

## Insider Trading and Confidentiality Policy

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Original Issue Date: <b>November 27, 2002</b>	Rev. Date: September 29, 2020 Rev. Letter: E

### 1.0 Purpose / Scope

It is the policy of BorgWarner Inc. ("Company") that each Director of the Company and each Employee of the Company and its subsidiaries comply with all federal and state securities laws and regulations applicable to the purchase and sale of the Company's securities.

### 2.0 Applicability

Directors and Employees of the Company and its subsidiaries.

### 3.0 Restrictions

- 3.1 No Director or Employee shall purchase or sell stock, bonds, options, derivative instruments or other securities of the Company ("BorgWarner Securities"), or direct others to purchase or sell BorgWarner Securities, if the person is in possession of material information that has not been publicly disclosed.

"Material information" has no precise definition; for purposes of this policy, a broad view of the term should be taken. Generally, "material information" includes any information, positive or negative, that a reasonable person would consider important in determining whether to buy or sell BorgWarner Securities. Examples include potential business acquisitions or sales of substantial assets; changes in dividend policy or rates; major new products, discoveries or services; significant new contracts or loss of business; significant shifts in operating or financial circumstances, such as changes in debt ratings, changes in earnings or earnings estimates, major write-offs and liquidity problems; significant litigation or investigations by governmental bodies; extraordinary management developments; and the possibility of a public offering of BorgWarner Securities.

Information is publicly disclosed if it is contained in an SEC filing, has been published in the newspapers or other media or has been the subject of a press release and the public has had sufficient time to absorb it. As a general rule, it would be appropriate to refrain from trading for at least one full trading day after the initial release of information to the public.

- 3.2 No Director or Employee, while in possession of material, non-public information of the Company's plans, intentions or actions regarding another corporation, shall purchase or sell, or direct others to purchase or sell, the securities of that other corporation.
- 3.3 Directors and Employees shall not engage in any transaction involving a publicly traded put, call or other option on BorgWarner Securities. Directors and Employees shall not sell any BorgWarner Securities he/she does not own; i.e., he/she may not "sell short."
- 3.4 Directors and Employees may not enter into "derivative" transactions including exchange-traded put or call options. Directors and Employees may not engage in hedging or monetization transactions such as collars or forward sale contracts.

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- 3.5 Effective January 1, 2015, Directors, Executive Officers (designated by the Board of Directors) and corporate vice presidents whose compensation is regularly reviewed by the Compensation Committee of the Board of Directors (“Covered Executives”) may not enter into any transactions that result in pledging or using BorgWarner Securities as collateral to secure personal loans or other obligations. BorgWarner Securities may not be held in margin accounts by them. Directors and Covered Executives who have shares pledged as of January 1, 2015 are allowed until July 1, 2015 to remove the pledged status of the shares. Requests for extension of existing pledges beyond July 1, 2015 will be considered by the Chief Legal Officer in consultation with the Chairperson of the Compensation Committee of the Board of Directors.

Any exceptions to the anti-pledging policy will be considered only for extraordinary reasons. Requests for exceptions will be considered by the Chief Legal Officer in consultation with the Chairperson of the Compensation Committee of the Board of Directors.

- 3.6 No Director, Executive Officer of the Company, President and General Manager of any business or subsidiary, their direct reports, and the administrative assistants of all of them, or other person notified in writing by the Company shall purchase, sell or otherwise transfer BorgWarner Securities during a no-trade period (“Blackout Period”). Blackout Periods begin 10 days before the end of each fiscal quarter and continue one trading day after the Company’s earnings for that quarter are publicly released. If earnings are released before the New York Stock Exchange opens, the day of release is the first day “after” release. The purchase of BorgWarner Securities by way of an exercise of an option granted under the Company’s Option Plans is permitted during a Blackout Period, but the sale or simultaneous purchase and sale of such BorgWarner Securities is prohibited. Transfers between the BorgWarner Inc. Stock Fund and other investment options in the BorgWarner Inc. Retirement Savings Plan are prohibited during the Blackout Period.
- 3.7 Any actions in violation of this policy may be grounds for appropriate disciplinary action, including termination of employment, and may expose the Director or Employee to civil and criminal liability.

### 4.0 Additional Restrictions and Reporting Requirements for Directors and Executive Officers of the Company

- 4.1 Directors and Covered Executives of the Company shall obtain prior clearance from the Company’s Chief Legal Officer or his or her designee before making any purchases or sales of BorgWarner Securities. Prior clearance is required for all purchases or sales, including transfers between the BorgWarner Stock Fund and other investment options in the BorgWarner Inc. Retirement Savings Plan. Each proposed transaction will be evaluated to determine if it raises insider trading concerns or other concerns under applicable federal or state securities laws and regulations.
- 4.2 Any advice will relate solely to the restraints imposed by law and will not constitute advice regarding the investment or tax aspects of any transaction.

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- 4.3 Section 16 of the Securities Exchange Act of 1934 imposes certain reporting obligations on the Company's Directors and Executive Officers and provides for strict liability to the Company for all profits resulting from any purchase and sale, or sale and purchase, of BorgWarner Securities within a six-month period by such persons. For section 16(b) purposes, profit is determined by matching the lowest purchase price and the highest selling price within six months.
- 4.4 Section 16 requires Directors and Executive Officers to file certain reports regarding their ownership of BorgWarner Securities with the Securities and Exchange Commission, the New York Stock Exchange and the Company. These reports include: (i) within 10 days of election or appointment, a Form 3 stating the Insider's beneficial ownership of BorgWarner Securities; (ii) within 2 business days after there has been a change in his or her beneficial ownership, an insider must file a Form 4 unless the transaction qualifies for deferred reporting by Form 5; and (iii) within 45 days after the close of the Company's fiscal year, an insider must file a Form 5 to cover any transactions in BorgWarner Securities which were eligible for deferred reporting (and not earlier reported on Form 4) and transactions that should have been reported but were not reported on Form 4. The Company must report late and missed filings in its annual proxy statement.
- 4.5 The Company's Legal Department will file the proper report on behalf of insiders who obtain preclearance of transactions in BorgWarner Securities and who subsequently notify the Legal Department of the completion of the transaction. Form 4 reports will be posted on the Company's website by the end of the business day following the Form 4 filing as required by Section 403 of the Sarbanes-Oxley Act of 2002.

### 5.0 Confidentiality and Providing Information

- 5.1 Directors and Employees shall take appropriate measures to restrict access to, and disclosure of material non-public information. In the event a Director or Employee becomes aware of possible insider trading violations by persons under their control, he or she shall contact the Chief Legal Officer immediately.
- 5.2 Consistent with the foregoing, Directors and Employees must not discuss internal matters or developments with anyone outside of the Company (including family members), except as required in the performance of his or her regular duties. This prohibition applies specifically (but not exclusively) to inquiries about the Company that may be made by the financial press, investment analysts or others in the financial community. Unless an individual is expressly authorized to respond to inquiries of this nature, such inquiries should be referred to the Company's Chief Legal Officer or the Company's Vice President Investor Relations/Communications.
- 5.3 Upon request, a Director or Employee must report to the Company's Chief Legal Officer all of his or her transactions in BorgWarner Securities and certify that all such transactions have been conducted in compliance with the provisions of this policy.

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### 6.0 Pre-Approved Trading Plans

- 6.1 Notwithstanding anything contained in this policy to the contrary, Directors and Executive Officers may trade BorgWarner Securities under a pre-arranged written trading plan that meets the requirements of Rule 10b5-1(c) of the Securities Exchange Act of 1934.
- 6.2 Prior to establishing a trading plan intended to comply with Rule 10b5-1(c), Directors and Executive Officers must submit a copy of such plan to the Legal Department for review and approval.

### 7.0 Interpretation

Any questions regarding the interpretation, scope and application of the policy set forth herein shall be reviewed with the Company's Legal Department.

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### APPROVALS

#### Policy Committee

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Corporate

### REVISION HISTORY

Rev.	Date	Description
A	3/02/06	Restrictions clarified and policy updated
B	12/7/06	Restrictions clarified and policy updated
C	11/21/14	Pledging and hedging prohibitions added. FAQs added
D	09/14/17	Title revisions
E	9/29/20	Restrictions clarified and policy updated

Following are frequently asked questions and answers that may help you understand the provisions of the policy.

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## FREQUENTLY ASKED QUESTIONS (FAQ)

This document is a summary of some provisions of the Insider Trading and Confidentiality Policy with explanations in question and answer form. Be sure to read the Policy in its entirety because the full Policy governs these matters.

### **Does the Insider Trading Policy apply to all Employees?**

Generally, yes. No person is allowed to trade in securities of a company when that person has material non-public information about the company. Any employee and even non-employees may possess material non-public information about a company. No one is allowed to trade based on material non-public information. Some sections of the Policy specify that those sections apply only to Directors and Executive Officers.

### **Who are Covered Employees?**

For purposes of the Insider Trading Policy, Covered Executives are Executive Officers and corporate vice presidents whose compensation is regularly reviewed by the Compensation Committee of the Board of Directors.

### **Who are Executive Officers?**

For purposes of the Insider Trading Policy, Executive Officers are designated annually by the BorgWarner Inc. Board of Directors. Generally, they are the CEO, CFO, Chief Legal Officer, Controller, Treasurer, Chief Human Resources Officer and Presidents of the businesses.

### **Why does the Company prohibit some kinds of transactions?**

There is a heightened legal risk or the appearance of improper or inappropriate conduct if Directors or Employees engage in certain types of transactions even if they do not possess material non-public information.

### **Why are short sales prohibited?**

Short sales (sale of a security the seller does not own) may reflect an expectation on the part of the seller that the securities will decline in value and therefore could signal to the market that the seller lacks confidence in the Company's prospects. Section 16(c) of the Exchange Act of 1934 prohibits Directors and Executive Officers from engaging in short sales.

### **What are hedging transactions?**

Hedging or monetizing transactions can be accomplished through several possible mechanisms including the use of financial instruments as prepaid variable forwards, equity swaps, collars and exchange funds. Hedging transactions permit one to own securities of the Company without the full risks and rewards of ownership, resulting in differences between your objectives and the objectives of other holders of the Company's stock. For that reason, Directors and Employees are prohibited from hedging transactions involving BorgWarner Securities.

### Why are pledging and holding of BorgWarner Securities in margin accounts prohibited?

Securities held in a margin account as collateral for a margin loan may be sold by the broker without the client's consent if the client fails to meet a margin call. Similarly, securities pledged as collateral for a loan may be sold in foreclosure if the borrower defaults on the loan. Because margin sales or foreclosure sales may occur at a time when the pledger is aware of material non-public information or otherwise is not permitted to trade in BorgWarner Securities, you are prohibited from holding BorgWarner Securities in a margin account or otherwise pledging them as collateral for a loan. In addition, the Company is required to identify BorgWarner Securities that have been pledged by Directors and Executive Officers in the Company's annual proxy statement.

### What information will I have to provide when seeking pre-clearance to trade in BorgWarner Securities?

Be prepared to describe any material non-public information about the Company you may have and indicate whether you have entered into any other transactions in BorgWarner Securities recently. Be prepared to indicate the approximate number of shares you plan to trade and the proposed trading date. Be prepared to comply with SEC Rule 144 and file the Form 144 at the time of any sale with the assistance of your broker.

### How can I prepare to comply with SEC Rule 144?

A knowledgeable broker can assist you with the paperwork required by Rule 144, including the filing of a Form 144 with the SEC prior to or concurrently with your trade.

### Do 10b5-1 trading Plans prevent allegations of insider trading?

Exchange Act Rule 10b5-1 provides a defense from insider trading liability under U.S. federal securities laws. To be eligible to rely on the defense a trading plan must meet the requirements of the Rule. Generally, the trading plan must be entered into at a time when the person entering into the plan does not have material non-public information and is outside of a blackout period. Further the formula, trading dates or other details established by the plan must be left to function without further influence by the person entering into the plan. The plan itself must be approved by the Company's Legal Department **before** it is established.