



## **BORGWARNER**

### **UK MODERN SLAVERY ACT 2015**

#### **MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT**

Financial Year End: December 2020

#### **1. INTRODUCTION**

BorgWarner Inc. (“BorgWarner”) is committed to preventing acts of modern slavery and human trafficking from occurring within its business and supply chain, and imposes the same high standards on its suppliers. BorgWarner is a global business and although not all of its group companies are required to comply with the provisions of the UK Modern Slavery Act 2015, BorgWarner is committed to approaching and tackling the issues of modern slavery and human trafficking from an international and group-wide perspective.

#### **2. STRUCTURE OF THE ORGANISATION**

BorgWarner is a global tier 1 automotive supplier. We deliver innovative and sustainable mobility solutions for vehicle market. BorgWarner Limited and BorgWarner Technologies Limited are UK subsidiaries of its ultimate parent company, BorgWarner, a publicly traded company listed on the New York Stock Exchange.

BorgWarner employs approximately 50,000 people worldwide and has business operations in 96 locations across 24 countries. BorgWarner achieved net sales of \$10,165 M worldwide in the year ending on 31 December 2020. To find out more about the nature of BorgWarner's business, please visit <https://www.borgwarner.com/home>.

On October 1, 2020, BorgWarner completed its acquisition of 100% of the outstanding ordinary shares of Delphi Technologies PLC (“Delphi Technologies”) from the shareholders of Delphi. The acquisition is expected to strengthen BorgWarner's electronics and power electronics products, capabilities and scale, position BorgWarner for greater growth as electrified propulsion systems gain momentum and enhance key combustion, commercial vehicle and aftermarket product offerings.

#### **3. SUPPLY CHAINS**

In order to produce, distribute, and develop automotive technology, we work with a range of suppliers across the globe who provide raw materials, components and parts for our manufacturing processes and products. BorgWarner has over 3,500 direct and over 26,000 indirect material suppliers in over 40 countries across the globe. BorgWarner's supplier relationships are either of a short term or long term duration depending on the nature of the business transaction. These relationships are managed by our global supply chain team and this team is represented in each of our businesses to ensure worldwide coverage.

For suppliers, the applicable terms and conditions, policies and guidance can be found via the BorgWarner website at a dedicated section: <https://www.borgwarner.com/suppliers>.

#### **4. POLICIES**

As part of our commitment to combating modern slavery, we have implemented the following policies:

- Code of Ethical Conduct
- Supplier Code of Ethical Conduct



- BorgWarner Ethics and Compliance with Laws and Policies Program
- Basic Working Conditions Principles
- Purchasing Policy

We require all employees, contractors, suppliers, directors and management to be bound by our policies and adhere to the same high standards. BorgWarner does not distinguish between third party suppliers and its own business and employees in this area, particularly in respect of its ethics programs and policies. Indeed, there is specific language in our standard supplier terms and conditions expressly prohibiting the use of slave labour.

These policies have been developed over many years by our Compliance Office and Policy Committee with input from internal and external advisors and professionals. Our policies are regularly reviewed and updated as circumstances require.

BorgWarner's Chief Compliance Officer and the Compliance Office are ultimately responsible for monitoring compliance with our policies. Across BorgWarner there are Compliance Coordinators responsible for compliance matters at a local level. In parallel, the global supply chain team also have responsibility for the ongoing monitoring, oversight and management of suppliers to BorgWarner and accordingly would be fundamentally involved in ensuring that all suppliers comply with their obligations, including but not limited to human rights issues, in practice.

## 5. DUE DILIGENCE

As part of our efforts to monitor and reduce the risk of slavery and human trafficking occurring within our supply chains, we have adopted the following due diligence procedures:

- Our global supply chain team assess all new suppliers before we work with them.
- We undertake regular reviews with our main suppliers to ensure that they operate in accordance with our requirements and policies.
- Our supplier contracts provide us with the right to audit our suppliers including, where appropriate, conducting audits using both BorgWarner employees and external resources.
- Direct material suppliers are audited prior to entering a business relationship with BorgWarner and audited periodically once a relationship has been established.

A breach of BorgWarner's relevant policies would constitute a breach of the supplier contract and would enable us to take action up to and including termination of the arrangement with the supplier.

Our procedures are designed to:

- establish and assess areas of potential risk in our business and supply chains;
- monitor potential risk areas in our business and supply chains;
- reduce the risk of slavery and human trafficking occurring in our business and supply chains;  
and
- provide adequate protection for whistle-blowers.



## 6. RISK AND COMPLIANCE

BorgWarner regularly evaluates the nature and extent of its exposure to the risk of modern slavery occurring in its operations and supply chain; we believe that the risk is low. Risk monitoring is an ongoing activity that is handled by the global supply chain team.

Internally, we use new supplier questionnaires and a direct material supplier scorecard to monitor risk. Externally, we use third party services, such those provided by Deloitte and Dun & Bradstreet, to provide data and analysis on supply chain risk. BorgWarner has utilised a third party to release a sustainability self-assessment questionnaire to its top 200 direct material suppliers and top 20 indirect suppliers. This questionnaire addresses governance of human rights and working conditions issues.

Where we have identified a potential risk, our investigation procedures are initiated and the matter is reviewed by the Compliance Office and, where and if necessary, via an applicable modification to our procurement processes.

We ensure all our suppliers adhere to our terms and conditions, which contain express language on modern slavery. We enforce a strict code of compliance and do not tolerate slavery and human trafficking within our supply chains. For example, if we find evidence of a failure to comply with our policies or where a potential negative human rights impact has been identified we will require the supplier to immediately comply or suffer termination of our business.

If a member of the global supply chain (or anyone else within the organisation) discovers that BorgWarner or any supplier is involved in activity that is contrary to BorgWarner's policies and principles, we would expect that person to report it to their manager, reach out to the legal or compliance teams, or use the compliance hotline to report the issue. At that point, BorgWarner's standard compliance investigation procedures would be initiated.

BorgWarner operates a global whistle blower hotline system (phone and web-based) whereby anyone can call a series of dedicated hotline numbers from anywhere in the world. The hotline has anonymous reporting capability, calls are free and available in multiple languages consistent with our diverse employee population. Whistle blowers may also independently report issues via other reporting platforms, including direct messaging to local management, human resources staff, and the global compliance team (including the Chief Compliance Officer), the General Counsel and other Senior Managers. BorgWarner has a non-retaliation policy against anyone who raises a concern in good faith.

## 7. EFFECTIVENESS

BorgWarner's global supply chain team does regularly conduct benchmarking exercises to understand how BorgWarner compares to its competitors in the market in this area. This is an area of continuous improvement for the business as part of its commitment to prevent acts of modern slavery and human trafficking from occurring within its global business and supply chain. BorgWarner is considering how it can use its supplier and third-party questionnaires to monitor how successful it is in this area and is planning to implement relevant key performance indicators to aid this process.

## 8. TRAINING

We invest in educating our staff to recognise the risks of modern slavery and human trafficking in our business and supply chains. Additionally, through our general compliance training, employees are encouraged to identify and report any potential breaches of BorgWarner's ethics and compliance policies. We encourage an open and transparent environment where employees feel safe and are protected from retaliation for speaking out.

Further, BorgWarner monitors its ethics and compliance oversight with a view to updating and modifying it to be consistent with global industry standards and best practices.



9. **FURTHER ACTIONS**

We are currently reviewing our actions this financial year to prevent slavery or human trafficking from occurring in our business or supply chains, and as a result of the review intend to take any necessary further steps that are identified to tackle slavery and human trafficking.

10. **CONCLUDING STATEMENT**

As Chief Compliance Officer at BorgWarner I am committed to protecting human rights and ensuring that BorgWarner prevents the risk of modern slavery, human trafficking or any other human rights abuses from occurring within BorgWarner's business and supply chain. This statement details the proactive steps our global business has taken to identify and mitigate any risks in the countries in which we operate, but I am conscious that there is always more that can be done. As a business we will continue to develop and improve our processes and practices in order to address modern slavery and human trafficking threats within our operations and supply chain.

This statement is made in accordance with section 54(6) of the Modern Slavery Act 2015 and constitutes BorgWarner Limited's slavery and human trafficking statement for the year ending 31 March 2019.

Signature:

A handwritten signature in blue ink that reads 'Tamika A. Frimpong'.

**Tamika A. Frimpong**

**Vice President, Deputy General Counsel & Chief Compliance and Privacy Officer**

**BorgWarner**

**June 2021**