

BMW Group uses Blockchain to drive supply chain transparency

- Traceability of parts and critical raw materials in complex international supply chains
- BMW Group “PartChain” project targets industry-wide solution for secure data sharing

Munich. The BMW Group is using innovative digital technologies to optimise its processes. A good example of this is Blockchain, a technology that enables tamper-proof data sharing, with potential applications throughout the entire automotive value chain. The BMW Group is using this technology in purchasing to ensure the traceability of components and raw materials in multi-stage international supply chains. “In 2019, we conducted a successful pilot project for purchasing front lights. This year, we want to expand the project to a large number of other suppliers,” said Andreas Wendt, member of the Board of Management of BMW AG responsible for Purchasing and Supplier Network.

The automotive industry's international supply chains are highly complex. They generally involve numerous players at different delivery stages and often undergo rapid changes. For this reason, considerable effort can be needed to clearly track a component's origin or supply route, for instance. Up until now, it has been customary for the many partners to manage their own data separately. The companies' respective IT systems have not always been able to communicate consistently with one another. For the BMW Group's purchasing experts and its suppliers, ensuring transparency therefore involved considerable manual effort. The BMW Group initiated the PartChain project to ensure seamless traceability of components – more or less “at the push of a button” – and provide immediate data transparency in complex supply chains for all partners involved going forward.

“PartChain enables tamper-proof and consistently verifiable collection and transaction of data in our supply chain,” said Wendt. 2019 the pilot project focused solely on part tracking. In the long term, the BMW Group also expects

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the project to enable complete traceability of critical raw materials – all the way from mine to smelter. Wendt: “This move is designed to take the digitalisation of purchasing at the BMW Group to the next level. Our vision is to create an open platform that will allow data within supply chains to be exchanged and shared safely and anonymised across the industry.”

PartChain uses Cloud technologies (e. g. Amazon Web Services, Microsoft Azure) in addition to Blockchain solutions. This allows the origin of components to be tracked between all participating partners without any risk of manipulation. The 2019 pilot project already involved two of the BMW Group's total 31 plants (Spartanburg/US and Dingolfing), as well as three locations of the supplier Automotive Lighting. This year, the platform will be rolled out to about ten suppliers.

BMW Group co-founded Mobility Open Blockchain Initiative (MOBI) in 2018

An industry-wide solution would enable all partners participating to link their business processes more closely and coordinate between companies. However, common standards and control models are needed to leverage the full potential of an open platform. The BMW Group therefore co-founded the Mobility Open Blockchain Initiative (MOBI) in 2018, a cross-industry initiative comprising 120 leading automotive, mobility and technology companies. Within MOBI, the company heads a working group on supply chain issues. The MOBI members' shared objective is to help Blockchain technology break through in the mobility sector. “We want to share our PartChain approach with the initiative and invite interested companies to join the initiative,” explained Wendt.

Further information on the MOBI initiative can be found at www.dlt.mobi.

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The BMW Group

With its four brands BMW, MINI, Rolls-Royce and BMW Motorrad, the BMW Group is the world's leading premium manufacturer of automobiles and motorcycles and also provides premium financial and mobility services. The BMW Group production network comprises 31 production and assembly facilities in 15 countries; the company has a global sales network in more than 140 countries.

In 2019, the BMW Group sold over 2.5 million passenger vehicles and more than 175,000 motorcycles worldwide. The profit before tax in the financial year 2019 was € 7.118 billion on revenues amounting to € 104.210 billion. As of 31 December 2019, the BMW Group had a workforce of 133,778 employees.

The success of the BMW Group has always been based on long-term thinking and responsible action. The company has therefore established ecological and social sustainability throughout the value chain, comprehensive product responsibility and a clear commitment to conserving resources as an integral part of its strategy.

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