

## BORGWARNER

### MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

Financial Year End: December 2021

#### 1. INTRODUCTION

Consistent with its Beliefs of Inclusion, Integrity, Excellence, Responsibility, and Collaboration, BorgWarner Inc. (“BorgWarner”) endeavours to prevent acts of modern slavery and human trafficking from occurring within its business and supply chain. As part of our efforts to promote and nurture a diverse and inclusive environment that honours the communities in which we operate, we impose the same high standards of business ethics on our suppliers, specifically as it relates to prohibitions against modern slavery and human trafficking. Although not all of BorgWarner’s group companies are required to comply with the provisions of the UK Modern Slavery Act 2015, BorgWarner is committed to using its influence to decrease instances of modern slavery and human trafficking from a global perspective.

#### 2. STRUCTURE OF THE ORGANISATION

BorgWarner is a publicly traded company listed on the New York Stock Exchange and is incorporated as a Delaware corporation. BorgWarner Limited and BorgWarner Technologies Limited are UK subsidiaries and together with their parent BorgWarner, are known as global leaders in accelerating the transition to eMobility. These efforts will help build a cleaner, healthier, and safer future for all. BorgWarner’s eMobility product portfolio improves vehicle performance, propulsion efficiency, stability and air quality. BorgWarner achieved net sales of \$14,838 M worldwide in the year ending on 31 December 2021. To find out more about the nature of BorgWarner's business, please visit <https://www.borgwarner.com/home>.

#### 3. SUPPLY CHAINS

In order to produce, distribute, and develop propulsion 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 3,800 direct and over 26,000 indirect material suppliers in over 40 different countries. BorgWarner has an array of supplier relationships to meet its complex global business needs. These relationships are managed globally by our Business and Enterprise Supply Chain teams.

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 key 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
- BorgWarner Supplier Manual  
“Basic Working Conditions General Principles” section includes provisions on the prohibition on the use of child and forced labour and contains the Supplier Code of Conduct

We also require all employees, contractors, suppliers, directors, and managers to be bound by our Beliefs and related policies to cultivate adherence to a consistent set of ethical business and operational

standards. To this end, BorgWarner's Beliefs and related policies and procedures have been carefully developed by internal and external experts, advisors and professionals. These policies are regularly reviewed, benchmarked, and updated as the law and, in some cases, societal circumstances require.

BorgWarner's Chief Compliance Officer and the Compliance Office are ultimately responsible for monitoring compliance with our policies. Across BorgWarner there are locally situated Compliance Coordinators responsible for compliance training and escalation of reports. In parallel, the Business and Enterprise teams also have responsibility for the ongoing monitoring, oversight, and management of suppliers to BorgWarner and accordingly share in the responsibility of ensuring that all suppliers comply with their obligations, including but not limited to human rights issues, in practice.

## 5. DUE DILIGENCE

To monitor and reduce the risk of slavery and human trafficking occurring within our supply chains, we have adopted the following key 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 Business and Enterprise teams.

Internally, we use supplier questionnaires and a direct material supplier scorecard to monitor risk. Externally we use third party services to provide customised data and analysis on supply chain risk. BorgWarner has also utilised a third party to release a sustainability self-assessment questionnaire to its high-impact and high-risk suppliers. This questionnaire addresses governance of human rights and working conditions issues.

When possible, risks are identified, an appropriate investigation is initiated by the Compliance Office, which may or may not include external support. At the conclusion of each investigation, remedial action is assessed and, where necessary, requisite modifications to our processes are made.

We also ensure all our suppliers adhere to our terms and conditions, which contain express language on modern slavery. We enforce a strict culture of compliance and do not tolerate slavery and human trafficking within our supply chains. For example, our policies make clear that in the event we find evidence of a failure to comply with our policies or where a potential negative human rights impact has been identified we can terminate business contracts.

We have multiple reporting platforms, including a global whistle blower hotline (phone and web-based) to facilitate internal and external parties to report directly or anonymously (consistent with applicable law) any activity that is contrary to BorgWarner's policies and principles. The hotline calls are free and available in multiple languages consistent with our diverse employee population. Additionally, we encourage reporting to be made through managers, local or global human resources legal, or compliance teams. This includes but is not limited to the General Counsel and /or the Chief Compliance Officer Each report is taken seriously and is resolved using BorgWarner's investigation procedures, which include a strict anti-retaliation policy.

**7. EFFECTIVENESS**

BorgWarner's global supply chain regularly conducts benchmarking exercises to understand how BorgWarner compares to its peers and others in the industry. This continuous assessment and improvement process is integral to our commitment to prevent acts of modern slavery and human trafficking from occurring within its global business and supply chain. BorgWarner is considering other actions, including third-party questionnaires to better evaluate our current processes and identify additional key performance indicators to strengthen our current practices.

**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 Ethics and Compliance training this year, 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. The 2022 Ethics and Compliance Training being designed will include training on modern slavery and human trafficking.

**9. FURTHER ACTIONS**

We are currently reviewing our actions this fiscal 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 share in BorgWarner's pledge to protect human rights and take reasonable precautions to prevent modern slavery and human trafficking from occurring within BorgWarner's business 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 December 2021.

Signature:



**Tamika A. Frimpong**

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

**BorgWarner**

**June 2022**