Purpose Propelled

2020 Sustainability Report
Contents

3 Letter From Our President and CEO
Purpose, passion and propulsion drive our vision of a clean, energy-efficient world

10 Environmental Stewardship: Create a cleaner, more energy-efficient world
Our products enable cleaner mobility across combustion, hybrid and electric vehicles
We are committed to reducing the environmental footprint of our operations

21 Social Responsibility: Live the BorgWarner Beliefs
We foster an inclusive, engaging and safe workplace for our employees, their families and our communities

37 Governance: Partner with and Report to Stakeholders
Strong oversight and ethics start at the top, and underpin our culture of engagement and transparency

44 Performance Data
TCFD Index
SASB Index
GRI Index

Statements in this report may contain forward-looking statements as contemplated by the 1995 Private Securities Litigation Reform Act that are based on management's current outlook, expectations, estimates and projections. Words such as “anticipates,” “believes,” “continues,” “could,” “designed,” “effect,” “estimates,” “evaluates,” “expects,” “forecasts,” “goal,” “guidance,” “initiative,” “intends,” “may,” “outlook,” “plans,” “potential,” “predicts,” “project,” “pursue,” “seek,” “should,” “target,” “when,” “will,” “would,” and variations of such words and similar expressions are intended to identify such forward-looking statements. Forward-looking statements are not guarantees of performance, and the Company's actual results may differ materially from those expressed, projected or implied in or by the forward-looking statements. These risks and uncertainties, among others, include: our dependence on automotive and truck production, both of which are highly cyclical; our reliance on major OEM customers; commodities availability and pricing; supply disruptions; fluctuations in interest rates and foreign currency exchange rates; availability of credit; our dependence on key management; our dependence on information systems; the uncertainty of the global economic environment; the outcome of existing or any future legal proceedings, including litigation with respect to various claims; the failure to complete our anticipated acquisition of Delphi Technologies, as a result of, by way of example, the failure to: satisfy the conditions to the completion of the transaction, obtain the regulatory approvals required for the transaction on the terms expected or on the anticipated schedule; future changes in laws and regulations, including, by way of example, tariffs, in the countries in which we operate; and other risks noted in reports that we file with the Securities and Exchange Commission, including Item 1A, “Risk Factors” in our most recently filed Annual Report on Form 10-K. You should not place undue reliance on these forward-looking statements, which speak only as of the date of this report. Forward-looking statements are subject to risks and uncertainties. We do not undertake any obligation to update or announce publicly any updates to or revisions to any of the forward-looking statements in this report to reflect any change in our expectations or any change in events, conditions, circumstances, or assumptions underlying the statements.
A Letter From Our President and CEO

BorgWarner is at the forefront of designing and manufacturing propulsion products that will help deliver a clean, energy-efficient world.

We have a vital role to play in enabling our customers to navigate shifting regulatory and consumer demands through our fuel-efficient and emissions-reducing components. To achieve our vision, we rely on the innovation and passion of our valued employees to drive our continued success.

As part of our commitment to sustainability, our Strategy Board has endorsed a set of sustainability goals across our operations that target the key areas important for our success: creating a clean, energy-efficient world; living the BorgWarner Beliefs; partnering with and reporting to stakeholders. This report provides details on the goals and how we are working to achieve them.

In January, we announced that we expect to acquire Delphi Technologies. This exciting transaction represents the next step in BorgWarner’s balanced propulsion strategy. It strengthens our position in electrified propulsion, as well as, our combustion, commercial vehicle and aftermarket businesses. Delphi Technologies would bring proven leading power electronics technologies, talent and scale that will complement our hybrid and electric vehicle propulsion offerings.

We know our success depends on delivering value for all of our stakeholders. That is why I was proud to sign the Business Roundtable statement on company purpose. I invite you to learn more about how BorgWarner strives to make the vehicles we all drive more efficient and the world we live in cleaner, while supporting the diversity and development of our employees, and giving back to the communities where we live and work.

Frédéric Lissalde
PRESIDENT AND CHIEF EXECUTIVE OFFICER
Our Vision: A clean, energy-efficient world

Our Mission: Propulsion system leader for combustion, hybrid and electric vehicles
BorgWarner at a Glance

BorgWarner is delivering on our vision of a clean, energy-efficient world. We made that commitment decades ago and have since been creating technologies to improve efficiency, emissions and performance of all types of vehicles. Our proven track record demonstrates our industry leadership in clean, efficient technology solutions for combustion, hybrid and electric vehicles. To deliver our vision, we are guided by Our Beliefs of inclusion, integrity, excellence, responsibility and collaboration. These are values we live by, we instill in our employees and uphold with our customers, suppliers and communities.

Who we are

BorgWarner is a global product leader in clean and efficient technology solutions for combustion, hybrid and electric vehicles. Our propulsion solutions, which support vehicle drivetrains and engines, help improve efficiency, emissions and performance in all types of vehicles. We manufacture and sell these products worldwide, primarily to original equipment manufacturers (OEMs) of light vehicles, as well as to OEMs of commercial and off-highway vehicles. We also manufacture and sell our products to vehicle systems suppliers and the aftermarket. We employ approximately 29,000 people and operate manufacturing and assembly facilities and technical centers in 19 countries. Our company serves customers in Europe, the Americas and Asia and is an original equipment supplier to every major automotive OEM in the world.

Our Technologies

COMBUSTION TECHNOLOGIES  HYBRID TECHNOLOGIES  ELECTRIC TECHNOLOGIES
Our Approach to Sustainability

To us, sustainability means sustaining our business by creating a clean, energy-efficient future for our people, customers, communities, and planet. To deliver this, we know we must foster a diverse, engaging and safe workplace that respects the needs of all stakeholders. Our Board of Directors, our executives and our employees know that sustainability is fundamental to the continued long-term success of our company. Underscoring this, our executive management team (Strategy Board) has approved an ambitious new set of sustainability goals to ensure we are a leader in our sector across the topics that are most important to the success of our business and our communities.

To identify the sustainability issues most important to our business, we undertook an extensive materiality assessment in 2018. We developed an initial set of relevant topics across governance, product, environment and social topics by canvassing industry sources such as AIAG (Automotive Industry Action Group), SASB (Sustainability Accounting Standards Board) and the GRI (Global Reporting Initiative), as well as customer and peer reporting.

A cross-functional team of BorgWarner leadership was assembled to finalize the topics and set boundaries, and to assure the expectations of all stakeholders were represented. Next, a survey was developed and sent to stakeholders throughout the organization to assure their perspective on priorities was the basis for the assessment. Responses from the C-suite to individual contributors were compiled accordingly.

In 2019, a formal Sustainability Steering Committee was established to continuously review and guide our sustainability reporting and goal setting to ensure we are focused on the issues most important to the company and our stakeholders. This team took the materiality assessment as a key input into developing our sustainability strategy.
Create a cleaner, more energy-efficient world

Product leadership in combustion, hybrid and electric propulsion architecture drives our business. As cleaner mobility adoption accelerates, we expect to generate 36% of our revenue from products on hybrid and electric vehicles by 2023, slightly higher on a pro forma basis with our announced acquisition of Delphi Technologies, and we are investing prudently to meet that target. Additionally, after already exceeding our 2022 operational environmental goals, we have set new, sector-leading targets to reduce our carbon emissions intensity by 50% and our energy intensity by 37% by the year 2030.

Live the BorgWarner Beliefs

We pride ourselves on having a culture that promotes inclusion, integrity, excellence, responsibility and collaboration. We foster an engaged and diverse workforce, and we are committed to our local communities and the global environment. We value individuals, honor truth, focus on results, commit to safety and our community, and build trust. We are one BorgWarner.

Partner with and report to stakeholders

We are committed to being transparent in our impacts, our goals and our opportunities to foster sustainability across our operations, our customers and our suppliers. We are driving our sustainability commitment in our supply chain: our target is to have at least 80% of our high-risk and high-impact suppliers to complete the Sustainability Self-assessment Questionnaire (SAQ) for automotive sector suppliers on an ongoing basis. In addition, we intend in 2020 to update our supplier agreements to state our expectations to meet our sustainability minimum performance standards. We also are reporting against the Sustainability Accounting Standards Board (SASB) framework and the Global Reporting Initiative (GRI) standard as we seek to be at the forefront of disclosure.
<table>
<thead>
<tr>
<th>SUSTAINABILITY KEY PERFORMANCE INDICATORS AND GOALS</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
<th>Goal</th>
</tr>
</thead>
<tbody>
<tr>
<td>CREATE A CLEANER, MORE ENERGY-EFFICIENT WORLD</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Revenue from fuel-efficient and lower-emission products (%)</td>
<td>–</td>
<td>84.1%</td>
<td>82.9%</td>
<td>Maintain majority of revenue from emissions-reducing products across combustion, hybrid &amp; electric</td>
</tr>
<tr>
<td>Greenhouse gas emissions (kt CO₂e)*</td>
<td>348</td>
<td>350</td>
<td>325</td>
<td></td>
</tr>
<tr>
<td>Energy consumption (GWh)*</td>
<td>923</td>
<td>964</td>
<td>911</td>
<td></td>
</tr>
<tr>
<td>% GHG intensity reduction (2015 baseline)*</td>
<td>13.1%</td>
<td>18.7%</td>
<td>21.9%</td>
<td>50% GHG intensity reduction by 2030</td>
</tr>
<tr>
<td>% energy intensity reduction (2015 baseline)*</td>
<td>13.6%</td>
<td>16.0%</td>
<td>17.9%</td>
<td>37% energy intensity reduction by 2030</td>
</tr>
<tr>
<td>ISO 14001 environmental management certified facilities (%)</td>
<td>–</td>
<td>100%</td>
<td>100%</td>
<td>Maintain 100%</td>
</tr>
<tr>
<td>LIVE THE BORGWARNER BELIEFS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total Recordable Incident Rate (per 200,000 hours worked)</td>
<td>0.62</td>
<td>0.57</td>
<td>0.46</td>
<td></td>
</tr>
<tr>
<td>Women in workforce (% of salaried workforce)</td>
<td>21.7%</td>
<td>22.0%</td>
<td>22.4%</td>
<td></td>
</tr>
<tr>
<td>Women in leadership (%)</td>
<td>12.7%</td>
<td>13.9%</td>
<td>14.1%</td>
<td></td>
</tr>
<tr>
<td>Voluntary employee turnover rate (%)</td>
<td>10.6%</td>
<td>12.8%</td>
<td>11.6%</td>
<td></td>
</tr>
<tr>
<td>Employee volunteer hours donated</td>
<td>28,538</td>
<td>54,250</td>
<td>62,890</td>
<td></td>
</tr>
<tr>
<td>PARTNER WITH AND REPORT TO STAKEHOLDERS</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IATF 16949/ISO 9001 quality management certified facilities (%)</td>
<td>–</td>
<td>100%</td>
<td>100%</td>
<td>Maintain 100%</td>
</tr>
<tr>
<td>High-impact and high-risk suppliers completing sustainability questionnaire (%)</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>At least 80% of high-risk and high-impact suppliers complete survey</td>
</tr>
</tbody>
</table>

*Data has been adjusted to reflect divestments and updates in reporting.*
About This Sustainability Report

This is our second sustainability report on our governance, oversight, policies, programs and sustainability highlights. This report showcases many facets of our corporate commitment to being a sector leader in sustainability, which includes key performance data.

Unless otherwise specifically stated, this report covers BorgWarner’s performance in 2019.

In addition to describing the investments and resources that we believe are critical to the long-term sustainability of our business, this report also reflects the feedback we have received from our customers, our employees, our investors, and other key stakeholders.

We have assessed our operations against the SASB and GRI Standards materiality criteria. This report addresses the SASB and GRI criteria that are most relevant to our business and our stakeholders. We have also considered industry association guidance from the Automotive Industry Action Group (AIAG).

Recent Initiatives and Pledges

Business Roundtable Statement on the Purpose of a Corporation

CEO Action for Diversity & Inclusion™

AWARDS & RECOGNITION

- Barron's 100 Most Sustainable U.S. Companies
- Newsweek’s America’s Most Responsible Companies 2020
- Forbes’ America’s Best Employers 2019 (second year in a row)
- Detroit Free Press’s Top Workplaces (second year in a row)
- 2020 Corporate Equality Index recognition for dedication to LGBTQ workplace equality
- 2020 Bloomberg Gender Equality Index recognition
- CDP 2019 Supplier Engagement Rating: A-
- South Carolina Manufacturers Alliance Safety Performance Recognition Award
- Great Place to Work Certification® - Mexico
- Great Place to Work Certification® - USA
- American Heart Association’s Gold Workplace Achievement Index
- Healthiest 100 Workplaces in America
- The Healthiest Employers® in Indiana
- Mississippi Healthiest Workplace Award
- General Motors Innovation Award Winner
- Automotive News PACE Award Winner
- Forbes Global 2000
- Crain's Detroit Business Fast 50 (Fastest-Growing Company)
- SAE Foundation’s Gordon Millar Award for BorgWarner’s ongoing commitment to youth STEM education
- Top Employers China 2020 - China
- Masters of Quality Supplier Award Daimler Trucks North America - Markdorf, Germany
- Winning W Company Women on Boards
Environmental Stewardship: Create a cleaner, more energy-efficient world

Products

Wherever the journey leads – we deliver the propulsion solutions of tomorrow. Whether in a highly-efficient combustion engine, an intelligent hybrid system or the very latest electric drive, BorgWarner is driving mobility for today and tomorrow. Our vision is a clean, energy-efficient world. That’s why we develop mobility system solutions that reduce energy consumption and emissions, while at the same time improving performance. As a product leader with more than 100 years of experience in the field of powertrain systems, we are supporting the automotive industry in realizing clean propulsion and efficient technology solutions for light, medium and heavy-duty vehicles as well as off-highway applications.

COMBUSTION
We’re moving millions - cleaner and more efficiently

Improving fuel economy and reducing emissions are key focuses of our technologies for combustion engines. Whether new combustion processes, automatic stop/start systems or increasingly strict emissions requirements, we have innovative solutions ready for any technological challenge or type of vehicle. We deliver fast-to-market solutions to increase efficiency and performance.

HYBRID
We make vehicles generate energy - simply by driving

Mild, full or plug-in hybrid technology is on the rise globally, opening a vast array of potential drive architectures. For light vehicles as well as commercial vehicles, our creative solutions allow automakers flexibility in committing to propulsion technologies. With an equally comprehensive product portfolio, we offer vehicle manufacturers across the globe advanced solutions for all concepts.

ELECTRIC
We enable the switch - to highly efficient electric drives

Electric vehicles can potentially make the vision of a future with direct emission-free mobility a reality. With our comprehensive product portfolio, we have the expertise to optimize the efficiency of the entire energy flow in an electric vehicle through battery modules and battery chargers, electric motors, power transmission, power electronics, and thermal management.
Driving clean mobility: Product goals to enable a cleaner mobility future

Maintain **majority of revenue** from emissions-reducing products across combustion, hybrid and electric segments

Over 80% revenue from fuel-efficient and clean-technology parts

**Improving vehicle fuel efficiency and reducing emissions are at the core of the products we produce.**

We earned 83% of our revenue in 2019 from electric, hybrid, and emissions-reducing combustion parts. Our emissions-reducing combustion parts portfolio includes turbochargers, exhaust gas recirculation (EGR) valves and coolers, engine timing systems, variable camshaft timing (VCT), dual clutch transmission (DCT) & control modules, friction plates, solenoids and stop-start accumulators. We anticipate 36% of our revenue will be from products on hybrid and electric vehicles by 2023, slightly higher on a pro forma basis with our announced acquisition of Delphi Technologies.

**Revenue from clean and fuel efficiency parts**

![Revenue from clean and fuel efficiency parts chart](chart.png)
Combustion fuel-efficient and emissions-reducing products

**Boosting Technologies**

**Wastegate Turbochargers**
BorgWarner offers a broad range of wastegate turbochargers for both diesel and gasoline applications. In many instances, turbo charging of the propulsion system will enable the downsizing of the engine, and delivering similar performance with less fuel use.

**Variable Turbine Geometry (VTG)**
Our VTG turbochargers ensure precise adjustment to the relevant engine operative points. Equipped with adjustable, electrically actuated vanes that control the pressure upstream of the turbine, BorgWarner’s VTG turbochargers enable nearly instant acceleration and optimum power output.

**Multistage Turbocharging Systems**
Our leading regulated two-stage (R2S®) turbocharger solution for passenger cars combines VTG or wastegate turbochargers in a compact design. Featuring small high-pressure and larger low-pressure turbochargers, the solution improves boost pressure over the entire engine operating range.

**Exhaust Gas Management**

**Exhaust Gas Recirculation (EGR) Systems**
Recirculating exhaust gas and combining it with an air and fuel mixture reduces the combustion temperatures that produce harmful nitrogen oxide (NOx) emissions. BorgWarner develops complete high- or low-pressure EGR systems tailored to our customers’ specifications.

**Exhaust Gas Recirculation (EGR) Modules**
Leveraging our extensive know-how in manufacturing complete exhaust gas recirculation solutions, BorgWarner offers a variety of EGR modules combining valves, coolers, tubes and bypass valves for both high- and low-pressure EGR systems.

**Exhaust Heat Recovery Systems (EHRS)**
Energy recovery is a key player when it comes to increasing the efficiency of hybrid and combustion vehicles. BorgWarner’s exhaust heat recovery systems transfer the heat that would normally go out the exhaust pipe to the vehicle’s coolants and oils to reduce mechanical losses.
TRANSMISSION TECHNOLOGIES

**Clutches and Dampers**
BorgWarner is the worldwide leader in automatic transmission clutch components and systems. BorgWarner supplies wet friction clutch modules, friction plates, transmission bands, torsional vibration dampers, lockup clutches and one-way clutches. Our DualTronic™ dual clutch modules lead the global market in transmission applications and production volume. A dual clutch transmission equipped with BorgWarner’s DualTronic™ Clutch System delivers fuel economy that rivals single clutch automated gearboxes and shift quality that rivals the best conventional automatic transmissions.

**Stop-Start-Accumulator**
BorgWarner’s accumulator and Eco-Launch solenoid valve quickly re-prime the transmission in less than 0.3 seconds, the time it takes the driver to switch from the brake to the accelerator.

**Solenoids**
The exceptionally low-noise, high-flow, low-leak solenoid valve opens against large accumulator pressures and stays closed against high line pressures.
Hybrid products

Electric Boosting Technologies
BorgWarner turbochargers have been renowned for their exceptional efficiency for decades. Our electrically operated eBooster® and eTurbo™ turbocharging systems facilitate further significant improvements for the internal combustion engine in terms of fuel economy, emissions, and power delivery. Designed as powerful booster compressors in the 48V on-board power supply system, they improve both dynamic performance and fuel efficiency, particularly at low engine speeds.

Exhaust Gas Management
Modern engines make use of their exhaust gas in a variety of ways. Most commonly, the gas is recirculated in order to reduce combustion temperatures and thus reduce emissions. As a product leader, we are uniquely positioned to produce all EGR components, allowing us to design and develop fully integrated EGR systems.

P2 Hybrid Architecture
In order to support the transition to cleaner and more efficient vehicles, we offer our P2 module for hybrid electric vehicles (HEVs). The company’s highly flexible technology facilitates fast-to-market hybridization by enabling pure electric driving as well as hybrid functionalities such as stop/start, regenerative braking and supplemental electric propulsion.

PS Hybrid Architecture
The Power Split Hybrid is an innovative solution which integrates a motor and generator into a vehicle’s transmission. With engine stop/start and regenerative braking potential, the Power Split Hybrid allows for drastic increases in fuel economy.

Battery Modules and Packs
BorgWarner’s Battery Modules deliver crucial improvements in driving range and charging time for the next generation of vehicles. Developed with thermal management expertise, these modules provide leading performance and a scalable design for automakers.

Power Electronics
Our range of motor controllers utilizes a highly-flexible control logic architecture to deliver a unique, feature-rich set of functions and is well-matched to satisfy automotive, commercial and construction markets’ electrification needs.
Electric products
Propulsion Expertise from Grid to Wheel

**EV Transmission**
Transferring power from the motor to the wheels requires an efficient propulsion system. With a compact, low-weight design and highly efficient gear train, BorgWarner’s eGearDrive® transmission uses less battery energy. Through this design, vehicles drive farther on a single battery charge.

**Electric Drive Motor**
Our High Voltage Hairpin (HVH) motors provide industry-leading efficiency, power and torque density for a variety of electric vehicle applications. The scalable design of the motors allows them to meet application-specific requirements.

**Fuel Cell Boosting**
We have applied our expertise in high speed turbomachinery, bearing systems and motors to produce air supplies for fuel cell applications. Single stage compressors can be enhanced with fixed or variable turbines to increase energy density and improve efficiency of fuel cells by recovering a portion of energy lost through reformulation of hydrogen and oxygen.

**Power Electronics**
We offer a range of motor controllers that use highly-flexible control logic architectures to deliver a unique, feature-rich set of functions and are well-matched to satisfy automotive, commercial and construction markets’ electrification needs.

**Battery Modules and Packs**
Our battery modules deliver crucial improvements in driving range and charging time for the next generation of vehicles. Developed with thermal management expertise, these modules provide leading performance and a scalable design for automakers.

**Thermal Management**
We deliver innovative flow control products to improve fuel economy and consumer comfort through precise temperature management of powertrain systems. The product portfolio includes all smart components and systems that optimize energy efficiency through direct and indirect management of the engine operating temperature by modulating air and coolant flow.
We foresee a significant growth opportunity in the expected adoption of electric and hybrid vehicles over the next few years, which is why we are investing to be overweight relative to the market.

By 2023, our outlook is to earn 36% of our revenue from hybrid and electric vehicle parts, and slightly higher on a pro forma basis after our announced combination with Delphi Technologies. We will continue to earn a majority of revenue from fuel efficient and clean technology products including combustion components and systems. Additionally, we expect demand for our combustion propulsion products to continue to grow over the period as we focus innovation on efficient and clean combustion equipment. We are positioning our product mix so our revenue and growth are ahead of IHS Markit projections of light vehicle sales. IHS forecasts that 33% of light vehicles will be electric or hybrid in 2023.

We continue to invest between 4.0% and 4.5% of revenue annually in research and development to maintain our position as a propulsion technology leader, with hybrid and electric’s share of R&D spending approximately doubling by 2023. As of year-end 2019, we had approximately 6,430 active domestic and foreign patents and patent applications pending or under preparation.
REMAN: enabling a circular economy

BorgWarner’s REMAN remanufacturing program reduces resource use and recycles our products, mainly turbochargers, alternators, generators, and exhaust gas recirculating valves, by remanufacturing them to original specifications and strict quality standards. The environmental benefits of REMAN are significant. Remanufacturing uses significantly less energy to produce each product compared to production of new products. Industry experts estimate 55% less energy is used.

To facilitate REMAN, we must design for remanufacturing (and by extension, design for the environment) to enable successful remanufacturing of products. In addition to the environmental benefits of supporting a circular economy, reman capabilities are important to many of our customers to facilitate their economic and sustainability goals.

REMAN turbochargers are turbochargers that have been remanufactured from an original equipment turbocharger. Every REMAN turbocharger is first completely dismantled and components inspected to ensure that the original materials can be preserved to the greatest possible extent. In a complex process, the parts are cleaned, reprocessed and checked to ensure they are suitable for re-use in a remanufactured turbocharger. The re-assembly process includes balancing and thorough testing to ensure that every BorgWarner REMAN turbocharger meets strict quality standards.

A REMAN turbocharger has the same high performance and reliability that the automotive industry has come to expect of our products.
At BorgWarner, environmental stewardship starts with our products, but continues into our operations. We run efficient facilities, and believe in continuous improvement. That is why, after exceeding our previously-set 2022 environmental goals, we have set a sector-leading greenhouse gas reduction goal. We know reducing our carbon footprint is important for our operational efficiency, our customers’ supply chain efficiency goals, and our employees and communities.

Committed to monitoring and reducing our environmental footprint

Running efficient, sustainable operations that reduce environmental impact is also good for business, and is a natural part of what we do. Our Environmental Policy sets forth our objectives to identify, monitor, reduce and disclose our environmental impact. All of our manufacturing facilities are ISO 14001 certified for their environmental management systems (EMS), with strict standards and programs for monitoring and minimizing the impact of operations. In every facility, our employees actively look for creative ways to reduce, reuse and recycle.

PROMOTING ENVIRONMENTAL EFFICIENCY AND RENEWABLE ENERGY INSTALLATION AT OUR PLANTS

BorgWarner is committed to designing and building efficient facilities. We have six LEED (Leadership in Energy and Environmental Design) certified facilities. Some of our efficiency measures at those and other plants include solar panels and solar water heaters, solar tube lighting, rain water collection systems and waste recycling programs that have achieved zero-waste-to-landfill.

MORSE SYSTEMS INDIA POND RESTORATION PROJECT

Due to water scarcity issues, the state government where our Morse Systems India plant is located requested support in undertaking initiatives to improve and conserve water storage conditions. In view of improving the ecosystem, enhancing biodiversity, and increasing water storage and ground water replenishment, we undertook rejuvenation work at the nearby Pidari Kulam and Thamarai Kulam water bodies:

- Cleaning of debris and waste
- Desilting and deepening the pond to increase storage levels

Operations environmental goals

<table>
<thead>
<tr>
<th>Goal</th>
<th>Target</th>
</tr>
</thead>
<tbody>
<tr>
<td>50% greenhouse gas intensity reduction by 2030 from 2015 baseline</td>
<td></td>
</tr>
<tr>
<td>37% energy intensity reduction by 2030 from 2015 baseline</td>
<td></td>
</tr>
<tr>
<td>Maintain 100% ISO 14001 certification at all of our manufacturing facilities</td>
<td></td>
</tr>
<tr>
<td>Annual water risk assessment of facilities and target high and extremely high-risk locations for reduction</td>
<td></td>
</tr>
<tr>
<td>Benchmark and disclose our baseline waste generation and establish a diversion goal in 2021</td>
<td></td>
</tr>
</tbody>
</table>
The biggest climate change risk the auto industry faces is the transition to clean mobility. BorgWarner is well positioned to profit from the shift underway due to our leadership across combustion, hybrid and electric vehicle products. It is something our Strategy Board and our Board of Directors monitor closely because the market, regulatory and reputational risks are fundamental to our business.

Looking beyond our products, we are also focused on reducing our operational – Scope 1 and Scope 2 – greenhouse gas emissions. Not only have we set leading carbon reduction goals for our sector, we also encourage our decentralized facilities to pursue and share best practice experiences around energy efficiency and carbon reduction initiatives, such as installing solar panels, solar water heaters, solar tube lighting, rainwater collection systems, and achieving LEED (Leadership in Energy and Environmental Design) certification.

We also assess the physical risks of climate change. We monitor the impact, frequency, and severity of risks such as natural disasters to our infrastructure and supply chain as part of our strategic risk management process. In the past, two BorgWarner facilities have been relocated to mitigate the physical risk of flooding at our locations in Chennai, India and Tulle, France. On the other end of the spectrum, changes in weather and precipitation patterns that result in extreme droughts could cause inadequate and unreliable water supplies at our operations in water-stressed regions.

### CDP REPORTING AND PERFORMANCE

As part of our commitment to transparency, we have reported annually since 2016 to CDP (formerly known as the Carbon Disclosure Project) on our greenhouse gas emissions and strategy. For our 2019 submission, assured by Bureau Veritas, we received a grade of “B”, which is defined as “Management” in the CDP scoring methodology.

### Identifying and monitoring water risk

Our manufacturing processes are not water intensive, but we recognize that water risks need to be considered through a local lens. We have undertaken water risk assessments at all of our manufacturing, technical and assembly facilities: 5 of our 67 facilities are in “extremely high” water scarce regions as designated by the World Resources Institute (WRI) Aqueduct Water Risk Atlas. We have set a goal of undertaking annual water risk assessments of our facilities, and we target high-risk locations for water-use reductions.

<table>
<thead>
<tr>
<th>Overall water risk</th>
<th># of facilities</th>
<th>% of facilities</th>
</tr>
</thead>
<tbody>
<tr>
<td>Low</td>
<td>18</td>
<td>27%</td>
</tr>
<tr>
<td>Low to medium</td>
<td>30</td>
<td>45%</td>
</tr>
<tr>
<td>Medium to high</td>
<td>6</td>
<td>9%</td>
</tr>
<tr>
<td>High</td>
<td>8</td>
<td>12%</td>
</tr>
<tr>
<td>Extremely high</td>
<td>5</td>
<td>7%</td>
</tr>
</tbody>
</table>

*Overall water risk* identifies areas with higher exposure to water-related risks and is an aggregated measure of all selected indicators from WRI’s physical quantity, quality and regulatory & reputational risk categories.

Based on WRI Aqueduct data.

---

---
Waste reduction and recycling

Maximizing resource use efficiency is important to our operational and environmental goals. All of our manufacturing facilities have established waste recycling programs. As part of our future environmental goals, we plan to benchmark and disclose our overall waste generation and establish a diversion goal in 2021.

Environmental performance

Our strong performance on improving our energy, carbon and water efficiency underscores our commitment to the environment and the strengths of our environmental management programs. Since 2015, we have improved greenhouse gas intensity relative to sales by 21.9% and energy intensity by 17.9%. Our water intensity is 12.4% lower since 2016. These results all exceeded, ahead of schedule, our goals originally set to be achieved by 2022. We have set new, even more challenging goals to be achieved by 2030.

<table>
<thead>
<tr>
<th></th>
<th>Water</th>
<th>Energy</th>
<th>Greenhouse Gas (Scope 1 + 2)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>kgal</td>
<td>mwh</td>
<td>t CO₂e</td>
</tr>
<tr>
<td>2015</td>
<td>874,720</td>
<td>109.0</td>
<td>328,203</td>
</tr>
<tr>
<td>2016</td>
<td>307,466</td>
<td>33.9</td>
<td>336,623</td>
</tr>
<tr>
<td>2017</td>
<td>311,165</td>
<td>31.8</td>
<td>348,266</td>
</tr>
<tr>
<td>2018*</td>
<td>321,238</td>
<td>30.5</td>
<td>350,021</td>
</tr>
<tr>
<td>2019*</td>
<td>302,071</td>
<td>29.7</td>
<td>324,903</td>
</tr>
</tbody>
</table>

*Data has been adjusted to reflect divestments and updates in reporting.

GHG: 50% Reduction by 2030

22% reduction achieved since 2015

Energy: 37% Reduction by 2030

18% reduction achieved since 2015
Social Responsibility: 
Live the BorgWarner Beliefs

Our BorgWarner Beliefs serve as the foundation that drives our commitment to our employees, their families and the communities in which we operate. In mid-2019, we embarked upon a comprehensive review of Our Beliefs in an effort to ensure they align to our business strategy and the future. Upon review, we adjusted Our Beliefs slightly in support of the culture we are cultivating. In 2020, we will roll out the refreshed Beliefs to our employees as well as align trainings and communications to ensure they are embraced.

Our ability to deliver on our vision of a clean, energy-efficient world depends on the diverse perspectives, background and experiences of our talent and how we work together as a team. We want our employees to be proud of the work they do and the ways in which they contribute to the overall success of the company. We foster this pride by promoting and nurturing a diverse and inclusive environment, honoring integrity, striving for excellence, committing to responsibility for our communities and the environment and building on the power of collaboration.

We are guided by Our Beliefs as individuals, as a team and as a company.

- **Inclusion.** respecting individuals
  - We believe in mutual respect.
  - We create a safe environment where we are free to be ourselves.
  - We value diversity in people, ideas and experiences.

- **Integrity.** honoring truth
  - We believe in transparency and authenticity.
  - We do and say the right thing even if it is not the easy thing.
  - We depend on each other to deliver what we promise.

- **Excellence.** focusing on results
  - We believe there is always a way to achieve superior results.
  - We contribute to our development by seeking knowledge and sharing information.
  - We set high goals and hold ourselves accountable to achieving them.

- **Responsibility.** our commitment
  - We believe safety is a top priority.
  - We care about our local communities and the global environment.
  - We make a meaningful impact through our talents and resources.

- **Collaboration.** building trust
  - We believe teamwork drives high performance.
  - We work together without boundaries.
  - We are one BorgWarner.
Diversity & Inclusion

We strive to be an employer of choice where we operate around the world. This requires us to attract the highest caliber of talent, continually provide opportunities to accelerate the development of our talent while maintaining a laser focus on advancing our company culture. Without compromise, we strive to provide a safe workplace environment that is collaborative and focused on continuous learning in a culture of inclusion where every employee feels unleashed to thrive. Our Chief Human Resources Officer (CHRO), a member of our Strategy Board, has executive responsibility for the success of our extensive employee engagement, development and diversity policies and programs.

Our Focus

Our CEO has ultimate responsibility for diversity at BorgWarner, and the Board monitors initiatives and performance. In 2019, we joined the CEO Action for Diversity & Inclusion™ initiative, pledging to advance diversity and inclusion (D&I) across the globe. The pledge requires a commitment to advancing diversity and inclusion within and across organizations. We seek to cultivate a workplace where diversity is welcomed, and inclusion is embraced.

In 2019, we continued to focus on actions that will advance our culture as it relates to D & I beginning with these pillars as a priority:

- **Leading with a mindset that embraces inclusion and diversity:** We are working to ensure that each team member understands and acts in ways that are aligned with our belief of Inclusion, including providing unconscious bias training to employees at all levels of the company.

- **Ensuring a diverse workforce:** We focus on attracting and developing talented employees from all backgrounds and experiences. We provide them experiences that harness the best of their talents and skills by placing them in roles where they can learn and create business value.

- **Foster and promote an inclusive work environment:** We promote employee resource groups focused on inclusion and fostering belonging in our company.
Overview of our workforce

<table>
<thead>
<tr>
<th>NUMBER OF EMPLOYEES</th>
</tr>
</thead>
<tbody>
<tr>
<td>2017</td>
</tr>
<tr>
<td>2018</td>
</tr>
<tr>
<td>2019</td>
</tr>
<tr>
<td>Hourly</td>
</tr>
<tr>
<td>Salaried</td>
</tr>
<tr>
<td>9,200</td>
</tr>
<tr>
<td>9,300</td>
</tr>
<tr>
<td>8,800</td>
</tr>
<tr>
<td>19,800</td>
</tr>
<tr>
<td>20,700</td>
</tr>
<tr>
<td>20,200</td>
</tr>
<tr>
<td>29,000</td>
</tr>
<tr>
<td>30,000</td>
</tr>
<tr>
<td>29,000</td>
</tr>
</tbody>
</table>

Talent Attraction

Our Focus

We undertake targeted recruitment, and believe it serves as a strategic opportunity to build a diverse leadership pipeline. Therefore, we are purposeful in taking the time needed to partner with local colleges, universities and professional organizations to identify and hire engineering talent and talent for other key functional positions. We continue to pursue opportunities that connect us to the best and the brightest.

Employee data shown is approximate and includes estimated full time equivalent numbers for contractors and temporary workers.
Employee Resource Groups

At BorgWarner we are proud to celebrate diversity and promote inclusion by providing our employees the opportunity to participate in Employee Resource Groups (ERGs). Detailed below are the groups that are currently active within the Company. We look forward to not only what the future holds as it relates to these ERGs but we also look forward to having new ERGs form as the interest of our employees evolve.

**SPECTRUM** is BorgWarner’s’ LGBTQ group that began in 2019. It celebrates diversity with people who identify as LGBTQ or are allies of the community. BorgWarner provides a safe place and supports lifestyle differences. We have demonstrated our commitment to the LGBTQ community by being a corporate sponsor of Voices for the Ruth Ellis organization which supports the LGBTQ community. The goals for the group are establishing a written charter, and establishing a budget for lunch and learns, guest speakers and promotional materials. Spectrum will continue event engagement by participating in global Pride Month activities, supporting Motor City Pride and other LGBTQ events.

**Great Places to Work** began 10 years ago. The purpose of the GPTW teams is to foster and promote a positive sense of community in the workplace. Each BorgWarner location has a committee of volunteers across the company that support a host of activities such as community, wellness and recognition events. Recent examples of the GPTW committees work include: Team Jeopardy, Color Run 5K, and supporting a women’s shelter by donating career clothing.

**Women in Leadership Program (WIL)** began in 2017. The goal of this program is to focus on supporting and developing women to build their BorgWarner career. This program provides experiences and new ways to think about future possibilities. There are several modules offered as part of the WIL programs. Each module is designed to create new relationships and new connections, providing women the opportunity to make a positive impact. As an ERG, women have the opportunity to come together collectively to share and learn from one another. The goal for WIL is to continue to grow the network that women have both internally within the company and externally.

**Women in Science and Engineering (WISE)** was formed in 2018. This ERG supports personal and professional growth of women employees in the STEM fields. WISE promotes learning events with a focus on women in the workplace. This group is also involved in University Recruitment efforts in which they conduct information sessions for the SWE chapter of colleges and universities. WISE also attends events and conducts sessions that focus on STEM for high school and elementary school students. The future goals for WISE are to increase awareness and the impact of women in STEM within BorgWarner and externally to recruit talent.
Training and development

Our Focus

We are driven to provide an environment for our employees to succeed. Our Global Talent Development Process (GTDP) is a strategic, long-term investment that aligns with our corporate strategy and our BorgWarner Beliefs. It is an integrated process of understanding the organization’s talent needs and managing the development and movement of people to build a strong leadership pipeline for the future while also fostering the growth of our technical talent.

To foster employee development and retention, every employee works with his or her manager to create a set of annual business goals and professional development goals. These objectives are crafted to help employees achieve both professional and personal goals to ultimately drive progress along their chosen career path. Every employee has a personal profile where they can document their career interests, recent accomplishments, desire or willingness to work in other locations, and record external training and certifications. All salaried employees and team leader hourly employees participate in a formal, annual review process, in accordance with collective bargaining agreements.

We provide formal development opportunities at all levels and stages of the career journey of BorgWarner employees. These opportunities are delivered in a variety of formats to make our portfolio of solutions agile, sustainable and scalable.

In 2019:

- **24** Career fairs attended at various universities
- **162** Apprentices hired throughout the company
- **397** Interns
- **336** Co-ops

BorgWarner’s Michigan State University Ambassador Team visited the MSU Society of Hispanic Professional Engineers chapter. During the visit, team members spoke with the group about our company and what we do, as well as hosted an emotional intelligence workshop for the students in attendance.

The Women in Science and Engineering (WISE) Group at BorgWarner encourages girls and women to pursue science, technology, engineering and math-related careers. Our employees are true STEM advocates, sharing their experiences with students at local university Women in Engineering groups and hosting events to bring awareness to STEM initiatives. By sharing their personal stories of working and succeeding at BorgWarner, they will positively influence the next generation of BorgWarner engineers.
TRAINING AND DEVELOPMENT SOLUTIONS

For the few... today

Agile Flexible Targeted Sustainable

For the many... today

Align people to the vision of the future

For the few... tomorrow

Equipping people to take on roles of additional scope, scale tomorrow

For the many... tomorrow

Equipping people to realize they have the potential today

Equipping people to do the job they have today
Examples of programs ‘For the few today’

**Women in Leadership Mentoring:** The Women in Leadership Mentoring Program is designed to build self-awareness and leadership skills for women in our global organization. Through relationship-driven learning, it gives women an opportunity to network and build relationships, exploring career growth in a safe and personalized learning environment. Throughout the year-long mentorship, virtual trainings, virtual learning modules, and an electronic guidebook are available to utilize.

**Women Rising:** Women Rising focuses on building a foundation for ongoing professional growth and development. In this four-month program, participants explore the differences in how men and women lead and the unique issues that women face. Each woman develops a deeper understanding of her personal style, how to leverage strengths and incorporate habits that support career success.

Examples of programs ‘For the few tomorrow’

**Leadership Forward** is our executive development suite of programs for the top 150 leaders in our organization. We partner with world-class institutions to offer programs that align to the challenges and objectives the business is facing.

**Boost your Growth** is a highly selective module-based program that takes place over the course of two years with the intent to build the pipeline of senior leaders. This experience includes face-to-face meetings, networking with executives, keynote speakers on leadership topics and digital leadership development courses offered through prestigious universities.

Examples of programs ‘For the many today’

**Risk Management for Program Managers:** Managing risk is an important skill to enable our Program Managers to deliver flawless launches. After a thorough needs assessment, we have designed, three eLearning courses and a one-day face-to-face training to apply risk management skills and tools.

**Consultative Selling and Developmental Sales Coaching:** Customized for our sales professionals, these two development programs build skills in the critical competencies of strategic agility and managing vision and purpose. These programs are delivered through a blend of eLearning, virtual classroom and face-to-face training for a well-rounded learning experience.

**LevelUp Your Leadership** is a virtual leadership development program that empowers managers to identify achievable goals, practice authentic leadership, plan for innovation and cultivate a growth mindset.

Examples of programs ‘For the many tomorrow’

**Giving and Receiving Feedback** is a new eLearning course available to all employees to support the mindset shift to future focused, and based on feedback from multiple sources.

**Spark Your Potential** is a series of eLearning courses developed to help managers and employees set quality professional goals and have transparent career conversations.

The most successful people never stop learning. We also offer financial and flexible time support to eligible employees to earn a degree or technical certificate.
2019 Talent development highlights

- **57,604** HOURS OF TRAINING provided to our employees in 2019
- **40%** INCREASE in the number of employees receiving training powered by a 103% increase in the number of our employees completing digital learning courses
- **$1M** INVESTED in the BorgWarner Corporate Leadership Programs impacting 1,300 current or future leaders
- **19%** YEAR-OVER-YEAR GROWTH in the BorgWarner talent pool of high potential employees

Compensation, Benefits & Wellbeing

**Our Focus**

We recognize and reward employee contributions with competitive pay and benefits. Our compensation and benefits plans are created to attract, motivate, reward and retain the performance of a highly-qualified, globally-diverse workforce. While our benefit plans vary depending on geographical location, they are always designed to help support our employees’ health, development and long-term financial success.

**Performance-based, incentive pay for all salaried employees**

To attract and retain the best, we understand that we must reward employees based on their contributions and our company’s overall success. Virtually all employees (98% of our global workforce) receive variable, performance-based pay linked to achieving corporate goals. Our variable pay component is focused on short-term annual objectives that demonstrate the strength of the business over the long-term. Employees are rated on the ‘what’ and the ‘how.’ The ‘what’ is progress toward achieving business goals, aligned to higher level organizational strategies. The ‘how’ was rated based on six core competencies in 2019. These competencies were selected by BorgWarner leaders and validated by external experts as aligned to high-performing organizations.

**Benefits available to all employees**

We believe that a healthy workforce is a more productive workforce, and that healthy employees are happier and more satisfied employees. We are committed to providing our team with quality and competitive benefit programs, health and wellness resources, decision-support tools, and family-centric policies, encouraging an agile workplace.

All full-time and part-time employees globally are eligible to participate in our health, welfare and retirement plans, where not precluded by collective bargaining agreements or national statutory plans. In return, team members are asked to get in the driver’s seat by using the tools and resources available to them. Plans are benchmarked annually for competitiveness and value. Locations also provide a variety of well-being programs including fitness opportunities, medical check-ups, parental leave, and volunteering options. Our results? A dramatically lower year-over-year benefit cost in comparison to our peers.
Employee engagement and open feedback culture

Our Focus

We believe an open feedback culture helps drive our success. We value each individual’s perspective and encourage two-way conversations with direct managers and senior staff through annual reviews and informal meetings. In addition, we firmly believe in the value of our anonymous, all-worker (employee and contractor) survey. We are dedicated to ensuring that employee privacy is protected: this allows them to be honest with their feedback.

Since 2012, we have conducted the survey every two years. In 2020 we will launch our new Employee Experience Strategy and our Ask, Listen and Observe framework. This will broaden our feedback processes to include moments that matter across the employee lifecycle with short pulse surveys throughout the year, supplementing our biennial in-depth surveys.

We analyze the results from a total-company perspective as well as from groups that are large enough to assure anonymity, but small enough to develop specific action plans. Results are reviewed at a corporate, business and location level. In 2020 each VP and General/Plant Manager will receive results for his or her group. As specific action plans are implemented, employee groups can see that their needs are being addressed. At the heart, the employee experience makes us a great place to work.

Employee retention and turnover

Our Focus

We not only want to attract the brightest and best talent, we also want to engage and retain our talent. As such, we closely monitor employee turnover as part of our efforts to improve retention and to spot any potential opportunities for improvement. In 2019, annual voluntary employee turnover decreased overall, in both the salaried and hourly employee populations.
# Employee Annual Turnover

The table below provides the annual turnover rates for various categories over the years 2017, 2018, and 2019.

<table>
<thead>
<tr>
<th>Category</th>
<th>2017</th>
<th>2018</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Overall</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary</td>
<td>14.5%</td>
<td>17.6%</td>
<td>18.5%</td>
</tr>
<tr>
<td>Involuntary</td>
<td>10.6%</td>
<td>12.8%</td>
<td>11.6%</td>
</tr>
<tr>
<td><strong>Hourly</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary</td>
<td>17.0%</td>
<td>20.6%</td>
<td>20.7%</td>
</tr>
<tr>
<td>Involuntary</td>
<td>12.1%</td>
<td>14.5%</td>
<td>12.7%</td>
</tr>
<tr>
<td><strong>Salaried</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Voluntary</td>
<td>9.5%</td>
<td>11.9%</td>
<td>14.0%</td>
</tr>
<tr>
<td>Involuntary</td>
<td>7.6%</td>
<td>9.6%</td>
<td>9.4%</td>
</tr>
</tbody>
</table>

### Broken Down by Region

#### Americas

- **Hourly**
  - 2017: 22.7%
  - 2018: 23.9%
  - 2019: 24.4%
- **Salaried**
  - 2017: 11.2%
  - 2018: 12.4%
  - 2019: 14.8%

#### Asia

- **Hourly**
  - 2017: 14.0%
  - 2018: 18.7%
  - 2019: 13.7%
- **Salaried**
  - 2017: 11.5%
  - 2018: 12.3%
  - 2019: 11.2%

#### Europe

- **Hourly**
  - 2017: 7.5%
  - 2018: 11.4%
  - 2019: 16.1%
- **Salaried**
  - 2017: 6.9%
  - 2018: 11.3%
  - 2019: 15.0%
Diversity of Employees

**GENDER**

<table>
<thead>
<tr>
<th></th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td>OVERALL</td>
<td>25.9%</td>
<td>26.5%</td>
</tr>
<tr>
<td>NEW HIRES (2019)</td>
<td>33.9%</td>
<td>66.1%</td>
</tr>
<tr>
<td>SALARY (2019)</td>
<td>77.6%</td>
<td>22.4%</td>
</tr>
<tr>
<td>ENGINEERING (2019)</td>
<td>91.1%</td>
<td>8.9%</td>
</tr>
<tr>
<td>LEADERSHIP (MIP) (2019)</td>
<td>85.9%</td>
<td>14.1%</td>
</tr>
</tbody>
</table>

**USA ETHNICITY (2019)**

<table>
<thead>
<tr>
<th>Ethnicity</th>
<th>Black</th>
<th>Asian</th>
<th>Hispanic</th>
<th>Other</th>
<th>White</th>
</tr>
</thead>
<tbody>
<tr>
<td>OVERALL</td>
<td>14.4%</td>
<td>4.0%</td>
<td>5.4%</td>
<td>2.1%</td>
<td></td>
</tr>
<tr>
<td>SALARY</td>
<td>3.4%</td>
<td>7.8%</td>
<td>3.9%</td>
<td>2.2%</td>
<td></td>
</tr>
<tr>
<td>LEADERSHIP (MIP)</td>
<td>3.4%</td>
<td>7.7%</td>
<td>1.9%</td>
<td>2.2%</td>
<td></td>
</tr>
<tr>
<td>NEW HIRES</td>
<td>22.9%</td>
<td>5.4%</td>
<td>6.3%</td>
<td>7.5%</td>
<td></td>
</tr>
</tbody>
</table>
Labor policies

Our Focus

Labor unions are an integral and proud part of our workforce. Approximately 13% of the Company’s U.S. workforce is unionized. The workforces at certain international facilities are also unionized. We recognize that in many of the locations where we operate, employees have rights to freedom of association with third party organizations such as labor unions. We respect and support those rights, including the right to collective bargaining, in accordance with local laws. We are committed to treating our employees with dignity, respect, and creating an inclusive environment for open communication where employees can share their ideas, concerns and suggestions.

Leading worker safety performance

Our Focus

There is nothing more important than our employees’ safety. That’s why we are proud of our strong safety record, and why we are dedicated to continuously improving performance.

Proof of our dedication is in our results: our global workforce accident total recordable incident rate (TRIR) has improved 75% over the last decade to a level in the top-quartile of the U.S. Occupational Safety and Health Administration (OSHA) industry average.

Safety management system at every manufacturing facility

**Our safety culture is built on our Global Star Safety Framework (GSSF), a comprehensive, world-class safety management system implemented in every manufacturing facility around the world.** GSSF is harmonized to the ISO 45001 Health and Safety Management System standard, with 12 manufacturing facilities also receiving ISO 45001 certification. The GSSF framework measures leading safety indicators, integrating detailed metrics into safety scorecards. Engaging employees at every level requires regular training and ongoing prevention initiatives, performing risk assessments and inspections, sharing best practices, hosting safety conferences and sponsoring recognition programs. We require our global facilities to report injuries and illnesses according to OSHA standards in addition to other reporting requirements in their local jurisdiction.
Eight locations earned the CEO Safety Excellence Award in 2019 for working 1 million consecutive hours, or three years, without a recordable incident:

- Brusque, Brazil
- Dalian, China
- El Salto, Mexico
- Ningbo, China
- Ochang, Korea
- Pyongtaek, Korea
- Ramos, Mexico
- Taicang, China

Each award includes a $20,000 donation that is given to a local charity of the facility’s choosing.
On October 23, 2019, every one of our locations took part in our first global safety day. Our workers, their families and our communities all participated in our events, highlighting the importance of safety and what everybody can do to reduce and prevent the risks of accidents.
Responsibility to our Communities

We believe in supporting the communities where we live and work. Our support of employee involvement in local activities and charities connects us to our neighbors. Our investment in education builds a strong workforce for the future.

The strategy for our corporate philanthropy program is based on the issues most important to our employees: health & wellness, education, environment and community. In 2019, the BorgWarner Cares Committee strengthened its governance and focus to maximize our charitable activities to support the causes that align with our corporate mission and community needs.

We are proud that every one of our locations participated in at least one of the over 580 charitable activities that we held in 2019 to support our communities. BorgWarner and its employees donated $2.8 million to important causes and donated 62,890 hours of their time. As part of our growing focus on environment, due to the environmental shifts impacting the auto industry as well as greater focus of our employees and stakeholders, we now breakout ‘environment’ reporting from community & environment in previous years.

We encourage personal philanthropy by matching employee donations to eligible non-profit organizations up to $5,000 per employee per year. One of our initiatives has been to switch to a web-based tool, which has been rolled out across the Americas and will be introduced globally in 2020, to make it easier for our employees to make their donation dollars go farther. In addition, we do not allow matching contributions to organizations that discriminate, such as against LGBTQ rights.

In 2019:

- **580+ CHARITABLE ACTIVITIES**
- **$2.8M DONATED**
- **62,890 HOURS VOLUNTEERED**
Mexican SOS Children’s Village Morelia

To support children in need, our team in Ramos Arizpe, Mexico, initiated several fund-raising activities. In 2019, they collected $346,975 MX ($18,500 USD) and donated the entire amount to the Mexican SOS Children's Village Morelia. The donation was given along with 19 laptops during the opening of a newly refurbished library, which BorgWarner had helped to renovate and supply with new books. Many thanks to all employees for their commitment to helping children in need.

South Korea donations

To support local people in need, BorgWarner employees in Changnyeong, South Korea donated their own money and collected additional contributions through various activities for the community. At the end of 2019, the proceeds were given to the community in the form of monetary and material donations. Many thanks to all employees who made a big contribution through their small sacrifice.

Bradford soccer

Congratulations to our BorgWarner Bradford, UK, team, for winning their annual One in a Million Charity Celebrity/Amateur 5-A-Side Football Tournament! In a fiercely competitive final, their team beat the opposing celebrity team consisting of four ex-Premier League professionals, taking home the win for the first time since 2014. By taking part in this charity event, our team in Bradford helped raise money for children with disadvantaged backgrounds in their local community. Thank you to everyone who participated!

Reforestation in Mexico

More than 45 employees and family members from BorgWarner’s El Salto, Mexico location participated in a reforestation campaign of “La Primavera” forest in the Guadalajara metropolitan area. Together, they planted more than 300 trees in what will be a new woodland area of the forest.

Promoting Honeybee Conservation

BorgWarner’s Propulsion Technical Center in Auburn Hills, MI, is happy to be a partner of Bees in the D, a nonprofit organization that educates the community on honeybees and works to conserve the bees around Detroit, Michigan. Employees occasionally have the opportunity to visit the two hives on site and extract honey from nearby hives.
Governance: Partner with and report to stakeholders

Board and Executive Management oversight

Good governance and strong ethics start at the top. Our Board of Directors (Board) and Strategy Board are committed to rigorous oversight and practices to effectively lead our company for our stockholders and our stakeholders.

At BorgWarner, ultimate oversight for sustainability lies with the Board. The BorgWarner Corporate Governance Committee charter states that the Corporate Governance Committee is authorized to periodically review and make recommendations about our sustainability strategy, policies and procedures to encourage long-term sustainable performance, and effective communication of sustainability initiatives to stakeholders.

The Strategy Board approves our sustainability strategy and goals and provides resources to meet performance targets. Periodic progress updates are provided to the Strategy Board to review performance against goals on a segment and total company basis.

Our Board of Directors

Frédéric B. Lissalde  
Alexis P. Michas  
Dennis C. Cuneo  
Michael S. Hanley

Paul A. Mascarenas  
Governor John R. McKernan, Jr.  
Deborah D. McWhinney  
Vicki L. Sato, Ph.D.
Our Strategy Board

Frédéric B. Lissalde  Kevin Nowlan  Tonit M. Calaway  Stefan Demmerle  Brady D. Ericson

Joseph (Joe) F. Fadool  Scott D. Gallett  Felecia Pryor  Volker Weng  Tania Wingfield

Ethics and conduct

Our valuable reputation depends on every employee making ethical choices and upholding our high standards of integrity. Our Code of Ethical Conduct (Code) sets out our principles, expectations and guidelines for appropriate business behavior. It is an important component of BorgWarner’s Compliance Program, which addresses anti-corruption, conflicts of interest, accounting standards, safety, fair competition, environmental awareness and international trade, among other compliance and legal matters. Our leadership team members adhere to both this and our supplemental Code of Ethics for CEO and Senior Financial Officers.

The Code is introduced to every employee when he or she joins BorgWarner, and is reinforced through regular interactive trainings. Trainings include topics such as definitions of bribery and facilitation payments, guidelines of what is considered acceptable behavior, procedures on travel and entertainment, prevention of workplace violence and social media policies.

- Employees receive ethics and compliance training approximately every two years.
- An Annual Compliance Questionnaire is sent to all managers and above, plus certain key functional staff members to monitor compliance enterprise-wide.

Whistleblower programs

Anyone who suspects unethical or inappropriate behavior is encouraged to use internal reporting channels or our independent Compliance Hotline, without fear of retaliation. As detailed in our Complaint Submission Handling Policy, confidential reports can be made directly to our Compliance Office, or through our anonymous, third-party operated reporting service. Both are available 24 hours a day, seven days a week, 365 days a year, in local languages. Employees, contractors, suppliers and community members can submit a report online, or call toll free from anywhere in the world.

Suspected violations of our Code or company policies are raised to the attention of our Compliance Office and recorded. All allegations are investigated until resolved, and appropriate action is taken based on the findings. Issues involving a violation of regulation, law, or the Code are reported to the Board’s Audit Committee. The Chief Compliance Officer provides annual compliance updates to the Board of Directors and the Strategy Board and interim reports to the Audit Committee and Corporate Governance Committee during the year.
The Compliance Office received 103 reports via various avenues in 2019 – 100% of reports were investigated

<table>
<thead>
<tr>
<th>SUBJECTS OF REPORTS</th>
<th>2019</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employment matters</td>
<td>60</td>
</tr>
<tr>
<td>COI</td>
<td>6</td>
</tr>
<tr>
<td>GDPR notices</td>
<td>4</td>
</tr>
<tr>
<td>External requests</td>
<td>18</td>
</tr>
<tr>
<td>Other</td>
<td>15</td>
</tr>
</tbody>
</table>

Total number of reports 103

Prohibition on political contributions

BorgWarner does not make any political contributions, even where it is lawful. We do not have a Political Action Committee (PAC). Employees may make personal contributions on their own time and with their own resources; however, the reimbursement of such political contributions by the company is strictly prohibited.

We are engaged with the public policy process in a manner that is transparent and supports our business interests. We communicate regularly with government officials in our major markets to share our perspectives and ideas. We also collaborate with public-sector representatives on economic and workforce development partnerships.

BorgWarner’s Government Affairs department oversees lobbying activities, communications with public officials, and memberships with trade associations and other tax-exempt organizations. The department ensures lobbying compliance through a third-party verification process. We comply with all laws governing our employees’ interactions with government officials in accordance with BorgWarner’s Code.
Product Quality

Quality is at the very core of our product leadership culture. We are committed to quality management and oversight, and we have implemented a rigorous program to ensure customer satisfaction. Our Vice Presidents of Quality lead customer quality teams across the company, and we have a cross-business team that acts as an early-warning monitor for potential warranty issues. Advancing that further, in 2017 we launched our Global Quality Board to further improve quality, launch and warranty performance for our strategic customers.

**All BorgWarner employees are committed to the Quality Policy driven by our Key Quality Principles: Customer Satisfaction, Quality Products, Continual Improvement. Those principles are defined as follows:**

- Commitment to meeting all applicable requirements, including statutory and regulatory requirements and customer-specific requirements.
- Every BorgWarner employee is responsible for the quality of his or her work.
- The key to quality assurance lies in Advanced Quality Planning – to systematically avoid potential errors.
- We meet customer requirements throughout the product life cycle. Changes to the product or process require adherence to a disciplined and orderly course of action.
- If nonconformance occurs, we will act urgently and with integrity to identify, contain, correct, and prevent any recurrence of the problem.
- We recognize the needs of both external and internal customers.
- We understand the business landscape that we are engaged in and assess risk continuously, establishing countermeasures when necessary.
- Suppliers are valuable sources of design, cost reduction, and quality improvement ideas. We treat them as partners – with respect and integrity.
- Our leaders will assist, coach, and train our people in quality fundamentals.
- Our leaders take an active role in promoting a quality culture – through metric analysis, customer quality reviews, supplier quality reviews, layered audits, program reviews, and other communication tools.
- We focus the organization on a continual improvement philosophy to improve proficiency.
100% of our facilities are IATF 16949/ISO 9001 quality management certified

All of our manufacturing and production facilities are International Automotive Task Force (IATF) 16949 or ISO 9001 quality management system certified. As part of our quality management system, all sites are required to have a quality policy which includes details on regular employee training on product safety, monitoring of product reliability and performance, quality testing and incident investigation and corrective actions.

Supply chain quality oversight

Our rigorous quality standards extend to our suppliers as detailed in our Supplier Code of Conduct, Supplier Manual and Supplier Expectations. We have a formal process to assess suppliers for safety, quality and financial resilience, and we conduct regular supply chain audits. We require all tier 1 suppliers to supply us from factories that have implemented a certified quality management system. All suppliers and their workers can raise any concerns via our confidential, anonymous whistleblower program, as detailed in our Supplier Manual.

We require all new suppliers to have an on-site quality audit before starting business. Requirements include being certified to IATF 16949 standards.

We expect our suppliers to comply with our Supplier Manual, and anytime we update our Supplier Manual, suppliers must re-certify compliance. Generally, we update our Supplier Manual every one to two years.

Responsibility in our Supply Chain

It is important that our BorgWarner Beliefs don’t stop at the factory door – that is why we are committed to maintaining high standards for human rights and environmental performance in our supply chain. Based on customer requests, industry group participation and other stakeholder dialogue, in 2019 and early 2020 we updated our Supplier Code of Conduct and our standard purchase order terms and conditions (POTC) to strengthen and make explicit our sustainability standards and requirements for compliance.

Supply chain sustainability goals

ASSESS
at least 80% of our high-risk and high-impact suppliers against our supplier sustainability standards

ESTABLISH
our expectation and ongoing review process for supplier sustainability performance, including updating our Supplier Manual and POTC’s accordingly, in 2020
Supply chain social standards

We expect our suppliers to maintain progressive labor, health and safety, environmental and ethics practices that meet or exceed all applicable laws and relevant international norms and standards such as the Universal Declaration of Human Rights and ILO International Labor Standards. We do not tolerate the use of child labor, forced labor, or human trafficking in any form—including slave labor, prison labor, indentured servitude, or bonded labor—in our operations or our supply chain. We do not tolerate corporal punishment. We expect our suppliers to abide by relevant minimum wage and maximum hour regulations, including the payment of overtime, as applicable, and to supply decent living conditions when provided.

Conflict Minerals

Our Conflict Minerals Statement sets forth our requirements for supplier due diligence, risk assessment exposure and compliance. Suppliers identified as using potential conflict minerals from a sanctioned smelter must secure a new source or be terminated as a supplier. As part of our compliance and oversight efforts, our supply chain teams participate in Automotive Industry Action Group (AIAG) conflict mineral working groups and events.

Supply chain sustainability management, assessment and oversight

Our Director of Enterprise Supply Chain has managerial responsibility for all aspects of supply chain sustainability policies, practices, oversight, audit and compliance. In 2018, we requested our top 200 direct material suppliers and top 20 indirect material suppliers to complete the Self-Assessment Questionnaire (SAQ) on the NQC platform. This questionnaire was developed by and for the automotive sector to assess the sustainability of suppliers. After the success of this initial step, we have committed to expanding this program to also cover our high-risk suppliers (as identified using the World Bank Worldwide Governance Indicators) and set a goal to assess at least 80% of these high-impact and high-risk suppliers using the SAQ. By the end of 2020 we plan to establish and communicate to all suppliers our expectation and ongoing review process for supplier sustainability performance, including updating our Supplier Manual and POTC’s accordingly.

Supplier Sustainability E-Learning & Assessment

In 2018, we won an award from our customer, Honda Motor Company, for our program offering sustainability training to all of our suppliers. We wanted to ensure all of our direct material suppliers understood the expectations we set forth in our Global Supplier Manual related to sustainability, especially our smaller suppliers who are most vulnerable. Most of all, we wanted a no-cost, no-excuse solution that would make it easy for our suppliers to participate.

We partnered with AIAG, using its existing training offering, to develop a portal that allows our suppliers to access the training and a verification test. The test is mandatory, and we receive completion reports when done. Importantly, the process is free to every supplier.

We were pleased to see that the average knowledge assessment scores completed by our suppliers exceeded industry averages for each of the three core topics: business ethics, environmental standards, and working conditions and human rights. The training gives us confidence that our suppliers understand what they are committing to when they agree to our Global Supplier Manual, and it allows even the smallest suppliers to become familiar with sustainability so they can influence their organizations for sustainability improvement.
Relevant Policies and Documents

- Code of Ethical Conduct
- Code of Ethics for CEO Senior Financial Officers
- Complaint Submission Handling Policy
- Basic Working Conditions Guiding Principles
- Supplier Code of Conduct
- Supplier Manual
- Supplier Expectations
- Supplier: GSM-F030 Anti-Bribery Due Diligence Questionnaire for Companies
- Supplier: GSM-F031 Anti-Bribery Due Diligence Questionnaire for Individuals
- Conflict Minerals Statement
Task Force on Climate-related Financial Disclosures Index

We are committed to providing transparency on our climate change risk management, governance and performance. The Task Force on Climate-related Financial Disclosures (TCFD) has developed voluntary, consistent climate-related financial risk disclosures for use by companies in providing information to stakeholders. A summary of our response to the TCFD-recommended disclosures is below, with references to where this information can be found in either this report or in our response to the CDP annual climate change survey.

<table>
<thead>
<tr>
<th>GOVERNANCE</th>
<th>SOURCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>a) Board Oversight</td>
<td>See CDP 2019 Response</td>
</tr>
</tbody>
</table>
| At BorgWarner, ultimate oversight for sustainability and climate-related topics lies with the Board of Directors. The BorgWarner Corporate Governance Committee charter states that, “the Corporate Governance Committee is authorized to periodically review and make recommendations about the Company’s sustainability strategy, policies and procedures to encourage long-term sustainable performance, and effective communication of sustainability initiatives to stakeholders.

The committee and the full Board of Directors is briefed by the company’s environmental, compliance, operations and other relevant executives throughout the year on an ad-hoc basis. | |

b) Management role | See CDP 2019 Response |
| The executive management team (the “Strategy Board”) sets sustainability strategies, approves goals and provides resources to meet performance targets. In 2019, this group included our President and Chief Executive Officer, Chief Financial Officer, Chief Legal Officer and Secretary, Chief Human Resources Officer, Chief Strategy Officer, VP Marketing, Public Relations, Communications and Government Affairs, VP Investor Relations, and our VP General Managers. Periodic progress updates are provided to the Strategy Board to review performance to goals. In addition, we have a Sustainability Committee, made up of key executives and business heads across our company that supports developing climate change goals and strategy. | |

STRATEGY

| a) Climate-related risks and opportunities | See CDP 2019 Response |
| Our Strategy Board has identified climate-related risks that may affect us over the short-, medium- and longer-term. The key risks include | |
| • **Demand risks:** Our business is impacted by the degree and speed at which end consumers adopt different types of vehicle propulsion technologies. We limit our risk by maintaining a balanced portfolio of combustion, hybrid and electric technologies that we are investing in prudently to meet expected future demand. |
| • **Regulatory risks:** Our Original Equipment Manufacturer (“OEM”) customers are subject to rules and regulations around their fleet fuel efficiency and emissions. Regulatory impacts on our customers may impact demand. | |
• **Physical risks:** Extreme weather may impact our operations. We have taken actions to mitigate this including through evaluating and addressing flood and drought risks at our manufacturing locations.

• **Clean mobility opportunity:** The transition to cleaner transportation offers a significant opportunity for our company as a majority of our revenue comes from emissions-reducing components. In addition, we expect higher revenue per vehicle from the switch to hybrid and electric from combustion technologies.

**b) Impact on strategy**

**Our products:** There are few challenges as important today as creating solutions that support a clean, energy-efficient world. This requires a commitment to constantly improve the transportation of people and things. We, at BorgWarner, made that commitment decades ago and have since been creating technologies to improve efficiency, emissions and performance in all types of vehicles. Our proven track record has made us a propulsion system leader for combustion, hybrid and electric vehicles. We uncover strong trends and use smart science and technology to address a future based on varying regulations, consumer demands and automaker requirements.

**Efficient Operations:** At BorgWarner, sustainability starts with our products, but continues in our operations. As an operating team, we strive to ensure we have safe and environmentally-friendly manufacturing and engineering centers where our people can thrive as they support our customer needs for innovative propulsion products. We run efficient operations, but believe in continuous improvement and have set specific measurable goals to improve in many aspects of our operations including emissions, energy usage, waste reduction/recycling and water consumption. As our business grows, we add new facilities with sustainability in mind, while we invest in updating more mature facilities to meet our goals. Running efficient/sustainable operations that are good for the environment are also good for business. It is a natural part of what we do.

**c) Climate resilience**

We foresee a significant growth opportunity in the expected adoption of electric and hybrid vehicles over the next five years, which is why we are investing to be overweight relative to the market. We are investing prudently as the speed of adoption may be faster or slower than the market anticipates. A faster adoption may require greater R&D spend. The transition to electrified mobility is something our Strategy Board and Board of Directors monitor closely and discusses regularly.

**RISK MANAGEMENT**

**a) Process to identify climate risk**

At an enterprise level, risks including those related to climate and other environmental and resource-related risks (e.g. energy, climate, water, infrastructure) are within the purview of these teams. The committees established a matrix of the top risks for the company and periodically assesses the respective severity and frequency. These risks include those related to the physical, reputational, economic, and business continuity impacts that could arise as a result of climate change.

At the asset level, some of these business risks may result in physical or economic impacts. The risk champions are tasked to define such elements of their assigned risk along with the associated consequences. Accordingly, each champion is responsible for identifying: key drivers, controls, metrics to measure effectiveness of controls, and metrics to monitor changes in the environment.

Substantive operational risks are those with the potential to impede the Company from manufacturing or distributing product, and are considered possible, likely, more likely or highly likely in the short to long term future. Substantive risks are those that could have an impact on financial, operational, environmental health and safety matters, reputation and people.
## b) Process for managing climate risks

Enterprise-level risks are managed or mitigated through internal policies and procedures or other means. The findings of these exercises are reported to the Audit Committee of the Board of Directors and directly to the Board of Directors at least annually. Executive champions or company-wide risk owners have been appointed to each of the risks identified.

At the asset level, risk champions are expected to build mitigating controls and actions into their respective business plans. Such plans are reviewed with executive management and the Board of Directors annually as part of the Budget/Long Range Planning process.

### c) Climate risk integration

Climate-related risk identification is integrated into a multi-disciplinary company-wide risk identification, assessment, and management processes.

Our Board of Directors regularly and continually receives information intended to apprise the Board of the strategic, operational, commercial, financial, legal, and compliance risks the Company faces – including those that may arise out of climate related risks.

Oversight of risk is an evolving process in which management is integrated and continually seeks opportunities to further engrain enterprise risk management into business practices throughout the organization. The Board actively encourages management to continue to drive this evolution. In 2018, the Board endorsed the Company’s continued enhancement of its enterprise risk management governance infrastructure, processes, integrations, communications and sustainability.

While the Board has responsibility for oversight of the Company’s risk management practices, the Audit, Compensation and Corporate Governance Committees of the Board contribute to the risk management oversight function. In particular, the Audit Committee focuses on financial and compliance risk, including internal controls and cyber-security risk management practices, and receives risk assessment and management reports from the Company’s internal Enterprise Risk Management Committee and from the Company’s information technology and internal audit functions. The members of the Enterprise Risk Management Committee (ERMC, including the Controller, Treasurer, VP of Internal Audit, VP of Strategic Risk Management, Dir of Strategic Risk Management, VP and Chief Compliance Officer, VP and Chief Information Officer, and business operation leaders) have direct access to the Audit, Compensation and Corporate Governance Committees and the Board. The Audit Committee receives, reviews, and discusses regular reports from them concerning risk identification and assessment, risk management policies and practices and mitigation initiatives, in order to assure that risk management processes designed and implemented by the Company are adapted to the Company’s strategy and are functioning as expected.

### METRICS

#### Metrics

**a) Our Products:** we closely monitor our current and projected combustion, hybrid and electric product revenue and R&D spend.

**Our efficiency:** we monitor absolute energy use and Scope 1 + Scope 2 emissions, and intensity relative to sales.

#### b) Scope 1 and Scope 2 GHG emissions

- **Scope 1 emissions (2019):** 58,862 metric tons of CO₂-e
- **Scope 2 emissions (2019):** 266,042 metric tons of CO₂-e

#### c) Targets

We have set robust targets for our products and operational efficiency:

- Overweight relative to market on hybrid and electric product revenue
- 50% greenhouse gas intensity reduction by 2030 from 2015 baseline
- 37% energy intensity reduction by 2030 from 2015 baseline

See p. 20

See p. 8, 11, 16 and 20

See p. 7, 8, 11 and 18
## Performance Data and SASB Index

**Metric** | **SASB Code** | **2016** | **2017** | **2018** | **2019**
--- | --- | --- | --- | --- | ---
Revenue from fuel-efficient and lower-emission products (%) | TR-AP-410a.1 | — | — | 84.1% | 82.9%
Greenhouse gas emissions (metric tons CO$_2$e)* | — | 336,623 | 348,266 | 350,021 | 324,903
GHG Scope 1 emissions (metric tons CO$_2$e)* | — | 58,419 | 58,928 | 65,767 | 58,862
GHG Scope 2 emissions, market-based (metric tons CO$_2$e)* | — | 278,204 | 289,338 | 284,254 | 266,042
GHG intensity (tons CO$_2$e/$mn sales)* | — | 37.11 | 35.54 | 33.24 | 31.95
Total energy consumption (MWh)* | TR-AP-130a.1 | 898,594 | 923,416 | 964,281 | 910,532
of which, grid electricity (MWh)* | TR-AP-130a.1 | — | — | 607,834 | 589,271
Energy intensity (MWh/$mn sales)* | — | 99.06 | 94.23 | 91.58 | 89.55
Water use (kgal) | — | 307,466 | 311,165 | 321,238 | 302,071
Water intensity (kgal/$mn sales) | — | 33.90 | 31.75 | 30.51 | 29.71
ISO 14001 environmental management certified facilities (%) | — | — | — | 100% | 100%

## Live the BorgWarner Beliefs

**Total recordable Incident Rate (per 200,000 hours worked)** | — | 0.72 | 0.62 | 0.57 | 0.46
**Lost Time Incident Rate (per 200,000 hours worked)** | — | 0.50 | 0.42 | 0.37 | 0.29
**Fatalities (#)** | — | 0 | 0 | 0 | 0
**GSSF / ISO 45001 health & safety mgmt. certified manufacturing and tech centers (%)** | — | 100% | 100% | 100% | 100%
**Women in workforce (%)** | — | — | 25.9% | 26.5% | 26.5%
**Women in workforce — salaried (%)** | — | — | 21.7% | 22.0% | 22.4%
**Women in leadership (%)** | — | — | 12.7% | 13.9% | 14.1%
**Employee turnover rate (%)** | — | — | 14.5% | 17.6% | 18.5%
**Employee volunteer hours** | — | — | 28,538 | 54,250 | 62,890

## Partner with and Report to Stakeholders

**IATF 16949/ISO 9001 quality management certified facilities (%)** | — | — | — | 100% | 100%

*Data has been adjusted to reflect divestments and updates in reporting.*
<table>
<thead>
<tr>
<th>GRI Disclosure Number</th>
<th>Description</th>
<th>Section / Reference Page</th>
<th>Page</th>
<th>UN Global Compact Principle / SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td>102-1</td>
<td>Name of Organization</td>
<td>Cover page</td>
<td>Cover page</td>
<td>n/a</td>
</tr>
<tr>
<td>102-2</td>
<td>Activities, brands, products and services</td>
<td>Products</td>
<td>10 - 15</td>
<td>n/a</td>
</tr>
<tr>
<td>102-3</td>
<td>Location of headquarters</td>
<td>Last page</td>
<td>Last page</td>
<td>n/a</td>
</tr>
<tr>
<td>102-4</td>
<td>Location of operations</td>
<td>Form 10-K (Properties)</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>102-5</td>
<td>Ownership and legal form</td>
<td>Governance</td>
<td>37</td>
<td>n/a</td>
</tr>
<tr>
<td>102-6</td>
<td>Markets served</td>
<td>BorgWarner at a Glance</td>
<td>5</td>
<td>n/a</td>
</tr>
<tr>
<td>102-7</td>
<td>Scale of the organization</td>
<td>BorgWarner at a Glance</td>
<td>5</td>
<td>n/a</td>
</tr>
<tr>
<td>102-8</td>
<td>Information on employees and other workers</td>
<td>Social Responsibility</td>
<td>21 - 36</td>
<td>n/a</td>
</tr>
<tr>
<td>102-9</td>
<td>Supply chain</td>
<td>Product Quality</td>
<td>40 - 43</td>
<td>n/a</td>
</tr>
<tr>
<td>102-10</td>
<td>Significant changes to the organization and its supply chain</td>
<td>n/a</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>102-11</td>
<td>Precautionary UNGC Principle or approach</td>
<td>GRI Index</td>
<td>48 - 51</td>
<td>n/a</td>
</tr>
<tr>
<td>102-12</td>
<td>External initiatives</td>
<td>About This Sustainability Report</td>
<td>9</td>
<td>n/a</td>
</tr>
<tr>
<td>102-13</td>
<td>Membership of associations</td>
<td>n/a</td>
<td>n/a</td>
<td>SDG 17</td>
</tr>
<tr>
<td>102-14</td>
<td>Statement from senior decision-maker</td>
<td>Letter from the CEO</td>
<td>3</td>
<td>n/a</td>
</tr>
<tr>
<td>102-15</td>
<td>Key impacts, risks, and opportunities</td>
<td>Form 10-K (Risk Factors)</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>102-16</td>
<td>Values, UNGC Principles, standards and norms of behavior</td>
<td>Social Responsibility, Labor policies, Ethics and conduct, Relevant Policies and Documents</td>
<td>21 - 22, 32, 38, 43</td>
<td>UNGC Principle 1 &amp; 2 SDG 3</td>
</tr>
<tr>
<td>102-17</td>
<td>Mechanisms for advice and concerns about ethics</td>
<td>Ethics and conduct, Whistleblower programs</td>
<td>38</td>
<td>SDG 16</td>
</tr>
<tr>
<td>102-18</td>
<td>Governance structure</td>
<td>Governance</td>
<td>37</td>
<td>n/a</td>
</tr>
<tr>
<td>102-19</td>
<td>Delegating authority</td>
<td>Governance</td>
<td>37</td>
<td>n/a</td>
</tr>
<tr>
<td>102-20</td>
<td>Executive-level responsibility for economic, environmental, and social topics</td>
<td>Governance</td>
<td>37</td>
<td>n/a</td>
</tr>
<tr>
<td>102-22</td>
<td>Composition of the highest governance body and its committees</td>
<td>Governance</td>
<td>37</td>
<td>n/a</td>
</tr>
<tr>
<td>102-23</td>
<td>Chair of the highest governance body</td>
<td>Governance</td>
<td>37</td>
<td>n/a</td>
</tr>
<tr>
<td>102-40</td>
<td>List of stakeholder groups</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>n/a</td>
</tr>
<tr>
<td>102-42</td>
<td>Identifying and selecting stakeholders</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>n/a</td>
</tr>
<tr>
<td>102-43</td>
<td>Approach to stakeholder engagement</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>n/a</td>
</tr>
<tr>
<td>102-44</td>
<td>Key topics and concerns raised</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>n/a</td>
</tr>
<tr>
<td>102-45</td>
<td>Entities included in the consolidated financial statements</td>
<td>See Form 10-K</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>102-46</td>
<td>Defining report content and topic Boundaries</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>n/a</td>
</tr>
<tr>
<td>102-47</td>
<td>List of material topics</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>n/a</td>
</tr>
<tr>
<td>102-48</td>
<td>Restatements of information</td>
<td>Sustainability Key Performance Indicators and Goals</td>
<td>8</td>
<td>n/a</td>
</tr>
<tr>
<td>GRI Disclosure Number</td>
<td>Description</td>
<td>Section / Reference Page</td>
<td>Page</td>
<td>UN Global Compact Principle / SDG</td>
</tr>
<tr>
<td>-----------------------</td>
<td>------------------------------------------------------------------------------</td>
<td>---------------------------------------------------</td>
<td>------</td>
<td>----------------------------------</td>
</tr>
<tr>
<td>102-49</td>
<td>Changes in reporting</td>
<td>Not Applicable</td>
<td>n/a</td>
<td>n/a</td>
</tr>
<tr>
<td>102-50</td>
<td>Reporting period</td>
<td>Cover Page</td>
<td>Cover page</td>
<td>n/a</td>
</tr>
<tr>
<td>102-51</td>
<td>Date of most recent report</td>
<td>Back Page</td>
<td>Back page</td>
<td>n/a</td>
</tr>
<tr>
<td>102-52</td>
<td>Reporting cycle</td>
<td>Cover Page</td>
<td>Cover page</td>
<td>n/a</td>
</tr>
<tr>
<td>102-53</td>
<td>Contact point for questions regarding the report</td>
<td>Back Page</td>
<td>Back page</td>
<td>n/a</td>
</tr>
<tr>
<td>102-54</td>
<td>Claims of reporting in accordance with the GRI Standards</td>
<td>Our approach to sustainability, GRI Index</td>
<td>6, 48 - 51</td>
<td>n/a</td>
</tr>
<tr>
<td>102-55</td>
<td>GRI Content Index</td>
<td>GRI Index</td>
<td>48 - 51</td>
<td>n/a</td>
</tr>
<tr>
<td>102-56</td>
<td>External Assurance</td>
<td>CDP reporting and performance</td>
<td>19</td>
<td>n/a</td>
</tr>
</tbody>
</table>

**ENVIRONMENTAL — ENERGY**

| 103-1                | Explanation of the material topic and its boundary                          | Our approach to sustainability                     | 6     | n/a                              |
| 103-2                | The management approach and its components                                  | Environmental aspects of our operations           | 18 - 20 | UNGC Principle 9 SDG 13,12,15    |
| 103-3                | Evaluation of the management approach                                      | Environmental aspects of our operations           | 18 - 20 | UNGC Principle 9 SDG 13,12,15    |
| 302-1                | Energy consumption within the organization                                  | Environmental aspects of our operations           | 20    | UNGC Principle 8 SDG 7, 12, 13   |
| 302-2                | Energy consumption outside of the organization                              | Responsibility in our Supply Chain                | 41 - 43 | UNGC Principle 8 SDG 7, 12, 13   |
| 302-3                | Energy intensity                                                            | Environmental aspects of our operations           | 20    | UNGC Principle 8 SDG 7, 12, 13   |
| 302-4                | Reduction of energy consumption                                             | Environmental aspects of our operations           | 20    | UNGC Principle 8 SDG 7, 12, 13   |

**ENVIRONMENTAL — WATER**

| 103-1                | Explanation of the material topic and its boundary                          | Our approach to sustainability                     | 6     | n/a                              |
| 103-2                | The management approach and its components                                  | Environmental aspects of our operations           | 18 - 20 | UNGC Principle 9 SDG 13,12,15    |
| 103-3                | Evaluation of the management approach                                      | Environmental aspects of our operations           | 18 - 20 | UNGC Principle 9 SDG 13,12,15    |
| 303-1                | Water withdrawal by source                                                  | See CDP Water                                     | n/a   | UNGC Principle 8 SDG 6, 14       |

**ENVIRONMENTAL — EMISSIONS**

| 103-1                | Explanation of the material topic and its boundary                          | Our approach to sustainability                     | 6     | UNGC Principle 8 SDG 7, 12, 13   |
| 103-2                | The management approach and its components                                  | Environmental aspects of our operations           | 18 - 20 | UNGC Principle 8 SDG 7, 12, 13   |
| 103-3                | Evaluation of the management approach                                      | Environmental aspects of our operations           | 18 - 20 | UNGC Principle 8 SDG 7, 12, 13   |
| 305-1                | Direct (Scope 1) GHG emissions                                              | Performance Data and SASB Index                   | 47    | UNGC Principle 8 SDG 7, 12, 13   |
| 305-2                | Energy indirect (Scope 2) GHG emissions                                     | Performance Data and SASB Index                   | 47    | UNGC Principle 8 SDG 7, 12, 13   |
| 305-3                | GHG emissions intensity                                                     | Performance Data and SASB Index                   | 47    | UNGC Principle 8 SDG 7, 12, 13   |
| 305-4                | Reduction of GHG emissions                                                  | Sustainability key performance indicators and goals | 8     | UNGC Principle 8 SDG 7, 12, 13   |
## GRI INDEX

<table>
<thead>
<tr>
<th>GRI Disclosure Number</th>
<th>Description</th>
<th>Section / Reference Page</th>
<th>Page</th>
<th>UN Global Compact Principle / SDG</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>ENVIRONMENTAL — WASTE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>UNGC Principle 8 SDG 10</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Environmental aspects of our operations</td>
<td>18 - 20</td>
<td>UNGC Principle 8 SDG 10</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Environmental aspects of our operations</td>
<td>18 - 20</td>
<td>UNGC Principle 8 SDG 10</td>
</tr>
<tr>
<td>306-2</td>
<td>Waste by type and disposal method</td>
<td>REMAN, Environmental aspects of our operations</td>
<td>17, 20</td>
<td>UNGC Principle 8 SDG 10</td>
</tr>
<tr>
<td><strong>SOCIAL — OCCUPATIONAL HEALTH &amp; SAFETY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>UNGC Principles 3, 4, 5, 6</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Leading worker safety performance</td>
<td>32 - 34</td>
<td>SDG 3, 8</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Leading worker safety performance</td>
<td>32 - 34</td>
<td>SDG 3, 8</td>
</tr>
<tr>
<td>403-1</td>
<td>Workers representation in formal joint management-worker health and safety committees</td>
<td>Leading worker safety performance</td>
<td>32 - 34</td>
<td>SDG 3, 8</td>
</tr>
<tr>
<td>403-2</td>
<td>Types of injury and rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities</td>
<td>Performance Data and SASB Index</td>
<td>47</td>
<td>SDG 3, 8</td>
</tr>
<tr>
<td><strong>SOCIAL — HUMAN RIGHTS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>UNGC Principles 1, 2, 3, 4, 5, 6</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Governance, Responsibility in our Supply Chain</td>
<td>37 - 39, 41 - 42</td>
<td>UNGC Principles 1, 2, 3, 4, 5, 6</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Governance, Responsibility in our Supply Chain</td>
<td>37 - 39, 41 - 42</td>
<td>UNGC Principles 1, 2, 3, 4, 5, 6</td>
</tr>
<tr>
<td>412-1</td>
<td>Operations that have been subject to human rights reviews or impact assessments</td>
<td>Governance, Responsibility in our Supply Chain</td>
<td>37 - 39, 41 - 42</td>
<td>UNGC Principles 1, 2, 3, 4, 5, 6</td>
</tr>
<tr>
<td><strong>SOCIAL — ETHICAL BEHAVIOR</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>UNGC Principles 3, 4, 5, 6</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Governance</td>
<td>37 - 39</td>
<td>UNGC Principles 3, 4, 5, 6</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Governance</td>
<td>37 - 39</td>
<td>UNGC Principles 3, 4, 5, 6</td>
</tr>
<tr>
<td><strong>PRODUCT — PRODUCT SAFETY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>SDG 3</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Product Quality</td>
<td>40 - 41</td>
<td>SDG 3</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Product Quality, Governance</td>
<td>40 - 41, 37 - 39</td>
<td>SDG 3</td>
</tr>
<tr>
<td>416-1</td>
<td>Assessment of the health and safety impacts of product and service categories</td>
<td>Product Quality</td>
<td>40 - 41</td>
<td>SDG 3</td>
</tr>
<tr>
<td>416-2</td>
<td>Incidents of noncompliance concerning the health and safety impacts of products and services</td>
<td>Product Quality</td>
<td>40 - 41</td>
<td>SDG 3</td>
</tr>
<tr>
<td>GRI Disclosure Number</td>
<td>Description</td>
<td>Section / Reference Page</td>
<td>Page</td>
<td>UN Global Compact Principle / SDG</td>
</tr>
<tr>
<td>-----------------------</td>
<td>-------------</td>
<td>-------------------------------------</td>
<td>------</td>
<td>-----------------------------------</td>
</tr>
<tr>
<td><strong>PRODUCT — QUALITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>n/a</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Product Quality</td>
<td>40 - 41</td>
<td>n/a</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Product Quality, Governance</td>
<td>40 - 41, 37 - 39</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>PRODUCT — PROPULSION EFFICIENCY / PRODUCT LEADERSHIP</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>UNGC Principles 7, 8, 9 SDG 9</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Products</td>
<td>10 - 17</td>
<td>UNGC Principles 7, 8, 9 SDG 9</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Products</td>
<td>10 - 17</td>
<td>UNGC Principles 7, 8, 9 SDG 9</td>
</tr>
<tr>
<td><strong>PRODUCT — CUSTOMER SATISFACTION</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>n/a</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Products, Product Quality</td>
<td>10 - 17, 40 - 41</td>
<td>n/a</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Products, Product Quality</td>
<td>10 - 17, 40 - 41</td>
<td>n/a</td>
</tr>
<tr>
<td><strong>GOVERNANCE — ETHICAL BUSINESS PRACTICES</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>UNGC Principle 10</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Governance</td>
<td>37 - 39</td>
<td>UNGC Principle 10</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Governance</td>
<td>37 - 39</td>
<td>UNGC Principle 10</td>
</tr>
<tr>
<td><strong>GOVERNANCE — COMPLIANCE ASSURANCE / AUDITS</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>UNGC Principle 10</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Governance</td>
<td>37 - 38</td>
<td>UNGC Principle 10</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Governance</td>
<td>37 - 38</td>
<td>UNGC Principle 10</td>
</tr>
<tr>
<td><strong>GOVERNANCE — FINANCIAL DISCIPLINE</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>UNGC Principles 7, 8, 9 SDG 9</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Governance</td>
<td>37 - 38</td>
<td>UNGC Principles 7, 8, 9 SDG 9</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Governance, See Form 10-K</td>
<td>37 - 38</td>
<td>UNGC Principles 7, 8, 9 SDG 9</td>
</tr>
<tr>
<td><strong>GOVERNANCE — PRIVACY &amp; DATA SECURITY</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>103-1</td>
<td>Explanation of the material topic and its boundary</td>
<td>Our approach to sustainability</td>
<td>6</td>
<td>n/a</td>
</tr>
<tr>
<td>103-2</td>
<td>The management approach and its components</td>
<td>Governance</td>
<td>37 - 38</td>
<td>n/a</td>
</tr>
<tr>
<td>103-3</td>
<td>Evaluation of the management approach</td>
<td>Governance</td>
<td>37 - 38</td>
<td>n/a</td>
</tr>
<tr>
<td>418-1</td>
<td>Substantiated complaints concerning breaches of customer privacy and losses of customer data</td>
<td>See Form 10-K</td>
<td>n/a</td>
<td>n/a</td>
</tr>
</tbody>
</table>