



UK Tax Strategy Disclosure BorgWarner Inc. & Subsidiaries Financial Year ended 12/31/18

Overview

In compliance with paragraphs 19(2) and 22(2) of Schedule 19 of the UK Finance Act 2016, BorgWarner Inc. ("BorgWarner") is publishing its UK tax strategy for the period stated above. As the head company of the UK sub-group, this strategy will apply to the following UK companies within the sub-group:

BorgWarner Holdings Limited
BorgWarner Limited
Kysor Europe Limited

BorgWarner Gateshead Limited
BorgWarner Wrexham Limited

BorgWarner believes it is our responsibility as a corporate citizen to pay our fair share of taxes, including corporate income taxes, employment taxes, social contributions, property taxes, import and customs duties, and indirect taxes. For additional information about the company, please refer to BorgWarner's annual report.

Risk Management and Governance

Our goal is to ensure that we comply with all applicable tax laws, filing requirements, reporting disclosures, and payment obligations of the jurisdictions in which we operate. Our corporate tax policies and strategy closely follow our financial and ethical policies and guidelines. We have an established procedure, including the use of outside advisors where appropriate, which has been reviewed and approved by senior management and the board of directors, for ensuring the integrity of our tax filings and other tax compliance obligations. This procedure facilitates appropriate identification, measuring, management and reporting of tax risks.

Tax Planning

We engage in tax planning that is consistent with and supports our business objectives and activities in a manner that provides value while minimizing our consolidated tax risks and liabilities. BorgWarner conducts transactions on arm's length principles, following OECD guidelines.

Attitude towards Risk

Our policies and corporate governance framework operate to ensure compliance with tax laws and regulations in all jurisdictions in which we operate, to ensure that we identify and mitigate tax risks. We have a low tolerance for tax risk and strive to obtain certainty where possible for our financial reporting obligations and prevent any potential negative impacts on our shareholders and Company's reputation.

Relationship with HM Revenue & Customs (HMRC)

BorgWarner aims to work collaboratively with HMRC to ensure timely tax compliance, the filing of accurate returns, and compliance with applicable disclosure requirements. We are committed to engaging with HMRC openly and constructively, based upon interactions of mutual trust, transparency, and respectful relationships. We will work with HMRC to address inquiries and resolve any differences in opinion on the interpretation or application of tax law to our facts in an honest, ethical and cooperative manner in line with established avenues of dispute resolution.