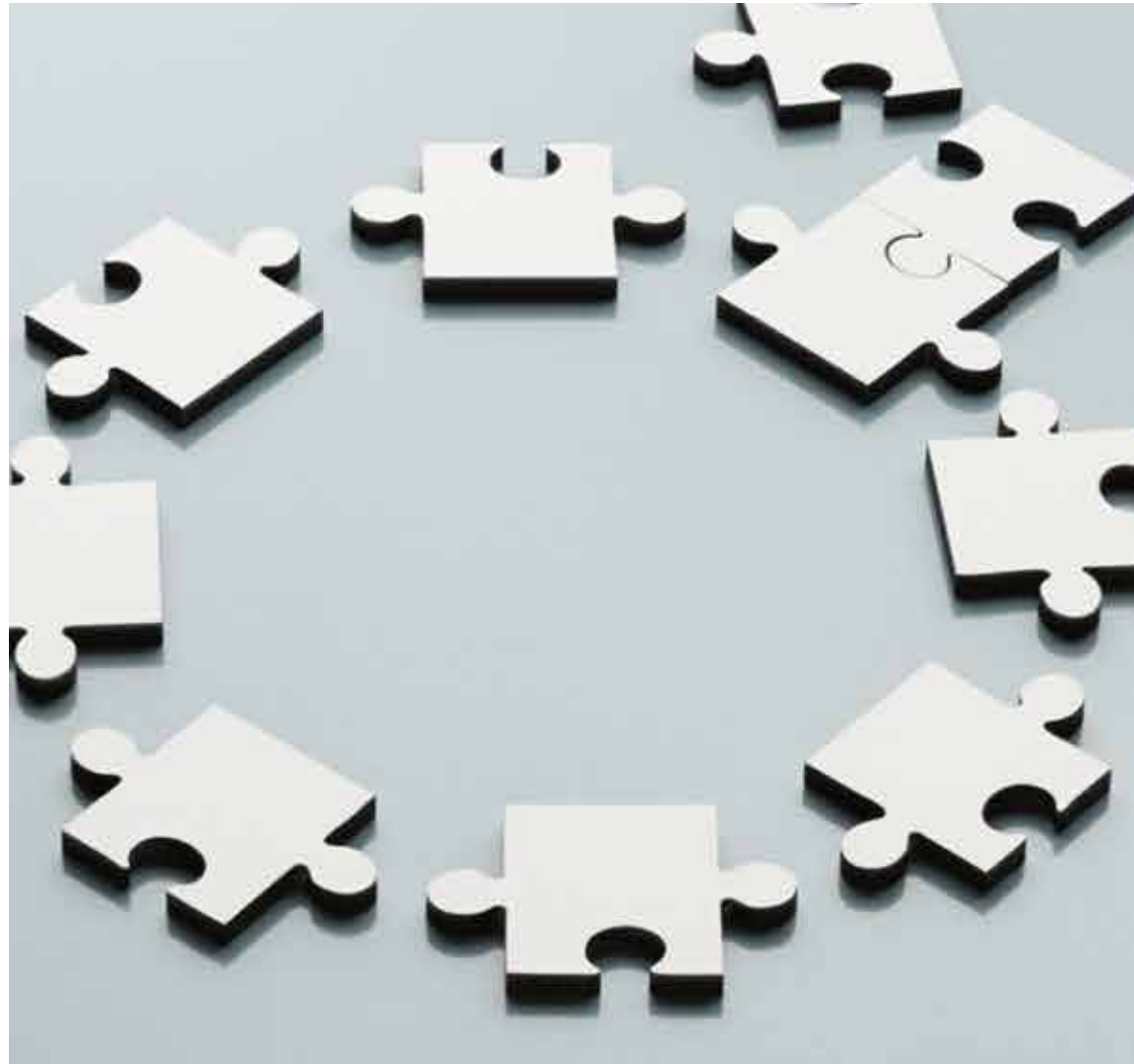
- ▶ “Tone from the Top” from the CEO and the Board of Management.
- ▶ Target-group-specific communication to support compliance instruments and measures, e.g. intranet homepage, posters, handbooks, newspapers.
- ▶ Goal is to inform and sensitise all associates and other “Associated Persons” regarding legal compliance.

Compliance Training

- ▶ Basic compliance training and special courses for specific target groups, such as competition and antitrust laws.
- ▶ Trainings are mandatory for defined target groups.

Compliance Governance and Processes

- ▶ Verifying processes to ensure obligatory supervision.
- ▶ Risk-oriented steering of compliance activities.
- ▶ Examples: (1) Compliance Declaration for all managers, as well as
(2) Implementation of processes and tools, such as “compliance risk management process”.



A Compliance Committee Office has been set up to support the work of the Compliance Committee and dedicated to taking care of any daily compliance matters across the company. At the operational level, each plant director and department head who directly reports to a member of the Board of Management, as well as each head of the regional sales offices, are personally responsible for compliance matters. The business leads for those areas designated as the most compliance-relevant functions are responsible for this as well. These designated people form the Compliance Operations Network of BMW Brilliance.

Our Legal Compliance Code explains the central importance of lawful conduct to BMW Brilliance and provides an overview of the legal areas relevant to our business, including: corruption and bribery, fraud, antitrust and competition, protection of company assets, data protection, product liability, consumer protection, export control, foreign trade, tax and customs, safety and health, environmental protection, and non-discrimination. Each manager receives a copy of our Legal Compliance Code and it is published on our intranet. We have also published an Anti-Fraud Policy and Fraud Response Procedure, a Corruption Prevention Guideline and Corporate Hospitality and Gift Instructions on the intranet for all employees, which contain specific anti-corruption and anti-fraud guidelines and requirements.

IMPLEMENTING AND MONITORING COMPLIANCE INITIATIVES

We address compliance risks through various compliance tools and programmes under the Compliance Management System. In 2014, we implemented the following compliance initiatives:

Compliance risk management process

We have defined and developed a comprehensive compliance risk management process. Our process includes a standard methodology for risk identification, assessment, monitoring, control and risk reporting. By the end of 2014, as part of the compliance risk management process, we had developed an overall risk map and risk ranking, and formulated a corresponding risk monitoring strategy.

Compliance reporting

We have developed and distributed a customised compliance-reporting questionnaire to our Compliance Operations Network. This type of “self-assessment” will be conducted on a regular basis in the future.

Anti-corruption policies and procedures

In addition to the Compliance Committee’s Working Procedures, we updated our compliance regulations, including the BMW Brilliance Guideline on “Corruption Prevention” and the instruction on “Corporate Hospitality and Gifts”, both of which will come into effect on 1 January 2015. These updates take the BMW Group’s guidelines into account, as well as the business needs and local laws and customs of the Chinese market.

We have also updated our Legal Compliance Code to reflect the stronger focus on corruption prevention and the introduction of compliance instruments such as the BMW Brilliance SpeakUP Line. The SpeakUP Line is a confidential phone line and an email address that people can choose to – either with their real name or anonymously – report a complaint or an observation of a breach of our Legal Compliance Code or compliance policies, or of any prevailing legislation. The BMW Group SpeakUP Line is also available for reporting BMW Brilliance related compliance cases. The BMW Group SpeakUP Line provides services in a variety of languages and the encryption of voices.

The members of our Board of Management have paid particular attention to compliance matters, including anti-corruption. Our Board of Management approves all anti-corruption policies and procedures. Additionally, in 2014, all anti-corruption policies and procedures approved by the Audit and Compliance Committee of the Board of Directors were also presented to the Board members.

In addition, the Compliance Committee Office, together with the IT Department, has systemised anti-corruption compliance control processes.

Targeted communication measures and training

Managers throughout BMW Brilliance must demonstrate responsibility by setting a good example for their staff. They are required to be fully aware of the significance of the Legal Compliance Code as well as the newly released compliance regulations, and to make a commitment to adhere to such internal regulations in order to avoid legal and compliance risks. For this purpose, we launched a communications campaign in 2014 to introduce the new compliance function and the new compliance regulations across the company. We introduced our new compliance measures to employees in the following ways:

- ▶ the Legal Compliance Code was distributed to every manager and the Associate Handbook (which contains compliance-related topics) was distributed to every employee;
- ▶ our CEO issued letters to all employees as a message-from-the-top to underscore the importance of these matters;
- ▶ posters regarding compliance were displayed in the Beijing office and in the Shenyang plants;
- ▶ mandatory training was conducted for all new managers or more senior positions, regardless of functions;
- ▶ mandatory training was conducted for employees whose functions are considered sensitive and exposed to high compliance risks, as well as for compliance management partners; and
- ▶ compliance coaching was implemented at the departmental level.

In 2014, over 200 managers and employees received on-line compliance training. BMW Brilliance managers also received new manager orientation on-site training as part of our compliance processes. For example, managers were trained on compliance issues associated with fair competition, corporate hospitality, gifts, allowances and the provision of vehicles.

Ensuring compliance in business relations

We have also established compliance measures for our business relations with external partners, such as including compliance clauses in purchase orders and event invitation letters. As an automotive manufacturer, we have developed standard vehicle provision forms with compliance clauses, which we use when we provide automobiles to external parties.

RESPONDING TO COMPLIANCE-RELATED ENQUIRIES AND NOTIFICATIONS

In order to avoid legal risks, employees are expected to discuss any compliance-related issues with their managers, and with the Legal Affairs and Compliance, Audit and Human Resources Departments. Employees who have any concerns may submit their information anonymously and confidentially through the BMW Brilliance SpeakUP Line about any possible legal violations.

In 2014, BMW Brilliance responded to cases of employee misconduct based on internal regulations. In responding to these cases, we wanted to ensure that BMW Brilliance and our employees adhered to the highest standards of professional behaviour and responsibility to protect our corporate integrity. In addition, to ensure compliance with internal rules and external regulations, internal audits were conducted by the Audit and Shareholder Audit Departments.



FORECAST

In 2015, a Compliance Risk Management Manual and related toolkits will be developed and distributed, creating the basis for ongoing compliance risk assessment and monitoring of the Compliance Operations Network. Additionally, we will further integrate a self-assessment procedure into the internal corporate control procedure for each business department to enhance our assurance of legal compliance. We will closely monitor and follow up on any observations or issues highlighted by our compliance programme. The Compliance Committee Office will identify potential training opportunities with our business partners and will develop further communications on compliance management.



02

PRODUCT RESPONSIBILITY

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- 2.2 Product safety p. 46
- 2.3 Customer satisfaction p. 50
- 2.4 Efficient mobility p. 54

How do you evaluate ZINORO's performance? What is your deepest impression experienced during driving? How do you feel about our support services such as charging?

From my driving experience, this model has BMW's reliable chassis performance and its acceleration is very smooth. I can use a charging station provided by my company. Here, however, I strongly advise your company to separately solve the charging-related problems, for example by further speeding up the process of constructing charging stations in public parking areas.

How do you feel about this brand?

As a joint venture, self-owned brand of BMW Brilliance, ZINORO is still in its infancy, and promotion and maintenance are needed. We now see more and more of this model on the streets. I hope ZINORO gathers more insight from its current leasing model, and uses this to further popularise this brand in the marketplace, so that more and more end-users can enjoy its performance and convenience.

What is your understanding and insight on China's sustainable development?

Industrialised countries all went through a phase of pollution, and China is no exception. However, China has passed the phase of high-speed growth accompanied by excessive pollution, and has started to tackle environmental pollution. In this phase, environmental protection and "green industry" will experience significant growth, and the electric vehicle is included in this category. In the future, electric vehicles will become more advanced and more accepted by drivers because of their service systems, R&D advancements and their production values. This zero-emissions and environmentally friendly way of travel will become a new trend.

Yao Yang | Dean, National School of Development
Director, China Center for Economic Research, Peking University



2 

PRODUCT RESPONSIBILITY

2.1 Our management approach

We take a comprehensive approach to product responsibility. For us, sustainability starts with the development of fuel-efficient vehicles and innovative solutions for electric mobility that are safe for drivers and other road users. Product responsibility includes resource-efficient development and production processes, as well as integrated and high-quality customer care. Recycling ensures that our vehicles provide valuable raw materials after they reach the end of their life cycle. Our commitment to localise and expand our business activities in China – including our product portfolio, our production levels and our research and development activities – supports this approach.

BMW Brilliance is committed to introducing the latest products and technologies into the Chinese market. We currently produce the BMW 5 Series Li, BMW 3 Series, BMW X1 and the ZINORO 1E – in total, over 30 models. Additionally, at the end of 2014, we began producing the BMW 530Le plug-in hybrid electric vehicle. Our products are produced and inspected thoroughly in accordance with the BMW Group's global standards, ensuring the same high quality.



EXPANDING OUR BUSINESS IN CHINA

Since BMW Brilliance's inception in 2003, we have focused on developing our business in China. Our pace of expansion has been rapid and includes the localisation of our production and products, the introduction of BMW engines and the establishment of our Research and Development Centre. This centre highlights the importance of the Chinese market to our business, focusing on the development of new energy vehicles. The centre works closely with the Research and Development team from BMW Group and benefits from its technology expertise.

The over 500 engineers working in our Research and Development Centre were mostly recruited locally. For example, the centre developed the high-voltage battery for the ZINORO 1E and conducted the vehicle testing and approval of the BMW 530Le plug-in hybrid, which will be introduced into the Chinese market beginning in 2015.

In 2014, as a result of our localisation and expansion strategy, sales of our locally produced vehicle models exceeded 60% of the total sales of the BMW brand in mainland China.



ACHIEVING HIGH PRODUCT STANDARDS

All vehicles produced in our plants are certified to the international standards of ISO 14020, Environmental Labels and Declarations; and ISO 14024, Environmental Labels and Declarations - Type I Environmental Labelling. Our vehicles are also certified to the local Chinese standard HJ 2532. In general, BMW Brilliance's product standard requirements are higher than China's mandatory requirements for product emissions, fuel consumption, the use of environmentally sound materials, and recyclability and reusability throughout a product's life cycle.

TAKING A BROADER VIEW OF PRODUCT SAFETY

BMW Brilliance follows the approach of the BMW Group to understand the safety of our customers and other road users, which is fundamental to our vision of product responsibility as a provider of premium products and services.

We reduce the risk of accidents through active safety features and we mitigate their effects through the passive safety systems included on our vehicles.

PROVIDING PREMIUM CUSTOMER SERVICE

Enhancing our aftersales service and maximising customer satisfaction are core to expanding our share of the premium segment in China. In 2014, we continued expanding and enhancing our sales and service network, while providing our customers with a varied selection of products. By year-end, we had 460 BMW sales and service outlets across China in operation. Thirty-five dealers were certified according to our 5S model, which adds high sustainability standards to our BMW 4S dealership model.

INCREASING THE EFFICIENCY OF OUR VEHICLES

We are committed to reducing fuel consumption and emissions in China. As a result of the BMW Group Efficient Dynamics strategy, the energy requirements of each of our models are being continuously reduced. In addition, we are adding electrically powered and plug-in hybrid cars to our model range. This allows us to contribute directly to China's national target of reducing industrial average fuel consumption to 6.9 litres of petrol per 100 kilometres by 2015. In 2014, BMW Brilliance's Corporate Average Fuel Consumption was 7.06 litres per 100 kilometres (2013: 7.3 litres per 100 kilometres). This positions us as number one in the national ranking of the fleet fuel consumption achievement rate among 88 local manufacturers, according to the 2014 Corporate Average Fuel Consumption (CAFC) report of the Chinese authorities.



FORECAST

We will continue to enhance our localisation strategy by expanding both our Dadong and Tiexi plants, in addition to building a new engine plant, and producing three new vehicle models in China. In January 2015, BMW Brilliance will celebrate another significant milestone – the one millionth vehicle rolling off our assembly line.

We will continue to introduce innovative mobility solutions and technologies. We plan to expand the Research and Development Centre in Tiexi to include a test bench area for fuel consumption and driving performance. This will help us improve our locally developed electric and hybrid technology and test our new powertrain components.

We will continue developing our dealer network to be closer to our customers and to ensure high-quality services. We will also continue promoting the 5S dealer concept in China by encouraging the voluntary involvement of authorised dealers nationwide, to further develop their sustainability engagement.

2.2 Product safety

OUR STRATEGIC DIRECTION

Our strategic approach matches that of the BMW Group. We protect our customers and other road users from injury by creating networks of active and passive vehicle safety systems.

BMW Brilliance follows the global safety standards of the BMW Group to provide premium products and services for individual mobility in China. The safety of our customers and other road users is paramount and fundamental to our sense of product responsibility. We take an integrated approach to product safety, which encompasses both active and passive safety systems. It also addresses such aspects as product labelling, safety training, avoidance of potentially dangerous materials, as well as minimising emissions in vehicle interiors.

Our objective is to avoid risks for road users and any adverse health consequences in the event of an accident. Our technologies and strategies for the safety of all road users are based on systematic research into the causes of accidents, which the BMW Group has been carrying out for over 30 years. Our integrated approach analyses the entire process chain, from accident prevention to post-crash applications. Based on this analysis, we integrate active safety features into our vehicles to try to prevent accidents from happening in the first place, and we apply passive safety features to mitigate their consequences.

ENSURING SAFETY FEEDBACK

BMW Brilliance develops and manufactures products in strict compliance with the BMW Group's quality management systems. We monitor our product performance and review all safety feedback. If necessary, we inform the responsible authorities about any customer safety issues and initiate any required safety measures. We have established relevant processes and procedures to ensure we act upon the feedback we receive from our customers and the marketplace.

SAVING LIVES THROUGH PASSIVE SAFETY SYSTEMS

Our vehicles have energy-absorbing crumple zones, safe passenger cells, restraint systems, airbags and many other passive safety features that protect the lives and health of drivers daily. In order to provide drivers and passengers with the greatest possible protection in the event of a collision, various safety elements work hand-in-hand. A networked system of highly sensitive sensors enables airbags to deploy in the appropriate situation and at precisely the right moment. Pyrotechnically activated seatbelt pretensioners and seatbelt-force limiters further minimise risk of injury. The vehicle front has various devices installed to protect pedestrians, including a shock absorber. This is integrated between the bumper carrier and panel to reduce leg injuries in a collision.

PREVENTING ACCIDENTS THROUGH ACTIVE SAFETY SYSTEMS

Active safety systems include perfect chassis coordination, optimal traction and effective brakes. Electronic chassis control systems also contribute towards preventing accidents.

One of the main ways we increase safety is through driver assistance systems, which are being increasingly integrated into our model ranges. These systems provide a second set of eyes to observe what is happening on the road in order to warn and support the driver.

The traffic jam assistant is another important support function. In long and monotonous driving situations, for example in traffic congestion, the traffic jam assistant helps to keep the car longitudinally and laterally positioned in the lane, easing the strain on the driver.

Providing safety through active battery management

The ZINORO 1E is equipped with an innovative battery safety system. This features a liquid cooling and heating system that can increase the battery adaptability and safety in various environments. In a low-temperature environment, it realises the ideal working temperature. And in a high-temperature environment, it prevents overheating. The battery management system features a self-diagnosis and management function. It monitors dynamically all key parameters of the battery such as storage, charge, discharge and operating status. In the event of an accident, it will disconnect the battery from the vehicle's electric system. This will ensure all parts are electrically neutral and guarantee the safety of the vehicle and passengers.

GUARANTEEING PRODUCT AND SERVICE INFORMATION

BMW Brilliance informs our customers if any potential risks and hazards related to our products exist, as well as the environmental performance and proper use of our products and services. For example, we report on the fuel consumption of our vehicles in accordance with China's vehicle fuel consumption regulations. We also report fuel consumption for each of our vehicle models on the Ministry of Industry and Information Technology's website.

Information on vehicle safety and protecting customer health can be found in the respective manuals or in notes inside the vehicle (e.g. rescue card), as well as on our official website. Additional background information on service, accessories, parts and BMW ConnectedDrive is likewise available online. We ensure that any customer product and service information meets all technical requirements.



OFFERING DRIVER SAFETY TRAINING

BMW Brilliance also contributes to protecting road users through driver safety training. We offer 12 different training courses, and in 2014 1,150 participants learned how to identify critical driving situations and respond properly. This included how to avoid such situations, if possible, in the first place.



USING SAFE MATERIALS IN OUR VEHICLES

For each phase of the vehicle life cycle – from development through to use and disposal – our specialist departments ensure compliance with worldwide legal requirements for product safety and human health. In the early development phase, a “Materials” interdisciplinary working group evaluates the potential materials to be used in a product to determine the risk potential and to eliminate any problematic candidates. The working group can then intervene in the selection and development process as well as in the production as needed.

Qualifying the materials we use

We test all current and future products according to the standards of the BMW Group. As well as series parts, all auxiliary production substances and process materials, such as paint and adhesives, undergo rigorous qualification processes.

We fully document all chemical substances that are used in our production processes. These substances are first inspected to ensure their safety and then approved for a specific application through our central recording system for environmentally relevant substances. The system also provides detailed specifications and tips on handling these products as well as on first aid, storage and transport.



FORECAST

In the coming years, we plan to further strengthen both our active and passive safety features. In particular, we plan to consistently introduce warning and emergency brake systems for all vehicle categories.

In line with our vision to create highly automated driving experiences, we will offer a range of modern driver assistance systems, which will allow us to come another step closer to the ideal of accident-free mobility.

2.3 Customer satisfaction

OUR STRATEGIC DIRECTION

We aim to create a perfect "customer journey" ensuring perfection with each customer interaction.

Our customers are at the heart of everything we do. Their satisfaction with our products and services is a prerequisite for our business success, today and in the future. By analysing our customers' needs continuously, and improving our premium products and services accordingly, we work to ensure greater customer satisfaction and loyalty.

To maintain our success, we must look after our customers better than anyone else. Customer satisfaction is our number one priority and delivering premium customer service is the responsibility of everyone in BMW Brilliance. We work hard not only on the implementation of our processes, but also on the continuous improvement of the customer experience.

IMPROVING CUSTOMER INTERACTION

Customer Interaction Centre

We aim to continuously improve our customer interactions and support. The BMW Customer Interaction Centre has been running a customer hotline service since 2005. The purpose of the Customer Interaction Centre is to gain customer satisfaction and loyalty by constantly providing high-quality services to create the maximum value of customer service. In 2014, the volume of inbound calls increased by over 60% to 770,000 and the outbound calls increased by over 170% to 4.8 million. The majority of the inbound calls were related to customer inquiries, while the outbound calls were mainly related to customer surveys and event invitations.

INCREASING CUSTOMER SATISFACTION WITH DEALERSHIPS AND AFTERSALES SERVICE

Training dealers in customer treatment

Future retail is our fundamental reinterpretation of the customer experience in dealerships, making it more personal, more emotional and more inspiring.

The aim of customer treatment in retail is to create a consistent emotional premium experience through staff interaction. All dealership staff are encouraged to think about what they would start, stop, or do more of, to enhance the customer experience.

Customer treatment requires all dealership staff to have the right knowledge and attitude to provide the best customer experience possible. To achieve this, we have implemented an extensive on-site training customer treatment programme for our dealers. Since 2013, over 310 dealers have participated in this programme.

Training dealers in process improvement

We want to assure high levels of customer satisfaction, efficiency and transparency in our aftersales services. To accomplish this, we have implemented a specialised on-site coaching programme which is complemented by regional workshops for our dealers. Specific campaigns, such as the end-of-warranty check for our vehicles, are designed to fulfil our customers' needs and increase their satisfaction with our services.

A targeted action plan will be developed to further describe our aftersales services, based on a customer satisfaction survey.

Fostering sustainability among dealers

In 2011, BMW Group extended its sustainable development strategy to the retail field by introducing the 5S dealer certification programme. This approach incorporates the concept of sustainability into the traditional 4S dealerships. BMW is the first automotive brand to introduce and practice this new concept. BMW 5S dealers must reach a relevant standard on sustainability, including their contribution to the local economy and employment, participation in and dedication to community welfare, as well as the validity of energy conservation and the efficiency of carbon emissions in their operations.

In 2014, we added five new 5S dealers to the group, bringing the total 5S network to 35. Moreover, 16 dealers were successfully re-certified according to the 5S certification model. We held 340 person-days of training based on the 5S model focusing on environmental protection and work safety.



ENSURING COMPREHENSIVE DATA PROTECTION

We continuously improve our systems and processes to ensure our compliance with all data protection requirements when handling our customers' personal data. Our Data Privacy Protection Office was established to protect customer data and its usage through technical security. Customer data security is the highest priority for our projects.

In 2014, BMW Brilliance implemented a data privacy protection process. The new process became effective in March 2014 in accordance with the amended customer rights and interest protection law. Both BMW Brilliance and our dealerships adhere to the customer data privacy protection process of the BMW Group.

IMPROVING FURTHER THROUGH CUSTOMER SURVEYS

Our Customer Satisfaction Index helps guide us on how to fulfil customer needs and increase customer satisfaction. Customer orientation is a central element within our business strategy. After customers purchase a vehicle, a representative from the BMW Customer Interaction Centre will contact them for their feedback on the sales and aftersales service including purchasing, vehicle handover and maintenance. Our aim is to find out if the customer is satisfied or not, and what our dealers and staff can do to increase their satisfaction. In addition, our customers are invited to give timely feedback about their satisfaction with their purchasing and service experience at the BMW dealership or authorised repair shop. The results and customers' exact comments are recorded and reported to company management. This direct feedback provides our foundation for driving customer satisfaction and managing continuous improvement.

Our regular customer talks allow BMW Brilliance's management to directly experience customers' perceptions and expectations on a regular basis. All first-hand customer comments are recorded and distributed to related functions for continuous improvement.

In 2014, approximately 240,000 customers provided feedback through our survey (2013: approximately 220,000). We have used this data to analyse and improve our Customer Satisfaction Index and to continuously improve our customer satisfaction performance.



FORECAST

We will continue to provide more information to our customers targeted to their specific interests. For instance, before a customer's warranty expires, they receive a reminder to bring their vehicle back to the dealership for a check-up within the warranty time period.

Starting in 2015, the BMW Interaction Centre will establish a new multi-media communication channel to further intensify the exchange and interaction with our customers.

A sustainability onsite coaching programme will be implemented for our dealers, with the aim of further improving the premium customer experience.

2.4 Efficient mobility

OUR STRATEGIC DIRECTION

We are continuously reducing the CO₂ emissions from our vehicle fleet and aim to be the leader in taking a holistic approach to premium electromobility.

China faces many challenges to its environmental capacity, including a shortage of resources and the rapid growth of its cities. In response, the country is now imposing increasingly stringent emissions regulations, as is the case globally. In this context, our vision of sustainable mobility is becoming even more imperative to achieving business success. As part of the BMW Group Efficient Dynamics strategy, we use innovative efficiency technologies in all models. Additionally, we are introducing electrically powered and plug-in hybrid vehicles into our model ranges.

SAVING FUEL AND REDUCING EMISSIONS

We are reducing the energy requirements of our vehicles through intelligent lightweight construction, innovations in energy management and consistently optimised aerodynamics. We are also constantly expanding and further developing our efficiency technologies.

We are offering more electrified drivetrains to our Chinese customers. Following the successful introduction of the battery-driven ZINORO 1E (which is produced at our Tiexi plant) as well as the BMW i3 and the plug-in hybrid i8, we began producing the new plug-in hybrid version of the BMW 5 Series, as the first locally produced premium plug-in hybrid model.

As a result of our efforts, between 2013 and 2014, we were able to reduce the CO₂ emissions of our newly sold vehicles in China by 6 grams per kilometre (> see Figure 03). The average fuel consumption of our vehicles in 2014 was 7.06 litres of petrol per 100 kilometres, 3.4% less than in 2013.

F.03 CO₂ emissions of BMW Brilliance automobiles

	2013	2014	Change to previous year
g/km	174	168	-3.4%

F.04 Fleet fuel consumption

	2013	2014	Change to previous year
l/100 km	7.30	7.06	-3.4%

We are fulfilling our responsibility to reduce CO₂ emissions along the entire value chain. By continuously increasing the efficiency of our vehicles, we are also reducing CO₂ emissions levels during their utilisation phase (> see Figure 05). Emissions in the supply chain also make a considerable contribution towards so-called Scope 3 emissions. For this reason, we contribute to the aim of the BMW Group which is to improve the resource efficiency amongst our suppliers.

F.05 Indirect CO₂ emissions (Scope 3) of BMW Brilliance automobiles in 2014

in t	
Total emissions	16,394,198
Upstream chain ¹	3,397,690
Utilisation phase ²	12,733,885
Disposal ³	262,623

1. Emissions from the upstream chain are calculated based on the carbon footprints of representative vehicles from the product lines.
2. The fleet emissions are extrapolated from the average fleet emissions of the BMW Brilliance products sold in a given year. The calculation was based on an average mileage of 150,000 km.
3. Emissions from disposal processes are calculated based on the carbon footprints of representative vehicles from the product lines.

SAVING FUEL IN SERIES MODELS

Our range of efficiency technologies represent the first and currently most effective components in emissions reduction. These include efficient engines, optimised aerodynamics, intelligent energy management, lightweight design, forward-looking drive control, the Auto Start Stop function, brake energy regeneration, and tyres with reduced rolling resistance or air flap control.

Driving in ECO PRO mode, for example, will reduce fuel consumption by up to 15% depending on the individual's driving behaviour. As soon as the ECO PRO mode is activated, it optimises the drivetrain systems management and the heating and air-conditioning functions to ensure maximum efficiency. ECO PRO mode also gives the driver specific hints on how to drive more efficiently, such as displaying the most efficient gear to drive in for each driving situation. Vehicles with automatic transmission can cruise between 50 kilometres per hour (km/h) and 160 km/h. As soon as the driver releases the accelerator, the drivetrain is decoupled and the vehicle will coast and run at minimum consumption. The Proactive Driving Assistant uses data from the navigation system to tell the driver about speed limits, tight bends and roundabouts or turns ahead and gives tips on the most efficient way to drive.

To complement our efficiency technologies, BMW ConnectedDrive uses the BMW navigation systems to map out the traffic situation on main roads in near real time. This enables the driver to avoid congested areas and save fuel. BMW ConnectedDrive is a package of intelligent technologies that interconnect the driver, vehicle occupants and the vehicle itself with the environment. The system is based on the two pillars of driver assistance systems (comfort and safety functions) and services (infotainment and mobility products).

One of the company policies of BMW Brilliance and the BMW Group is to meet the newest emissions standards of all regulations worldwide. As a result, we are involved internationally in the discussions on new emissions targets and plan to align our research capacities as soon as possible with the new targets.

CELEBRATING THE SUCCESS OF THE BATTERY-DRIVEN ZINORO 1E

An important component of our Efficient Dynamics strategy is our electromobility activities. Our flagship model of this strategy is the ZINORO 1E, which is the first product of our ZINORO brand.

We are committed to creating a sustainable premium automotive brand that truly belongs to China. ZINORO 1E made its debut in November 2013. This product showcases BMW Brilliance's strength in development, testing and production of electric vehicles. As the first premium zero-emissions sports activity vehicle in China, ZINORO 1E is environmentally friendly, highly energy-efficient and satisfies the highest safety requirements. It sets the new benchmark for premium electric cars in China. The powertrain is based on the latest BMW technology, which includes high-performance and lightweight components such as the electric motor and a highly integrated power electronics unit. ZINORO 1E has no engine noise. Its driving range of 150 kilometres can satisfy the daily usage of a vehicle in the city.



AWARDS FOR THE ZINORO 1E 2014

- ▶ Most Expected China Brand (i Auto)
- ▶ The Innovative Brand (Motor Trend)
- ▶ The Best New Energy Vehicle of the Year (Automotive Observer)
- ▶ NEV of the Year (China Automotive News)
- ▶ Best EV of the Year (China Auto Pictorial)

Attracting customers to the ZINORO brand

We are offering the ZINORO 1E for customer rental. This will help promote our ZINORO brand in the Chinese market, contributing to our goal to raise customer acceptance for new energy vehicles in the coming years. We provide customers with a worry-free rental package, including the installation of the charging facility, with aftersales service, repairs and maintenance costs all included in the rental price.

As part of building our brand communication and customer service, we have opened ZINORO showrooms in Beijing and Shanghai. These showrooms offer premium electric mobility services to both private and institutional customers.

LEVERAGING HYBRID DRIVETRAINS

Another vital component of our Efficient Dynamics strategy is the electrification of the drivetrain using various hybrid solutions. This approach enables us to realise further fuel-saving potential.

In 2014, we began production on the new BMW 530Le plug-in hybrid (PHEV) in our Dadong plant. This model sets the benchmark in its automotive segment in terms of fuel efficiency and emissions. It has the lowest fuel consumption (2.0 litres per 100 kilometres) and lowest CO₂ emissions (49 grams per kilometre) in its class.



FORECAST

We are well positioned to meet increasingly demanding future CO₂ targets in China with our strategic focus on Efficient Dynamics. We will continue our development of pure electric vehicles, as well as plug-in hybrid vehicles. We will actively promote the construction of charging facilities and contribute to the development of sustainable individual mobility.

In 2015, we will launch the new BMW 5 Series plug-in hybrid, giving our Chinese customers the privilege of being the first to experience BMW's eDrive technology. The eDrive technology will be introduced in additional product lines in the future.

We also plan to present our newest ZINORO brand concept car – ZINORO Concept Next – at the Shanghai Auto Show. The ZINORO Concept Next endorses BMW Brilliance's long-term strategy of localisation and sustainable development in China.



03.

ENVIRONMENTAL PROTECTION

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- 3.4 Water p. 76

What are the current priorities regarding environmental protection at BMW Brilliance production sites?

Currently, our main priority is the improvement of the efficiency of our energy and water consumption.

What are the major challenges?

One of the challenges we are currently facing is the lack of renewable energy resources in the city where our production plants are located. Energy production is mainly coal-based, which means more CO₂ and other pollutants are emitted.

How do you engage employees on environmentally friendly production?

We provide environmental training to all newly on-board employees and refresher training on a regular basis to increase awareness of environmental protection. We also conduct campaigns to involve all employees in environmental protection initiatives. We encourage our employees to suggest ideas on new ways to protect the environment. Finally, we believe the environmental commitment and leadership of our top management also indicates to employees the importance we place on protecting the environment.

What does environmental protection mean in financial terms?

By improving our environmental performance, we reduce our operating costs, thus increasing our operational efficiency and our competitiveness as a business. Additionally, improving our performance helps to reduce or eliminate compliance risks with respect to environmental protection, and ensures the continuity of our business. Strong environmental performance will also enhance the image of BMW Brilliance, which will ultimately help improve our sales volume by maintaining a stable share of the market.

Luke Liu | Manager, E&S Planning and Steering, BMW Brilliance



3

ENVIRONMENTAL PROTECTION

3.1 Our management approach

We aim to be the leading and most resource-efficient premium automotive product manufacturer in China. Our efficient use of resources and energy minimises our environmental impact, decreases our costs and helps maintain our corporate reputation. Our environmental policy and management system are fully aligned and integrated with BMW Group-wide environmental policies, guidelines and management systems.

INTEGRATING ENVIRONMENTAL PROTECTION INTO OUR BUSINESS

Environmental protection is fundamental to our sustainability strategy. We are part of the BMW Group's international environmental protection network. A central department within BMW Group, responsible for Corporate Planning and Product Strategy, Sustainability and Environmental Protection, leads the network. Our plant managers are responsible for the environmental management of our operations.

The Safety and Environment team of our Human Resources Department leads the environmental protection initiatives and targets at all of our plant locations. These initiatives are based on the Cleaner Production approach of the United Nations Environment Programme (UNEP). We aim to keep our consumption of resources and the environmental impact of our production processes as low as possible. By doing so, we are contributing to the BMW Group's environmental target for 2020, which aims to reduce resource consumption by 45%, per vehicle produced, compared to 2006.

We focus on reducing the environmental impact of our activities in three key areas: energy consumption and emissions (> see Chapter 3.2); waste reduction (> see Chapter 3.3); and water consumption and process wastewater discharge (> see Chapter 3.4).

SHARING BEST PRACTICES

We aim to reduce the environmental impacts of all our production plant locations. BMW Brilliance's environmental management system is based on relevant legislation, international standards and BMW Group-related guidelines, as well as best practices. Our Board of Management appoints a representative to ensure the effective implementation of our environmental management system.

TÜV Rheinland has certified all our plant locations in accordance with ISO 14001. This indicates:

- ▶ the environmental management of BMW Brilliance complies with this international standard;
- ▶ it is in compliance with legal and other requirements it subscribes to; and
- ▶ our environmental performance is systematically improved.

To ensure continuous improvement, we annually conduct two internal audits and one external audit of our environmental management system.

We have established Centres of Competence for energy, water, waste and emissions that are managed by environmental experts from our different plants. Working groups meet regularly to discuss best-practice solutions for issues that may arise. These groups meet regularly with environmental protection experts from other BMW Group plants to build the competence of local teams and employees, and to share best practices globally.



INTEGRATING ENVIRONMENTAL PROTECTION INTO NEW PROJECTS

During the planning of a new production facility, we conduct a detailed site assessment with input from internal environmental experts and from the Shenyang Environmental Science Institute. This practice allows us to consider any potential environmental impacts at the outset of a project, and to implement any actions or further improvements as necessary. It also allows us to continuously improve our performance and implement best practices from across BMW Group plants.



FORECAST

In 2015, our priority is to continue enhancing our processes in order to minimise the environmental impacts of our production system. We will establish an energy improvement working team with members of all relevant technical areas and departments. We anticipate that this will lead to an improvement of our overall energy efficiency, bringing us closer to the BMW Group's 2020 target for energy consumption.

3.2 Energy consumption and emissions

OUR STRATEGIC DIRECTION

BMW Brilliance contributes to the BMW Group's environmental target. By 2020, it is planned to reduce energy consumption and volatile organic compound (VOC) emissions in the BMW Group production network by 45% per vehicle produced compared to 2006.

Scarcity of energy, as well as climate change and air pollution, are highly relevant topics in China. We continuously strive to minimise our environmental impacts in these areas by increasing energy efficiency and decreasing emissions throughout our entire value chain. We thereby increase our operational efficiency and competitiveness as a business.

Minimising emissions at company locations

We minimise emissions related to our operations as much as possible. This includes CO₂ emissions that are generated directly from burning fossil fuels (Scope 1), and indirectly through our consumption of electricity and heat (Scope 2). Our production locations generate the majority of these emissions. This is why the strategic area of action we focus on is increased energy efficiency, leading to CO₂ emissions reduction. Additionally, we strive to continuously reduce VOC emissions per vehicle produced – one of the major environmental impacts associated with paint processes for automotive companies.

Reducing upstream and downstream emissions

We continually reduce CO₂ emissions caused by the use and disposal of our products; in our supply chain; in transport logistics; and by employees commuting to and from work (Scope 3). The majority of these emissions are generated during the use of our products (corporate level, not including upstream fuel). The BMW Group Efficient Dynamics strategy (> see Chapter 2) focuses on continually reducing the average fleet emissions of CO₂ per kilometre. Additionally to that, we are continuously increasing the CO₂ efficiency of our transport logistics.



INCREASING OUR ENERGY EFFICIENCY

The energy production in Shenyang, where our production plants are located, is mainly coal-based. This means that more CO₂ and other pollutants are emitted than in regions with more renewable energy resources. To achieve our CO₂ targets, we therefore focus on improving the energy efficiency of our buildings and production processes.

We rely on state-of-the-art technologies to help us achieve our efficiency targets. For example, in the paint shop in our Tiexi plant we use an integrated paint process and we optimise the efficiency of our ventilation systems and implement closed energy cycles.

An innovation implemented in our Dadong plant shows the potential for energy savings: a steam condensate water recovery system saves approximately 5,700 MWh per year. In 2014, additionally to that we have introduced a new system to recover heat from our VOC emissions abatement system, which saves 0.02 MWh per unit.

In the face of rising energy prices, these innovations have allowed BMW Brilliance to reduce our total energy costs and improve our profitability and competitive position.

We use the BMW Group's building energy consumption standard for sustainable construction when building new projects and for any building conversions. This standard establishes principles and concepts for buildings and enables ongoing project monitoring. The aim is to minimise energy and resource consumption, as well as environmental impacts, during all phases of a building's life cycle.



IMPROVING OUR ENERGY CONSUMPTION

The Planning and Facility Management team has overall responsibility for energy management, while the Safety and Environment team drives the target-setting process at the operations level.

Members of the Energy Centre of Competence meet regularly with environmental protection experts from other BMW Group plants. Sharing best practices across the different markets supports our efforts to raise employee and manager awareness on how to deal with energy.

Despite these activities, our consumption of electricity has increased over the last years (> see Figure 06). This is especially the case for the energy consumption between 2012 and 2013. The main reason for this increase is the start of production in our Tiexi plant and the expansion of our overall production, while the energy consumption per unit produced could be reduced from 2013 to 2014.

F.06 Energy consumption in all plant locations

in MWh	2012	2013	2014	Change to previous year
Total fuel consumption from non-renewable sources	93,427	115,477	109,895	-4.8%
Total electricity consumption	108,747	165,396	216,674	31.0%
Total heating consumption	110,072	162,627	153,660	-5.5%
Total energy consumption	312,247	443,500	480,229	8.3%



MEASURING OUR PERFORMANCE

We have set targets for energy consumption, per unit produced, for our plants (Tiexi, Dadong and our Powertrain plant) and for the different production processes (for example the press shop, body shop, paint shop and assembly). We have installed metering systems to obtain accurate data on our energy consumption. These systems help us to closely monitor, target, address irregularities and implement any necessary measures to ensure our performance is on track.

Improved energy efficiency and the use of cleaner energy sources have enabled us to reduce our carbon footprint for every vehicle we produce. In 2014 we achieved a CO₂ efficiency of 0.97 tonnes of CO₂ per unit produced, an 11.8% reduction when compared to 2013.

F.07 Energy consumption per unit produced in all plant locations

in MWh/unit	2012	2013	2014	Change to previous year
	2.08	2.06	1.67	-18.9%

F.08 CO₂ emissions per unit produced at all plant locations

in t/unit	2012	2013	2014	Change to previous year
	1.05	1.10	0.97	-11.8%

REDUCING OUR VOC EMISSIONS

We are committed to reducing our VOC emissions from our production processes to mitigate any risks and impacts on society. At our Tiexi plant, for example, we introduced an integrated and waterless painting process which uses water-based paint technology and a dry-scrubber system to capture overspray paint instead of the traditional water curtain.

The thermal exhaust-air treatment system known as KPR installed in our Dadong plant leads to a drastic reduction in VOC emissions as compared to previous years. It also sets a new benchmark standard among BMW Group plants. These measures led at our production sites to an 87% reduction in VOC emissions per unit produced, from 3.52 kg of VOC in 2013 to 0.48 kg of VOC in 2014.

F.09 Volatile organic compounds (VOC) per unit produced at all plant locations

in kg/unit				
2012	2013	2014	Change to previous year	
5.66	3.52	0.48	-86.4%	

INCREASING TRANSPORTATION EFFICIENCY

In China, BMW Brilliance produces and supplies premium products and services that require the transportation of large volumes of goods. Transportation logistics are not only important to our business success, but also to how we are perceived by society. We are using more low-carbon modes of transportation and continuously increasing our logistical efficiency. This strategy reduces overall costs to the business and minimises our environmental impact.

USING MORE LOW-EMISSIONS TRANSPORTATION

Our low-emissions strategy is twofold. For high-volume suppliers from the Greater Shanghai area, we are increasingly using short sea shipment main-haul transportation via Shanghai and Yingkou port. Furthermore, BMW Brilliance has launched a number of pilot projects to evaluate to what extent standard-fuel truck transportation can be substituted by liquefied natural gas and/or compressed natural gas technology. By doing so, we anticipate reducing emissions of CO₂, as well as noise and other emissions.

MAXIMISING TRUCK LOAD EFFICIENCY

We ensure trucks used for long-distance transportation are filled to capacity. This enables us to decrease carbon emissions during transportation. Trucks delivering cargo collected from suppliers in the same area use regional consolidation cargo centres.

Since 2014, we have implemented our Full Truck Load strategy for the inland transportation of goods from suppliers. Specific trucks now collect cargo from suppliers based on our production orders. This strategy ensures fewer trucks are used with no container space wasted. It also eliminates the handling of goods at the regional consolidation centre, which provides a faster and more efficient service, and consequently reduces carbon emissions.



FORECAST

In 2015, we plan to implement a steam-to-gas project in the Dadong paint shop, which we anticipate will reduce our energy consumption by 1,400 MWh per year. Furthermore we will improve the energy efficiency of the new paint shop in Tiexi to realise its full potential concerning resource efficiency.

We will advance our logistics initiative, particularly with respect to short sea shipments, full truck loading and our natural gas strategy. Our aim is to increase transportation efficiency and minimise emissions of CO₂ and smog pollutants.

3.3 Waste reduction

OUR STRATEGIC DIRECTION

BMW Brilliance contributes to the BMW Group's target. By 2020, we aim to reduce waste by 45%, per vehicle produced, compared to 2006. Our goal is to reduce all waste for disposal to a minimum.

One of the major sustainability issues society faces is the global depletion of natural resources. Raw materials are becoming increasingly scarce, and as demand increases so do business costs. As a result, we engage in recycling management throughout our product life cycles. We focus on continuously optimising our processes and reducing our waste volumes. This approach allows us to consider waste as a valuable resource, which might be successfully incorporated back into our production processes.

Our waste management system ensures that we reduce costs as well as environmental impacts. Our system is also essential to maintaining compliance with the Waste Pollution Prevention and Control Law of China.

To achieve our objectives, we focus on three main areas of activity along our value chain: reducing our waste; implementing best practices; and collaborating with our vendors on waste disposal.

MANAGING OUR WASTE

We have implemented the BMW Group's waste information system – ABIS – to help us record and reuse the waste we produce. This system was designed for the BMW Group's German plants in accordance with that nation's law on life cycle management. BMW Brilliance has customised ABIS to meet requirements within China. We apply ABIS to determine the best disposal method for a particular type of waste.

We also use ABIS to help us document individual waste flows and to categorise waste as hazardous or non-hazardous, in accordance with the Waste Pollution Prevention and Control Law and the Hazardous Waste Catalogue of China. During 2014, there were no incidents of illegal transport or disposal of hazardous waste.

COLLABORATING WITH OUR VENDORS

We work closely with several vendors on waste disposal to help ensure their performance complies with national and local laws and regulations. In addition, we conduct duty of care audits in order to review the management process of each vendor. We conduct such audits during the vendor selection phase. Furthermore, we audit the hazardous waste management systems of all our contracted vendors every three years.

CREATING AWARENESS AMONGST OUR EMPLOYEES

To improve the environmental awareness of our employees, we implemented a waste reduction campaign in 2014. All 3,034 employees from our three plant locations participated in this campaign, including our technology heads and plant directors. Overall, the campaign helped improve employee awareness and commitment to environmental protection.

MINIMISING PACKAGING WASTE

To reduce waste and to minimise our impact on the environment, we use recycled packaging for both imported and local parts during our vehicle production processes. We also use returnable packaging for local parts whenever possible, which has drastically reduced our packaging waste.



IMPLEMENTING BEST PRACTICES

When we recycle materials or waste, we comply with the same five-step hierarchical model used by the BMW Group, and as laid down by the European Union as best practice:

- Prevention:** Where possible, we avoid creating waste in the first place. This is the best solution both in economic and environmental terms.
- Reuse:** We reuse any viable waste material immediately. Otherwise, we prepare it for reuse in its original area of application.
- Recycle:** If reuse is not an option, we recycle the material in such a way that we can reintroduce it to the cycle. It can then replace primary raw materials.
- Recovery:** We deliver non-recyclable waste materials to vendors with incineration facilities for heat recovery, whenever it is technically feasible and legally permitted. Other methods of disposal are also used.
- Disposal:** Only the small volume of non-recyclable waste that is then left over is earmarked as waste for disposal.

Despite our efforts to reduce our waste to a minimum, the total quantities of waste for disposal and waste for recycling have increased substantially, as the table below illustrates. This increase is mainly due to the following reasons:

- Start of the production in the Tiexi paint shop.
- Increase of the total production levels.
- Deep cleaning activities of our wastewater treatment and production facilities to ensure effective operation.
- Increase of the number of employees, which in turn has increased the amount of waste produced by our staff.

F.10 Total non-hazardous and hazardous waste at BMW Brilliance

in t	2013	2014	Change in %
Hazardous waste for recycling	1,940	4,060	109.3%
Hazardous waste for disposal	384	1,034	169.3%
Total hazardous waste	2,324	5,097	119.3%
Non-hazardous waste for recycling	13,113	22,312	70.2%
Non-hazardous waste for disposal	563	597	6.0%
Total waste for recycling	15,052	26,374	75.2%
Total waste for disposal	947	1,631	72.2%
Total waste	15,999	28,005	75.0%

Compared to 2013, the waste for disposal per unit at our Powertrain plant has been reduced. However, despite our efforts the overall waste production per unit increased between 2013 to 2014. This is mainly due to the reasons described above.



F.11 Waste for disposal per unit produced at all plant locations

in kg/unit	2012	2013	2014	Change to previous year
	9.20	4.41	5.67	28.6%

FORECAST

In 2015, we will continue to focus on minimising waste for disposal and devote the necessary resources to recycling management. We are working closely with local environmental protection authorities, and our paint shop process designer, to develop a method of recycling limestone for our eco-dry scrubber system in the Tiexi plant paint shop. If successful, used limestone will not be treated as waste for disposal, but rather as a raw material for cement production.

In the meantime, we will introduce new compact machines for sludge dewatering process, which will contribute to the waste reduction from wastewater treatment plant.

3.4 Water

OUR STRATEGIC DIRECTION

BMW Brilliance contributes to the BMW Group's target. By 2020, we will have reduced water consumption and process wastewater by 45%, per vehicle produced, compared to 2006. Our vision is to achieve wastewater-free production processes.

Water is becoming increasingly scarce and more valuable as the world's population and consumption rise. We understand that careful use of this natural resource is increasingly important today, and for the future. We focus on reducing our water consumption in order to reduce our business costs and to minimise our impact on the environment and society.

Our production plants are located in Shenyang, Liaoning Province. Like many other regions of the world, Shenyang is experiencing challenges related to water shortages. As a result, preserving water is a key objective of our daily business activities. Currently, we are developing wastewater-free paint application processes for our production lines.

BMW Brilliance complies with all national and local water laws and regulations, including all control limits. Additionally, the BMW Group's water guidelines prescribe how to handle substances that could potentially be hazardous to the water supply. These guidelines usually exceed local requirements in China.

MINIMISING OUR WATER USAGE

We aim to reduce our water usage and impacts at all of our production plants. Our water consumption is mainly related to the sanitary facilities for our workforce, evaporation from the cooling towers in our production processes, and the water use at our paint shops. We therefore focus on continuously improving our resource efficiency in all of these areas at our production plants. A management system monitors consumption targets and levels of our plants. Additionally, there is a regular exchange of best practices in water management amongst representatives of all plants within the BMW network.



TREATING WASTEWATER IN OUR TIEXI PLANT

In 2014, the water consumption per vehicle produced in our Tiexi plant was 1.68 m³. The use of state-of-the-art technologies will contribute significantly to its water savings. They include:

- ▶ closed-cycle water systems and the introduction of waterless processes at the paint shops;
- ▶ water-saving sanitary fittings that conserve 21,800 m³ per year;
- ▶ hybrid air-cooling towers rather than evaporative-cooling towers; and
- ▶ recirculation of demineralised water in the paint shop's paint-fume capture system and in the washrooms at the Dadong paint shop.

REDUCING WATER CONSUMPTION AT OUR DADONG PLANT

We have introduced water recycling into our newly refurbished car washing system at the Dadong plant. This change has contributed to reducing our overall water consumption and helped us reduce the consumption per unit produced.

F.12 Water consumption per unit produced at all plant locations

in m ³ /unit	2012	2013	2014	Change to previous year
	2.97	2.72	2.18	-19.9%

F.13 Process wastewater per unit produced at all plant locations

in m ³ /unit	2012	2013	2014	Change to previous year
	0.59	0.50	0.47	-6.0%

FORECAST

In 2015, we will continue to promote and implement water-saving initiatives at our Tiexi plant. In particular, we plan to use reclaimed water for our on-site gardening activities, which is expected to reduce our water consumption by 1.4 tonnes per vehicle produced.



04 ↻

SUPPLIER MANAGEMENT

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- 4.2 Minimising supplier risk p. 88
- 4.3 Utilising supplier opportunities p. 94

How do your products help advance sustainable mobility?

Contemporary Amperex Technology mainly produces electric vehicle lithium-ion batteries, which are environmentally friendly energy products. They are recyclable, with high safety and reliability. Lithium-ion batteries are mainly used in electric vehicles, hybrid electric vehicles and as energy storage for power stations. Our goal is to be a premier solution provider for green energy storage.

How do you integrate sustainability into your everyday operations?

We have established an energy conservation committee to reduce, for instance, the consumption of water, electricity and gas. We also adopted a system to recover NMP, an organic compound connected to lithium-ion batteries. This reduces our volatile organic compound (VOC) emissions.

In addition, we engage in the implementation of second used and recycling program for electric vehicle batteries and storage batteries respectively. To fulfil our corporate social responsibility, Contemporary Amperex Technology implemented a code of conduct based on the Electronic Industry Citizenship Coalition standards, and established a code of conduct committee to ensure the respect for human rights and employee satisfaction.

How do you cooperate with BMW Brilliance?

Contemporary Amperex Technology has a good relationship with BMW Brilliance in new energy vehicle development. We have invested heavily in R&D, as well as in the construction of an automotive-level production plant to meet the high product volumes requested by BMW Brilliance. We are working towards a long term strategic partnership with BMW Brilliance.

Hong Zhang | Environment, Health and Safety Senior Engineer, Contemporary Amperex Technology Ltd.

4 

SUPPLIER MANAGEMENT

4.1 Our management approach

Our global supply chain network makes a major contribution to value creation, quality and innovation at BMW Brilliance. Our suppliers play a significant role in helping us to achieve our sustainability goals and in the sustainable development of society as a whole. As our business grows, so does the complexity of our supply chain and our potential impact on the environment and society. Our supply chain includes a wide network of suppliers and sub-suppliers, which presents considerable challenges for us. However, it also provides us with opportunities to leverage the sustainability performance in our supply chain. We believe that by strengthening this performance we will achieve our long-term goals, deliver a premium experience to our customers and contribute to sustainable development.

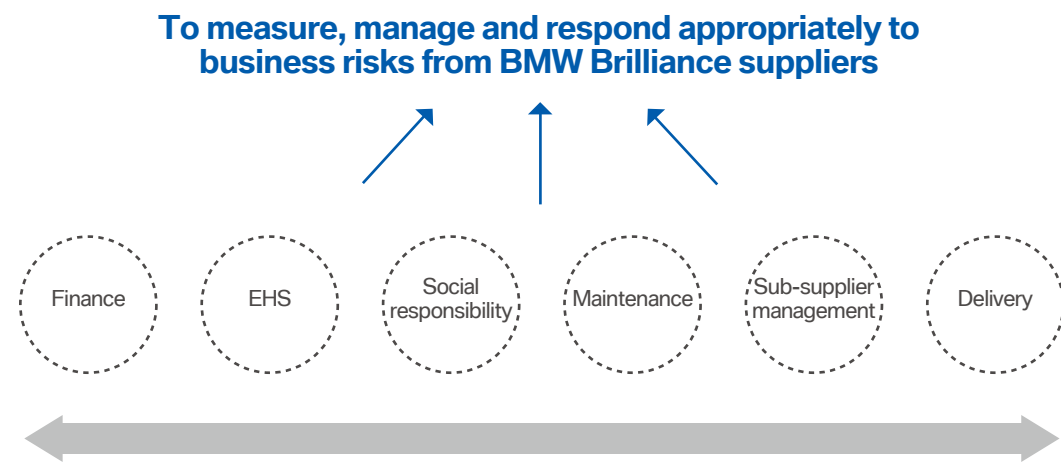
LEVERAGING OUR SUPPLIER RELATIONSHIPS

We work closely with our suppliers to continuously integrate our sustainability standards with regards to product and production quality, security of supply, price credibility and innovation. We develop long-term partnerships with our suppliers in order to leverage our combined potential. By developing shared objectives and targets, we can continuously improve product quality, logistics processes, production procedures and sustainability standards. We also discuss the challenges and opportunities we face, and together develop in-depth analyses on key issues as well as solutions to them.

Sustainability in our supply chain is incorporated into our overall approach to supplier risk management. In addition to finance, maintenance and delivery, we have defined three specific sustainability areas:

- ▶ Environment, health and safety (EHS)
- ▶ Social responsibility
- ▶ Sub-supplier management

F.14 Supplier risk management (SRM) areas



With our supplier risk management (SRM) approach we effectively identify and manage the sustainability risks in our supply chain. With our various supplier initiatives we work hand-in-hand with our suppliers to build sustainability capacity in our supply chain.

Description of BMW Brilliance's supply chain

BMW Brilliance's supply chain is complex, multi-tiered and highly diversified as we source not only huge quantities but also an enormous variety of products, ranging from very simple parts, like screws, to high technology electronic system components.

As we align our sourcing activities more closely with the BMW Group's global strategy, we are currently shifting value creation along the supply chain more towards our main sales market – China. We believe local sourcing provides numerous benefits for our business and for society. In addition to reducing our currency risks, this approach allows us to support our operating communities and regions. Local sourcing also improves our logistics by reducing our transportation footprint, resulting in lower GHG emissions.

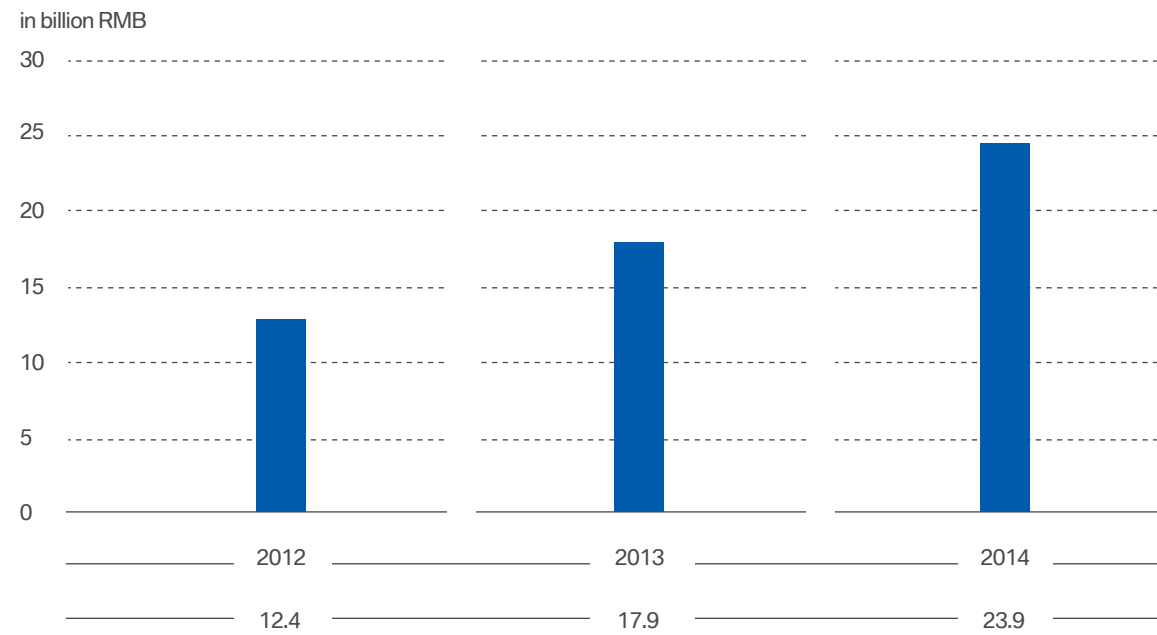
For example, for several years all local automobiles produced had a localisation rate of more than 40%. That means we locally source significantly more than 40% of the total costs for goods and services needed to manufacture vehicles at our Shenyang production plants.

By year-end 2014, we worked with 283 suppliers based in mainland China. The location of our suppliers is spread over 15 provinces. Fifty-three of our suppliers are located in Liaoning Province, where our plants are also located.

F.15 Total of 283 suppliers separated by regions



F.16 Purchasing volume China



The parts purchasing volume of local suppliers has increased continuously over the last three years, contributing more and more to local economic development.

We apply several criteria and considerations to the supplier selection process for China. One criteria, for example, is the size of automotive parts; that is, by aiming to source all major large parts from China, we expect to reduce international shipping costs and related emissions significantly. In most cases, BMW Brilliance works directly with the manufacturers and without the involvement of contractors, brokers, wholesalers, agents and others.

OUR SUPPLIER PRINCIPLES AND STANDARDS

We have developed and implemented several company-specific guidelines, procedures and policies to ensure our employees are aware of all local environmental, health, safety and labour laws, as well as legal requirements and international sustainability principles. These guidelines and policies enable our employees to drive forward the sustainability goals in our supply chain. For example, in the BMW Brilliance Environment, Health and Safety Purchasing Management Procedure, we have precisely defined the purpose and applicability, relevant terms, definitions and abbreviations, responsibilities and accountabilities, as well as detailed procedures within BMW Brilliance, for the integration of sustainability criteria into our supply chain.

BMW Brilliance abides by the principles of the UN Global Compact and the ILO. The BMW Group Supplier Sustainability Standard summarises the BMW Group's core principles and standards for our suppliers in accordance with globally recognised principles. It includes a commitment to environmental and social responsibility, as well as to compliance with all internationally recognised human rights, local labour and environmental laws.

OUR SUPPLIER CONTRACTS INCLUDE SUSTAINABILITY CLAUSES

As our supplier network overlaps with the BMW Group's supplier network, it is an ongoing process to harmonise contracts and the set-up process for global suppliers used by both of our organisations.

We adhere to the BMW Group's International Terms and Conditions for the Purchase of Production Materials and Automotive Components. These include specific provisions regarding environmental protection and social responsibility. All of our supplier agreements contain clauses based on the principles of the UN Global Compact and the ILO. These provisions require resource-efficient consumption of raw material, energy, water and chemicals – as well as reduced GHG emissions. Furthermore, there is a ban on child and forced labour, bribery, as well as requirements for health, safety and environmental protection. Suppliers are expected to contractually bind their sub-contractors and suppliers to comply with the sustainability terms of the BMW Group as well, in order to ensure a comprehensive approach throughout the whole value chain.

MANAGING OUR SUPPLY CHAIN

All relevant departments at BMW Brilliance, including Research and Development, Purchasing, Quality Management and Logistics, are jointly responsible for ensuring sustainable supply chain management. We focus on managing and minimising supplier risks and leveraging supplier potential, in order to ensure sustainability and continuous improvement throughout our entire supplier network.

OUR PROCESSES ALIGN WITH THE BMW GROUP PROCESSES

The BMW Group's sustainability risk management process helps ensure that we meet our sustainability standards. The process consists of a sustainability risk filter specifically designed for the BMW Group, a voluntary self-assessment questionnaire and sustainability on-site assessments. Based on these assessments – which include logistics, quality, technical, cost and sustainability criteria – BMW Brilliance receives a clear recommendation on supplier choice and selection. As a result, the BMW Group's comprehensive sustainability performance and risk assessments are considered as preconditions of our own supplier management and reviews.

Responsibilities

The SRM process was established by the BMW Brilliance Purchasing and Supplier Quality Management (QMT) Department and Logistics Quality Management (LQS). QMT leads the implementation of the cross-functional SRM process. Currently, there are in total almost 120 people involved in ensuring the implementation of sustainability standards throughout our supply chain. The QMT Department maintains overall responsibility for the SRM.



FORECAST

Ensuring sustainability along our entire supply chain requires joint effort and long-term action. We will continue to streamline our internal processes and further develop our sustainable supply chain management in order to increase the positive impact along our supply chain. We will work jointly with the BMW Group to continuously improve sustainable supplier management. In 2015, we will continue to implement our supplier risk management process and define clear objectives and key performance indicators.

4.2 Minimising supplier risk

OUR STRATEGIC DIRECTION

Our goal is to ensure compliance with the ten UN Global Compact Principles across our whole supply chain. We plan to achieve this goal in close collaboration with our suppliers.

Our supplier risk management process is critical to ensuring that our sustainability standards are met across our supply chain. We focus on identifying not only product risks, but also sustainability risks related to workers and communities, as well as to environmental impacts. BMW Brilliance is committed to addressing these sustainability risks, as we continue to increase the amount of goods and services we procure from local Chinese suppliers. Additionally, sustainable supply chain topics are gaining more public attention as stakeholder expectations evolve over time.

We focus on understanding and addressing local conditions, as well as any specific industry or related product risks, to ensure compliance with our sustainability standards. Our priority is to ensure that all of our suppliers maintain the highest standards of operation and comply with any associated legal requirements.

Because sustainability covers several areas spanning different departments, we have created an internal team responsible for integrating sustainability into our supply chain. As three major departments are involved – QMT, Purchasing and Logistics – this team was internally named the “clover-leaf” team. The clover-leaf team continuously reviews our suppliers’ sustainability performance to ensure we are working with the right suppliers. If necessary, we help our current suppliers by providing support to ensure our sustainability standards are met.

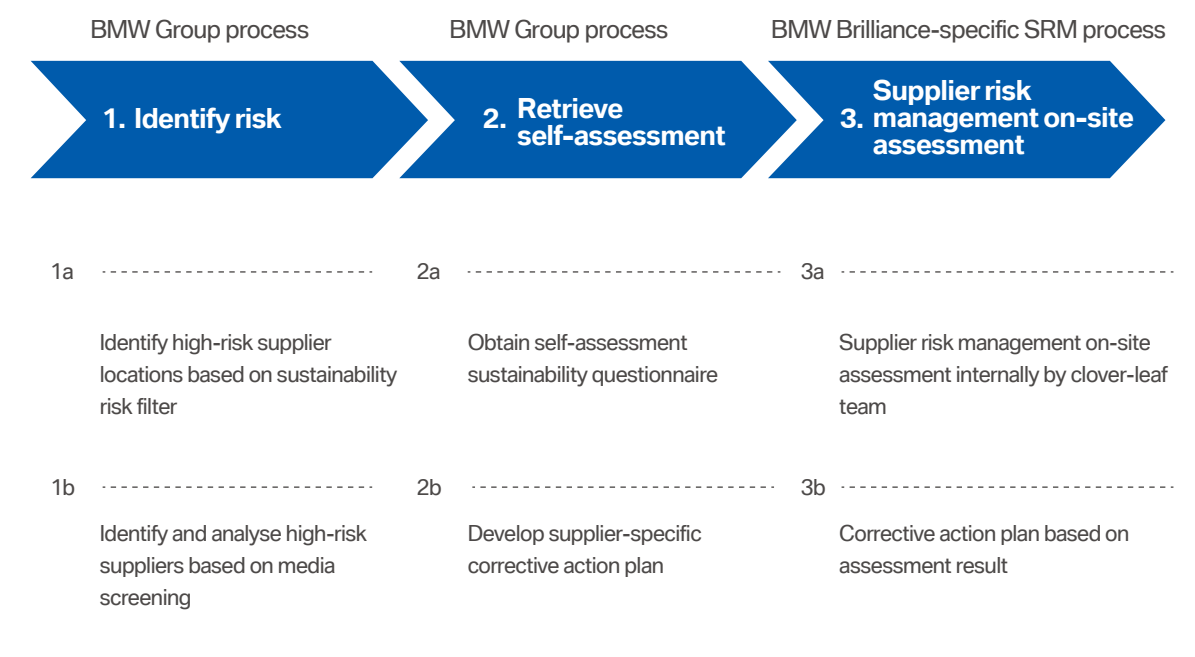


OUR APPROACH TO MINIMISING SUPPLIER RISK

We developed BMW Brilliance’s own SRM process to promote greater corporate responsibility among our suppliers and help them adapt to BMW Brilliance’s China-specific circumstances. Following a pilot project in 2013, we officially launched our SRM process in April 2014, and by year-end we had already assessed 155 suppliers.

Additionally, we adapted our internal procedures to manage our suppliers according to the standards required in the ISO 14001 Environment Management System and in the OHSAS 18001, Occupational Health and Safety Management Standards.

F.17 Supplier sustainability management process overview



IDENTIFYING RISKS THROUGH SUSTAINABILITY RISK FILTER

Through our proprietary sustainability risk filter, we evaluate the environmental, social and governance risk potential of all existing and new suppliers. The filter takes into account both location-specific and product-specific risks. This includes, for instance, an assessment of social risks in certain countries, such as child labour or forced labour.

We also consider environmental risks such as damage to nature, emissions and process materials containing substances that can be hazardous to health. In such cases, we assess the production facility of the supplier, rather than its head office. If sub-suppliers are repeatedly in breach of our sustainability standards, the supply chain is also evaluated using the sustainability risk filter.

ENSURING SUSTAINABILITY STANDARDS VIA SELF-ASSESSMENT QUESTIONNAIRES

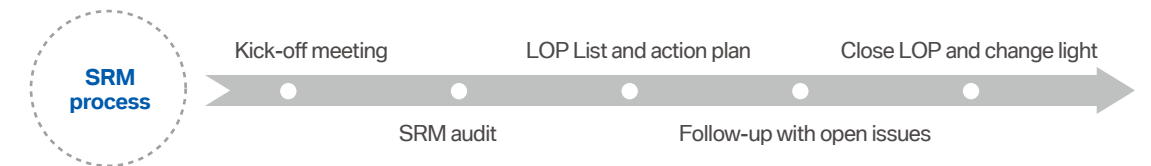
Based on the results from the risk filter, the next step of our supplier sustainability management process is to implement the supplier self-assessment via a questionnaire.

BMW Brilliance uses the same questionnaire as the BMW Group. This is an industry-wide questionnaire based on guiding principles that apply to all original equipment manufacturers (OEMs). It ensures that minimum standards are complied with throughout the industry. We have also introduced modular online assessments in order to ensure compliance with BMW Brilliance-specific and other additional requirements.

When new suppliers offer us their services, they must make a clear commitment in their self-assessment to social standards, such as compliance with international human rights. Sustainable use of materials, such as secondary aluminium, is also verified at the “request for proposal” stage. The OEM questionnaire asks whether the environmental management system in place is in accordance with ISO 14001, and whether recycling is integrated into the product development phase. It also requests details on the supplier’s overall approach to recycling. After the proposal has been submitted, these details are included as key decision-making indicators in the procurement process.

CONDUCTING SUPPLIER ASSESSMENTS

We assess our suppliers according to our SRM process to manage potential risks. In doing so, we ensure our suppliers respect the standards we require of them. The SRM assessment process is divided in five major steps.



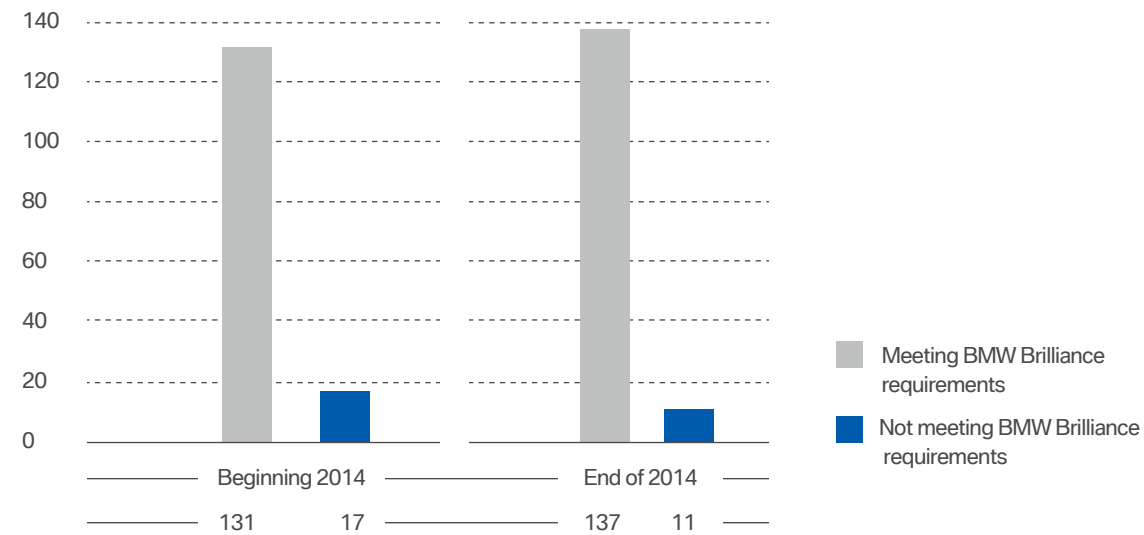
1. An individual kick-off meeting with each supplier will be held after the supplier sends the supplier check list and self-assessment. The supplier will be asked to provide check-list-relevant documents, such as business certification, financial statements and EHS documents (environmental impact assessment, occupational health and safety report and fire inspection certificate report).
2. Clover-leaf team implements on-site assessment, included QMT, Purchasing and Logistics. A written assessment report will be developed with findings, gaps and areas requiring improvements, and a corresponding corrective action plan.
3. Within 14 working days, offer check list, list of open issues (LOP list) and corrective action plan will be sent to central management. The findings will be reviewed with management team from Purchasing and QMT Department on a monthly basis.
4. Follow-up the remaining open points with the supplier by clover-leaf team.
5. Close the LOP list, change the traffic light and ensure yearly review.



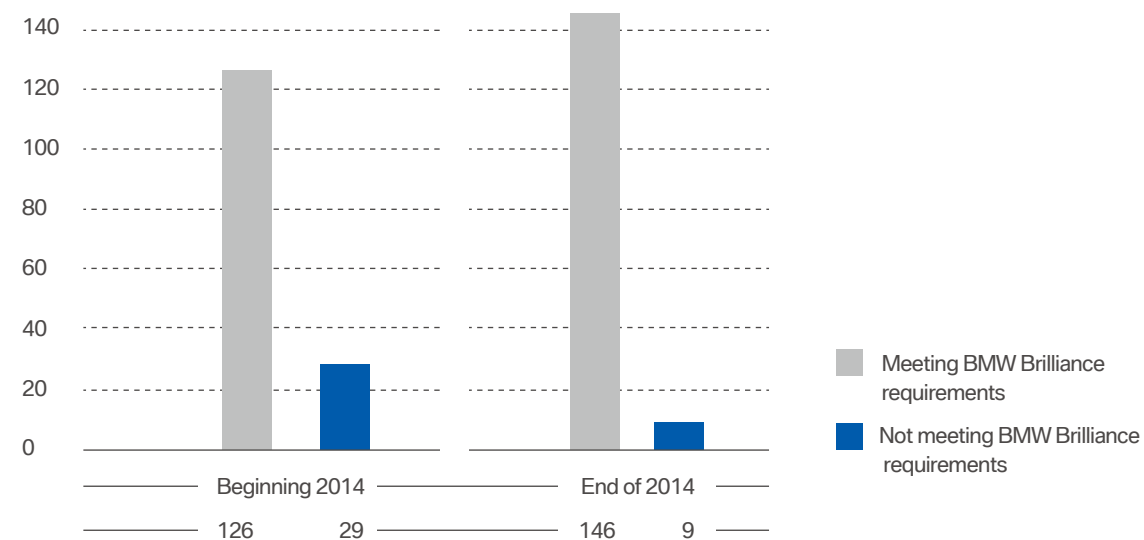
In 2014, we worked with 174 suppliers for the current production out of the total 283 suppliers. The total number of 283 suppliers includes 109 suppliers for future car models where BMW Brilliance parts are not yet produced.

During 2014, we conducted assessments of 155 suppliers covering environment, health and safety issues. At 148 suppliers we covered additionally issues such as anti-corruption. As a result, at least 85% of our current suppliers have been involved in the SRM process.

F.18 Assessment results impacts on society



F.19 Assessment results on environment and labour practices



As a result of our SRM process, we reduced the number of suppliers with high risks in their environmental and labour practices from 29 to 9. Furthermore, the number of suppliers with high risk social impact practices was reduced from 17 to 11 suppliers. In both categories, we worked with suppliers to develop and execute appropriate action plans to meet our requirements. We are currently working with the remaining high-risk suppliers in order to guide and support them to achieve an acceptable level.

The overall evaluation results of our SRM process are both quantitative measures and qualitative judgements. Suppliers are given a green, yellow or red traffic light based on their results in the above-mentioned six areas.

- ▶ Green stands for low risk: suppliers are in good standing.
- ▶ Yellow stands for middle risk: suppliers need to close open points.
- ▶ Red stands for high risk: suppliers need to close open points. On-site reassessment by BMW Brilliance.

Based on the audit results, we provide direction and introduce performance requirements to suppliers based on legal, ISO 14000 and OHSAS 18001 standards. If the results of an audit show non-compliance or potential for improvement, we work with the supplier to develop a specific corrective action plan and provide assistance with its implementation. We require follow up on the action plan in a reasonable but timely manner.

FORECAST

In 2014, we rolled out our SRM process, which to date covers at least 85% of our suppliers for the areas of environment, labour practices and impact on society. We will continue to identify supplier sustainability risks and evaluate their performance, implement countermeasures and enable continuous improvement. In 2015, we will reassess all the suppliers who were identified as high-risk during the 2014 audit and all critical suppliers, in order to guide them towards compliance with our sustainability standards. We aim to cover 90% of our suppliers with the SRM process by the end of 2015.

4.3 Utilising supplier opportunities

BMW Brilliance sees long-term and close collaboration with its suppliers as an opportunity to integrate sustainability into our entire value chain. We harness this potential by promoting employee and supplier training, by encouraging greater resource efficiency, and by sponsoring supplier education initiatives.

We accomplish this by constantly aligning and improving our internal capacity to drive forward sustainability in our value chain. We also help our suppliers to become more sustainable and we encourage them to create innovative and sustainable solutions.

IMPLEMENTING INTERNAL INITIATIVES

We deliver key training opportunities to support the implementation of our supplier initiatives:

- ▶ In 2014, we offered SRM training to all of our clover-leaf team members. The aim was to raise their awareness of sustainable supply chain management. All supply-chain-related topics are now covered through this training. We held training sessions in our training centre covering all six SRM aspects, as well as on-site training for approximately 120 employees.
- ▶ In 2015, with new projects developing, we will deepen our SRM communication and cooperation with suppliers and collect suggestions from our clover-leaf team members on how to further improve our SRM process.

IMPLEMENTING SUPPLIER INITIATIVES

We aim to monitor and guide all of our suppliers towards achieving green traffic lights in all areas. Suppliers who underperform are reviewed on a monthly basis by QMT Department. We provide individual coaching and communication support for suppliers to answer their questions regarding our sustainability requirements or the SRM process in general.

In cases where a supplier does not take effective action to counter their underperformance, we escalate the issue within BMW Brilliance. We use the assessment results to optimise our value chain and sourcing stream, as well as to evaluate environmental impacts and human rights risks, such as child labour.

Each year, we begin with a re-qualification of all suppliers to ensure its performance meets our high standards. This approach guarantees there is always a high availability of good-quality parts, combined with a reasonable cost structure and optimised value stream. Furthermore, the SRM process helps to maintain greater awareness for issues such as social responsibility, health, safety and the environment.

COMMUNICATING OPENLY WITH OUR SUPPLIERS

Since 2013, we have hosted two BMW Brilliance Supplier Days. In 2014, our event focused on our new projects, bringing together suppliers and management for an open discussion forum. For new projects, over 100 suppliers from across China took the opportunity to share their information, expectations and challenges with other members of our network. We discussed our future business plans and opportunities to work together, as well as logistics and quality-related matters.

In particular, we discussed the challenge of addressing sustainability issues, such as environmental and social responsibility. Our goal is to bring our suppliers geographically closer to the BMW Brilliance plants in order to save logistics and energy costs.

Our Supplier Days have been very successful in building, as well as deepening, important relationships with key suppliers and our own business partners. We have received positive feedback from our suppliers and from the government on this initiative.



FORECAST

In 2015, we will continue to integrate sustainability into our supply chain and train our suppliers. We will host regular events for key suppliers in our network. We will also implement SRM and ongoing training for our finance payment processes and for safety matters. For suppliers that did not pass our SRM audit process, we will provide training and guidance on how to achieve our sustainability standards. During the next supplier event, we will introduce a BMW Brilliance award for innovative sustainability ideas.



05

EMPLOYEES

- 5.1 Our management approach p. 99
- 5.2 Attractive employer p. 104
- 5.3 Occupational health and safety p. 110
- 5.4 Training and further education p. 114

I joined BMW Brilliance at the start of the company in 2003. I personally saw the company grow from one plant in Dadong to three plants – Dadong, Tiexi and engine plant. And from hundreds of employees to more than 15,000 employees. Production and sales have also grown by more than ten times over the past ten years. All these examples are extremely inspiring to me as a loyal member of the BMW Brilliance family. As a leader in the organisation, I focus on continuous improvement in my responsible business area, Corporate Finance, and I consistently cultivate and develop the comprehensive talents of my team. I believe all these efforts contribute to the sustainability of the company.

Jennifer Ye | Head of Corporate Finance, BMW Brilliance



5

EMPLOYEES

5.1 Our management approach

We make every effort to attract and retain the best talent. We offer our employees a variety of benefits, training opportunities and a high level of job satisfaction. We design and deliver fair and competitive compensation. We also promote initiatives that foster a better life balance for our employees. We develop and implement programmes to increase organisational effectiveness and collaborative working environments. All these factors position us as one of the most attractive employers in the automotive industry. Our increasingly diverse workforce is motivated, competent and highly effective. This is a core competitive advantage and helps to sustain our business success.

The automotive industry is continuously growing in China. Our challenge is to ensure our employees' professional career development matches the fast pace of our business growth. It is essential that our managers and employees develop to their full potential. However, the demand for talents leads to growing needs of effective talent management and increasing the cost of managing our people. The Chinese government is expecting improved human resources management. Human Resources will be a proactive change agent in enhancing our ability to manage diversity, ambiguity and complexity in the workplace.

INTEGRATING HUMAN RESOURCES IN OUR STARS STRATEGY

In 2014, a newly shaped corporate vision, goal and strategy road map for BMW Brilliance was developed: the BMW Brilliance STARS strategy (> see Chapter 1.1). In this, the "A" stands for Associates, which includes not only the focus on our workforce but also relevant approaches that enable the company to achieve its vision. For this reason the initiatives of the "Associates" Star stretches across all five pillars. This demonstrates the important role our employees play in realising all five of our strategic directions. Ultimately, our Human Resources initiatives and programmes support BMW Brilliance's new vision to achieve our strategic goals through the efforts of our employees.

OBSERVING LABOUR LAW AND HUMAN RIGHTS

Our Human Resources Policy is binding on every employee and we fully comply with China's Labour Law, its health and safety laws and relevant regulations that prohibit forced, compulsory and child labour. We are committed to the ten principles of the UN Global Compact, including the observance of human rights and fair working conditions, in order to adhere to the Declaration on Fundamental Principles and Rights at Work by the International Labour Organization.

Any violation of our Human Resources Guidelines or Legal Compliance Code is filed with the Human Resources Department and the Compliance Committee. Both our internal and shareholder audit teams conduct annual audits to ensure full compliance.



MEASURING OUR PROGRESS

At the end of 2014, our total workforce reached 15,257 (figure excludes employees from dispatched contracts and the Future Talent Programmes). Women comprised 12% of our total workforce and 26.7% of our management team. Overall, Chinese employees accounted for 76.3% of our management group. Due to our continuous efforts to develop a local management team, there was significant growth here; it increased by 27% compared with 2013.

F.20 BMW Brilliance workforce

	2012	2013	2014
Workforce at the end of the year	12,381	13,024	15,257
Share of female employees	11%	12%	12%
Share of production employees	79%	75%	73%
Share of employees in management positions	5%	6%	6%

In 2014, the number of employees at BMW Brilliance grew by 17%. The share of female employees remained stable over the last three years. All employees are employed in permanent and full-time contracts.

Self-employed workers and seasonal variations are not relevant in the context of BMW Brilliance's work.



MANAGING OUR HUMAN RESOURCES

Our Senior Vice President of Human Resources is responsible for implementing BMW Brilliance's Human Resources strategy and reports to top management on our progress toward achieving the company's long-term business direction. The Senior Vice President is a Board of Management member and reports directly to the CEO.

We also review the performance of our employees on multiple levels. The performance appraisal criteria are based on our company strategy, BMW Brilliance's core values and the job requirements. We receive employee feedback through an employee survey we conduct every other year. The survey results allow us to derive specific measures to improve our performance.

In 2007, the BMW Brilliance Labour Union was established to protect employees' rights and interests and today represents all local employees. The Labour Union mediates disputes between employees and the company. Over the past five years, management and the Labour Union have achieved a more than 50% cumulative increase in the salary rate. The Labour Union and Board of Management meet annually and decide collectively which topics will be discussed. These topics include key areas such as health and safety, compensation, benefits and employee support. Afterwards, a plan with agreed measures is implemented.

BMW Brilliance Employees' Representative Congress 2014

The BMW Brilliance Employees' Representative Congress and Union Members' Representative Congress were held successfully in Shenyang. Mr. Olaf Kastner, President and CEO, Dr. Anton Heiss, Senior Vice President Technology and Manufacturing, Mr. Jack Lei, Senior Vice President Finance, Mr. Byron Han, Chairman of the BMW Brilliance Labour Union, and government officials from the Shenyang Labour Union, gathered for the meeting with employee representatives, reviewing the achievements made in 2014 and looking forward to 2015.

Byron Han presented a report, covering such issues as organisation building, union activities, safeguarding employees' rights, employee care and social responsibilities. He also expressed sincere appreciation for the excellent work and great support of employees. The new Collective Contract and 2015 Collective Contract on Labour Remuneration were approved and signed. In addition, during the meeting, awards were presented to the 2014 Excellent Employee representatives, Excellent Teams and Shenyang Vocational Skills Competition winners.



FORECAST

In 2012, we developed a joint Chinese Human Resources strategy in partnership with other BMW China entities. In 2015, we will review our Human Resources strategy in light of the "New Normal" pace of economic development – which has returned to a more mature but stable pace. We also plan to implement new programmes, or update our current programmes, related to training, personnel development, competency management and employee assistance. We will review our recognition and rewards schemes. We will further develop our Human Resources policies regarding China's Labour Law, regulations and human rights protection. Finally, we will continue to support human resource strategies that help boost productivity and nurture profitable ventures.

5.2 Attractive employer

OUR STRATEGIC DIRECTION

Our goal is to be the most attractive employer in the Chinese automotive industry.

As a leading employer, we want to attract, recruit and retain the best talents in the marketplace. We develop our highly skilled employees by providing ongoing training and development opportunities. We believe this is critical to our goal of retaining our employees, who are the most valuable resource of our business. Our ability to provide unique opportunities, such as an English-speaking and internationally diverse work environment, helps us attract a high calibre of talented professionals. It also differentiates us from other automotive companies.

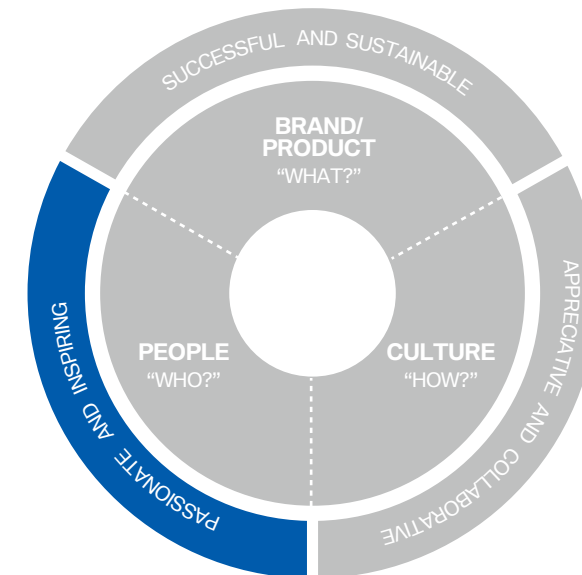
In China, we face talent acquisition challenges due to strong competition in the marketplace and our requirement for higher skill sets. Our plant is located outside a first-tier city location, which presents another recruiting challenge for our team. We are addressing this by communicating our Employer Value Proposition and by highlighting the excellent development opportunities we offer at BMW Brilliance.

COMMUNICATING OUR EMPLOYER VALUE PROPOSITION

Our goal is to be the most attractive employer in the Chinese automotive industry. We have developed the Employer Value Proposition, which demonstrates our employer-branding concept. Our value proposition is three-dimensional – it focuses on People, Brand/Product and Culture. In order to attract the best talents and retain our current employees, our common creative platform highlights the excellent development opportunities we offer at BMW Brilliance (> see Figure 21).



F.21 The BMW Brilliance Employer Value Proposition



HUMAN RESOURCES AWARDS RECEIVED IN 2014

- ▶ Best Employer in Auto Industry by Chinahr.com
- ▶ Best HRM Company in All Industry by 51job.com
- ▶ Best Campus Employer Brand by 51job.com
- ▶ Best Employer Top 30 by Dajie.com

In order to maintain our status as an attractive employer, we focus on three main activities: strengthening our employer brand, introducing the theme “charge passion” to both internal employees and external candidates; offering attractive employee benefits; and embracing flexible work-time models.

Strengthening our employer brand

In 2014, we developed our social media recruitment channels. We launched BMW Brilliance's official recruitment WeChat account, and gained almost 50,000 followers by year-end 2014. We also began making use of LinkedIn as a worldwide brand marketing and recruitment tool.

We inspire our employees to achieve their peak performance by providing them with a clear vision of our business strategy and goals for the future. In 2014 we introduced "PASSIONATE and INSPIRING" as the theme for our external recruiting activities. Our message was, "Passion is all you need to explore what drives you in your life and learning with BMW". Simultaneously, we introduced an internal campaign called "Share your passion about BMW" and encouraged our current employees to express why they like working at BMW Brilliance.

Offering attractive employee benefits

We offer a range of additional benefits, including canteen and shuttle bus transportation:

▶ Remuneration

We reward our employees with total remuneration that is above average, parallel with that of the BMW Group, and aligned with the upper-third of the respective labour market in China. In addition to a fixed base salary, our employees receive a variable bonus. This includes a bonus based on company performance and a bonus based on personal performance over the year. We conduct an annual customised salary survey to ensure our competitiveness as a leading employer.

▶ Holidays

To foster work-life balance for our employees, we provide statutory annual leave as legally required and extensive vacation leave like corporate leave – in addition to national statutory holidays. We also offer maternity and paternity leave, sick leave (including full-pay sick leave), marriage leave, home visit leave and compassionate leave to satisfy employees' various personal needs to the utmost degree.

▶ Flexible benefits

We also provide employees with a highly competitive flexible benefits programme featuring a full range of insurance options, comprehensive medical coverage and a pension savings plan that can be customised to best suit employee's individual needs. Under this programme, BMW Brilliance grants a total sum of annual flex points to each employee based on his or her years of service to BMW Brilliance and personal grade. Within the scope of granted total flex points, employees can choose from a variety of benefits based on individual and family needs.

▶ Car purchase

We provide car-purchase programmes to all employees.

Embracing flexible work-time

BMW Brilliance has implemented three different work-time models. This enables us to deal with fluctuations in the changing market and ensure stable monthly salary payments. We offer three types of work-time contracts:

- ▶ Standard work-time for non-production employees: a standard work-time contract entitles the employee to a 40-hour work week, which complies with China's Labour Law. Approximately 7% of employees apply to this work-time model.
- ▶ Work-time accounts for production employees: a work-time account is a tool that facilitates our annual production volume fluctuations, while guaranteeing stable payment for our production employees. Approximately 75% of employees apply to this work-time model.
- ▶ Flexible work-time for non-production employees: employees at certain pay-grade levels and above are entitled to flexible work-time. For some specific roles, however, such as drivers, flexible work time is assigned according to job and functional requirements. Approximately 18% of employees apply to this work-time model.



MONITORING ATTRITION RATES

We closely monitor our employee attrition rate every month. BMW Brilliance’s voluntary attrition rate was 5.65% in 2014. The average automotive industry voluntary attrition rate in second-tier cities in China is approximately 9%, and in first-tier cities is 10%. The overall attrition rate (voluntary and non-voluntary) remained stable at 6.8%. BMW Brilliance continues to succeed in retaining talent and creating high loyalty within its workforce.

F.22 New employee hires and attrition rate

	2012		2013		2014	
	% ²	total	% ²	total	% ²	total
Rate of new employee hires	44%		11%		23%	
new employee hires in Shenyang ¹	37%	4,608	11%	1,371	19%	2,920
new employee hires in Beijing ¹	1%	142	1%	113	1%	186
new employee hires < 30 ¹	31%	3,813	8%	1,062	16%	2,425
new employee hires 30 – 50 ¹	7%	920	3%	405	4%	655
new employee hires > 50 ¹	0%	17	0%	17	0%	26
female new employee hires ¹	4%	446	2%	277	3%	407
male new employee hires ¹	35%	4,304	9%	1,207	18%	2,699
Attrition rate at BMW Brilliance	6.0%		6.8%		6.8%	

1. Rate of new employee hires was calculated based on the total workforce.
 2. The employee figures on new hires in this table have been rounded-up to avoid decimal places.



FORECAST

To cope with the rapidly developing market and diversified talent needs, particularly for the young generation, we will design and implement more effective and creative approaches to proactively reach high competent talents in the market, attract and retain them within the company. We plan for instance to enhance and develop social media channels and targeted recruitment activities. To continuously strengthen our employer branding and the Employer Value Proposition, we will bring the theme of “charge passion” to life, not only for our internal employees but for our external candidates. In 2015, we will face the challenge of recruiting employees for our new engine plant due to the limited qualified talent resources in the market.

5.3 Occupational health and safety

OUR STRATEGIC DIRECTION

Through the effective management of health and safety risks in the workplace we prevent accidents and promote well-being. We aim to reduce the accident frequency rate in our business by minimising the risks of workplace accidents.

We seek to protect our employees' occupational health and safety by implementing an integrated approach to our management activities. Our approach assists us in controlling any legal risks associated with health and safety. It also helps mitigate absenteeism, or the interruption of business due to health and safety accidents. Our approach also supports our employees in achieving their best possible performance.

We provide our employees with medical care and health services, we promote healthy lifestyles, and we provide health and travel advice for expatriates. Our goal is to foster a safety mindset by encouraging our employees to generate and implement safety improvement ideas for their workplaces. We also conduct regular safety campaigns to raise health and safety awareness. We also offer health management activities, such as health checks and flu vaccinations, on an annual basis for employees.

MANAGING OCCUPATIONAL HEALTH AND SAFETY

We act in accordance with the international best-practice guidelines of the BMW Group Health and Safety Policy and implement health and safety practices in accordance with relevant Chinese legislation. All production locations of BMW Brilliance are certified according to the OHSAS 18001 standard by TÜV Rheinland. This helps to control and reduce our health and safety risks. We have also established company-wide procedural and working instructions for employees based on the OHSAS 18001 requirements and best practices within the BMW Group markets.

Our Board of Management assigns a management representative to ensure that health and safety is effectively implemented and managed across the company. Our system also adheres to all relevant health and safety laws. We have centralised safety management within our business and developed key performance indicators to measure our safety performance.

F.23 Occupational health and safety at all locations

	2012	2013	2014
Accident frequency rate ¹	0.32	0.92	0.82
Absentee rate ²	0.80%	0.97%	0.98%

1. Minor (first-aid level) injuries are excluded from the accident frequency rate. The accident frequency rate is calculated by the number of accidents with one day lost time or more, multiplied by one million hours worked, divided by total working hours of the month.
2. Absentee rate only includes sickness leave.

Our Occupational Health and Safety strategy focuses on three main areas: implementing health and safety initiatives; promoting health checks; and contributing to ergonomic workplaces. As such, we aim to reduce the accident frequency rate in our business by minimising the risks of workplace accidents. In 2014, the accident frequency rate for BMW Brilliance was 0.82 per million hours worked. There were no work-related fatal accidents or occupational injuries.



Implementing health and safety initiatives

We are implementing several health and safety initiatives across our business operations. These include improved ergonomics for office-based staff and an enhanced first-aid programme at all plant locations. We offer a maternity care programme for pregnant and breastfeeding employees. Our managers are encouraged to lead by example by investing in their own health. We provide health and safety training to all new employees. By year-end 2014, 14,754 employees – including the new employees – had received this training.



Promoting health checks

In 2014, 11,656 or 95% of our employees participated in the annual health check programme which is offered to all employees and not just to employees with potential exposure within the workplace (as defined within the Occupational Health legislation). The content of the health check is not limited to the Occupational Health legal requirements; it is a comprehensive health screening that enables early diagnosis and treatment of any medical condition. The annual health check initiative supports employees and their families in making informed decisions about managing their current health status. In addition, annual seasonal flu vaccinations are offered to all employees. During the winter season in 2014, 6,839 employees, or 46%, participated in this campaign.

Contributing to ergonomic workplaces

In 2014, we conducted 1,104 ergonomic assessments at our production sites to improve overall workplace design. At non-production sites, we conducted office ergonomic assessments for 677 employees to improve the ergonomics within the office environment. Employees are encouraged to raise ideas for ergonomic improvement at their workstations. To date, we have made improvements to 26 workstations based on input from our employees.

Contributing to employee health through our CARE Programme

1. Employee Assistance Programme

This programme is designed to provide confidential counselling services to all employees and their immediate family members. In addition to the 24/7 counselling service, various other support services are included, such as:

- ▶ tools for building mental resilience;
- ▶ tools for dealing with traumatic life events;
- ▶ tools for dealing with stressful life events;
- ▶ stop smoking programmes; and
- ▶ access to a well-being website that caters to both women's and men's health issues.

Confidential, face to face counselling is provided to employees and their immediate family members, which supports our employees in the identification and resolution of issues both at work and at home.

We believe that our Employee Assistance Programme contributes to the well-being and the quality of life of all our employees and their families.

2. Young mothers' rooms

"Let every employee work in a healthy, comfortable, safe and happy environment" is the motto of BMW Brilliance's people-oriented culture. Young mothers' rooms were specially designed for our female employees who are breastfeeding. The rooms were designed to offer good hygiene practices, comfort and privacy, as well as other additional features such as health promotion video displays, hand disinfection and air purifying units. The young mothers' rooms are located in all existing plant locations and will be included in future locations.

FORECAST

We will continue to implement our Employee Assistance Programme as part of our Occupational Health and Safety strategy in 2015. Our employees' physical and mental health will both be of increasing importance. Our planned health initiatives and campaigns in 2015 will focus on: building mental resilience to cope with stressful life events; raising awareness and educating our employees about the importance of nutrition, making healthy food choices and developing healthy eating habits; and smoking cessation programmes to help smokers quit in order to mitigate the health risks associated with this habit.

The Physical Assessment and Rehabilitation Centre will form an integral part of the health services we offer employees. Our goal is to take a holistic approach to the overall well-being of our employees. We will continue to implement the ergonomic assessment initiative for both office and production areas. We will also launch a new hearing conservation programme in 2015.

5.4 Training and further education

STRATEGIC DIRECTION

With training and clear leadership, the potential of our people is developed and realised.

The education and continuous training of our employees is fundamental to the sustainable success of our company. In order to keep pace with technological advancements, we provide advanced learning and development opportunities to suit the individual strengths of our trainees, skilled workers and leaders. In the coming years, there will be an ongoing increase in the demand for well-trained workers. This is particularly relevant in Shenyang, where potential future talents often leave university with little or no practical work experience.

To meet the demand for new technology, particularly in research and development and at our metal foundries, we must identify talent at an early stage and develop it through the right education programmes. We believe strategic university partnerships can help us provide the right training to develop passionate employees who are able to deliver top-quality performance in the workplace.

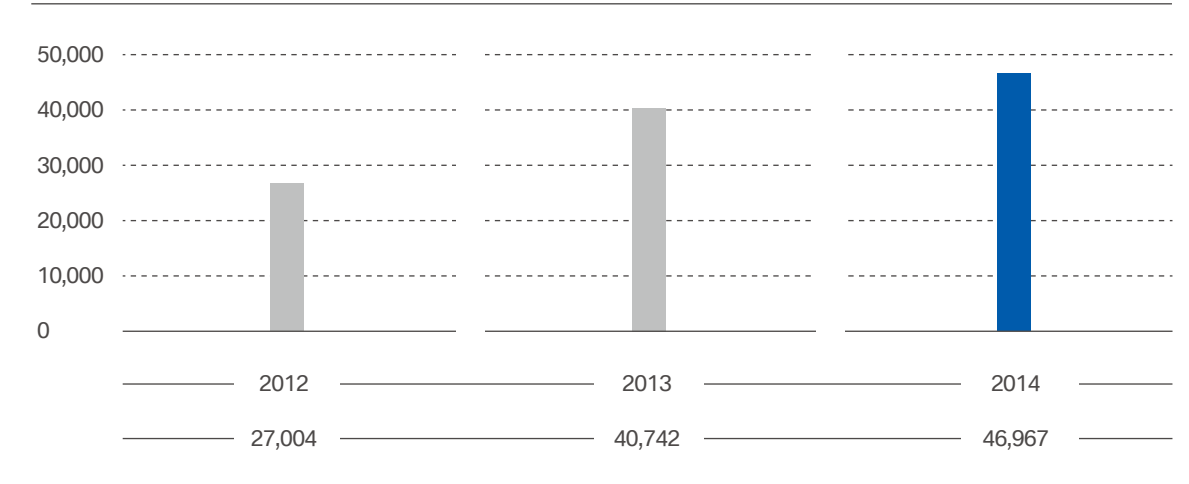
As an important step in the implementation of our talent development approach, BMW Brilliance launched in 2014 “The Academy”, bringing together all training departments of BMW subsidiaries in China. The Academy’s vision is to enable our sustainable business success by advancing the careers of our leaders and employees through a passion for excellence.

TRAINING OUR EMPLOYEES

We focus on continuous improvement by measuring and evaluating our training and education performance each year. In 2014, the number of employee training days organised by our Human Resources Department increased in comparison to the 2013 training programme (> see Figure 24).



F.24 Training man-days organised by the Human Resources Department increased year-on-year



In 2014, the Human Resources Department organised an average number of training days per employee of 3.4 days. The employee training satisfaction rate has improved to above 93% (> see Figure 25 and 26).

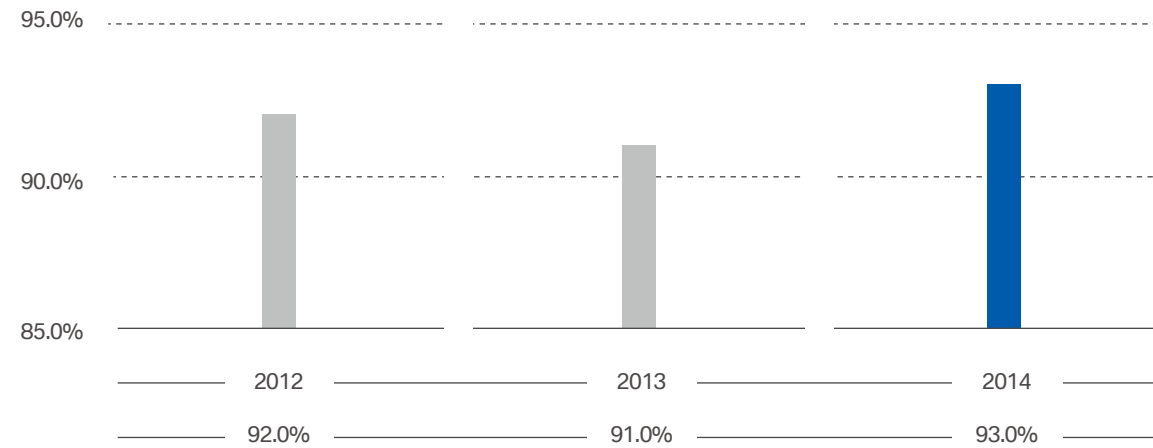
F.25 Average training days

	2013	2014
Average days of further training per employee ¹	3.2	3.4
Employees in production	1.9	1.3
Employees in non-production	7.1	9.7
Employees in management positions	5.4	6.7
Employees in non-management positions	3.1	3.4

1. One man-day corresponds to 8 h. Due to a refinement of the calculation method of training man-days, the data for 2013 was adjusted.

Despite a strong increase in employee headcount, training man-days increased by 6%. The number of trainings conducted increased by 27%. The share of actual training participants increased by 14%. BMW Brilliance provided more courses varying from soft skill training to research and development training.

F.26 Training satisfaction rate year-on-year



Our strategy for training and further education focuses on three areas: further qualifying our employees; developing future talent; and tailoring our training services.

Qualifying our employees and strengthening our leadership culture

The “Journey to Excellence (JtE)” programme is driving the transformation of BMW Brilliance through end-to-end process optimisation and mindset change towards cross-departmental collaboration and continuous improvement. In 2014, we delivered 26 sessions to our employees in “Do it the JtE Way”. This training is tailor-made and is designed to deepen participants’ understanding of the JtE programme. Our goal is to encourage employees to overcome obstacles to change. We want to enhance the collaborative mindset of participants and help them positively influence others by taking ownership of the optimisation process in order to achieve business excellence. An evaluation conducted for one of the JtE programmes with the 32 JtE teams revealed that their awareness level of the sourcing process increased by 31%. Participants said the business exercise was well organised and that they would recommend it to their colleagues.

We also recognise that leadership development is a critical factor of our ongoing success. We believe that by focusing on the strengths of each individual employee, we can create a solid foundation for a company culture based on our Five Elements: Open, Trust, Care, Inspire and Go Beyond. These Five Elements represent the values and leadership style we want to nurture in BMW Brilliance.

We provide workshops and dialogue platforms for our leadership teams, as well as specific programmes for new and mature leaders. One new area of focus in our customised dialogue platform is “intercultural competence and healthy leadership”. The aim is to encourage our employees to improve their understanding of each other and to consider their own mental resilience as an important factor for individual success.

In 2014, we focused on leadership at entry levels of the company. We developed a programme for leaders in our production areas, giving them the skills they need to become leaders as well as managers.

Developing future talents

As part of the BMW Group’s global strategy to develop young people, we provide programmes for vocational education, production apprenticeships and specialist traineeships. In 2014, approximately 350 young people took part in the ongoing, practice-oriented programmes we offer at the doctoral, bachelor, master and vocational education levels.

We recently launched a new doctoral programme, known as ProMotion, with four students, who are studying research and development, production planning, and process optimisation. Through their practical thesis work, these young talents are transforming their academic values into productivity improvements. To foster the young spirit of innovation, we plan to commit to a further six doctorate student placements in 2015.

We offer other future talent programmes, including Fastlane China and Production Management Trainee. Students get to experience practical work life at the same time as completing their qualifications at their chosen university. The goal is to develop strong talent for leadership positions in the future.

In 2014, the first group of 45 apprentices graduated from the New Vocational Education Programme and became BMW Brilliance employees. We established a 1,000-square-metre area for practical training, which provides the apprentices with room and equipment to practice, according to the standards of the German dual education system.

During the year, we recruited 130 new students to the programme, which transitioned from a two-year into a standard three-year programme. Since then, it has been fully aligned with the BMW Group standard.



Tailoring our training services

We tailor our advanced learning and development services to suit the individual strengths of our trainees, skilled workers and leaders.

Our long-term training planning process: We have introduced this process to develop a closer link to BMW Brilliance's business. We also use it to enhance individual personnel development and performance management. Line managers are expected to plan each employee's development for the next 18 months based on the observed work. As a result, the quality of training and related budget planning has been greatly improved.

Internal trainer programme: This programme is designed to create a learning culture within BMW Brilliance. We focus on providing support to our internal trainers by enhancing our training delivery competency. In 2014, 74 internal trainers from our technical departments were qualified.

Online English training programme: We are committed to improving the overall English competency of our employees. In 2014, a total of 1,154 people studied English online for 46,208 hours through our online English training programme.

BMW driving training: We offer a one day driver-training programme to Beijing sales-related employees. This is part of a BMW Group initiative to give our sales team hands-on experience in driving a BMW vehicle to better understand customer experiences needs.

BMW Group Brand and Customer Institute: Powerful brands create powerful values. It is our employees, as brand ambassadors, however, that bring them to life. In 2014, the new BMW Group Brand and Customer Institute was launched to provide our employees with a deep understanding of our brands, customers and global markets. In 2014, 193 colleagues from the Sales Department joined this programme.

FORECAST

The philosophy of The Academy is based on a 70:20:10 formula. We foster a culture of life-long learning, where 70% of learning comes from on-the-job practice, 20% from peer feedback, and 10% from classroom training. The Academy will develop new quality-assurance measurement tools to track trainer quality and its impact on student learning. This will help us identify where further action is required.





06

CORPORATE CITIZENSHIP

6.1 Our management approach p. 123

6.2 Corporate citizenship p. 126

How have the Corporate Citizenship activities of BMW Brilliance contributed to tackling societal challenges in China?

From the 11-year BMW Children's Traffic Safety Education programme, to the nine-year BMW China Culture Journey, and from the establishment of 56 BMW JOY Homes with BMW dealers, to the ecological protection in Yushu in partnership with NGOs, we have implemented a series of innovative and effective corporate social responsibility programmes in China that have brought us closer to the community and delivered tangible benefits to society.

How do you ensure the sustainability of your programmes?

The approach of our long-term engagement is to mobilise and engage the general public in contributing to sustainable development while focusing on our core competencies and fulfilling our own social responsibility. By doing so, we create sustainable impacts.

What are your priorities for the future?

We will continuously pursue initiatives that make a difference to people's lives, our community and the environment we share, so we can achieve sustainable development together with China. To achieve this, we will expand our programmes and increase our engagement.

Molly Yang | Vice President of Public Relations & Corporate Social Responsibility



6

CORPORATE CITIZENSHIP

6.1 Our management approach

Corporate Citizenship is integral to our vision. At BMW Brilliance we are working across all BMW entities in China to ensure that we fulfil our social responsibilities. We believe we can inspire our stakeholders to join us in making a positive contribution to society and in fostering sustainable development in China.

China, like other countries in the world, is confronting a variety of globalisation challenges, such as urbanisation, climate change and its subsequent effects on the environment, resource shortages and other economic factors, more stringent government policies and regulations, and evolving customer behaviour and expectations.

Our Corporate Citizenship strategy enables us to address these challenges and trends in partnership with Chinese society, and this strategy helps us to become even more powerful as both an automotive manufacturer and a corporate citizen. Through our long-term commitment, we have brought together our stakeholders – BMW Brilliance employees, dealers, customers and the public – to one open platform in order to fulfil their own social responsibilities and achieve self-realisation.

OUR CORPORATE CITIZENSHIP PRINCIPLES

Our Corporate Citizenship programmes follow three key principles. First, we believe our programmes should be systematic and customised to ensure maximum results. Second, we support programmes that focus on long-term development needs and, therefore, warrant our long-term financial commitment. Third, we target programmes that will receive broad support and participation from both our internal and external stakeholders including our employees, dealers, customers, the media and the general public.

TAKING RESPONSIBILITY

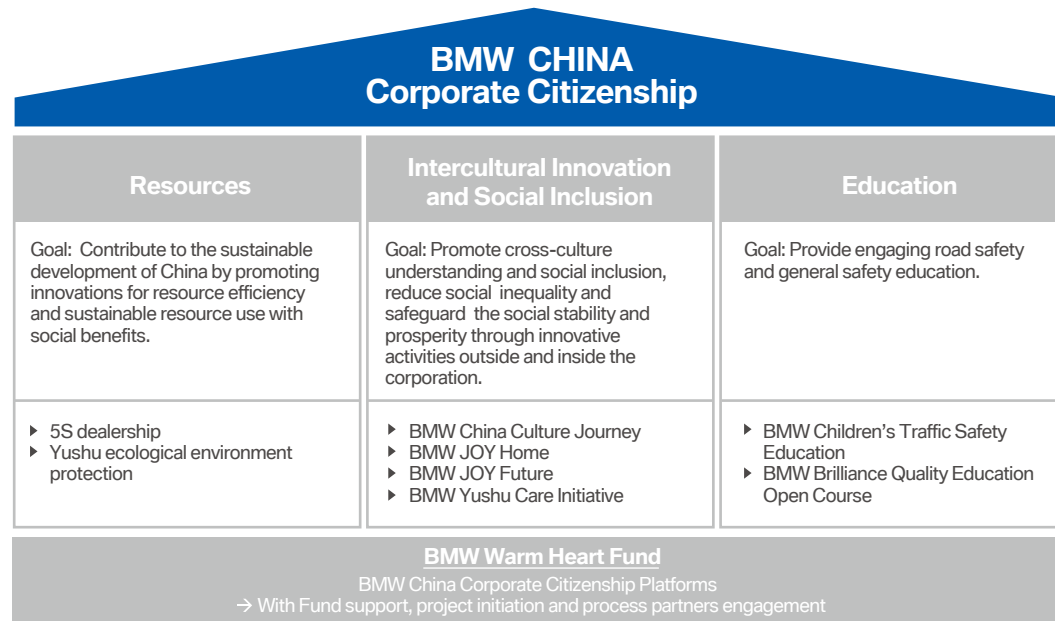
We aim to reinforce BMW Brilliance as a responsible corporate citizen by taking a professional, efficient and humanistic approach to caring for people, the community and the environment.

We have customised our Corporate Citizenship strategy to reflect the realities of Chinese society. Our areas of strategic focus – Resources, Intercultural Innovation and Social Inclusion, and Education – enable us to implement social initiatives that align with our industry, while further promoting sustainable development in China.

The foundation of BMW China’s Corporate Citizenship Platform is the CCF-BMW Warm Heart Fund, which supports a wide variety of programmes and partners. We encourage our employees, dealers and customer representatives to contribute to our corporate citizenship efforts. The Warm Heart Fund is focused on delivering results and remains committed to operating in a collaborative, transparent and sustainable manner.

By the end of 2014, the BMW Warm Heart Fund had donated a total of RMB 96 million. To date, more than 250 BMW dealers and 65,000 customers have participated in a variety of public campaigns. This has resulted in more than 91,000 people benefiting from BMW Brilliance’s Corporate Citizenship engagement.

F.27 BMW China’s Corporate Citizenship strategy and structure



Our Vice President of Public Relations and Corporate Social Responsibility is responsible for implementing BMW Brilliance’s Corporate Citizenship strategy and reports to senior management on the progress made toward our long-term business direction. Additionally, our Board of Management provides crucial support and guidance to many of our Corporate Social Responsibility initiatives, and makes any necessary planning and resource decisions.

OUR AWARD-WINNING CORPORATE CITIZENSHIP PROGRAMMES

We have received several awards for our charitable programmes, which are part of our overall Corporate Citizenship strategy, including:

- ▶ THE 4TH CHINA CSR PRIZE OF EXCELLENCE for BMW Yushu Care Initiative by China Philanthropy Times (December 2014).
- ▶ 2014 FASHION MODEL AWARD for BMW Yushu Care Initiative by Huanqiu.com in “2014 Global Fashion Festival of the Year” (December 2014).

We have also received many awards and honours for our Corporate Citizenship programmes, including:

- ▶ THE BEST CORPORATE CITIZENSHIP OF CHINA by the 21st Century Business Herald (November 2014).
- ▶ MOST RESPONSIBLE ENTERPRISE IN NORTHEAST CHINA by China Beijing All-media Automobile Alliance (December 2014).
- ▶ 2014 AWARD FOR THE BEST ENTERPRISE IN FULFILLING CSR by Outlook Weekly (December 2014).
- ▶ 2014 AWARD FOR MOST INFLUENTIAL AUTOMAKER IN CSR by International Finance News (December 2014).
- ▶ PUBLIC WELFARE AWARD OF 2013 for BMW China Culture Journey by Beijing Times (June 2014).
- ▶ AWARD FOR EXCELLENT CASE ON CORPORATE SOCIAL RESPONSIBILITY for BMW China Culture Journey by the Southern Weekly (July 2014).
- ▶ EXCELLENT CASES on China’s automotive industry’s corporate social responsibility for BMW China Culture Journey by China Association of Automobile Culture (July 2014).
- ▶ 2014 CSR CHINESE CULTURE AWARD for BMW China Culture Journey by National Humanity History (December 2014).
- ▶ THE SUPER EXCELLENT INFLUENCE PRIZE FOR PUBLIC WELFARE STARS IN PROTECTING CHILDREN’S TRAFFIC SAFETY for BMW Children’s Traffic Safety Education Programme by Parents Magazine (December 2014).
- ▶ SPECIAL PRIZE FOR THE MOST RESPONSIBLE CORPORATE PUBLIC WELFARE PROGRAMME for BMW Children’s Traffic Safety Education Programme by China Newsweek (December 2014).

FORECAST

Currently, we have eight programmes dedicated to Corporate Citizenship. In the future, BMW Brilliance will further upgrade its flagship programmes by integrating more resources and innovative activities, as well as by increasing our public engagement.

6.2 Corporate citizenship

OUR STRATEGIC DIRECTION

Due to our core areas of expertise, we believe we have a leading role to play in the area of corporate citizenship.

China's economic development and environmental status is transforming into what is being called the "New Normal" condition. In this condition, "speed" is no longer the only main performance indicator. It is also about achieving higher-quality products and sustainable economic development. In order to address the diversified social issues under the New Normal, and to achieve sustainable development in China, we endeavour to act as a responsible corporate citizen and to help drive progress on social issues. At BMW Brilliance, we effectively integrate innovation and corporate social responsibility. We continue to work with our partners on preserving traditional Chinese culture, on supporting disadvantaged children and students in our society, and on contributing to environmental protection.

Our Corporate Citizenship strategy focuses on three main areas:

► Intercultural innovation and social inclusion

We promote intercultural innovation and social inclusion on a global basis. Our goal is to reduce social inequality and to safeguard social stability and prosperity in China. We are committed to preserving traditional Chinese culture.

► Education

As a part of our commitment to sustainable development, we support the education of future generations. Our goal is to promote social progress and harmony, as well as to achieve collective prosperity.

► Resources

Environmental responsibility is integral to our business. We contribute to initiatives that increase the efficient and sustainable use of natural resources for the benefit of society and our local communities. We want to contribute to the sustainable development of our surrounding communities by increasing resource efficiency and sustainable resource use.



We support a number of programmes dedicated to intercultural innovation and social inclusion, including:

PROTECTING CHINA'S CULTURAL HERITAGE

One of our long-term commitments is to protect traditional Chinese culture and to promote cross-cultural understanding and social inclusion. For the past eight years, we have sponsored BMW China Culture Journey, which has explored and protected intangible cultural heritage sites across the country.

During that time, BMW China Culture Journey has travelled over 17,000 kilometres, visited six state-level cultural ecological protection zones and explored more than 210 intangible cultural heritage sites in 21 provinces. In total, we have contributed RMB 8 million to 77 intangible cultural items and for research into sites in urgent need of protection.

In 2014, the Chinese National Academy of Arts (China National Centre for Safeguarding Intangible Cultural Heritage) conferred its "China Intangible Cultural Heritage Protection Contribution Award" on BMW. We are the first, and to date only, automotive company in China to win this prestigious national award.

EMERGENCY AID AND LONG-TERM SUPPORT TO DISASTER-AFFECTED AREAS

Since launching the emergency disaster aid programme – known as BMW Yushu Care Initiative – in 2010, BMW Warm Heart Fund has arranged eight visits to Yushu, the site of a devastating earthquake in April 2010. In total, by year-end 2014 we had distributed RMB 6.9 million of winter supplies and educational materials in the region. Additionally, in 2014, we helped 15,000 students and local herdsman.

SUPPORTING DISADVANTAGED CHILDREN AND STUDENTS

"BMW JOY Home" Children Care Programme is the first long-term public aid programme aimed at providing assistance and emotional care to disadvantaged children. Established in 2011 by the BMW Warm Heart Fund, BMW JOY Homes, to date, has built 56 homes in 28 provinces, benefiting more than 50,000 children.

In September 2014 BMW, in conjunction with the China Welfare Institute of Beijing Normal University and Beijing Normal University Education Foundation, launched the "BMW JOY Home Rural Education Promotion Programme" in Beijing. The programme is committed to developing rural education, and exploring effective training models and evaluation systems for rural teachers. Over the next three years, it will provide services to nearly 2,000 teachers at BMW JOY Homes.

PROVIDING OPPORTUNITIES TO STUDENTS FROM LOW INCOME FAMILIES

Launched in 2008, the “BMW JOY Future” Student Grant Programme provides financial assistance, education opportunities and spiritual support to outstanding students from financially challenged families. To date, we have provided more than RMB 15.6 million in aid to nearly 6,200 students. In 2014, the BMW Warm Heart Fund distributed student-aid funds totalling approximately RMB 4 million to almost 1,000 outstanding college students from 14 provinces to assist them in completing their college studies.

Students are selected under a transparent and comprehensive process designed by the China Charity Federation (CCF), a partner of the BMW Warm Heart Fund.

BMW Warm Heart Fund works with CCF to define selection standards, working areas and the number of students selected for the programme.

1. CCF proposes a list of students who should receive support, which aligns with local government and local school lists.
2. Local CCF organisations implement home visits to ensure the students are within the programme standards.
3. BMW Warm Heart Fund’s authorised third party revisits students’ homes to confirm adherence to the programme standards.

We also support a wide variety of educational programmes, including:

ENSURING CHILDREN’S ROAD SAFETY

BMW Children’s Traffic Safety Education celebrated its 10th anniversary in 2014. It is our most lasting corporate citizenship and social responsibility programme in China. It is also the first-ever children’s safety education initiative introduced by the automotive industry. Since 2005, BMW Children’s Traffic Safety Education has reached 63 cities and benefited 370,000 children.

The 10th anniversary celebration and grand opening ceremony featured the theme of “Safeguarding Children for Ten Years”. In addition to the courses we provide every year, we added quality education into the training camp we offer, enabling children to engage directly with automotive technology. In response to new trends in education, we also developed an application software.

Since 2010, we have worked with the Ministry of Education to publish and distribute 290,000 BMW traffic safety textbooks for schoolchildren. We also shared this material with “BMW JOY Home” classrooms in 2014.

BMW Children’s Traffic Safety Education continues to innovate and explore in the field of safety education. This education model leverages diverse channels of communication to help popularise and transform the “study of knowledge” into a “change of habits”. As an unprecedented long-term public awareness programme, the training camp vividly reflects our desire to contribute to Chinese society.



PROVIDING QUALITY MANAGEMENT EDUCATION

In 2013, we officially launched our BMW Brilliance Quality Education Open Course. The course centres on the production philosophy “Quality Comes First”. We help middle and primary school students to better understand the importance of quality safety by teaching lessons through fun activities and by setting up a “Unity of Knowledge and Practice” extracurricular study platform.

We also invited students to visit our Tiexi plant, allowing them to learn about automotive manufacturing and quality inspections at first hand, and extending their education beyond the classroom.

In 2014, we upgraded the course materials to ensure the content was more comprehensive and easy to understand. We also developed and distributed new quality education supplementary textbooks to students.



ENCOURAGING STUDENT INNOVATION

“BMW Day” has been held at Shanghai Tongji University for nine consecutive years and attended by nearly 200,000 college students. This event is aimed at inspiring young people to develop innovative ideas and to have the courage to pursue their dreams. In the future, we will further our cooperation with China’s higher education schools and contribute to the cultivation of talent.

Finally, we support initiatives that increase the efficient and sustainable use of natural resources for the benefit of society and our local communities, including:

SUPPORTING ECOLOGICAL PROTECTION IN YUSHU

In July 2014, BMW Warm Heart Fund extended the term of its cooperative relationship with Shanshui Conservation Centre to 2016. The programme includes a series of studies of the grasslands’ ecological system, a community protection practice and training for local conservation workers, as well as a plan to actively explore and establish a community protection and resource management model that fits local needs and promotes Yushu’s long-term development.



FORECAST

We have accomplished the goals we set for BMW Brilliance in 2014, by taking a long-term and systematic approach to developing our Corporate Citizenship strategy and programmes. In 2015, we plan to maintain our leadership position and further engage with the public, as we advance our innovative CSR programmes.



07

APPENDIX

- 7.1 About this report p. 134
- 7.2 UN Global Compact Index p. 136
- 7.3 GRI Content Index p. 146

7

APPENDIX

7.1 About this report

The BMW Brilliance Sustainability Report 2014 has been published to provide stakeholders with comprehensive information about the company's sustainability ambitions and the progress made. Topics have been selected and weighted in accordance with the findings of a systematic materiality process.

It is based on the requirements of the UN Global Compact Communication on Progress and has been developed in accordance with GRI G4 core. The report is published in English and Chinese. The sustainability report is available on <https://www.unglobalcompact.org/what-is-gc/participants/30051-BMW-Brilliance-Automotive-Ltd->

Reporting period

The reporting period is the 2014 calendar year. This report covers the period 1 January 2014 to 31 December 2014. It is BMW Brilliance's second Sustainability Report. The last BMW Brilliance Sustainability Report was released in October 2014 covering the financial year 2013. The next Sustainability Report will be published in mid-2016. In future, BMW Brilliance plans to report on a yearly basis.

Reporting scope

The sustainability figures include the following production and operation sites of BMW Brilliance: the Shenyang plants as well as the branch company in Beijing and regional offices. The data focuses primarily on BMW Brilliance. Joint initiatives with BMW China Automotive Trading Ltd. are included in the areas of customer relationship management and corporate citizenship. In the reporting period there were no significant changes with regards to the size of BMW Brilliance.

UN Global Compact – Communication on Progress

BMW Brilliance committed to the ten principles of the UN Global Compact in 2014, and is now continuously working on integrating sustainability criteria into all corporate processes. The company actively promotes compliance with internationally adopted standards and regulations in the fields of human rights, occupational standards, environmental protection and the fight against corruption. In this report, BMW Brilliance reports in the Sustainability Report on progress achieved in complying with these principles.

Third-party verification

External auditors and experts audited indicators from the areas of environmental protection and occupational health and safety in accordance with ISO 14001 and OHSAS 18001.

7.2 UN Global Compact Index

The following table lists examples of established BMW Brilliance guidelines and management systems that support compliance with the ten UN Global Compact principles as well as progress made.

Principle 1: Support and Respect the Protection of Internationally Proclaimed Human Rights

COMPANY GUIDELINES AND MANAGEMENT SYSTEMS

BMW Brilliance:

- ▶ Commitment to the UN Global Compact Initiative
- ▶ Commitment to the ILO Declaration on Fundamental Principles and Rights at Work
- ▶ Human Resource Guidelines and Employee Handbook
- ▶ BMW Brilliance SpeakUP Line
- ▶ BMW Brilliance Legal Compliance Code

Suppliers:

- ▶ BMW Group Supplier Sustainability Standard
- ▶ Purchasing conditions and sustainability contract clauses
- ▶ Supplier management

SUBSTANTIAL PROGRESS MADE

BMW Brilliance:

- ▶ Protecting human rights related to our employees
- ▶ Protecting human rights related to the communities and the environment we live and work in
- ▶ Observing labour law and human rights

Suppliers:

- ▶ Protecting human rights related to our suppliers and business partners
- ▶ Protecting human rights related to the communities and the environment we live and work in - including human rights clauses in supplier contracts
- ▶ Supplier risk management (SRM) process
- ▶ Yearly supplier audits to ensure suppliers are not complicit in human rights abuses and to avoid child labour

Dealers:

- ▶ Fostering sustainability among dealers

REFERENCES

BMW Brilliance:

- > 1.1
- > 5.1

Suppliers:

- > 1.1
- > 4.1-4.3

Dealers:

- > 1.1
- > 2.3

Principle 2: Make Sure There Is No Complicity in Human Rights Abuses

COMPANY GUIDELINES AND MANAGEMENT SYSTEMS

BMW Brilliance:

- > See principle 1

Suppliers:

- > See principle 1

SUBSTANTIAL PROGRESS MADE

BMW Brilliance:

- > See principle 1

Suppliers:

- > See principle 1

REFERENCES

> See principle 1

Principle 3: Uphold the Freedom of Association and Recognition of the Right to Collective Bargaining

COMPANY GUIDELINES AND MANAGEMENT SYSTEMS

BMW Brilliance:

> See principle 1

- ▶ Human Resources Policy consisting of Associates Handbook and Human Resources Guidelines which is binding for every employee, including health, safety and environment practices, handling of hazardous substances as well as anti-discrimination and anti-harassment measures

Suppliers:

> See principle 1

SUBSTANTIAL PROGRESS MADE

BMW Brilliance:

- ▶ The Labour Union covers all local employees
- ▶ Over the past five years, management and the Labour Union have achieved a more than 50% cumulative increase in the salary rate

Suppliers:

> See principle 1

REFERENCES

> See principle 1

Principle 4: Elimination of All Forms of Forced and Compulsory Labour

COMPANY GUIDELINES AND MANAGEMENT SYSTEMS

BMW Brilliance:

> See principle 1

- ▶ Human Resource Guidelines in compliance with China's Labour Law and relevant regulations in relation to forbidding forced, compulsory and child labour

Suppliers:

> See principle 1

SUBSTANTIAL PROGRESS MADE

BMW Brilliance:

> See principle 1

Suppliers:

> See principle 1

REFERENCES

> See principle 1

Principle 5: Effective Abolition of Child Labour

COMPANY GUIDELINES AND MANAGEMENT SYSTEMS

BMW Brilliance:

> See principle 1

Suppliers:

> See principle 1

SUBSTANTIAL PROGRESS MADE**BMW Brilliance:**

> See principle 1

Suppliers:

> See principle 1

REFERENCES

> See principle 1

Principle 6: Elimination of Discrimination in Respect to Employment and Occupation
COMPANY GUIDELINES AND MANAGEMENT SYSTEMS**BMW Brilliance:**

> See principle 1

Suppliers:

> See principle 1

SUBSTANTIAL PROGRESS MADE**BMW Brilliance:**

> See principle 1

Suppliers:

> See principle 1

REFERENCES

> See principle 1

Principle 7: Support Precautionary Approach to Environmental Challenges
COMPANY GUIDELINES AND MANAGEMENT SYSTEMS**BMW Brilliance:**

- ▶ ISO 14001 certification for all plant locations
- ▶ BMW Group internal Centres of Competence (CoCs) for water, process wastewater, energy, waste for disposal and VOC emissions
- ▶ Consideration of environmental impacts in investment decisions
- ▶ Application of Cleaner Production Strategy of the United Nations Environment Programme (UNEP)
- ▶ Implementation of the BMW Group Efficient Dynamics strategy
- ▶ Strategy to develop and promote electric vehicles
- ▶ Certification of all products according to ISO 14020, ISO 14024 and the Chinese standard HJ 2532
- ▶ Guidelines on interior emissions in vehicles

Suppliers:

> See principle 1

Dealers:

- ▶ 5S certification of dealers including ecological criteria

SUBSTANTIAL PROGRESS MADE

BMW Brilliance:

- ▶ Contributing to BMW Group environmental goals: achieve a 45% reduction in energy consumption as well as water, wastewater, waste and solvents per vehicle produced between 2006 and 2020
- ▶ Reduction of energy consumption per vehicle produced by 18.9%
- ▶ Reduction of CO₂ emissions per vehicle produced by 11.8%
- ▶ Reduction of water consumption per vehicle produced by 19.9%
- ▶ Reduction of process wastewater per vehicle produced by 6.0%
- ▶ Increase of waste for disposal per vehicle produced by 28.6%
- ▶ Reduction of VOC emissions per vehicle produced by 86.4%
- ▶ Reduction of the BMW Brilliance corporate average fuel consumption to 7.06 litres of petrol per 100 kilometres

Suppliers:

- ▶ Supplier risk management (SRM) process

Dealers:

- ▶ Promote the 5S dealer concept by encouraging the voluntary involvement of authorised dealers nationwide to improve sustainability standards
- ▶ Fostering sustainability among dealers

REFERENCES

BMW Brilliance:

- > 2.1 – 2.4
- > 3.1 – 3.4

Suppliers:

- > 4.1 – 4.3

Dealers:

- > 2.3

Principle 8: Undertake Initiatives to Promote Greater Environmental Responsibility

COMPANY GUIDELINES AND MANAGEMENT SYSTEMS

BMW Brilliance:

- > See principle 7

Suppliers:

- > See principle 7

Dealers:

- > See principle 7

SUBSTANTIAL PROGRESS MADE

BMW Brilliance:

- > See principle 7

Suppliers:

- > See principle 7

Dealers:

- > See principle 7

REFERENCES

- > See principle 7

Principle 9: Development and Diffusion of Environmentally Friendly Technologies

COMPANY GUIDELINES AND MANAGEMENT SYSTEMS

BMW Brilliance:

> See principle 7

Suppliers:

> See principle 7

SUBSTANTIAL PROGRESS MADE

BMW Brilliance:

- ▶ Saving fuel and reducing emissions

REFERENCES

> See principle 7

Principle 10: Work against Corruption in all Its Forms, Including Extortion and Bribery

COMPANY GUIDELINES AND MANAGEMENT SYSTEMS

BMW Brilliance:

- ▶ BMW Brilliance Legal Compliance Code
- ▶ Corruption Prevention Policy
- ▶ Anti-Fraud Policy
- ▶ Fraud Response Procedure
- ▶ BMW Brilliance Compliance Management System

Suppliers:

> See principle 1

SUBSTANTIAL PROGRESS MADE

BMW Brilliance:

- ▶ BMW Brilliance Compliance Committee (BCC) established
- ▶ Data Privacy Protection Committee established
- ▶ Managers and employees trained on Compliance

REFERENCES

BMW Brilliance:

> 1.3

7.3 GRI Content Index for "In accordance" – Core

The following table lists the GRI Standard Disclosures and their location in BMW Brilliance's report.

GENERAL STANDARD DISCLOSURES			
General Standard Disclosure	Page	External Assurance	
STRATEGY AND ANALYSIS			
G4-1	pp. 1, 4 – 5	-	
ORGANISATIONAL PROFILE			
G4-3	p. 150	-	
G4-4	p. 9	-	
G4-5	p. 150	-	
G4-6	p. 6	-	
G4-7	p. 9	-	
G4-8	p. 9	-	
G4-9	pp. 8 – 9	-	
G4-10	p. 101	-	
G4-11	p. 102	-	
G4-12	pp. 83 – 84	-	
G4-13	p. 134	-	
G4-14	pp. 15 – 23	-	
G4-15	p. 15	-	
G4-16	p. 28	-	
IDENTIFIED MATERIAL ASPECTS AND BOUNDARIES			
G4-17	p. 134	-	
G4-18	pp. 20 – 21	-	
G4-19	p. 21	-	
G4-20	p. 21	-	
G4-21	p. 21	-	
G4-22	Effects of restatements are – if necessary – described as footnotes in the respective graphs.	-	
G4-23	No significant changes.	-	

GENERAL STANDARD DISCLOSURES			
G4-24	pp. 24 – 29	-	
G4-25	p. 24	-	
G4-26	pp. 24 – 29	-	
G4-27	p. 20	-	
REPORT PROFILE			
G4-28	p. 134	-	
G4-29	p. 134	-	
G4-30	p. 134	-	
G4-31	p. 150	-	
G4-32	pp. 134, 146 – 147	-	
G4-33	p. 135	-	
GOVERNANCE			
G4-34	p. 19	-	
ETHICS AND INTEGRITY			
G4-56	pp. 30 – 39	-	

SPECIFIC STANDARD DISCLOSURES

Material Aspects	DMA and Indicators	Omissions	External Assurance
Energy	DMA: pp. 54 – 56 – 59, 66 – 71 G4-EN3: p. 68	-	-
Emissions	DMA: pp. 54 – 59, 66 – 71 G4-EN17: pp. 54 – 55	-	-
Products and Services	DMA: pp. 43 – 45, 54 – 59 G4-EN27: pp. 43 – 45, 54 – 59	-	-
Employment	DMA: pp. 104 – 109 G4-LA1: p. 108	Total number of new employee hires not reported. Total number of employee turnover, as well as break-down by age group, gender and region, not reported.	-
Occupational Health and Safety	DMA: pp. 110 – 113 G4-LA6: p. 111	Data is not reported by gender. Occupational diseases rate (ODR), lost day rate (LDR) and injuries/ occupational diseases for independent contractors working on-site are not reported. There are no occupational disease cases in the company. We monitor accident frequency rate instead of LDR.	-
Training and Education	DMA: pp. 114 – 119 G4-LA9: p. 115	Training days by gender not reported.	-
Anti-corruption	DMA: pp. 30 – 39 G4-SO4: pp. 37 – 38	Total number of employees and number of business partners that the policies and procedures have been communicated are not reported.	-
Public Policy	DMA: pp. 27 – 28 G4-SO6: BMW does not support political parties, their representatives or candidates for office with financial or in-kind political contributions.	-	-
Anti-competitive Behaviour	DMA: pp. 30 – 39 G4-SO7: In 2014 there were no legal actions regarding anti-competitive behaviour and violations of anti-trust and monopoly legislations.	-	-
Customer Health and Safety	DMA: pp. 46 – 49 G4-PR1: p. 48	-	-
Supplier Environmental Assessment	DMA: pp. 88 – 93 G4-EN33: pp. 91 – 93	-	-
Supplier Assessment for Labour Practices	DMA: pp. 88 – 93 G4-LA15: pp. 91 – 93	-	-
Supplier Assessment for Impacts on Society	DMA: pp. 88 – 93 G4-SO10: pp. 91 – 93	-	-

WE LOOK FORWARD TO HEARING FROM YOU

FURTHER INFORMATION AND PUBLICATIONS ARE AVAILABLE AT:

<https://www.unglobalcompact.org/what-is-gc/participants/30051-BMW-Brilliance-Automotive-Ltd->

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