



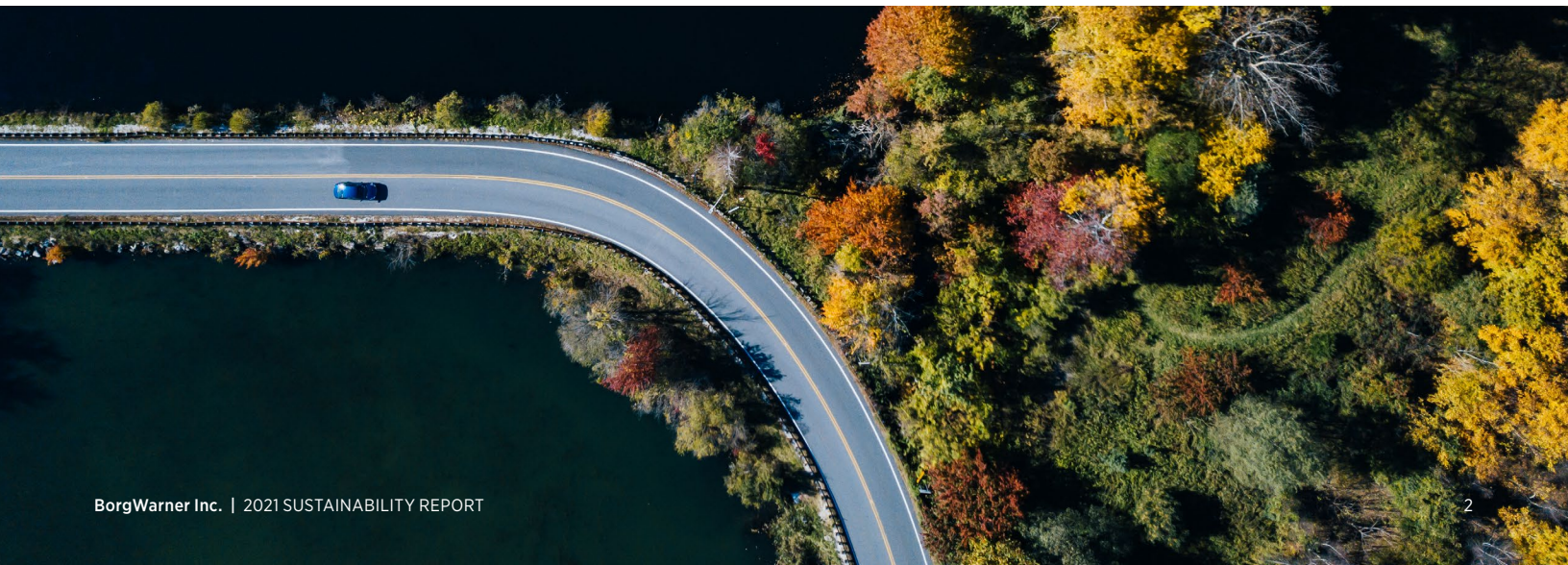
# Evolving for All

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2021 Sustainability Report

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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 (including instances where "E" immediately precedes a year)," "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. Further, all statements, other than statements of historical fact contained or incorporated by reference in this report that we expect or anticipate will or may occur in the future regarding our financial position, business strategy and measures to implement that strategy, including changes to operations, competitive strengths, goals, expansion and growth of our business and operations, plans, references to future success and other such matters, are forward-looking statements. Accounting estimates, such as those described under the heading "Critical Accounting Policies" in Item 7 of our Annual Report on Form 10-K for the year ended December 31, 2020 ("Form 10-K"), are inherently forward-looking. All forward-looking statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. 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.



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, many of which are difficult to predict and generally beyond our control, that could cause actual results to differ materially from those expressed, projected or implied in or by the forward-looking statements. These risks and uncertainties, among others, include: the difficulty in forecasting demand for electric vehicles and our EV revenue growth to 2030; the ability to identify targets and consummate acquisitions on acceptable terms; failure to realize the expected benefits of acquisitions; the ability to identify appropriate combustion portfolio businesses for disposition and consummate planned dispositions on acceptable terms; competitive challenges from existing and new competitors including OEM customers; the challenges associated with rapidly-changing technologies, particularly as relates to electric vehicles, and our ability to innovate in response; uncertainties regarding the extent and duration of impacts of matters associated with COVID-19/coronavirus pandemic, including additional production disruptions; the failure to realize the expected benefits of the acquisition of Delphi Technologies PLC that the Company completed on October 1, 2020; the failure to realize the expected benefits of the recent acquisition of AKASOL AG or a delay in the ability to realize those benefits; the failure to successfully execute on a timely basis our taking private strategy with respect to AKASOL; the failure to promptly and effectively integrate acquired businesses; the potential for unknown or inestimable liabilities relating to the acquired businesses; 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; the uncertainty of the global economic environment; future changes in laws and regulations, including, by way of example, tariffs, in the countries in which we operate; and the 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 and/or Quarterly Report on Form 10-Q. 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



“As our company grows, our commitment to inclusion, integrity, excellence, responsibility and collaboration will continue to guide us.”

At BorgWarner, we are committed to helping foster sustainable transportation, which is why we have accelerated our shift to electrification.

This acceleration is a logical extension of what we have been building over the past years. To reflect this focus, we launched a new mission in 2021 – we deliver innovative and sustainable mobility solutions for the vehicle market. Our vision – a clean, energy-efficient world – is not changing. It continues to be a good vision for us, guiding our company. As part of our transformation, we have committed to the goal to be carbon neutral in our operations – our Scope 1 and Scope 2 emissions – by 2035.

To achieve our mission and our vision, we are guided by our BorgWarner Beliefs. They are at the core of how we operate as an organization and how we deliver value for our stakeholders. Our Beliefs also provide us strength when we are challenged. As our company grows, our commitment to inclusion, integrity, excellence, responsibility and collaboration will continue to guide us.

Rising personal mobility and more stringent environmental regulations around the world make our products, our innovation and our scale more critical than ever. Our acquisition of Delphi Technologies in 2020 was an exciting next step in BorgWarner’s mission. It strengthens our electric and hybrid position and advances our emissions-reducing and fuel-efficient combustion offering.

To be successful and to deliver value over the long term, we must be resilient. Responding to the challenges of the COVID-19 pandemic demonstrated our strength, both as a business and as individuals. Our plants in China and Japan were impacted early on by the virus, and our employees there were integral in helping us identify and share best practices, from safety to supply chain sourcing, to help our facilities around the world restart safely.

Each of our approximately 50,000 global employees plays a part in achieving our sustainability goals by supporting our vision of a clean, energy-efficient world, living the BorgWarner Beliefs and partnering with and reporting to stakeholders. I am incredibly proud of the strides the company has made and continues to make in delivering our commitment to sustainability.

A handwritten signature in black ink, appearing to be 'F. Lissalde'.

**Frédéric Lissalde**

PRESIDENT AND CHIEF EXECUTIVE OFFICER  
BorgWarner Inc. World Headquarters  
Auburn Hills, Michigan  
June 2021



# 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 embody our Beliefs in every aspect of our operations. These are values that we live by, instill in our employees and uphold in partnership with our customers, suppliers and communities.

## Who we are

We are a global product leader in sustainable mobility solutions for the vehicle market. Our products help improve vehicle performance, propulsion efficiency, stability and air quality. We manufacture and sell these products worldwide, primarily to original equipment manufacturers (OEMs) of passenger cars, SUVs, vans and light trucks. The Company's products are also sold to OEMs of commercial vehicles and off-highway vehicles. Additionally, we manufacture and sell our products to certain Tier One vehicle systems suppliers and into the aftermarket for light, commercial and off-highway vehicles. We are an original equipment supplier to nearly every major automotive OEM in the world and operate manufacturing facilities, serving customers in Europe, the Americas and Asia.

**\$10.2**  
**BILLION**

2020 Sales  
(consolidated)

**~50,000**

Worldwide  
employees

**99**  
**LOCATIONS**

In 24  
countries

**4**  
**VEHICLE**  
**MARKETS**  
**SERVED**

Light vehicles,  
commercial  
vehicles,  
off-highway,  
aftermarket

## Our Vision:

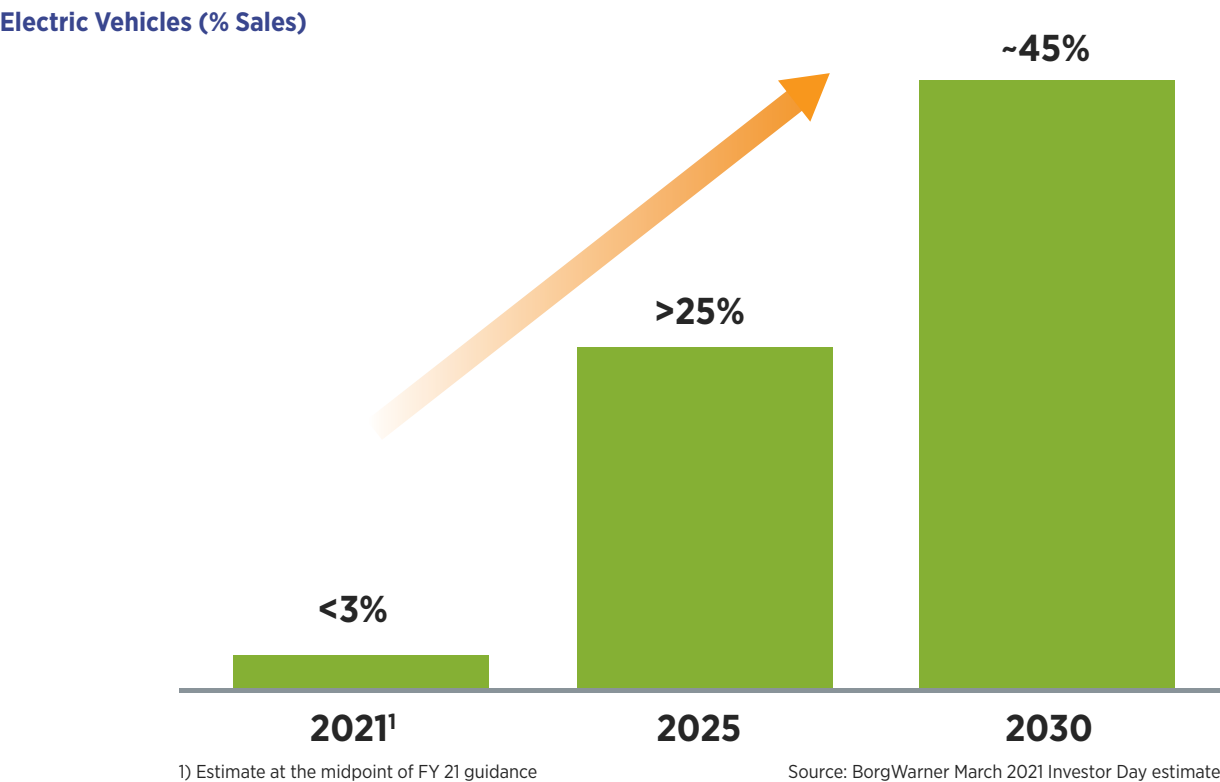
A clean, energy-efficient world

## Our Mission:

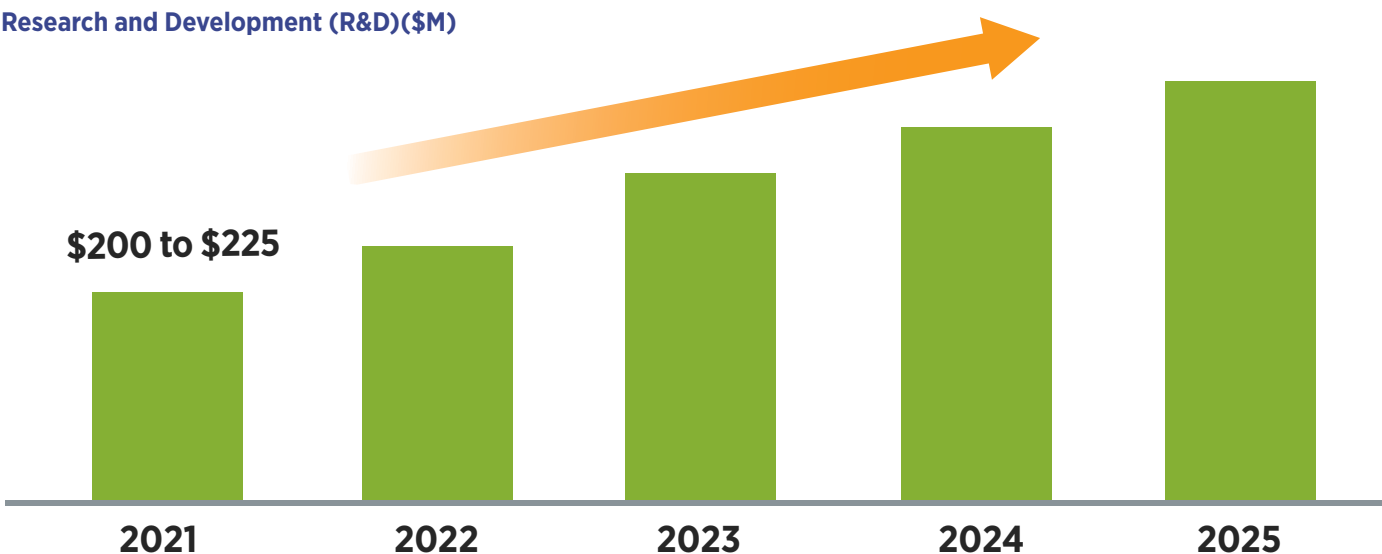
We deliver innovative and sustainable mobility solutions for the vehicle market

# Electrification Is at the Forefront of Our Strategy

Accelerating toward electrification with ~45% EV product sales by 2030



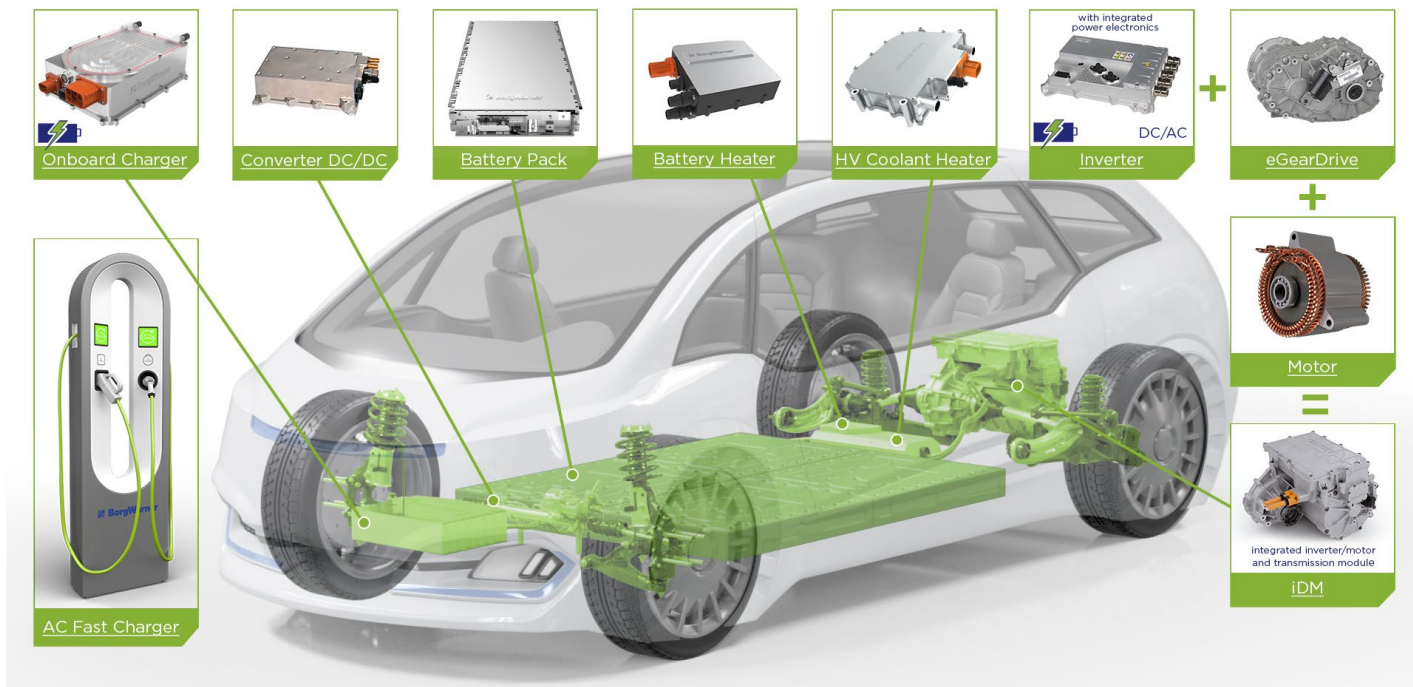
eProduct R&D expected to approach ~50% by 2025 from ~25% to ~30% in 2021



Source: BorgWarner March 2021 Investor Day estimate

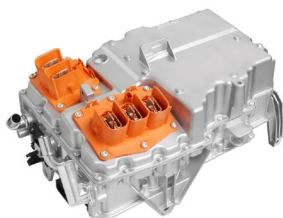


# EV Product Portfolio



## Integrated Drive Module:

Our fully Integrated Drive Module (iDM) products massively simplify the design of pure electric and hybrid passenger cars and light commercial vehicles by giving OEMs access to primary or secondary propulsion modules based on a common architecture and integrated power electronics.



## Power Electronics:

Inverters and converters work together to manage a vehicle's electric drive and accessory systems. By combining both elements into one compact component we're meeting manufacturers' demands.



## Coolant Heater:

BorgWarner's specially developed high-voltage coolant heaters have been developed to keep the core components of hybrid and pure electric vehicles at temperatures that facilitate maximum charging efficiency, durability and driving range.

# Our Approach to Sustainability

To us, sustainability means driving Environmental, Social and Governance (ESG) initiatives to deliver value to all stakeholders, both for today and tomorrow. We are guided by our Beliefs and committed to achieving our vision of a clean, energy-efficient world.

Our sustainability strategy and goals are reviewed and approved by our executive management team (Strategy Board), with our Board of Directors (Board) maintaining ultimate oversight. Guiding our approach is our Sustainability Steering Committee, a cross-functional team of BorgWarner leadership. Our policies and systems provide the framework in which we operate to achieve our sustainability goals.

## Identifying material ESG priorities

In 2021, we undertook a new materiality assessment prior to issuing this report (our last materiality report was done in 2018). This year, we wanted to update the assessment to include the changes in the industry with the shift to electrification, as well our response to events, including the COVID-19 pandemic and demonstrations in support of racial justice.

For the assessment, a third party used our previous material topics as a starting point. Research was performed to create a list of ESG topics for consideration by reviewing industry peers, sustainability rating organizations and common sustainability reporting standards. Using Global Reporting Initiative guidance, we identified pertinent stakeholder groups to help identify our material topics: customers, suppliers, employees, investors and other stakeholders. We collected input from these groups through interviews, focus groups, surveys and publicly available data. Finally, we held meetings with the BorgWarner Strategy Board and Sustainability Steering Committee members to create our topic prioritization for BorgWarner.

The output of this assessment ranks the importance of different ESG topics by importance to our stakeholders versus the impact to BorgWarner. Our next steps will be to translate the results into our sustainability strategy and reporting. We are pleased to see that many of the sustainability topics we focus on today were reaffirmed by this assessment.

ESG Priorities at a Glance
<div>Environmental</div> <div>Emissions (Scopes 1, 2 &amp; 3)</div> <div>Energy Usage</div> <div>Waste Reduction (Resource Efficiency)</div> <div>Water Quality &amp; Consumption</div> <div>Environmental Management System</div>
<div>Social</div> <div>Diversity, Equity &amp; Inclusion</div> <div>Health &amp; Safety</div> <div>Education &amp; Development</div> <div>Employee Engagement</div> <div>Human/Labor Rights</div> <div>Talent Acquisition &amp; Retention</div>
<div>Governance</div> <div>Advancing Innovation</div> <div>Supply Chain Management</div> <div>Compliance with Laws/Regulations</div> <div>Product Safety &amp; Quality</div> <div>Ethical Conduct</div> <div>Data Privacy &amp; Cybersecurity</div> <div>Customer Satisfaction</div>



## SUSTAINABILITY STRATEGY



**Create a cleaner, more energy-efficient world**



**Live the BorgWarner Beliefs**



**Partner with and report to stakeholders**

### Continue

Product Offerings for Improved Efficiency and Reduced Emissions in Combustion, Hybrid and Electric Propulsion Architectures

Employee Health & Safety  
Community Investment

Stakeholder Assessments  
Governance & Compliance

### Advance

Accelerate Offerings for Hybrid & Electric Vehicles  
Environmental Aspects of Operations

Diversity, Equity & Inclusion  
Engagement & Sentiment

Goal Setting & Metrics  
Active Communication  
Sustainable Value Chain

## Create a cleaner, more energy-efficient world

Our products, which span across vehicle markets, are at the heart of our mission of enabling sustainable mobility. Our acquisition of Delphi Technologies and the integration of their products into our portfolio expand our ability to play a critical role in reducing emissions, while providing more mobility to the world. We have reduced our carbon intensity by 28% since 2015 within our operations prior to the Delphi Technologies acquisition (the reduction is 17% against our updated baseline to account for our acquisition of Delphi Technologies). We continue to make strong progress toward meeting our interim target of cutting our emissions intensity 50% by 2030, and on our way to carbon neutrality in 2035.

## Live the BorgWarner Beliefs

We are guided by our Beliefs as individuals, as a team and as a company. We are committed to 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.

## Partner with and report to stakeholders

We are committed to engaging with our stakeholders and being transparent in our impacts, our goals and our performance. We conducted a new materiality assessment this year to understand the sustainability priorities of our stakeholders. The results reaffirmed our focus on the emissions impacts of our products and operations, diversity, equity and inclusion, health and safety, and advancing innovation as key priorities for our business and our stakeholders.

We are also driving our sustainability commitment in our supply chain: our target is to have at least 80% of our high-risk and high-impact suppliers complete the Sustainability Self-assessment Questionnaire for automotive sector suppliers on an ongoing basis, so we can review the performance of our suppliers on environmental, social and governance topics.

2017      2018      2019      2020      Goal



## CREATE A CLEAN, ENERGY-EFFICIENT WORLD

Revenue from fuel-efficient and lower-emission products (%)	–	84%	83%	85%	Maintain majority of revenue from clean and emissions-reducing products
Greenhouse gas emissions (kt CO <sub>2</sub> e) <sup>1</sup>	348	350	325	343	
Energy consumption (GWh) <sup>1</sup>	923	964	911	969	
% GHG intensity reduction (2015 baseline) <sup>1</sup>	9%	13%	15%	17%	50% GHG intensity reduction relative to sales by 2030
% energy intensity reduction (2015 baseline) <sup>1</sup>	9%	11%	10%	12%	37% energy intensity reduction relative to sales by 2030
ISO 14001 environmental management-certified facilities (%) <sup>2</sup>	–	100%	100%	100%	Maintain 100%



## LIVE THE BORGWARNER BELIEFS

Total recordable incident rate (per 200,000 hours worked)	0.62	0.56	0.46	0.44	
Women in salaried workforce (%)	21.7%	22.0%	22.4%	22.1%	
Women in leadership (%)	12.7%	13.9%	14.1%	14.6%	
Employee turnover rate (%)	14.5%	17.6%	18.5%	14.8%	
Employee volunteer hours	28,538	54,250	62,890	18,793 <sup>3</sup>	40,000 employee volunteer hours in 2021



## PARTNER WITH AND REPORT TO STAKEHOLDERS

IATF 16949/ISO 9001 quality management-certified facilities (%) <sup>2</sup>	–	100%	100%	100%	Maintain 100%
High-impact and high-risk suppliers completed sustainability questionnaire (%)	–	–	–	24.1% <sup>4</sup>	At least 80% of high-risk and high-impact suppliers complete survey

1) Our environmental baselines were updated to include our acquisition of Delphi Technologies. Energy use and emissions data reporting represents approximately 94% of our facilities by total square footage.

2) "Facilities" for these performance indicators is defined as manufacturing locations that supply directly to original equipment manufacturers.

3) Employee volunteer hours were impacted by COVID-19.

4) Survey conducted in Q1 2021 for high-risk and high-impact suppliers from 2020.



# About This Report

This report showcases many facets of our commitment to being a sector leader in sustainability and provides an overview of our governance, oversight, policies, programs and performance around the issues material to the sustainability of our company.

Unless otherwise specifically stated, this report covers BorgWarner's performance in 2020, with the inclusion of Delphi Technologies from the close of our acquisition in October 2020.

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

We report using the Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosure (TCFD) and Global Reporting Initiative (GRI) frameworks that are most relevant to our business and our stakeholders. We also consider industry association guidance from the Automotive Industry Action Group (AIAG).

## AWARDS & RECOGNITION

### 2020 Best Employers for Diversity List

#### Top Employers China 2020

#### 2020 CLEPA Award (EU association of automotive suppliers) for 800 volts silicon carbide inverter technologies



Great Place to Work-Certified™ – Mexico



Great Place to Work-Certified™ – USA



2021 Bloomberg Gender-Equality Index recognition

GENERAL MOTORS



General Motors Supplier of the Year – awarded in 2020



Newsweek's America's Most Responsible Companies 2021



Human Rights Campaign Foundation's Corporate Equality Index 2021 score of 75 out of 100

# Working Together to Respond to COVID-19

The ongoing COVID-19 pandemic has created unprecedented challenges for both our company and our society. Collaboration among our Critical Event Management Team, health and safety experts, human resources and leadership led to the implementation of numerous protocols and safety measures to help ensure the protection of our employees. We worked closely both with the health authorities in regions where we operate and with peers across our industry to ensure our people had the protective equipment and operating procedures in place to work safely.

## Supporting our employees and communities

To support our employees through these difficult times, we took a number of employee-centric measures, including:

- Implementing a global policy enabling an agile workplace for remote working and flexible hours
- Proactively communicating safe behaviors and personal health guidance
- Extending benefits during temporary furloughs

To mitigate the financial impact to the business, early on we made decisions affecting compensation: our Strategy Board executives took a temporary 20% reduction in their base salaries, as did our Board of Directors in their annual cash retainer. In addition, approximately 400 company leaders took a temporary 10% base pay reduction, and other salaried employees took a smaller pay reduction or a temporary layoff. Merit increases for all salaried employees were delayed five months, with the exception of where we were required to pay due to statutory requirements.

## Reopening safely

Before reopening our facilities, we established a Safe Restart Task Force to identify critical processes and disseminate return-to-work procedures. This group of cross-functional leaders across BorgWarner continues to gather lessons learned and quickly deploy best practices to benefit our employees, across our global organization.

## Supply chain resilience

The global impact of the pandemic initially put a strain on some aspects of our supply chain, but, overall, we were able to navigate the challenges well. One of the actions we took to enhance the continued strength of our sourcing ability was to create a Supply Chain Risk Council. This council guides us in identifying potential risk in our supply chain, such as geographic or political conflicts that are adverse to our business interests. This strategy allows us to generate additional layers of support and resilience to help meet the needs of our customers.

## Around the world,

our employees stepped up to support first responders and their local communities. We are proud of our people who made face shields and sewed face masks from home and donated this critical personal protective equipment (PPE) to local hospitals. As a company, BorgWarner donated \$100,000 to the Business Roundtable's Project Hope Campaign in the U.S. and to other organizations around the world, providing PPE to those at the front line of the health crisis.



# COVID-19 Response



Plasma donations at our Romania plant.



Employees at our Piracicaba location donated PPE to local hospitals, food and supplies to local nursing homes, and food to support families that lost their jobs.



Distribution of antiviral masks to workers at our Seixal plant.



Our Blois employees donated old, unused computers to schools and children in need.



Mother's Day mask donation by our Itatiba employees.



# Environmental Stewardship: Create a cleaner, more energy-efficient world

## Driving Clean Mobility

### World-changing product leadership

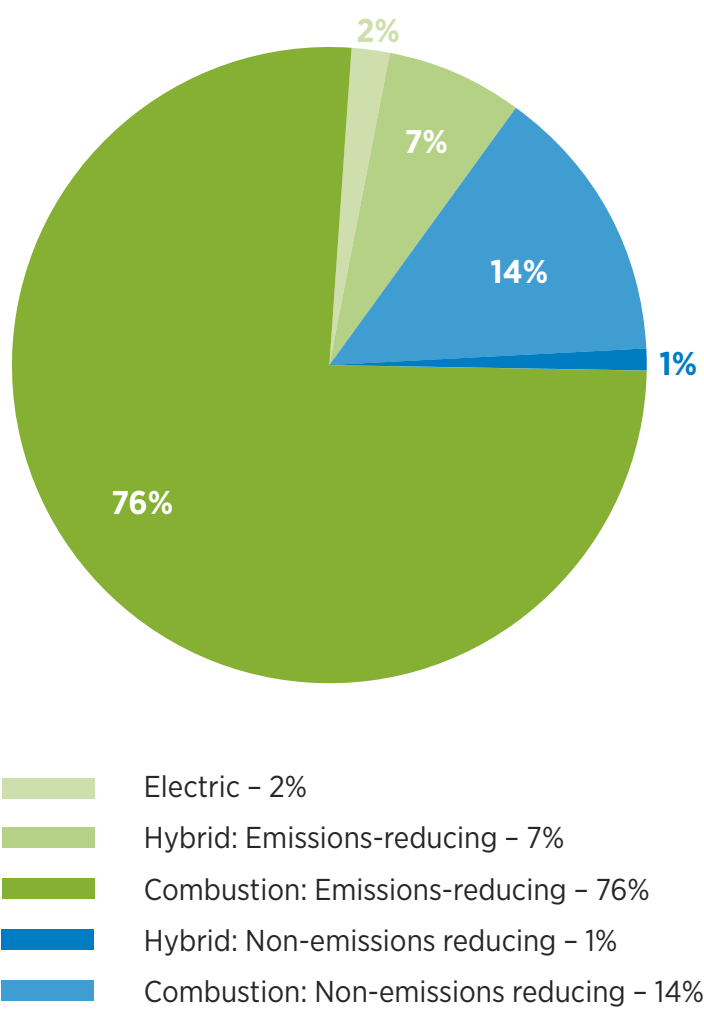
There are few challenges as important today as creating solutions that support a cleaner, more energy-efficient world. This requires a commitment to constantly innovating and improving mobility. We at BorgWarner made that commitment decades ago and have since been creating technologies to improve efficiency, emissions and performance across multiple vehicle platforms. Our proven track record has made us a global product leader in delivering innovative and sustainable mobility solutions for the vehicle market. We are ever cognizant of strong trends and utilize smart science and technology to address a future marked by a myriad of complex regulations, consumer demands and automaker requirements.

### Revenue from electric and fuel-efficient products

We earned 85% of our revenue in 2020 from electric and emissions-reducing hybrid and combustion products, such as power electronics, turbochargers and Exhaust Gas Recirculation (EGR) valves and coolers. Our other products include components such as starters, alternators and transfer cases. These are core vehicle technologies not directly targeting fuel consumption. Our advanced versions of these components do, however, result in reduced fuel consumption and emissions.

Revenue from hybrid and electric products grew from 6% in 2019 to 10% in 2020. Our acquisition of Delphi Technologies strengthens our scale and expertise in electrification. Delphi Technologies' product portfolio, including its leadership in the inverter space as the last piece to our integrated drive module, complements and expands our power electronic offerings.

**85%**  
of revenue from clean and emissions-reducing products in 2020



## R&D investments will play a major role in advancing our electrification strategy

We expect a significant growth opportunity through the adoption of electric and hybrid vehicles, which we believe offer higher content opportunity for our technologies. To maintain our position as a technology leader, we invested 4.7% of revenue in research and development (R&D) in 2020 and expect that number to be over 5% in the future.

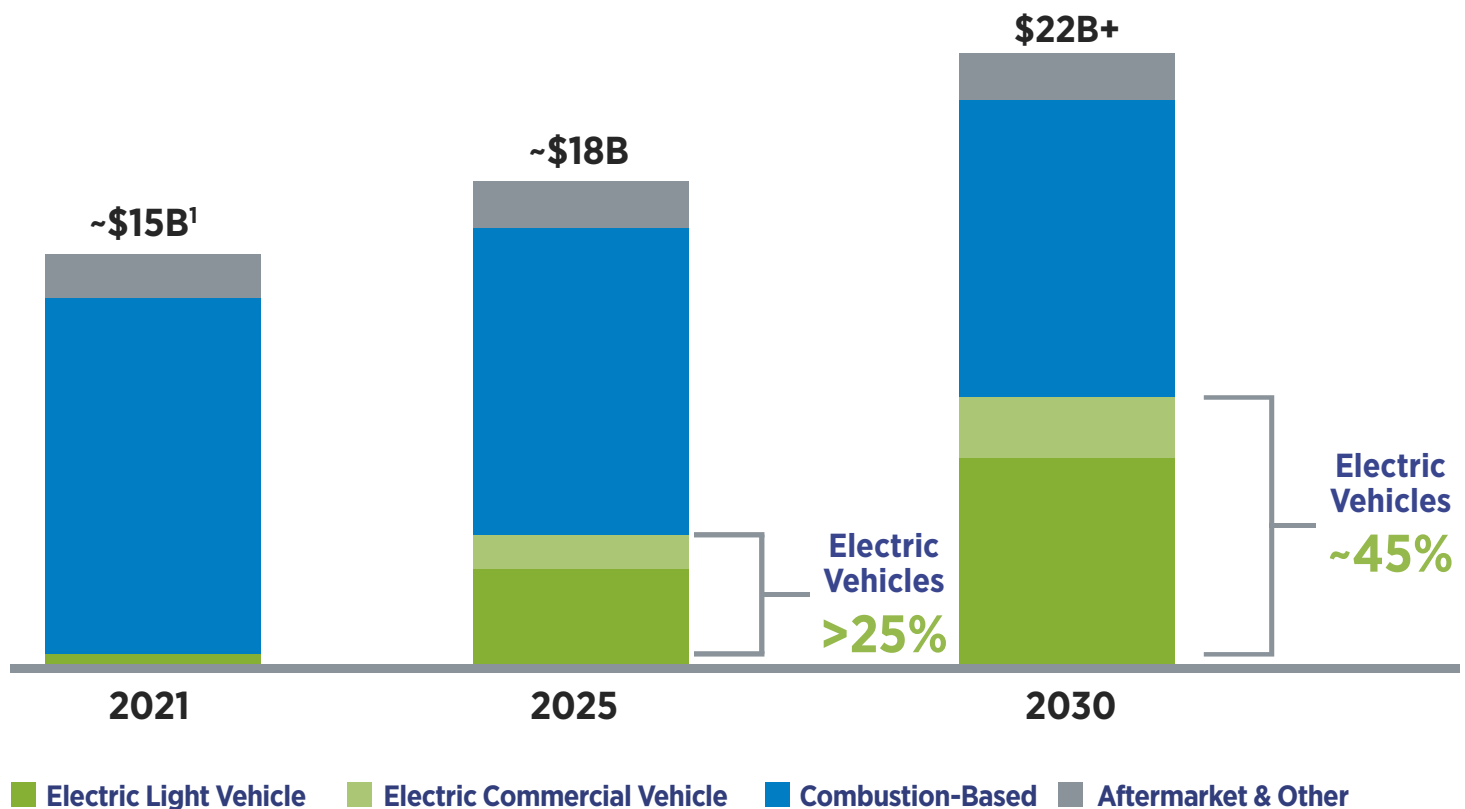
We plan to increase our R&D spending on electrified vehicle technologies. We believe combined R&D and capital spending for eProducts will be greater than \$3 billion over the next five years, with eProducts approaching 50% of R&D before acquisitions by 2025.

As of year-end 2020, we had 9,834 (6,026 BorgWarner + 3,808 Delphi Technologies) active domestic and foreign patents and patent applications pending or under preparation.

## Positioning for an electrified future

We expect our exposure to electrified vehicle technologies to increase significantly in the near future. We project over 25% of our revenue will be from electrified vehicle parts by 2025, and approximately 45% by 2030.

## Expected Revenue Mix



1) Estimate at the midpoint of FY 21 guidance

Source: BorgWarner March 2021 Investor Day estimate



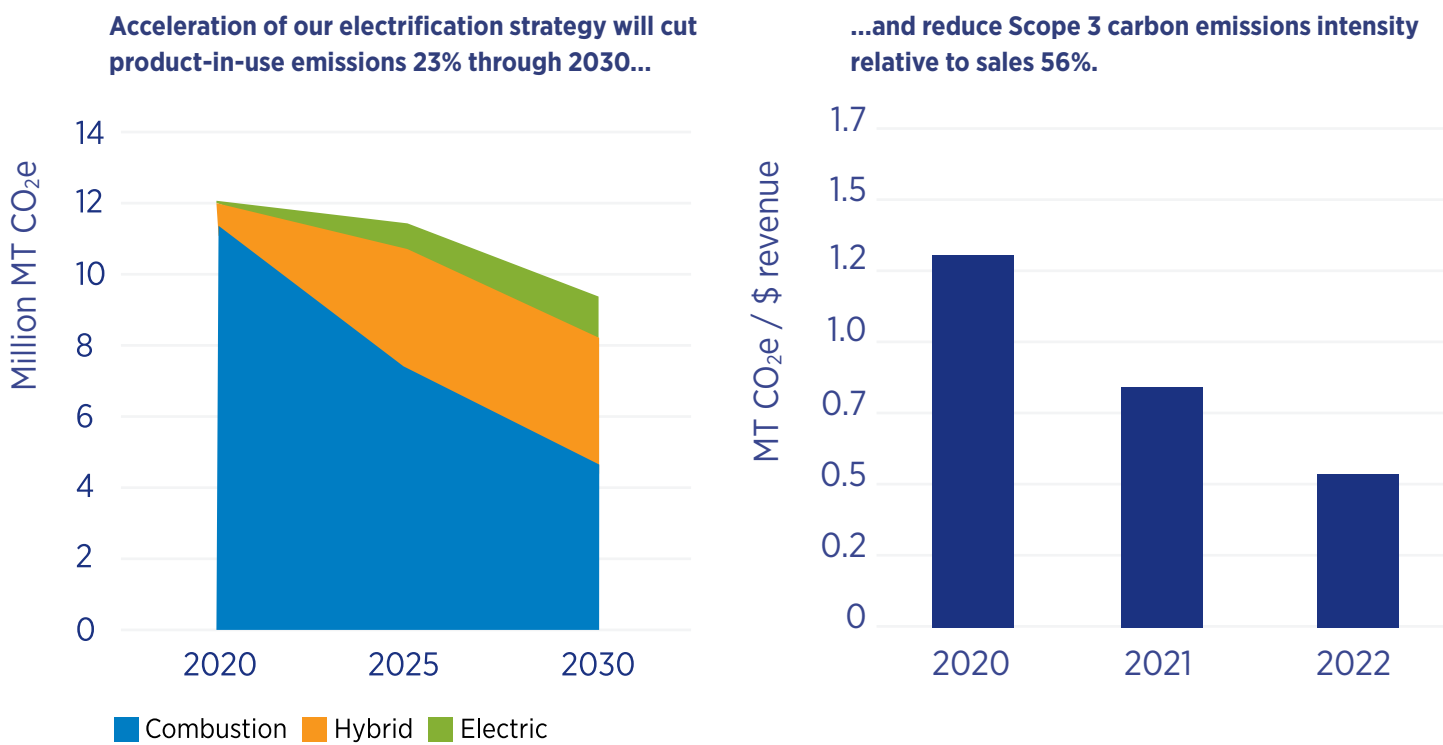
# Scope 3: Understanding and reducing our indirect carbon impacts

## Scope 3 product-in-use emissions

We are focused on understanding and reducing the carbon footprint of our products across their entire life cycle, including during end-user vehicle use. Scope 3 greenhouse gas emissions are all emissions indirectly impacted by BorgWarner, such as supply chain purchases and product-in-use emissions. We estimate that, based on the average of our parts content per vehicle and well-to-wheel emissions for different vehicle types, the lifetime product-in-use emissions apportioned to our 2020 light vehicle parts is approximately 12 million metric tons of carbon dioxide equivalents (CO<sub>2</sub>e).

We believe the acceleration of our electrification strategy will help reduce product-in-use emissions. Based on our expected share of electric vehicle parts and greening of the electric grid, we believe our Scope 3 light vehicle product-in-use emissions will decline by 23% in 2030, while intensity relative to sales will fall an even steeper 56%.

## Evolution of our Scope 3 light vehicle product-in-use emissions with our shift to electric



We are committed to partnering with vehicle manufacturers, our customers, in reducing emissions up and down the value chain. While we design and produce the components, it is only when our customers integrate them into their vehicles that the reductions are realized.

## Reducing carbon emissions through fuel-saving parts

BorgWarner is a recognized leader in designing and building systems and components that enable vehicles to save fuel and operate more efficiently. We are proud of the role we play in the industry and that so much of what we do – 85% of our revenue in 2020 came from our electric and emissions-reducing parts – contributes to decreasing carbon emissions and other pollutants.

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### Gasoline wastegate turbocharger

*15 million metric tons of CO<sub>2</sub> avoided across 2020 products' lifetimes*

Turbochargers can boost gasoline vehicle fuel efficiency around 9% by harnessing exhaust gas energy. BorgWarner produced 6.1 million gasoline wastegate turbochargers in 2020 that powered approximately 5.3 million cars. Based on the turbocharger's share of a vehicle's air system, our turbochargers produced in 2020 will save approximately 15 million metric tons of carbon over the average lifetime of a vehicle.

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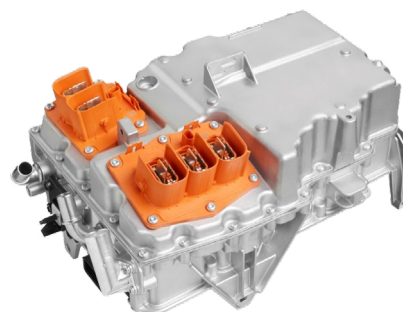


### Inverter

*300,000 metric tons of CO<sub>2</sub> avoided, rising to 4 million metric tons in 2025 with greater EV adoption*

Inverters are one of the three main components enabling battery electric vehicles. They efficiently convert direct current from the battery into alternating current, powering the vehicle. We produced 88,000 inverters in 2020, which will contribute to saving around 300,000 metric tons of CO<sub>2</sub> over the vehicles' lives. As electric vehicle adoption accelerates, we expect our inverter production in 2025 to increase significantly, leading to emission savings of 4.1 million metric tons of CO<sub>2</sub> over their lifetimes.

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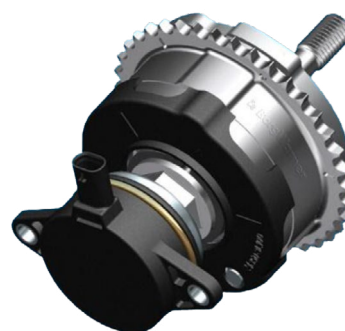


### Variable cam timing

*10 million metric tons of CO<sub>2</sub> avoided across 2020 products' lifetimes*

BorgWarner's variable cam timing (VCT) technologies improve engine emissions, performance and fuel economy. We estimate that our variable cam timing products produced in 2020 will allow the engines in which they are installed to avoid approximately 10 million metric tons of CO<sub>2</sub> over their lifetime.

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# Lowering life cycle emissions of existing vehicles

## Aftermarket: lowering emissions of existing vehicles

Our aftermarket parts and accessories help existing vehicles improve their fuel efficiency and meet the latest emissions standards, as well as extend their life. Our aftermarket portfolio includes boosting technologies, diesel and gasoline fuel systems, maintenance solutions, engine management and vehicle

electronics, plus training, diagnostics and test equipment. The combined expertise of our brands, including BERU, Delco Remy and, our newest addition, Delphi Technologies, makes us uniquely equipped to service aftermarket customers around the world.

## Remanufacturing: supporting a circular economy



For nearly 30 years, BorgWarner has remanufactured products for reuse, including turbochargers, alternators, generators and exhaust gas recirculating valves. During this time, we saved over 16,000 metric tons of cast iron and 4,000 metric tons of aluminum by reusing 5 million housings – turbine, bearing and compressor housings. Compared to new replacement products, these remanufactured original equipment parts are a sustainable, environmentally friendly and cost-effective solution for vehicles in a later stage of life.

Now with our expanded business in remanufacturing and aftermarket with the acquisition of Delphi Technologies, we have an even greater opportunity to offer environmentally beneficial remanufactured products.

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

**BEFORE**



Used Turbocharger

**AFTER**



REMAN Turbocharger

## Bio-based materials

In early 2020, we were approached by a supplier to consider the use of a plastic material produced from biomass (HGR3). HGR3 was specifically developed for additional performance and cost improvements. The low-friction material helps lower carbon emissions, and the bio-content provides an additional benefit related to sustainability.

Our first use of this biomaterial will be in the manufacture of timing drive components in internal combustion engines. We are looking for additional opportunities to work with our customers to introduce this biomaterial to new and existing programs.

## Materials and packaging initiatives

We have undertaken a number of innovative programs to reduce raw materials use. For example, we reduced the copper and heavy metals content in our Delphi Technologies brake pads years ahead of the U.S. EPA's initiative to reduce copper in motor vehicle brake pads by 2025.

More recently, we removed all plastic shrink-wrap from our brake pads, with the aim of saving around 33 metric tons of plastic per year and, in 2020, we reconfigured our brake disc/rotor packaging to further save 19.5 metric tons of cardboard per year.



# Operations

We are committed to operating efficiently and responsibly. [Our Environmental Policy](#) sets out our objectives to identify, monitor, reduce and disclose our environmental impacts. All of our manufacturing facilities are ISO 14001 certified for their environmental management systems, with strict standards and programs for monitoring and minimizing the impact of operations. To ensure compliance, we carry out regular environmental, health and safety audits – in 2020, we undertook 13 such audits.

## Addressing climate change

Climate change has had a significant impact on the automotive sector with the industry's transition to clean mobility. BorgWarner is committed to becoming a leader in offering electrified solutions across light and commercial vehicles to enable the transition. This balanced strategy positioned us well to now accelerate toward electrification. Our Strategy Board and Board of Directors monitor the low-carbon transition closely because the market, regulatory and reputational risks can impact our business.

In our operations, we established sector-leading carbon reduction goals to reduce our Scope 1 and Scope 2 greenhouse gas emissions intensity 50% by 2030 versus 2015. In the last five years, we achieved a reduction of 17% (28% for our legacy BorgWarner operations).

This year, we accelerated our commitment even further by committing to the goal of being carbon neutral by 2035 in our operations – our Scope 1 and Scope 2 emissions. We will pursue this goal through investing in both energy-efficient processes in our plants and renewable energy sources.

We also assess the physical risks of climate change. We monitor 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, we relocated specific facilities to mitigate the physical risk of flooding. 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.

**Committed to the goal of being  
carbon neutral in our Scope 1  
and Scope 2 emissions by 2035**



## Aligning our business strategy for a net-zero carbon emissions future

There are few challenges as important today as creating solutions that support achieving a net-zero carbon emissions future. This will require a commitment to constantly improving the transportation of people and goods.

Our stated business strategy is to increase production of electric and other vehicle parts that enable zero- and lower-emissions transportation. We believe our product mix and flexibility allow us to successfully support the low-carbon transition. This strategy enables us to address a future based on varying regulations, consumer demands and automaker requirements – including a future of net-zero carbon emissions by 2050.

Our strategic planning for net-zero carbon emissions extends to our operations and to our recently announced goal of becoming carbon neutral by 2035 in Scope 1 and Scope 2 emissions. As our business grows, we add new or expand existing facilities with environmental sustainability in mind, while we invest in updating more mature facilities to meet our goals. Our goal to eliminate or offset Scope 1 and Scope 2 carbon emissions positions us to achieve significant, continuous carbon emissions reductions. Running efficient, sustainable operations that are good for the environment is not only good for business – it is a natural part of what we do.

## Promoting energy efficiency

We are focused on achieving our goal of reducing our energy intensity 37% by 2030 from our 2015 baseline. To further our energy-saving efforts, in 2021 we planned a new initiative for energy efficiency audits at our manufacturing facilities. Prioritizing our facilities with the largest energy usage, our plan includes goals to identify new technologies and make investments that can reduce energy use and save money. The program includes assessing the feasibility of both on- and off-site renewable energy use.

Our enterprise-wide Conservation Coalition identifies and shares best practices for saving energy and resources across our facilities. Efforts include energy efficiency and carbon-reduction initiatives, such as installing solar panels, solar water heaters, solar tube lighting, and rainwater collection systems and achieving Leadership in Energy and Environmental Design (LEED) certification. This program leverages the global insight available across our operations to disseminate proven practices and techniques.

## Waste management and recycling

Maximizing resource-use efficiency is important to our business 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.



## Managing water risk

Our manufacturing processes are not water intensive, but we recognize that water risks need to be considered through a local lens. We undertook water risk assessments at all of our manufacturing, technical and assembly facilities: 10 facilities are in “high” or “extremely high” water-scarce regions as designated by the World Resources Institute (WRI) Aqueduct Water Risk Atlas’s baseline water depletion metrics. We set a goal of undertaking annual water risk assessments of our facilities and target high-risk locations for water-use reductions.

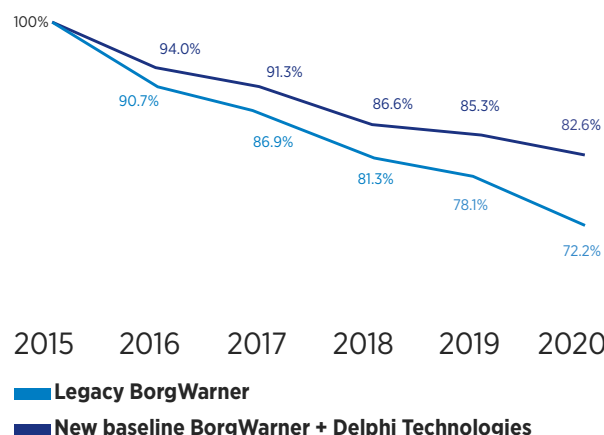
## Environmental performance

Year	Water		Energy		Greenhouse Gas (Scopes 1 + 2)	
	kgal	kgal/\$m sales	mwh	mwh/\$m sales	t CO <sub>2</sub> e	tCO <sub>2</sub> e/\$m sales
<b>2015</b>			874,720	109.0	328,203	40.9
<b>2016</b>	307,466	33.9	898,594	99.1	336,623	37.1
<b>2017</b>	311,165	31.8	923,416	94.2	348,266	35.5
<b>2018</b>	321,238	30.5	964,281	91.6	350,021	33.2
<b>2019</b>	302,071	29.7	910,532	89.5	324,903	32.0
<b>2020<sup>1</sup></b>	294,451	26.1	968,891	85.9	342,520	30.4

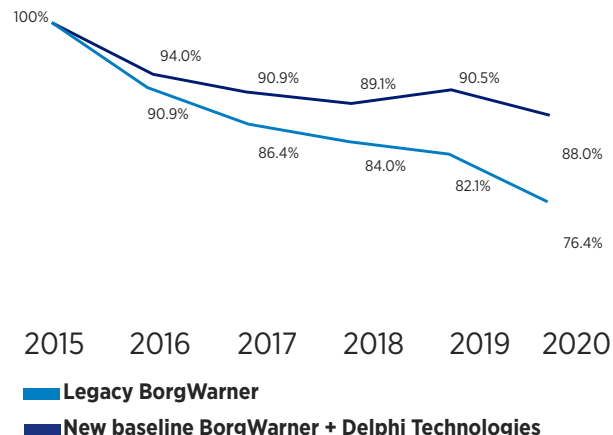
1) Data reporting represents approximately 94% of our facilities by total square footage. Data includes legacy BorgWarner for the whole period, plus legacy Delphi Technologies from Q4 2020.

## Progress against our greenhouse gas and energy goals

### Greenhouse Gas Intensity Reduction Performance, Relative to Sales: Goal of 50% by 2030



### Energy Intensity Reduction Performance, Relative to Sales: Goal of 37% by 2030





# Energy Efficiency



## Improving energy efficiency by 50%

Our Eumsung plant has improved energy efficiency over 50% by upgrading equipment and lighting.



## Reducing effluent discharge

Our Ningbo WOFE plant invested in new equipment to improve wastewater treatment. The upgraded equipment allows rainwater to be safely discharged into the environment, while operational effluent is safely sent to a municipal sewage treatment facility.



## Zero Landfill project

Our Piracicaba facility was invited to present its Zero Landfill project at the Brazilian auto parts association Sindipeças Sustainability Forum. The facility achieved zero waste to landfill in 2020 through its recycling program, organic waste composting and waste-to-energy collaboration.



## Going green is clutch

Through creative innovation, BorgWarner friction clutch plants were able to reduce more than 16 metric tons of waste going to landfill in 2020. This reduction was accomplished by utilizing more efficient production methods and collaborative global thinking across our clutch manufacturing locations by eliminating waste throughout the entire process.



## Rooftop solar generation

Suzhou, China

## Seven LEED-certified facilities

BorgWarner is committed to designing and building efficient facilities. We have seven Leadership in Energy and Environmental Design (LEED)-certified facilities.

# Social Responsibility:

## Live the BorgWarner Beliefs

Our Beliefs support our vision for a clean, energy-efficient world. They shape our culture. They shape who we are, both as a company and as groups of individuals working together.

We refreshed our Beliefs in 2020 to help ensure everyone at our organization understands what drives us. We introduced our updated BorgWarner Beliefs across the company to help ensure awareness of our corporate culture and company values.

In 2020, these Beliefs proved to be our directional beacon light of motivation, determination and hope, as we worked through the COVID-19 pandemic, prepared for the acquisition of Delphi Technologies and managed unexpected natural disasters, such as the tornado that hit our Seneca plant.

**We are guided by our Beliefs as individuals, both 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*

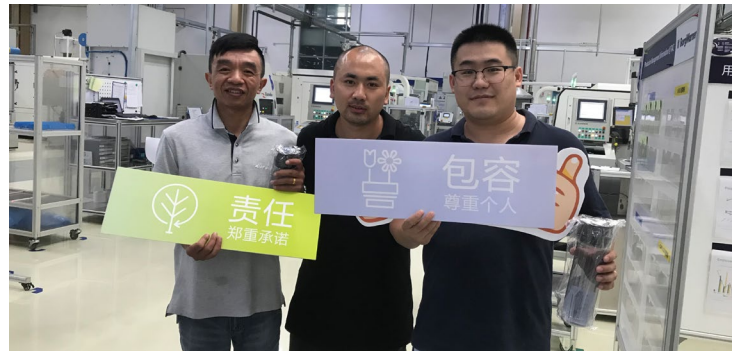
- We believe teamwork drives high performance.
- We work together without boundaries.
- We are one BorgWarner.



# Embracing Diversity, Equity & Inclusion

## Refreshed BorgWarner Beliefs

To help introduce our updated BorgWarner Beliefs, we held a number of employee-focused events to create engagement across the company.







## Inclusion

Here at BorgWarner, we strive to foster an inclusive environment. To be inclusive, we must first accept and embrace diversity. Accepting and embracing diversity means respecting and honoring differences – in perspective, appearance, experience, culture – the list is unlimited.

To attract and retain the highest caliber of talent, we understand the importance of providing our employees with a workplace experience focused on physical and psychological safety, where there is a strong spirit of inclusion and a deep sense of belonging as a result of living our Beliefs. We aim to cultivate a culture where employees are treated with dignity and their differences are celebrated, supporting employees to feel comfortable bringing their authentic selves to work. This is fostered in an environment that is collaborative and focused on continuous learning, where every employee feels unleashed to thrive.

## Create a sense of belonging

Our Chief Human Resources Officer, a member of our Strategy Board, has executive responsibility for the success of our extensive employee engagement, development and diversity

## CEO **ACT!ON** FOR DIVERSITY & INCLUSION

policies and programs. Ultimate responsibility for diversity at BorgWarner lies with our CEO, and the Board monitors our initiatives and performance.

During 2020, we maintained our focus on three key pillars of Diversity, Equity and Inclusion:

### ■ Embracing Diversity, Equity and Inclusion

We are working to ensure that team members understand and act in ways that are aligned with our Beliefs. We continued to expand our Unconscious Bias Awareness training across the leaders in our workforce in 2020, and plan an additional rollout to all employees in 2021.

### ■ Ensuring employee diversity

We focus on attracting, developing and retaining talented employees from diverse backgrounds and experiences. We provide them with experiences that harness the best of their talents and skills by placing them in roles where they can learn and create business value.

### ■ Promoting an inclusive work environment

We promote Employee Belonging Groups focused on inclusion and which foster belonging in our company. We are developing our multiyear plan to support the launch of additional Employee Belonging Groups by 2025.

# Integrating Delphi Technologies employees into BorgWarner

On October 1, 2020, we acquired Delphi Technologies, which was the most expansive acquisition in the Company's history. With the onboarding of our new colleagues, our workforce increased from approximately 29,000 to approximately 50,000 employees. We learned from past acquisitions that an essential key to success is providing immediate integration opportunities and training so that new colleagues can better understand our culture and quickly feel like a part of the combined company team. To help merge our operations and cultures, we implemented various employee-focused initiatives, both on Welcome Day and throughout the year.

## Integration Ambassadors

Designated employees from both companies were chosen as ambassadors to champion and encourage colleagues to share information and work together.

## Operating Model Champions

Key BorgWarner employees assisted former Delphi Technologies employees in learning and applying BorgWarner's business operations model.

## Pulse Surveys

Employee surveys were conducted to assess the success of our integration efforts: 73% of employees stated they had positive experiences.

## Code of Ethics

The Welcome Day onboarding process included a presentation of the BorgWarner code of ethical conduct, which contains contact information for questions or reporting concerns.

## BorgWarner Beliefs

Through internal and external communication initiatives, we presented our Beliefs to help enhance a shared culture that guides us as a company.

## Welcome Day Events

A unique approach was used to welcome new employees to the company in a virtual environment.

# Promoting an inclusive work environment – Employee Belonging Groups

Our Employee Belonging Groups celebrate diversity and promote inclusion through encouraging networking, professional development and cultural awareness.

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## SPECTRUM

is BorgWarner's LGBTQ+ Group that celebrates diversity with people who identify as LGBTQ+ or are allies of the community. BorgWarner provides a safe place and supports all identities. SPECTRUM will continue event engagement by participating in global Pride Month activities, supporting Motor City Pride and other LGBTQ+-related events.

## Great Place to Work

fosters and promotes a positive sense of community in the workplace. Many BorgWarner locations have committees of volunteers that support a host of activities related to community, wellness and recognition events.

## Women in Leadership Program (WIL)

focuses on supporting women to build and develop their BorgWarner careers. Women have the opportunity to come together collectively to share and learn from one another. The goal for WIL is to continue to grow women's networks, both within the company and externally.

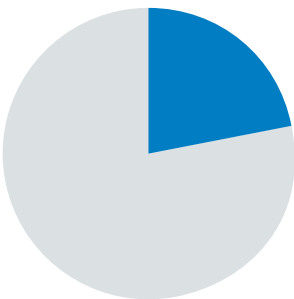
## Women in Science and Engineering (WISE)

supports the personal and professional growth of women employees in the science, technology, engineering and mathematics (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 Society of Women Engineers chapter of colleges and universities. WISE also attends events and conducts sessions that focus on STEM, for both high school and elementary school students.

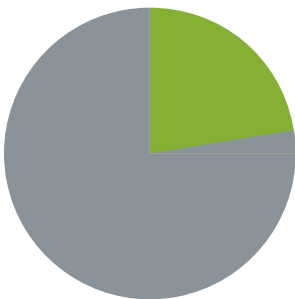
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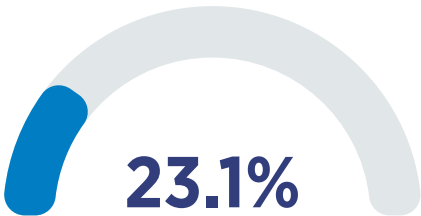
# Leadership Diversity



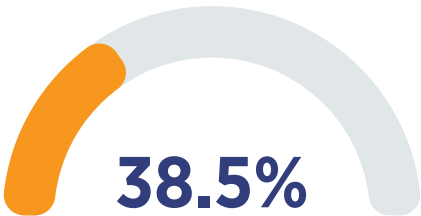
**22.2%**  
of Board members  
are minorities.



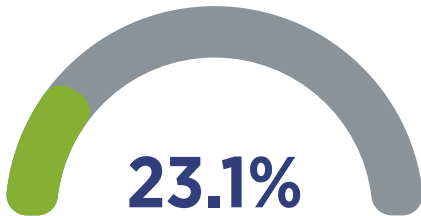
**22.2%**  
of Board members  
are women.



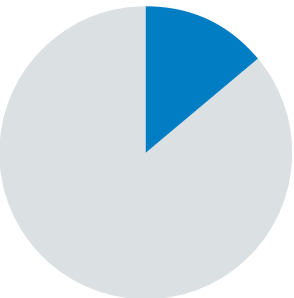
**23.1%**  
of Strategy Board  
members are  
minorities.



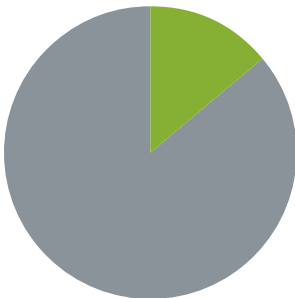
**38.5%**  
of Strategy Board  
members have international  
backgrounds.



**23.1%**  
of Strategy Board  
members are  
women.



**13.9%**  
of U.S. leaders  
are minorities.



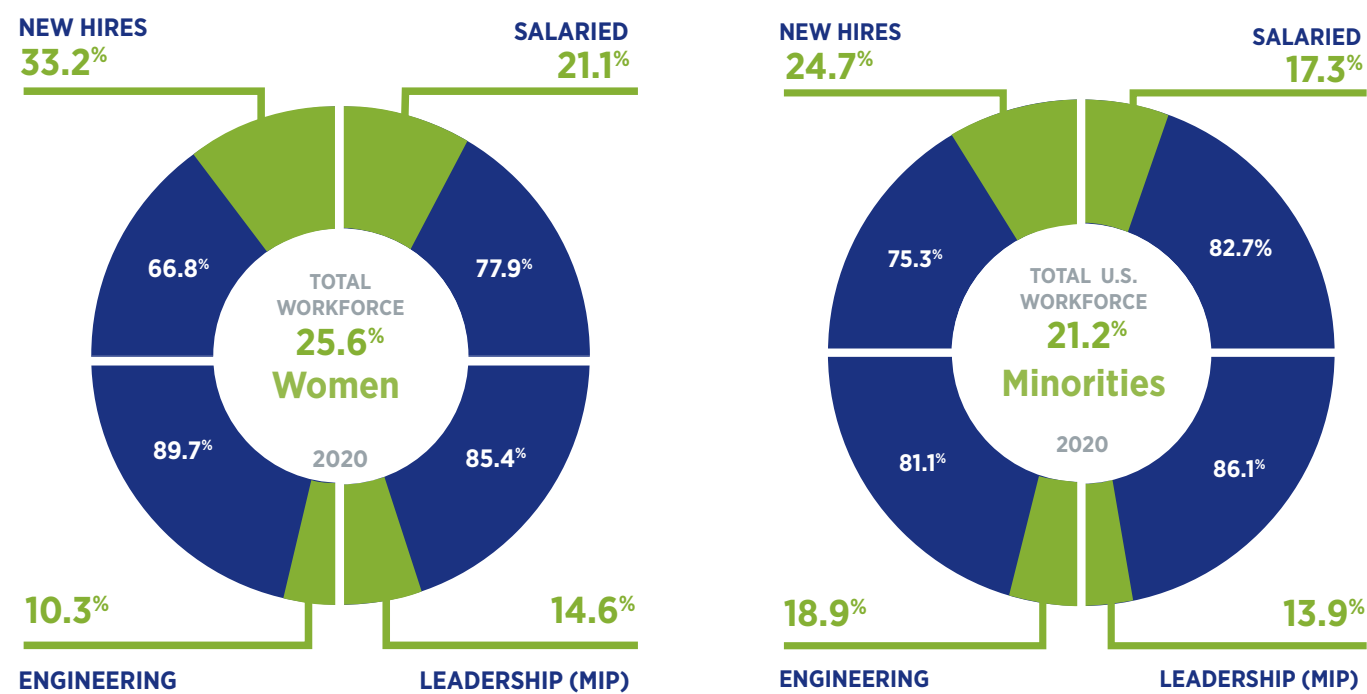
**14.6%**  
of leaders are  
women.

Based on our pay equity survey, women earned compensation **98.7%** of that received by men. An annual salary review process is in place to evaluate and address discrepancies in pay, if identified.

Diversity data shown is as of December 31, 2020; Board of Directors and Strategy Board demographics reflect current members, as of June 2021.



# Employee Diversity



See the appendix for our full U.S. EEO-1 diversity data

# Employee Annual Turnover



## Pay equity

BorgWarner is committed to the principle of equal pay for equal work and seeks to ensure employees are paid equitably for substantially similar work. As part of this commitment, we worked with a third-party consultant to conduct an independent pay equity analysis in 2020 of our legacy BorgWarner workforce. Our global gender pay equity analysis identified that, on average, women received compensation 98.7% of that received by men. In the U.S., minorities received compensation 99.8%+ of that received by non-minorities. An annual salary review process is in place to evaluate and address discrepancies in pay, if identified.

## Employee engagement and retention

We strive to make the employee experience a priority every day. Our employees have reported positive experiences with their coworkers, leaders and their jobs. These results are important to us, because we know that when our employees have a high-trust experience every day, they are more productive, drive better business results and make a difference to our customers.

To foster employee development and retention, employees work with their managers to create annual business and professional development goals. These goals are crafted to help employees 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.

### Results of our pay equity analysis

	Pay Equity Result
Women's pay relative to men's pay	98.7%
Black pay relative to White pay (U.S. only)	99.9%
Hispanic pay relative to White pay (U.S. only)	99.8%
Asian pay relative to White pay (U.S. only)	101.8%

The pay equity study was conducted in 2020 on compensation as of 12/31/2019. The analysis included employees from salaried early-in-career through Vice President roles.

All salaried employees and team leader hourly employees participate in a formal, annual review process, in accordance with collective bargaining agreements, where applicable. In 2020, we launched Giving and Receiving Feedback training, as well as a 360-degree feedback program, where employees can request feedback from their managers, peers and work partners.

In 2021, we will launch our new Employee Engagement and Sentiment strategy. This will broaden our employee feedback processes to more holistically include moments that matter across the employee life cycle, with short pulse surveys throughout the year that will supplement our biennial in-depth employee engagement surveys.



## Training and development

Our Global Talent Development Process is a strategic, long-term approach to ensure our employees have the skills to succeed. This integrated process of understanding the organization's short- and long-term talent needs is designed to align with our company strategy and BorgWarner Beliefs.

Typically, we offer training programs ranging from in-person workshops to one-on-one coaching to self-paced online learning. With the impact of COVID-19, we transitioned to virtual learning. We also introduced numerous new e-learning programs, focusing on topics such as self-care and leading remotely.

## Developing our future leaders

We identified competencies for managing the development and movement of people to build a strong leadership pipeline and to foster the growth of our technical talent. For each of these leadership competencies, we developed a range of training programs and approaches, both independently and in partnership with learning institutions, to help our employees develop the skills needed to succeed. Examples of our leadership training programs include LevelUP, a blended leadership program for those in their early-to-mid career, Boost Your Growth, a two-year course to help build our pipeline of senior leaders and Leadership Forward, our executive development program aimed at the top 200 leaders in our organization.

### Women Rising

Our Women Rising program focuses on building a foundation for ongoing professional growth and development for women earlier in their career. With a combination of workshops and virtual coaching, this four-month program helps participants explore the differences in how men and women lead. Each woman develops a deeper understanding of her personal style, how to leverage strengths and incorporate habits that support career success.

### Women in Leadership Mentoring

Women in Leadership Mentoring is a one-year program for early-in-career, high-potential women. Mentees partner with highly regarded male and female mentors inside our organization to network, build relationships and explore career growth.

### Women's Executive Forum

At the senior management level, candidates are invited to the Forum where high-profile women across industries share experiences of leadership success and failure.





## 2020 Talent Development Highlights

**56,700**

**HOURS OF TRAINING**

provided to salaried employees in 2020

**29%**

**INCREASE**

in employees that received training

**709**

**CURRENT OR FUTURE**

leaders impacted by training investment

Average of  
**70%**

**OF LEADERSHIP ROLES**

filled via internal promotions over the past five years

## Compensation, Benefits and Well-being

Our compensation and benefits plans are created to attract, motivate, reward and retain 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.

To attract and retain the best talent, we reward employees based on their contributions and our company's overall success. Virtually all legacy BorgWarner employees (90.9% of our global workforce) receive variable, performance-based pay linked to achieving corporate goals. As of the end of 2020, inclusive of our new employees who joined from Delphi Technologies, 63.1% of our global workforce receives variable, performance-based pay. Over the course of 2021, we will be looking at the harmonization of our incentive plans.

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 refers to the progress made toward achieving business goals, aligned to higher level organizational strategies. In 2020, the how was related to six core competencies. These competencies were selected

by BorgWarner leaders and validated by external experts as aligned to high-performing organizations. In 2021, these six core competencies will be replaced and directly aligned to our Beliefs of inclusion, integrity, excellence, responsibility and collaboration. This change will help us to further communicate the importance of demonstrating the BorgWarner Beliefs every day, in every interaction, and will be part of the year-end performance review process.

## Benefits available to all employees

We believe that healthy employees are happier and more satisfied employees – therefore, a healthy workforce is a more productive workforce. We are committed to providing our team with quality and competitive benefit programs, health and wellness resources, decision-support tools, family-centric policies and an agile workplace program. All full- 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. Plans are benchmarked annually for competitiveness and value. Locations also provide a variety of well-being programs, including fitness opportunities, medical checkups, parental leave and volunteering options.





# Labor policies

Labor unions are an integral part of our workforce. Approximately 17% of our global workforce is 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 and respect and creating an inclusive environment where employees can share their ideas, concerns and suggestions.

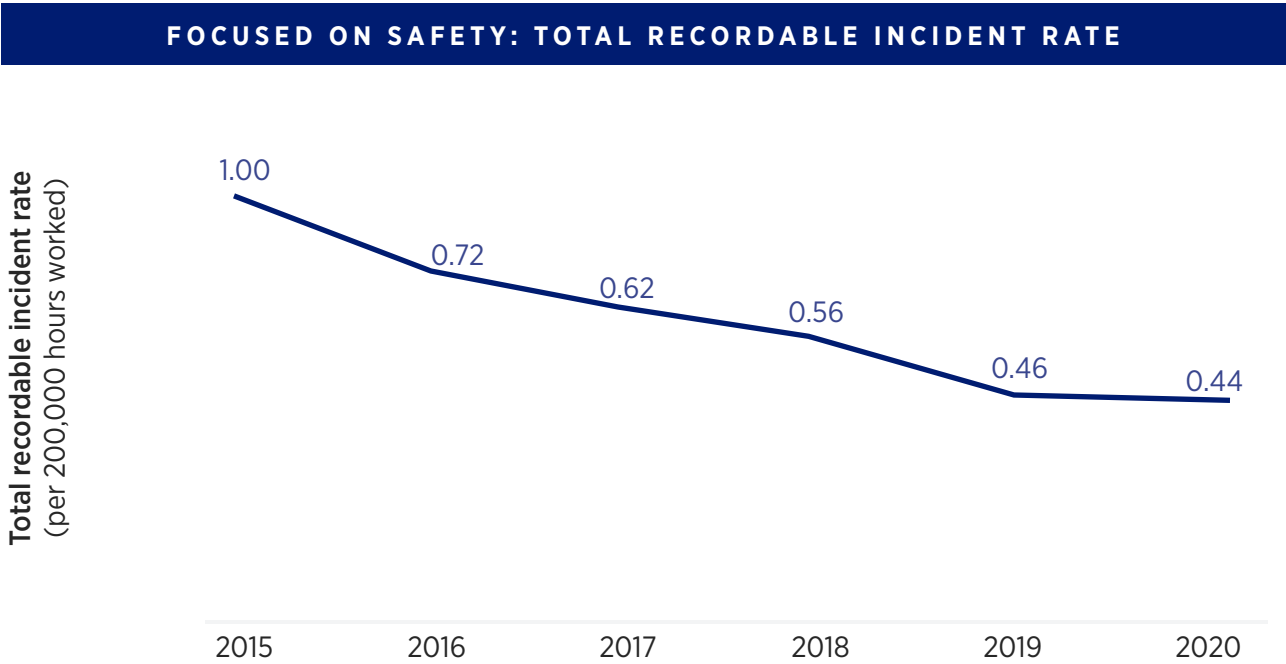
# Safety

We believe safety is a top priority. We are committed to maintaining and continuously improving our strong safety performance. Proof of our dedication is in our results: our global workforce Total Recordable Incident Rate (TRIR) has improved 56% since 2015 to a level in the top quartile of the U.S. Bureau of Labor Statistics industry average. In 2020, our global workforce TRIR was 0.44 (excluding locations acquired from Delphi Technologies), while in comparison, the top quartile for motor vehicle parts manufacturing was lower than or equal to 1.1 and the mean was 2.4, according to the U.S. Bureau of Labor Statistics (the “BLS”).

The Company’s global workforce lost time incident rate was 0.28, while in comparison, the top quartile for motor vehicle parts manufacturing was lower than or equal to 0.1 and the mean was 0.6, according to the BLS.

BorgWarner’s 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. Our GSSF is harmonized to the ISO 45001 Health and Safety Management System standard. Forty-five of our manufacturing facilities have also received ISO 45001 certifications.

The GSSF framework has 20 elements and more than 475 sub-elements aimed at total safety at work. The process 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 regulatory occupational health and safety standards, in addition to other reporting requirements in their local jurisdictions.





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## 2020 CEO SAFETY EXCELLENCE AWARD

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Nine manufacturing facilities achieved the CEO Safety Excellence Award in 2020 for working one million hours and a minimum of 12 consecutive months without a recordable incident, along with other safety performance requirements.

**Landskrona, Sweden**

**Dixon, U.S.**

**Ramos, Mexico (two awards)**

**Rzeszow, Poland**

**Ningbo, China**

**Bradford, U.K.**

**Taichang, China**

**Water Valley, U.S.**

**Eumsung, South Korea**

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## 2020 SAFETY STAR AWARD

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Two manufacturing facilities achieved the Safety Star Award in 2020 for maintaining a total recordable incident rate of less than or equal to 1.0 for a minimum of 24 consecutive months, along with other safety performance requirements.

**Changnyeong, South Korea**

**Seneca, U.S.**



# Global Safety Day

On October 23, 2020, every one of our locations took part in our second annual Global Safety Day. Our workers, their families and our communities participated in events, highlighting the importance of safety and what everyone can do to reduce and prevent the risk of accidents.



Chungju, celebrating Global Safety Day.



Rayong celebrates a third year in a row with zero accidents.



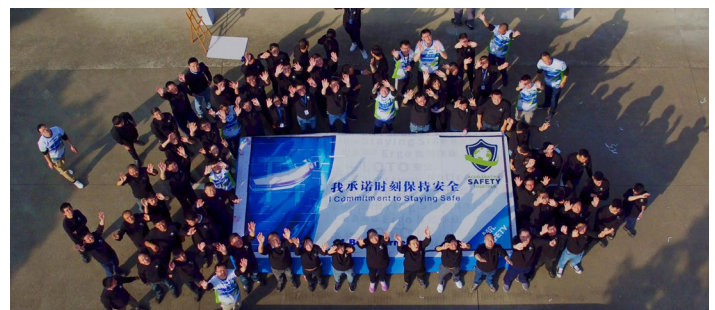
Fire drill practice at Pyongtaek.



Second annual Global Safety Day at Water Valley.



Second annual Global Safety Day at Ramos Arizpe.



Second annual Global Safety Day at Ningbo.



# Giving Back to Our Communities

We believe in supporting the communities where we live and work. Our corporate philanthropy program's strategy is based on the issues most important to our employees: education, economics, environment and equity.



**Education**



**Economics**



**Environment**



**Equity**

In 2020, in response to COVID-19, we redirected a large portion of our giving to pandemic relief and donating PPE. We also supported many other causes, including diversity, equity and inclusion causes, such as Legal Momentum, the nation's first and oldest legal defense and education fund for women, and the Innocence Project initiative, which works to exonerate the wrongly convicted through DNA testing and reforms the criminal justice system to prevent future injustices.

We are proud that in 2020, even with the challenges of the pandemic and changes in the work environment for many of our employees, we participated in over 444 charitable activities. BorgWarner and its employees donated \$2.8 million and more than 18,793 hours of their time.

For 2021, we doubled our company employee donation match program maximum to \$10,000 per employee per year to eligible nonprofit organizations. Our ambitious goals for 2021 include increasing our giving to a total of \$3.5 million and assisting our employees in reaching 40,000 volunteer hours.

## In 2020:

**444+**  
**CHARITABLE**  
**ACTIVITIES**



**\$2.8M**  
**DONATED**



**18,793**  
**HOURS**  
**VOLUNTEERED**





### Seneca tornado relief fund

In the early morning hours of April 13, 2020, a tornado struck our plant in Seneca, South Carolina. Sadly, a contract security guard at our facility was killed and the plant was severely damaged. Furthermore, over 1,000 people in the local community were displaced when their homes were destroyed. We donated \$34,000 to the City of Seneca and the community through the Tornado Relief Fund. These donations were used to restore power to the homes of elderly citizens, as financial support for the family of the security guard who lost his life and for assistance to others impacted in the community. We also printed and sold T-shirts as a way to raise funds.



### Supporting education for women

Legal Momentum's Aiming High Awards celebrate the power and accomplishments of extraordinary women who have achieved great heights in their professions. BorgWarner was a Grand Underwriter sponsor of the virtual awards event, donating \$50,000 to the nation's first and oldest legal defense and education fund for women. Tonit Calaway, our Chief Administrative Officer, General Counsel and Secretary, was an honoree at the event.



### APA Helen Keller Association

Employees at the BorgWarner Campus in Ramos Arizpe donated money to the APA Helen Keller Association to support its work creating employment opportunities for people with disabilities.



### Nanchang SOS Village

We donated gas stoves, air conditioners, books, clothes and other necessities to support Nanchang SOS Village.



### Honoring one million incident-free hours at our Eumsung plant

To share the achievement of one million hours of work without an accident at our Eumsung plant, we donated money to local organizations and community members suffering financial hardship.



# Governance: Partner with and Report to Stakeholders

Our Board and Strategy Board are committed to rigorous oversight and practices to effectively lead our company for our stockholders and all our stakeholders. At BorgWarner, ultimate oversight for sustainability lies with the Board. The BorgWarner Corporate Governance Committee (Committee) charter states that the 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.

## Board oversight of ESG

Our company strategy is underpinned by our sustainability framework. Accordingly, our Board's oversight responsibilities require ongoing, in-depth consideration of economic, social, and environmental risks and opportunities.

While our full Board oversees and guides our strategic direction, primary board level oversight for certain specific ESG activities has been delegated to the Corporate Governance Committee.

- **The Corporate Governance Committee** reviews sustainability strategy, policies and procedures, including corporate responsibility matters, and receives, reviews and considers stakeholder feedback on ESG topics. The Committee ensures that there is ESG expertise on the Board and awareness of ESG risks and opportunities.
- **The Compensation Committee** oversees human capital management, including diversity, equity and inclusion, and assesses whether ESG goals and milestones, if appropriate, are effectively reflected in executive compensation.
- **The Audit Committee** provides oversight of the quality and integrity of the accounting, auditing, financial reporting and risk management practices of the Company, including assessing the Company's compliance with ESG-related disclosure requirements.

## Our Board of Directors



Frédéric B. Lissalde



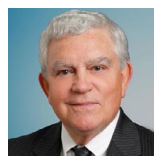
Alexis P. Michas



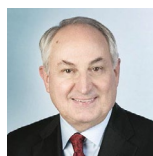
Nelda J. Connors



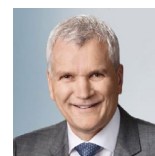
Dennis C. Cuneo



David S. Haffner



Michael S. Hanley



Paul A. Mascarenas



Dr. Shaun E. McAlmont



Deborah D. McWhinney

## Our Strategy Board



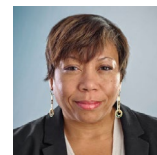
Frédéric B. Lissalde



Kevin Nowlan



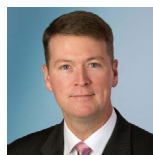
Alex Ashmore



Tonit M. Calaway



Stefan Demmerle



Brady D. Ericson



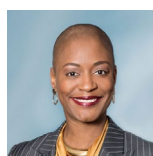
Joseph (Joe) F. Fadool



Paul Farrell



Davide Girelli



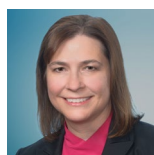
Felecia Pryor



Tom Tan



Volker Weng



Tania Wingfield



# Ethics and Integrity

Our reputation depends on each employee making ethical choices and upholding our high standards of integrity. Our [Code of Ethical Conduct](#) (Code), available in all local languages where we operate, 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, she, or they joins BorgWarner and is reinforced through periodic interactive training. Training includes topics such as definitions of bribery and facilitation payments, guidelines of what is considered acceptable behavior, data privacy, diversity, equity and inclusion, procedures on travel and entertainment, prevention of workplace violence and social media policies. The Board is also subject to and receives training on the Code.

In 2020, we started refreshing our ethics and compliance training to account for both the larger scale of our company

following the acquisition of Delphi Technologies and to provide more interactive training (including virtual training due to the pandemic). We are also ensuring that our refreshed ethics training reflects our updated BorgWarner Beliefs.

- Historically, employees receive ethics and compliance training approximately every two years. We are assessing this cadence as part of the training updates.
- An annual compliance questionnaire is sent to all executives, senior level and operational level managers, as well as certain key functional staff members to monitor compliance enterprise-wide.

We regularly monitor our ethical standards against available benchmarking to ensure we are addressing current and emerging issues around data privacy and the protection of personal and proprietary information. We also keep track of the latest U.S. Department of Justice and other regulatory guidance and developments, participate in compliance webinars and seminars, and hold benchmarking exercises and discussions with our peers.



## Whistleblower programs

Anyone who suspects unethical or inappropriate behavior is encouraged to use either 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, consistent with applicable law, directly to our Compliance Office or, consistent with applicable law, through our anonymous, third-party operated [reporting service](#). Both are available 24 hours a day, seven days a week, 365 days a year and in local languages. Employees, contractors, suppliers and community members can either 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 and the Strategy Board and interim reports during the year to the Audit Committee and Corporate Governance Committee.

**The Compliance Office received 126 reports via various avenues in 2020 – all of the reports received by the Compliance Office in 2020 are reviewed, assigned for handling, and followed to resolution.**

## 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 the Code.







## Data Privacy and Cybersecurity

We recognize the importance of cybersecurity and data governance to our employees, customers and our business. We have established a robust information security program aligned to the NIST, which is known as the Framework for Improving Critical Infrastructure Cybersecurity (NIST CSF). Our cybersecurity and data protection strategies are informed by regulatory and business requirements, and continually adjusted based on issues identified by our risk management programs.

Our cybersecurity team is responsible for cybersecurity operations and policies, and coordinates with various information technology (IT) and business groups to ensure they are following best practices in projects and ongoing operations. Our Chief Ethics, Compliance and Privacy Officer oversees our data security and privacy programs and policies. The cybersecurity team and Chief Privacy Officer reports to the Board on at least an annual basis. The Board regularly and continually receives information intended to apprise it of the strategic, operational, commercial, financial, legal, health and safety, and compliance risks, including those related to privacy and data security.

To attempt to ensure system and data security, we have various tools and programs to monitor and address potential threats. This includes:

- Managed security service that monitors security logs for indicators of compromise
- Monthly external vulnerability assessments
- Annual penetration testing
- Data security training available to all employees

The protection of personal data, and in particular personal data belonging to employees, customers and suppliers, is of particular importance to BorgWarner. We are committed to implementing robust data privacy standards that protect individuals and their personal data. Furthermore, we are committed to obtaining user data through lawful and transparent means, with explicit consent where required, and to collecting and processing data limited to the stated purpose. Personal information can be changed in some IT systems by the individual subject and, for other systems, subjects can request personal information to be erased, rectified, completed or amended, as required by law. Third-party contractors that we share personal data with must adhere to and comply with all relevant data protection and security laws, respective regulation, and our data privacy, retention and protection policies.



# Product Quality

Quality is at the heart of our product leadership culture. We are committed to quality management and oversight and 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.

Our Global Quality Board, expanded in 2020 to include team members from Delphi Technologies, focuses on further improving quality, launch and warranty performance for our strategic customers. We also expanded our cross-business

customer quality teams, who work to ensure customer satisfaction at an enterprise level.

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 that includes details on regular employee training on product safety, monitoring of product reliability and performance, quality testing and incident investigation and corrective actions.

## BorgWarner's key quality principles: customer satisfaction, quality products and continuous improvement

### Our key quality principles are:

- A 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 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.





## Product safety and testing

As part of our manufacturing quality programs, we focus on testing for and identifying potential product safety issues. We work in partnership with our customers and, independently, test for emerging product safety risk. One of the important issues we have recognized is the identification of safety-critical items on design records. This identification allows for appropriate design and process controls and gives us traceability to pinpoint exact parts impacted by a potential quality or safety issue. Further, this process ensures impacted parts can be identified in case of a recall, thus keeping risk exposure low. We keep detailed records of the products we produce and inputs from our suppliers, so we can quickly and effectively address an issue, should one arise.

## Winners of our new Quality Award

In 2020, we launched the BorgWarner Quality Award for our manufacturing sites. This award is based on the measurement of three key performance indicators: production quality, launch quality and warranty, and is modeled on the success of our Safety Award. The goal is to further instill a quality culture and recognize excellence by creating a healthy competition around quality performance among our plants.

The overall winner of the 2020 Quality Award was our plant in Changnyeong, South Korea. Additional recognition was given to our plants in Tianjin, China, Ramos Arizpe, Mexico and Ithaca, New York, U.S., all of which displayed outstanding performance across production quality, launch quality and warranty.







# Supply Chain Management

## Supply chain sustainability oversight

As part of our focus on sustainability, we want to promote sustainable business practices in our suppliers' own operations. We had set a goal in 2020 for at least 80% of our high-risk and high-impact suppliers to complete a survey on their sustainability practices. Due to the operational impacts of COVID-19 and addressing data privacy requirements of a third-party administering the survey, we launched the survey in Q1 of 2021.

We invited our top direct material suppliers, top indirect material suppliers and suppliers in high-risk countries (as identified using the World Bank Worldwide Governance Indicators) to complete the Self-Assessment Questionnaire (SAQ). This questionnaire was developed by and for the automotive sector to assess the sustainability of suppliers. Once a questionnaire is submitted by a supplier, a third party reviews and confirms the supplier has submitted adequate evidence to support its responses.

We did not meet our goal of 80% survey completion due to delays with COVID-19 and managing privacy regulation compliance. As a result of this, and a greater focus on advancing our sustainability impact, we are working in 2021 to put together a holistic strategy. We want the survey to have greater prominence externally with suppliers and internally with our supply chain team. While we are currently developing that strategy, we are planning the following actions:

- Identify and develop sustainability-related metrics and add them to our supplier evaluation scorecard
- Communicate our expectations this year to suppliers, including the promotion of the SAQ survey
- Update our supplier manual and terms and conditions to reflect our updated requirements
- Educate our supply chain teams on the requirements, so they can discuss our commitment to sustainability and expectations with suppliers
- Nominate an executive to champion the program with our Supply Chain Board

## 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. Our Director of Enterprise Supply Chain has managerial responsibility for all aspects of supply chain sustainability policies, practices, oversight, audit and compliance. Based on customer requests, industry group participation and other stakeholder dialogue, we are continually making updates to our Supplier Code of Conduct and our standard Purchase Order Terms and Conditions, to strengthen and make explicit our sustainability standards and requirements for compliance.



## 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 quality and we conduct regular supply chain audits. We require all our Tier One suppliers to source 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 this (generally, every one to two years) suppliers must recertify compliance.

## 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 – either in our operations or 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 AIAG conflict mineral working groups and events.



# Appendix: Task Force on Climate-related Financial Disclosures Index

We are committed to providing transparency on our climate change risk management, governance and performance. The 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, either in this report or in our response to the CDP annual climate change survey.

GOVERNANCE	SOURCE
<b>a) Board oversight</b>	
<p>Ultimate oversight for sustainability and climate-related topics lies with our 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."</p> <p>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.</p>	See CDP 2020 Response
<b>b) Management role</b>	
<p>The executive management team (the Strategy Board) sets sustainability strategies, approves goals and provides resources to meet performance targets. In 2020, 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 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.</p>	See CDP 2020 Response
STRATEGY	
<b>a) Climate-related risks and opportunities</b>	
<p>Our Strategy Board has identified climate-related risks that may affect us over the short-, medium- and longer-term. The key risks include:</p> <ul style="list-style-type: none"> <li>• <b>Demand risks.</b> Our business is impacted by the degree and speed at which end consumers adopt different types of vehicle technologies. We are accelerating our shift to electrification to meet the expected demand for clean mobility solutions.</li> <li>• <b>Regulatory risks.</b> Our Original Equipment Manufacturer (OEM) customers are subject to rules and regulations around their fleet.</li> <li>• <b>Physical risks.</b> 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.</li> <li>• <b>Clean mobility opportunity.</b> 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.</li> </ul>	See CDP 2020 Response

<b>b) Impact on strategy</b>	
<p><b>Our products.</b> 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.</p> <p><b>Efficient operations.</b> 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 mobility 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 is also good for business. It is a natural part of what we do.</p>	<p>See CDP 2020 Response</p>
<b>c) Climate resilience</b>	
<p>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 also investing prudently, as the speed of adoption may be faster or slower than the market anticipates. A faster adoption may require greater R&amp;D spend. The transition to electrified mobility is something our Strategy Board and Board of Directors monitor closely and discusses regularly.</p>	<p>See p. 6, 14 - 15</p>
<b>RISK MANAGEMENT</b>	
<b>a) Process to identify climate risk</b>	
<p>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.</p> <p>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.</p> <p>Substantive operational risks are those with the potential to impede the Company from manufacturing or distributing product, and are considered either 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.</p> <p>We recognize the potential for additional carbon regulations under a “2-degree” scenario. To address that scenario, we have adopted targets directed to emission intensity and to achieve carbon neutrality by 2035. We continue to evaluate the potential regulations required for a 2-degree scenario and will supplement these in future reports.</p>	<p>See CDP 2020 Response</p>



<b>b) Process for managing climate risks</b>	
<p>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.</p> <p>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.</p>	<p>See CDP 2020 Response</p>
<b>c) Climate risk integration</b>	
<p>Climate-related risk identification is integrated into a multidisciplinary, company-wide risk identification, assessment and management processes.</p> <p>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.</p> <p>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.</p> <p>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 cybersecurity 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, Director 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.</p>	<p>See CDP 2020 Response</p>
<b>M E T R I C S</b>	
<b>Metrics</b>	
<p><b>a) Our products:</b> we closely monitor our current and projected combustion, hybrid and electric product revenue and R&amp;D spend.</p> <p><b>Our efficiency:</b> we monitor absolute energy use and Scope 1 + Scope 2 emissions, and intensity relative to sales.</p>	<p>See p. 6, 10, 14 – 21</p>
<b>b) Scope 1 and Scope 2 GHG emissions</b>	
<p>Scope 1 emissions (2020): 57,596 metric tons of CO<sub>2</sub>e</p> <p>Scope 2 emissions (2020): 284,924 metric tons of CO<sub>2</sub>e</p>	<p>See p. 21, 49</p>
<b>c) Targets</b>	
<p>We have set robust targets for our products and operational efficiency:</p> <ul style="list-style-type: none"> <li>• Carbon neutral in scope 1 and scope 2 emissions by 2035</li> <li>• 50% greenhouse gas intensity reduction by 2030 from 2015 baseline</li> <li>• 37% energy intensity reduction by 2030 from 2015 baseline</li> </ul>	<p>See p. 10, 19 – 21</p>

## APPENDIX: PERFORMANCE DATA AND SASB INDEX

Metric	SASB Code	2016	2017	2018	2019	2020
<b>CREATE A CLEANER, MORE ENERGY-EFFICIENT WORLD</b>						
Revenue from fuel-efficient and lower-emission products (%)	TR-AP-410a.1	—	—	84%	83%	85%
Products sold that are recyclable (%) <sup>1</sup>	TR-AP-440b.1	—	—	—	—	94%
Greenhouse gas emissions (metric tons CO <sub>2</sub> e) <sup>2</sup>	—	336,623	348,266	350,021	324,903	342,520
GHG Scope 1 emissions (metric tons CO <sub>2</sub> e) <sup>2</sup>	—	58,419	58,928	65,767	58,862	57,596
GHG Scope 2 emissions, market-based (metric tons CO <sub>2</sub> e) <sup>2</sup>	—	278,204	289,338	284,254	266,042	284,924
GHG intensity (metric tons CO <sub>2</sub> e/\$mn sales) <sup>2</sup>	—	37.11	35.54	33.24	31.95	30.4
Total energy consumption (MWh) <sup>2</sup>	TR-AP-130a.1	898,594	923,416	964,281	910,532	968,891
of which, grid electricity (MWh) <sup>2</sup>	TR-AP-130a.1	—	—	607,834	589,271	644,423
of which, renewable energy (MWh)	TR-AP-130a.1	—	—	—	—	13,680
Energy intensity (MWh/\$mn sales) <sup>2</sup>	—	99.06	94.23	91.58	89.55	85.86
Water use (kgal) <sup>2</sup>	—	307,466	311,165	321,238	302,071	294,451
Water intensity (kgal/\$mn sales) <sup>2</sup>	—	33.90	31.75	30.51	29.71	26.09
ISO 14001 environmental management-certified facilities (%) <sup>3</sup>	—	—	—	100%	100%	100%
<b>LIVE THE BORGWARNER BELIEFS</b>						
Total recordable Incident Rate (per 200,000 hours worked)	—	0.72	0.62	0.57	0.46	0.44
Lost Time Incident Rate (per 200,000 hours worked)	—	0.50	0.42	0.37	0.29	0.28
Fatalities (#)	—	0	0	0	0	0 <sup>4</sup>
GSSF / ISO 45001 health & safety mgmt-certified manufacturing and tech centers (%)	—	100%	100%	100%	100%	100%
Women in workforce (%)	—	—	25.9%	26.5%	26.5%	25.6%
Women in salaried workforce (%)	—	—	21.7%	22.0%	22.4%	22.1%
Women in leadership (%)	—	—	12.7%	13.9%	14.1%	14.6%
Employee turnover rate (%)	—	—	14.5%	17.6%	18.5%	14.8%
Employee volunteer hours	—	—	28,538	54,250	62,890	18,793
<b>PARTNER WITH AND REPORT TO STAKEHOLDERS</b>						
IATF 16949/ISO 9001 quality management-certified facilities (%) <sup>3</sup>	—	—	—	100%	100%	100%

1) Based on SASB guidance, this metric was calculated as the revenue from products sold that are recyclable divided by the revenue from all products sold.

2) Data has been adjusted to reflect divestments, acquisitions and updates in reporting. Data reporting represents approximately 94% of our facilities by total square footage.

3) "Facilities" for these performance indicators is defined as manufacturing locations that supply directly to original equipment manufacturers.

4) Note that there was a fatality of a nonemployee security guard from the tornado that struck our Seneca, South Carolina, facility in 2020.

## APPENDIX: U.S. EEO-1 DATA

	01 Male (HISP/LA)	02 FEMALE (HISP/LAT)	03 MALE (NOT-HISP/LAT)						04 FEMALE (NOT-HISP/LAT)						
Job Categories	Hispanic or Latino	Hispanic or Latino	American Indian or Alaska Native	Asian	Black or African American	Native Hawaiian or other Pacific Islander	Two or more Races	White	American Indian or Alaska Native	Asian	Black or African American	Native Hawaiian or other Pacific Islander	Two or more Races	White	Count
<b>01 – Executive/ Senior-level Officials and Managers</b>	0	0	0	0	1	0	0	13	0	0	3	0	0	1	18
<b>02 – First/Mid-level Officials and Managers</b>	36	9	0	46	17	0	1	588	0	14	16	0	0	119	846
<b>03 – Professionals</b>	45	22	0	198	38	2	7	1,089	1	47	12	0	0	261	1,722
<b>04 – Technicians</b>	24	1	2	9	38	0	4	403	0	2	18	1	1	73	576
<b>05 – Sales Workers</b>	4	0	0	5	0	0	0	42	0	1	0	0	0	7	59
<b>06 – Administrative Support Workers</b>	0	6	0	0	2	0	1	30	0	2	3	0	0	71	115
<b>07 – Craft Workers</b>	9	2	1	8	27	0	2	431	0	0	4	0	0	48	532
<b>08 – Operatives</b>	93	47	4	24	295	1	16	998	3	9	269	1	7	426	2,193
<b>09 – Laborers and Helpers</b>	25	6	1	8	57	0	1	81	1	4	47	0	0	52	283
<b>Totals</b>	<b>236</b>	<b>93</b>	<b>8</b>	<b>298</b>	<b>475</b>	<b>3</b>	<b>32</b>	<b>3,675</b>	<b>5</b>	<b>79</b>	<b>372</b>	<b>2</b>	<b>8</b>	<b>1,058</b>	<b>6,344</b>

In line with EEO-1 reporting, data provided does not include temporary workers. The preceding data on p. 29 reflects our total workforce.



## APPENDIX: GRI INDEX

GRI Disclosure Number	Description	Section / Reference Page	Page	UN Global Compact Principle / SDG
<b>GENERAL DISCLOSURES — ORGANIZATIONAL PROFILE</b>				
102 – 1	Name of organization	Cover page	Cover page	n/a
102 – 2	Activities, brands, products and services	Leading today means looking ahead to tomorrow	5 – 7	n/a
102 – 3	Location of headquarters	Last page	Last page	n/a
102 – 4	Location of operations	<a href="https://www.borgwarner.com/company/locations">https://www.borgwarner.com/company/locations</a>	n/a	n/a
102 – 5	Ownership and legal form	Governance	38	n/a
102 – 6	Markets served	Overview	5	n/a
102 – 7	Scale of the organization	Overview	5	n/a
102 – 8	Information on employees and other workers	Beliefs, Working Conditions, Protecting, Survey, Safety, Development, Diversity	23 – 35	n/a
102 – 9	Supply chain	Global Suppliers, CEO on Safety	44 – 45	n/a
102 – 10	Significant changes to the organization and its supply chain	Global Suppliers	n/a	n/a
102 – 11	Precautionary UNGC Principle or approach	GRI Index	51 – 54	n/a
102 – 12	External initiatives	CDP	46 – 48	n/a
102 – 13	Membership of associations	Ethics and Integrity	39 – 40	SDG 17
<b>GENERAL DISCLOSURES — STRATEGY</b>				
102 – 14	Statement from senior decision maker	Letter from the CEO	4	n/a
102 – 15	Key impacts, risks and opportunities	Form 10-K (Risk Factors)	n/a	n/a
<b>GENERAL DISCLOSURES — ETHICS &amp; INTEGRITY</b>				
102 – 16	Values, UNGC Principles, standards and norms of behavior	Ethics	39 – 40	UNGC Principles 1 & 2, SDG 3
102 – 17	Mechanisms for advice and concerns about ethics	Ethics	39 – 40	SDG 16
<b>GENERAL DISCLOSURES — GOVERNANCE</b>				
102 – 18	Governance structure	Governance	38	n/a
102 – 19	Delegating authority	Governance	38	n/a
102 – 20	Executive-level responsibility for economic, environmental and social topics	Governance	38	n/a
102 – 22	Composition of the highest governance body and its committees	Governance	38	n/a
102 – 23	Chair of the highest governance body	Governance	38	n/a
<b>GENERAL DISCLOSURES — STAKEHOLDER ENGAGEMENT</b>				
102 – 40	List of stakeholder groups	Our approach to sustainability	8	n/a
102 – 42	Identifying and selecting stakeholders	Our approach to sustainability	8	n/a
102 – 43	Approach to stakeholder engagement	Our approach to sustainability	8	n/a
102 – 44	Key topics and concerns raised	Our approach to sustainability	8	n/a
<b>GENERAL DISCLOSURES — REPORTING PRACTICES</b>				
102 – 45	Entities included in the consolidated financial statements	See Form 10-K	n/a	n/a
102 – 46	Defining report content and topic boundaries	Our approach to sustainability	8	n/a
102 – 47	List of material topics	Our approach to sustainability	8	n/a
102 – 48	Restatements of information	Not Applicable	n/a	n/a

## APPENDIX: GRI INDEX

GRI Disclosure Number	Description	Section / Reference Page	Page	UN Global Compact Principle / SDG
102 – 49	Changes in reporting	Our approach to sustainability	n/a	n/a
102 – 50	Reporting period	Cover Page	Cover page	n/a
102 – 51	Date of most recent report	Back Page	Back page	n/a
102 – 52	Reporting cycle	Cover Page	Cover page	n/a
102 – 53	Contact point for questions regarding the report	Back Page	Back page	n/a
102 – 54	Claims of reporting in accordance with the GRI Standards	GRI	11, 51 – 54	n/a
102 – 55	GRI Content Index	Comparative (GRI) Index	51 – 54	n/a
102 – 56	External Assurance	CDP Verification	n/a	n/a
<b>ENVIRONMENTAL – ENERGY</b>				
103 – 1	Explanation of the material topic and its boundary	Our approach to sustainability	8	n/a
103 – 2	The management approach and its components	Environmental Stewardship – Operations	19 – 22	UNGC Principle 9 SDG 13, 12, 15
103 – 3	Evaluation of the management approach	Environmental Stewardship – Operations	19 – 22	UNGC Principle 9 SDG 13, 12, 15
302 – 1	Energy consumption within the organization	Environmental Stewardship – Operations	21	UNGC Principle 8 SDG 7, 12, 13
302 – 2	Energy consumption outside of the organization	Supply Chain Management	44 – 45	UNGC Principle 8 SDG 7, 12, 13
302 – 3	Energy intensity	Environmental Stewardship – Operations	21	UNGC Principle 8 SDG 7, 12, 13
302 – 4	Reduction of energy consumption	Environmental Stewardship – Operations	21	UNGC Principle 8 SDG 7, 12, 13
<b>ENVIRONMENTAL – WATER</b>				
103 – 1	Explanation of the material topic and its boundary	Our approach to sustainability	8	n/a
103 – 2	The management approach and its components	Environmental Stewardship – Operations	19 – 22	UNGC Principle 9 SDG 13, 12, 15
103 – 3	Evaluation of the management approach	Environmental Stewardship – Operations	19 – 22	UNGC Principle 9 SDG 13, 12, 15
303 – 1	Water withdrawal by source	See CDP Water	n/a	UNGC Principle 8 SDG 6, 14
<b>ENVIRONMENTAL – EMISSIONS</b>				
103 – 1	Explanation of the material topic and its boundary	Our approach to sustainability	8	UNGC Principle 8 SDG 7, 12, 13
103 – 2	The management approach and its components	Environmental Stewardship – Operations	19 – 22	UNGC Principle 8 SDG 7, 12, 13
103 – 3	Evaluation of the management approach	Environmental Stewardship – Operations	19 – 22	UNGC Principle 8 SDG 7, 12, 13
305 – 1	Direct (Scope 1) GHG emissions	Appendix: Performance Data and SASB Indexs	49	UNGC Principle 8 SDG 7, 12, 13
305 – 2	Energy indirect (Scope 2) GHG emissions	Appendix: Performance Data and SASB Indexs	49	UNGC Principle 8 SDG 7, 12, 13
305 – 3	GHG emissions intensity	Appendix: Performance Data and SASB Indexs	49	UNGC Principle 8 SDG 7, 12, 13
305 – 4	Reduction of GHG emissions	Environmental Stewardship – Operations	19 – 22	UNGC Principle 8 SDG 7, 12, 13

## APPENDIX: GRI INDEX

GRI Disclosure Number	Description	Section / Reference Page	Page	UN Global Compact Principle / SDG
<b>ENVIRONMENTAL – WASTE</b>				
103 – 1	Explanation of the material topic and its boundary	Our approach to sustainability	8	UNGC Principle 8 SDG 10
103 – 2	The management approach and its components	Environmental Stewardship – Operations	19 – 22	UNGC Principle 8 SDG 10
103 – 3	Evaluation of the management approach	Environmental Stewardship – Operations	19 – 22	UNGC Principle 8 SDG 10
306 – 2	Waste by type and disposal method	REMAN, Environmental Stewardship – Operations	18, 21	UNGC Principle 8 SDG 10
<b>SOCIAL – OCCUPATIONAL HEALTH &amp; SAFETY</b>				
103 – 1	Explanation of the material topic and its boundary	Our approach to sustainability	8	UNGC Principles 3, 4, 5, 6
103 – 2	The management approach and its components	Safety	33 – 35	SDG 3, 8
103 – 3	Evaluation of the management approach	Safety	33 – 35	SDG 3, 8
403 – 1	Workers representation in formal joint management – worker health and safety committees	Safety	33 – 35	SDG 3, 8
403 – 2	Types of injury and rates of injury, occupational diseases, lost days, and absenteeism and number of work-related fatalities	Safety	49	SDG 3, 8
<b>SOCIAL – HUMAN RIGHTS</b>				
103 – 1	Explanation of the material topic and its boundary	Our approach to sustainability	6	UNGC Principles 1, 2, 3, 4, 5, 6
103 – 2	The management approach and its components	Governance	37 – 39, 41 – 42	UNGC Principles 1, 2, 3, 4, 5, 6
103 – 3	Evaluation of the management approach	Governance	37 – 39, 41 – 42	UNGC Principles 1, 2, 3, 4, 5, 6
412 – 1	Operations that have been subject to human rights reviews or impact assessments	Governance	37 – 39, 41 – 42	UNGC Principles 1, 2, 3, 4, 5, 6
<b>SOCIAL – ETHICAL BEHAVIOR</b>				
103 – 1	Explanation of the material topic and its boundary	Our approach to sustainability	8	UNGC Principles 3, 4, 5, 6
103 – 2	The management approach and its components	Governance	38 – 40	UNGC Principles 3, 4, 5, 6
103 – 3	Evaluation of the management approach	Governance, Beliefs	38 – 40	UNGC Principles 3, 4, 5, 6
<b>PRODUCT – PRODUCT SAFETY</b>				
103 – 1	Explanation of the material topic and its boundary	Our approach to sustainability	8	SDG 3
103 – 2	The management approach and its components	Product Quality	42 – 43	SDG 3
103 – 3	Evaluation of the management approach	Product Quality	42 – 43	SDG 3
416 – 1	Assessment of the health and safety impacts of product and service categories	Our products are assessed for health and safety impacts	42 – 43	SDG 3
416 – 2	Incidents of noncompliance concerning the health and safety impacts of products and services	No incidents of product health and safety noncompliance were reported in 2020 to world headquarters	42 – 43	SDG 3



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GRI Disclosure Number	Description	Section / Reference Page	Page	UN Global Compact Principle / SDG
<b>PRODUCT — QUALITY</b>				
103 – 1	Explanation of the material topic and its boundary	Our approach to sustainability	8	n/a
103 – 2	The management approach and its components	Product Quality	42 – 43	n/a
103 – 3	Evaluation of the management approach	Product Quality	42 – 43	n/a
<b>PRODUCT — PROPULSION EFFICIENCY / PRODUCT LEADERSHIP</b>				
103 – 1	Explanation of the material topic and its boundary	Our approach to sustainability	8	UNGC Principles 7, 8, 9, SDG 9
103 – 2	The management approach and its components	Driving clean mobility	14 – 15	UNGC Principles 7, 8, 9, SDG 9
103 – 3	Evaluation of the management approach	Driving clean mobility	14 – 15	UNGC Principles 7, 8, 9, SDG 9
<b>PRODUCT — CUSTOMER SATISFACTION</b>				
103 – 1	Explanation of the material topic and its boundary	Our approach to sustainability	8	n/a
103 – 2	The management approach and its components	Product Quality	42 – 43	n/a
103 – 3	Evaluation of the management approach	Product Quality	42 – 43	n/a
<b>GOVERNANCE — ETHICAL BUSINESS PRACTICES</b>				
103 – 1	Explanation of the material topic and its boundary	Our approach to sustainability	8	UNGC Principle 10
103 – 2	The management approach and its components	Beliefs, Governance	23, 38 – 40	UNGC Principle 10
103 – 3	Evaluation of the management approach	Beliefs, Governance	23, 38 – 40	UNGC Principle 10
<b>GOVERNANCE — COMPLIANCE ASSURANCE / AUDITS</b>				
103 – 1	Explanation of the material topic and its boundary	Our approach to sustainability	8	UNGC Principle 10
103 – 2	The management approach and its components	Governance	38 – 39	UNGC Principle 10
103 – 3	Evaluation of the management approach	Governance	38 – 39	UNGC Principle 10
<b>GOVERNANCE — FINANCIAL DISCIPLINE</b>				
103 – 1	Explanation of the material topic and its boundary	Our approach to sustainability	8	n/a
103 – 2	The management approach and its components	Beliefs, Governance	23, 38	n/a
103 – 3	Evaluation of the management approach	Beliefs, Governance, See Form 10-K	23, 38	n/a
<b>GOVERNANCE — PRIVACY &amp; DATA SECURITY</b>				
103 – 1	Explanation of the material topic and its boundary	Our approach to sustainability	8	n/a
103 – 2	The management approach and its components	Governance	38, 41	n/a
103 – 3	Evaluation of the management approach	Governance	38, 41	n/a
418 – 1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	See Form 10-K	n/a	n/a

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If you have any questions regarding the Sustainability Report, please contact the Sustainability Team at [hqcompliance@borgwarner.com](mailto:hqcompliance@borgwarner.com).

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