

BORGWARNER

MODERN SLAVERY AND HUMAN TRAFFICKING STATEMENT

Financial Year End: December 2022

1. INTRODUCTION

This statement is made per Section 54 of the United Kingdom's Modern Slavery Act 2015, which requires certain companies doing business within the UK to provide information about their efforts to address the issue of modern slavery and human trafficking within their business and supply chain. BorgWarner fully supports these efforts, which align with our Beliefs.

2. STRUCTURE OF THE ORGANISATION

BorgWarner Inc. is a global tier 1 automotive supplier and is publicly traded on the New York Stock Exchange. BorgWarner Limited and BorgWarner Technologies Limited are UK subsidiaries of BorgWarner Inc. (collectively "BorgWarner UK"). BorgWarner Inc. achieved net sales of \$15,801M worldwide in the year ending on 31 December 2022. To find out more BorgWarner's business, please visit <https://www.borgwarner.com/home>.

3. SUPPLY CHAINS

BorgWarner works with a range of suppliers across the globe who provide raw materials, components and parts for our manufacturing processes and products. We have over 4,100 direct (production) and over 26,000 indirect material (non-production) suppliers in over 50 different countries 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 RELATING TO MODERN SLAVERY AND HUMAN TRAFFICKING

We maintain internal policies to ensure our requirements on modern slavery/ forced labour are well communicated, integrated into our contractual framework and agreed upon by all employees and business partners. For our employees this includes our [Code of Ethical Conduct](#) and [Working Conditions Principles](#).

BorgWarner's suppliers are required to adhere to our [BorgWarner Supplier Manual](#), which prohibits the use of forced labour and human trafficking.

These policies are periodically reviewed, benchmarked, and updated as the law and, in some cases, societal circumstances require. We will issue a [Supplier Due Diligence Statement](#) to further reinforce our expectations.

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 act 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.

In 2022, we distributed a supplier questionnaire and used a direct material supplier scorecard to monitor risk. BorgWarner also engaged a third party to release a Sustainability Self-Assessment Questionnaire to our high-impact and high-risk suppliers, which included questions relating to human rights governance and working conditions.

When significant risks relating to modern slavery 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 prohibiting 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 bower 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 Beliefs. 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 the Chief Compliance Officer. Each report is taken seriously and is resolved using BorgWarner's investigation procedures, which include a strict anti-retaliation policy. In 2022, the Compliance Office did not receive any reports of potential human rights violations by a supplier.

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 program, for salaried employees globally, includes training on modern slavery and protection of human rights.

9. FURTHER ACTIONS

BorgWarner has updated the Supply Chain Sustainability Strategy with a call out of child labour and modern slavery this year. We continue to review our actions to prevent slavery and human trafficking from occurring in our business or supply chains. BorgWarner intends to take any necessary further steps that are identified to tackle slavery and human trafficking.

This statement was approved by the Directors of BorgWarner UK.

Signature:



Miyuki Oshima
VP, Chief Compliance Officer

BorgWarner

June 2023