

2022 Sustainability Report

# Charging Forward Together



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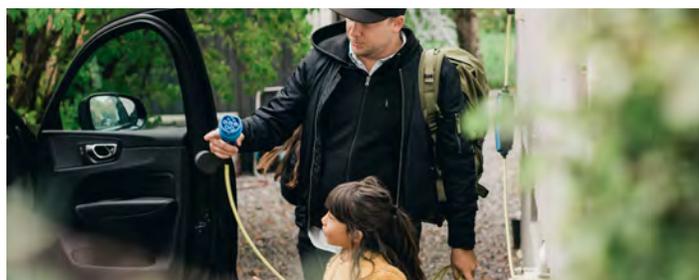


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# A Letter from Our President and CEO

Today, BorgWarner is accelerating the world's transition to eMobility by empowering everyone to drive sustainably and to live cleaner, healthier, and safer lives.

**To deliver on our vision of a clean, energy-efficient world, we embody our Beliefs of inclusion, integrity, excellence, responsibility, and collaboration in every aspect of our operations. These are values that we live by, instill in our employees, and uphold in partnerships with our customers, suppliers, and communities where we operate.**

To ensure our vision becomes a reality, we are investing in electrification, and have set a target to generate 45% of our revenue from electric vehicles by 2030.

We have made significant investments in research and development dedicated to electrification, as well as acquisitions of innovative companies that support our goals. Recent examples include the February 2022 acquisition of AKASOL AG, a leader in designing and manufacturing customizable battery packs, and the March 2022 acquisition of Santroll Automotive Components, a designer and manufacturer of hairpin and concentrated-winding technology eMotors.

In 2021, we took the next steps forward in our sustainable future by putting tools in place to pursue carbon neutrality; gauging how our employees feel about working at BorgWarner; revamping our ethics and compliance training; and driving further engagement with our supply chain on their own sustainability management. We are also happy to announce in this report that we have formalized our commitments to diversity, equity, and inclusion with measurable targets.

We continue to advance towards our vision and build our future each day with the industry's top talent. Our employees are changing the mobility world!

**Frédéric Lissalde**

President and Chief Executive Officer



An aerial photograph of a modern cable-stayed bridge with a teal overlay. The bridge has a white lattice structure and is supported by a large white arch. The bridge spans a blue body of water. On the left side, there is a row of green trees and a building. The bridge has several lanes of traffic, with cars visible. The overall image has a teal tint.

# Executive Summary

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# BorgWarner at a Glance

## Who we are

We are designers and manufacturers of the systems that define the way the world moves forward. With the world’s foremost technologists, engineers, and original equipment manufacturers (OEMs), we are leading the automotive industry to a future that is cleaner, healthier, and safer for all.

As a transformative global product leader for over 130 years, we supply technologies to nearly every major automotive OEM in the world. We are bringing successful electric innovations to market while continuing to advance our emissions-reducing and fuel-efficient combustion technology, empowering everyone to drive sustainably. We are proud to provide the components, systems, and partnerships our customers need to create a future where driving well means living well.

### Our Pillars



#### Real commitment:

- Achieving 45% of our revenue from EVs by 2030
- Realizing carbon neutrality in our operations by 2035



#### Tech-driven innovation for all:

- Applying cutting-edge technology
- Leveraging deep electrification expertise
- Bringing innovative solutions to market



#### Partnering for progress:

- Taking an inclusive approach to accelerate eMobility
- Engaging the world’s foremost engineers
- Partnering with OEMs across the world

# \$14.8 Billion

2021 Sales (consolidated)

# ~49,000

Worldwide employees

# 93 Locations

In 22 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

Our Beliefs:



**Inclusion.** Respecting individuals



**Integrity.** Honoring truth



**Excellence.** Focusing on results



**Responsibility.** Our commitment



**Collaboration.** Building trust



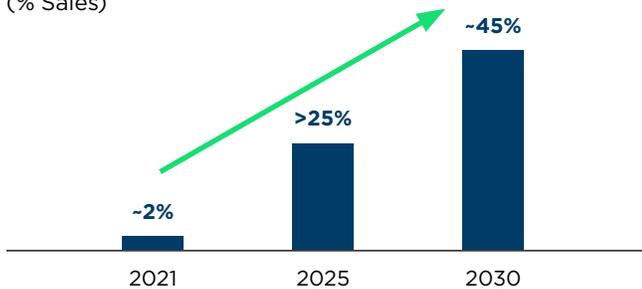
# Charging Forward Through Electrification

Charging Forward is our over-arching strategic business focus to fast-track clean-mobility technologies, reduce our carbon footprint, and foster a diverse and safe workplace and community, while partnering with our stakeholders to ensure we, as a company, are sustainable.

Our accelerated electrification strategy is a product of our vision and long-term focus. We intend to help our customers bridge the gap between today and tomorrow by providing innovative solutions for environmentally sustainable transportation. We have thoughtfully expanded our electric and hybrid vehicle capabilities, resulting in a diverse and versatile portfolio of clean technology solutions.

## Our Accelerated Electrification Strategy

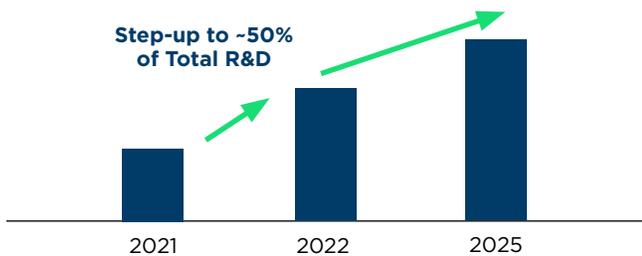
**Electric Vehicles**  
(% Sales)



- Target **45%** of our revenue from EVs by 2030

## Our Organic Investment Strategy Will Also Play a Major Role in Advancing Electric Light Vehicles

**Estimated R&D Spend for eProducts**



- **>\$4B** over next 5 years on combined R&D and capital spending for eProducts
- eProduct exceeding **50%** of total R&D before acquisitions by 2025
- Organic spending supplemented with up to **\$5.5B** available for M&A

Source: BorgWarner estimate

# Our Approach to Sustainability

At BorgWarner, sustainability means driving environmental, social, and governance (ESG) initiatives to deliver value to all stakeholders for today and tomorrow. We accomplish this by leveraging our operating model that empowers Local Accountability through support from corporate and Global Strength.

Our Sustainability Steering Committee (SSC), comprised of cross-functional team members, meets quarterly to discuss emerging ESG topics. The SSC is responsible for establishing and implementing our global sustainability strategy. The BorgWarner Board of Directors (Board) has ultimate oversight of our sustainability strategy, with each Board committee having clearly defined responsibilities for specific ESG activities, risks, and opportunities.

## Local Accountability



Global Strength

## Aligning our strategy to the Sustainable Development Goals

BorgWarner is committed to using our diverse talent and industry-leading products to engineer a path to a better tomorrow. We recognize the responsibility we have as an industry leader to connect our business strategy to support achieving the United Nations' 17 Sustainable Development Goals. In 2022, we plan to review tools such as the SDG Ambition Guide to review alignment of our current targets and initiatives.





## Identifying material ESG priorities

Our sustainability strategy and reporting are guided by our on-going materiality assessment process. In 2021, we completed a new assessment in response to shifting industry trends and world events, such as electrification, COVID-19, and the racial equity and social justice movements in the U.S. and abroad.

Using our previous material topics as a starting point, we partnered with a third party to develop a list of ESG topics by reviewing industry peers, sustainability rating organizations, and common sustainability reporting standards. Using Global Reporting Initiative (GRI) guidance, we identified pertinent stakeholder groups to help establish our material topics: customers, suppliers, employees, and other stakeholders. We collected input from the groups through interviews, surveys, focus groups, and publicly available data. Finally, we held meetings with the BorgWarner executive management team (Strategy Board) and SSC members to create our topic prioritization.

The output of this assessment ranks the importance of different ESG topics to BorgWarner and our stakeholders.

Upon completion of the materiality assessment, our sustainability strategy was updated to align with our Charging Forward business strategy, materiality assessment results, and our performance in those topics.



## ESG Priorities at a Glance

### Environmental

- Emissions (Scope 1, 2 & 3)
- Energy Usage
- Waste Reduction (Resource Efficiency)
- Water Quality & Consumption
- Environmental Management System

### Social

- Diversity, Equity, and Inclusion
- Health and Safety
- Education and Development
- Employee Engagement
- Human/Labor Rights
- Talent Acquisition and Retention

### Governance

- Advancing Innovation
- Supply Chain Management
- Compliance with Laws/Regulations
- Product Safety and Quality
- Ethical Conduct
- Data Privacy and Cybersecurity
- Customer Satisfaction

## Our refreshed sustainability strategy:

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



At the heart of our mission of enabling sustainable mobility are our products. We are focused on expediting the path to EVs and delivering products for improved efficiency and reduced vehicle emissions. We are growing our EV part offerings and expanding into broader eMobility products, such as battery charging and energy storage solutions. As we look to achieve carbon neutrality in our operations by 2035, we are also developing a Science Based Target Initiative (SBTi) carbon goal, and, as part of that process, we are looking to understand our Scope 3 emissions.

#### Continue

- Accelerating Electrification Offerings
- Delivering Products for Improved Efficiency and Reduced Emissions

#### Advance

- Expansion into eMobility Market
- Environmental Product Stewardship
- Environmental Aspects of Operations

### Live the BorgWarner Beliefs



Our Beliefs guide us 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 building on the power of collaboration. As we implement our electrification strategy, we are supporting our employees in the evolution of their skills and building the talent pipeline we need to succeed.

#### Continue

- Employee Health & Safety
- Community Education, Equity, and Economics

#### Advance

- Diversity, Equity & Inclusion
- Building the Talent Pipeline
- Evolving the Skills
- Engaging our People

### Partner with and report to stakeholders



We are resolute in our transparent engagement with our stakeholders and in being transparent in our impacts, goals, and performance to maintain the highest standards of integrity. We also communicate our sustainability commitment to our suppliers as we engage them in our environmental and social expectations and gauge their own performance.

#### Continue

- Ethics & Compliance
- Product Safety & Quality
- Data Privacy & Cybersecurity

#### Advance

- Sustainable Value Chain
- Tech-driven Innovation



## Our Commitments and Performance:

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

 <p><b>88%</b> revenue from clean and emissions-reducing products</p>	<p>527 kt CO<sub>2</sub>e emissions from energy use<sup>1,***</sup></p> <p><b>20.3%</b> from 2018<sup>***</sup></p> <p>1,556 GWh energy consumed<sup>1,*</sup></p> <p><b>5.6%</b> from 2018*</p>	<p><b>100%</b> ISO 14001 Certified<sup>2</sup></p>
<p><b>Goals</b></p> <p>Maintain majority of revenue from clean and emissions-reducing products</p>	<p>Carbon Neutral in Scope 1 and Scope 2 by 2035</p> <p>85% absolute GHG reduction by 2030 from a 2021 baseline <b>NEW</b></p>	<p>85% waste diversion rate by 2030 <b>NEW</b></p>

### Live the BorgWarner Beliefs

 <p><b>DIVERSITY</b> <b>30.1%</b> women in workforce</p> <p><b>25.0%</b> racial/ethnic minorities in U.S. workforce</p>	<p><b>EQUITY</b> Gender Pay Equity result: <b>98.9%</b></p>	<p><b>INCLUSION</b> <b>77%</b> BorgWarner Beliefs index score on employee engagement survey</p>	<p><b>EMPLOYEE SAFETY</b> 0.40 Total Recordable Incident Rate</p> <p><b>60%</b> from 2015</p>
<p><b>Goals</b></p> <p>35% of global workforce are women by 2026 <b>NEW</b></p> <p>30% of U.S. workforce is racially/ethnically diverse by 2026 <b>NEW</b></p>	<p>Achieve and maintain pay parity for all by 2026 <b>NEW</b></p>	<p>80% or above on the BorgWarner Beliefs index score from our employee engagement survey by 2026 <b>NEW</b></p>	<p><b>TALENT RETENTION<sup>3</sup></b> 15.3% voluntary turnover in 2021</p> <p><b>2.5%</b> from 2018</p>

### Partner with and report to stakeholders

 <p><b>59.8%</b> Supplier questionnaire completion</p> <p><b>from 24.1%</b> in 2020</p>	<p><b>100%</b> Quality management certified<sup>2</sup></p>
<p><b>Goal</b></p> <p>80% of high-impact and high-risk suppliers complete sustainability questionnaire</p>	

For full view of performance data, please see Performance Data & SASB Index (pg. 51)

1 Our environmental baselines were updated to include our acquisition of Delphi Technologies. Energy use and emissions data reporting represents approximately 97% of our facilities by total square footage.

2 The scope of these performance indicators is for manufacturing locations that supply directly to original equipment manufacturers.

3 The retention of our workforce has been impacted by the increased labor turnover in the market.

\* Greenhouse gas emissions and energy data were revised on November 9, 2022 to reflect feedback received in the course of third-party limited assurance as part of our annual CDP response.

\*\* Does not include emissions from refrigerant loss.



# About this report

This report provides a holistic view of our commitment to being a sector leader in sustainability and highlights 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 2021. 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 following standards, which are most relevant to our business and stakeholders: (i) Sustainability Accounting Standards Board (SASB), (ii) Task Force on Climate-related Financial Disclosure (TCFD), and (iii) Global Reporting Initiative (GRI). Our reporting is also influenced by the UN Sustainable Development Goals (SDGs) and industry association guidance from the Automotive Industry Action Group (AIAG).

## Achievements and Awards

Recognized on Bloomberg Gender Equality Index



Recognized on Human Rights Campaign Corporate Equality Index of LGBTQ Workplace Equality



Achieved Great Place to Work-certified company status (second consecutive year)



Achieved Gold and Silver recognition for Brandon Hall Group Excellence Awards



Honored by Ford at 23<sup>rd</sup> annual World Excellence Meeting

Awarded funding from the US. Department of Energy to support the development of advanced inverter and DC fast charger technologies

Recognized on Forbes’ World’s Top Female Friendly Companies list

Recognized on Newsweek’s America’s Most Responsible Companies 2022 list (third consecutive year)



# Environmental Stewardship:

Create a Cleaner, More Energy-efficient World

13 Products

20 Operations



# Products

## Empowering everyone to drive sustainably

There are few present challenges as important as creating solutions that support our vision of a clean, energy-efficient world, which requires us to constantly invest and innovate to improve mobility. For more than 130 years, BorgWarner has been a transformative global product leader bringing successful mobility innovation to market. Today, we're accelerating the world's transition to eMobility — to help build a cleaner, healthier, safer future for all.

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

Our business strategy, Charging Forward, is designed to increase production of electric and other vehicle parts that enable zero- and lower-emissions transportation. Successful execution of our strategy and careful cultivation of our product mix is expected to generate more than 25% of total sales from EVs in 2025 and approximately 45% in 2030. 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 aligned with the aspirations of the Paris Climate Agreement.

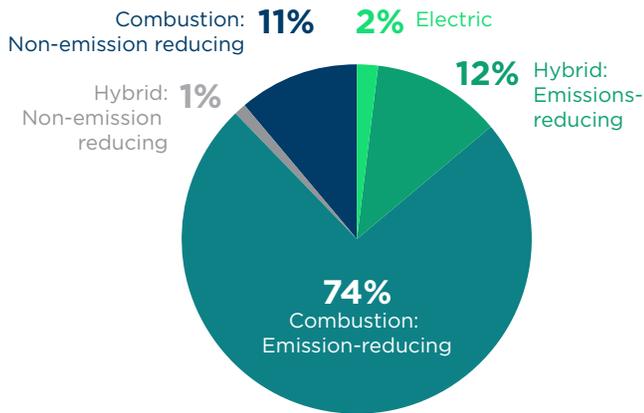
As part of our commitment to the Paris Climate Agreement, we are moving forward with a project to calculate our Scope 3 emissions across the 15 GHG Protocol categories in order to develop and submit a science-based target to SBTi in 2022.

Our strategic planning for net-zero carbon emissions extends to our operations. 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. 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.



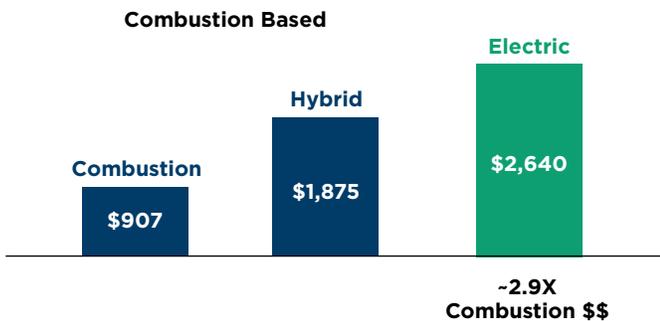
## Accelerating the transformation to eMobility

### 88% of revenue from clean and emissions-reducing products in 2021



We earned 88% of our revenue in 2021 from electric vehicle (EV) products and emissions-reducing hybrid and combustion products, such as turbochargers and exhaust gas recirculation (EGR) valves and coolers. Our other combustion products include components such as starters, alternators and transfer cases. These are core vehicle technologies that do not have a direct impact on fuel efficiency. Our advanced versions of these components do, however, result in reduced fuel consumption and emissions.

### Est. 2025 BorgWarner Content Opportunity Per Light Vehicle Summary



Sources: BorgWarner TAM; IHS Markit, KGP. Excludes: battery module and pack opportunities, Service & Aftermarket

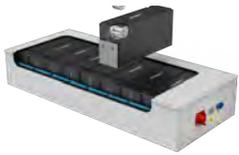
We foresee significant growth opportunity through the adoption of EVs, which offer higher content potential for our technologies. To maintain our position as a technology leader, we invested 4.8% of revenue in R&D in 2021 and are expecting that number to be over 5% in the future. An important part of this spend is protecting our intellectual property, so we can apply cutting-edge technology to the market. As of year-end 2021, we had approximately 8,200 active domestic and foreign patents and patent applications pending or under preparation, which accounts for approximately 4,300 patent families.

We are already significantly shifting our R&D spending from combustion to electrified vehicle technologies. In 2022, we expect about 50% of our R&D budget will be spent on eProducts.

We expect that **~50%** of our R&D budget will be spent on eProducts in 2022.

## Investing in our Vision

### AKASOL AG



In February 2022, we completed our acquisition of AKASOL AG (AKASOL), a leader in designing and manufacturing customizable battery packs for use in buses, commercial vehicles, rail vehicles, and industrial vehicles, as well as in ships and boats. With more than 300 full-time employees and four facilities across Germany and the United States, AKASOL is well positioned to capitalize on the large market opportunity across Europe and North America.

The acquisition further strengthens BorgWarner's commercial vehicle and industrial electrification capabilities, which positions the company to capitalize on the fast-growing battery pack market. AKASOL represents ~20 to ~25% of the inorganic sales growth underlying our Charging Forward strategy, contributing ~\$600 million in expected electric vehicle revenue by 2025.

### Santroll



In April 2022, we acquired Santroll Automotive Components, a carve-out of the Santroll eMotor business. Santroll designs and manufactures hairpin and concentrated-winding technology eMotors for use in light vehicles. With nearly 400 full-time employees, Santroll brings manufacturing equipment design capabilities and proven automation expertise that have allowed it to secure business relationships with many leading customers in China.

The acquisition is expected to strengthen BorgWarner's vertical integration, scale, and portfolio breadth in light vehicle e-motors while allowing for increased speed to market.

### PolyCharge



In December 2021, we entered into an exclusive licensing agreement with PolyCharge America, Inc., a startup company formed based on our Series A investment and prior joint development to deliver disruptive capacitor products. With this agreement, BorgWarner secured exclusive rights to bring the PolyCharge NanoLam™ capacitors in-house for use in the company's extensive selection of inverters. The capacitors enable high-power inverters to be smaller, lighter, and more tolerant to high temperatures. The investment strengthens our inverter capabilities and offerings.

### Enexor

In August 2021, we announced our investment in Enexor BioEnergy, LLC, a company that provides on-site, renewable energy and carbon conversion solutions, working to solve the world's organic waste and plastic waste problems.

Enexor's patented and modular Bio-CHP™ system uses locally sourced organics or plastic waste to generate clean onsite energy that can be rapidly deployed in nearly any setting. Each system can reduce up to 1,000 metric tons of CO<sub>2</sub> equivalent emissions annually by reducing methane emissions released from landfills, offsetting fossil fuel-based power generation, and reducing waste disposal transportation emissions.

### Qnovo

In January 2022, we led a Series-C investment in Qnovo Inc., which focuses on battery health measurement and fast charging. The intelligent software offers multiple benefits, including predictive safety measures, faster charging, and extended battery life. The investment deepens our capacity to further our battery solutions portfolio.

### Cellink

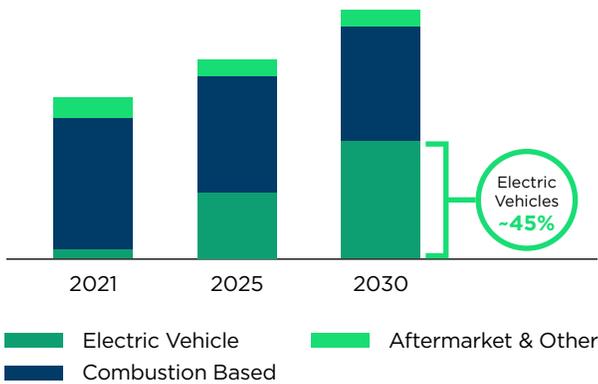
In June 2021, we invested in Cellink Corporation, a company that develops large, high-conductance, flexible circuits for the automotive and energy storage industries.

Cellink's superior circuit technology is well suited for a wide range of automotive applications, with great potential for battery packs and next-generation vehicle wiring, and closely aligns with Charging Forward.

## Positioning for an electrified future

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

### Expected Revenue Mix



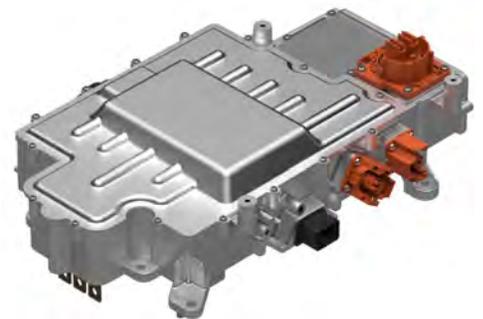
### Linking executive pay to our Charging Forward strategy

Our electrification strategy is core to our business strategy. To demonstrate the importance, we linked 50% of the performance component of our executive long-term incentive plan (LTIP) compensation with our Charging Forward goals by introducing an eProducts revenue mix metric. The products underlying this metric include all products utilized on EVs plus those products and components that are included in hybrid powertrains whose underlying technologies are adaptable or applicable to those used in EVs.

## Producing Parts to Reduce and Eliminate Tailpipe Emissions

### Inverter

Inverters are one of the three main components enabling battery electric vehicle propulsion. They efficiently convert direct current from the battery into alternating current, powering the vehicle. In 2021, we produced 134,000 inverters that drive the motors of approximately 98,000 vehicles. This product deployment will contribute to saving around 400,000 metric tons of CO<sub>2</sub>e over the vehicles' lives. As electric vehicle adoption accelerates, we expect our inverter production in 2026 to increase significantly, leading to emission savings of 7 million metric tons of CO<sub>2</sub>e over their lifetimes.



## Gasoline wastegate turbocharger

Turbochargers can boost gasoline vehicle fuel efficiency around 9% by harnessing exhaust gas energy. BorgWarner produced 7.7 million gasoline wastegate turbochargers in 2021 that powered approximately 6.7 million cars. Based on the turbocharger's share of a vehicle's air system, our turbochargers produced in 2021 will save approximately 18 million metric tons of carbon over the average lifetime of a vehicle.



## Integrated Drive Module (iDM)

Our fully Integrated Drive Module (iDM) encompasses an inverter, eMotor and gearbox. It simplifies 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.



## Battery Packs

With very high energy densities on a system level and, in our view, the most compact liquid cooling, AKASOL battery systems have very low space requirements and emit little heat. These preconditions are ideal for a long battery life with high power output for a safe, reliable, and durable operation.



## High Voltage Coolant Heaters (HVCH)

Batteries have a narrow optimal temperature range. BorgWarner's specially developed high voltage coolant heaters are engineered to keep the core components of hybrid and pure electric vehicles at temperatures that facilitate maximum charging efficiency, durability, and driving range. They also deliver heat to the interior quickly and clear ice from windows in short order.





## Lowering Life-cycle Emissions Across our Value Chain

We provide clean and efficient products to reduce vehicle emissions across their lifecycle from raw materials to end-of-life conditions.

### 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. Environment Protection Agency's initiative to reduce copper in motor vehicle brake pads by 2025.

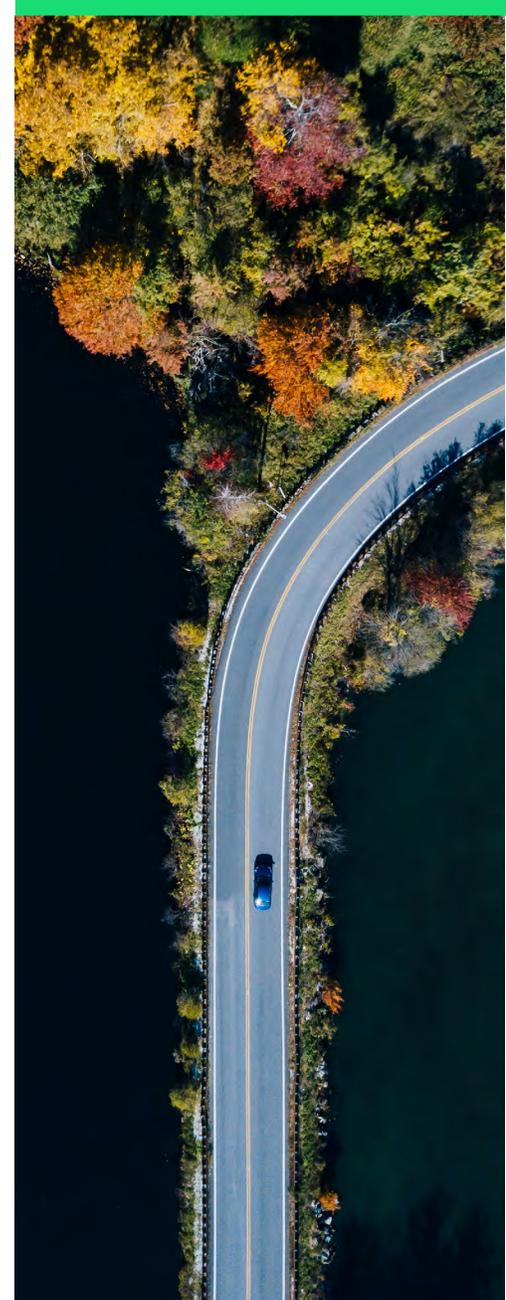
In 2021, we removed all plastic shrink-wrap from our brake pads and saved around 8.9 metric tons of plastic. We also reconfigured our brake disc/rotor packaging to further save 23.2 metric tons of cardboard per year.

### REMAN: supporting a circular economy

For nearly 30 years, BorgWarner has remanufactured parts for reuse, including turbochargers, alternators, generators, electronic unit injectors, and exhaust gas recirculating valves. 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. During that time, we have prevented more than 24,000 metric tons of aluminum, steel and cast iron from entering landfills by reclaiming components and recycling excess metals. In addition to the environmental benefits of supporting a circular economy, remanufacturing capabilities are important to our customers to facilitate their economic and sustainability goals.

### Aftermarket

Our aftermarket parts and accessories help improve fuel efficiency, meet the latest emissions standards, and extend the life of existing vehicles. 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 Delphi Technologies, makes us uniquely equipped to service aftermarket customers around the world.





## Scope 3: Understanding and Reducing our Indirect Carbon Impacts

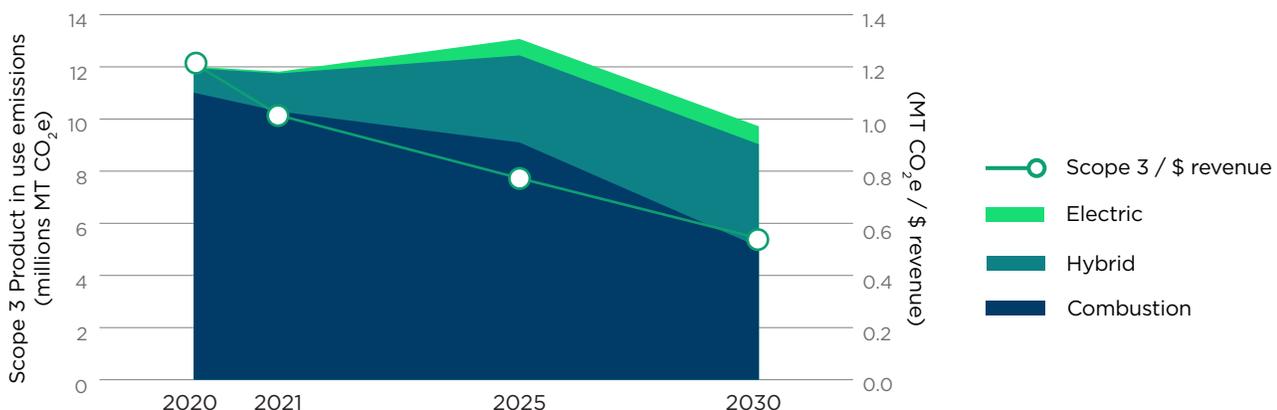
### Scope 3 Product-in-use Emissions

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 2021 light vehicle parts is approximately 11.8 million metric tons of carbon dioxide equivalents (CO<sub>2</sub>e).

Expanding on our work to quantify our product-in-use Scope 3 emissions, we are not only undertaking a project to understand our Scope 3 emissions across the 15 GHG Protocol categories, but we have also dedicated full-time resources to understanding our products' full lifecycle impacts.

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 increase in the short-term on an absolute basis due to an increase in industry volumes and ultimately decline by **19%** in 2030 versus 2020. We expect intensity relative to sales to fall consistently, and an even steeper **55%** by 2030 versus 2020.

### Electrification strategy to drive expected Scope 3 light vehicle product-in-use emissions decline



# Operations

At BorgWarner, environmental stewardship starts with our products and continues into our operations. We are committed to efficiently managing our resource usage and emissions. Our [Environmental Policy](#) defines our objectives to identify, monitor, reduce, and disclose our environmental impacts. All of our manufacturing facilities<sup>4</sup> are ISO 14001 certified for their environmental management systems. To ensure compliance, we carry out regular environmental, health, and safety audits — in 2021, we undertook 19 such audits.

## Progress on our carbon neutrality goal

We have our sights set on becoming carbon neutral in our Scope 1 and Scope 2 emissions by 2035. Making this commitment prompted a review of our interim targets for 2030, and in turn we have set a new interim goal to reduce our absolute greenhouse gas emissions 85% by 2030 versus 2021. This is more aggressive than our past carbon and energy intensity targets and will push us to make more of an impact in the near term towards our long-term goal of carbon neutrality. Further, we are evaluating our Scope 3 emissions with a project that covers the 15 GHG Protocol categories to prepare our science-based target submission to the SBTi. We are currently evaluating a target that would limit global warming to 1.5°C and plan to submit for validation in 2022. We also will continue to pursue our commitments through investing in both energy-efficient processes in our plants, renewable energy sources, and dedicated resources within our businesses to drive action.

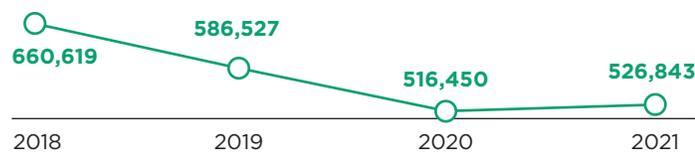
We continue to invest in renewable energy at our facilities. In 2021, we generated 39,946 MWh of renewable energy, which is around 3.5% of our electricity use. This is a 1.5% increase from our 2020 renewable energy usage.

## U.S. DOE Better Climate Challenge

We became a partner of the U.S. Department of Energy’s Better Climate Challenge (“Better Climate Challenge”), making a public commitment to take environmental action, including a 50% or more reduction in Scope 1 and Scope 2 GHG emissions over the course of 10 years. BorgWarner joined other participating mobility leaders including Ford and General Motors, among others representing a wide variety of industries within the U.S.

By joining the Better Climate Challenge, BorgWarner is further committing to the pursuit of an aggressive energy efficiency target to demonstrate how it is prioritizing energy efficiency as a decarbonization strategy. The company will leverage its existing organization-wide plan with GHG reduction milestones and further expand it as required by the DOE. We will also make our energy performance data available by reporting our GHG findings annually for the duration of the 10-year challenge.

### Greenhouse Gas Emissions from energy use (tCO<sub>2</sub>e)<sup>5,\*\*</sup>



In 2020, our plants experienced extended, scheduled production shutdowns, allowing us to focus on energy efficiency during shutdowns and start-ups, while in 2021, supply chain shortages and irregular customer shutdowns caused energy inefficiencies in our operations. Overall, we are seeing a positive trend in our carbon reduction activities. Our operations in best-cost countries are negatively impacted by high fossil fuel content in their utility grids. We believe this will be short-term as these countries move towards greener energy grids and we work through our strategic plan to utilize zero-emission energy sources.

<sup>4</sup> “Facilities” for these performance indicators is defined as manufacturing locations that supply directly to original equipment manufacturers.

<sup>5</sup> Our environmental baselines were updated to include our acquisition of Delphi Technologies. Energy use and emissions data reporting represents approximately 97% of our facilities by total square footage

\* Greenhouse gas emissions and energy data were revised on November 9, 2022 to reflect feedback received in the course of third-party limited assurance as part of our annual CDP response.

\*\* Does not include emissions from refrigerant loss.

# Decarbonization toolbox — advancing carbon neutrality at our plants

## Our strategy for decarbonization

### Reduce

Identify and assess plant-level efficiency opportunities

### Produce

Identify and implement on-site renewable energy, where feasible

### Purchase

Perform country-level assessment of clean energy purchasing options

To help us achieve our ambitious goals, we completed a company-wide project to analyze our energy consumption at 20 of our locations across 13 countries. The project resulted in a decarbonization toolbox that focuses on energy decarbonization fundamentals, regulations, and market conditions. It has identified decarbonization recommendations that can be leveraged by all our locations to achieve carbon neutrality by 2035.

The toolbox presents three key pathways for plants to decarbonize operations:

#### 1. Reduce energy consumption

Analyzed energy efficiency measures at the plant-level to identify current energy efficiency, reduction potential, and costs.

#### 2. Produce zero-emission energy

Analyzed current onsite photovoltaic potential and percentage of renewable energy that could be achieved by installing solar panels onsite.

#### 3. Purchase zero-emissions energy

Analyzed potential pathways to achieve 100% renewable energy via currently available renewable energy contracts from electric utility providers and through renewable power purchase agreements.

## Promoting energy efficiency

Our new decarbonization toolbox initiative included the analysis of potential energy efficiency projects to further our energy saving efforts in 2021. Prioritizing our facilities with the largest energy usage, this initiative enabled us to identify new technologies and make investments that can reduce energy use and save money. Globally, we are investigating solutions to collect real-time energy data at our

manufacturing sites to improve the visibility of our usage, and promoting energy management certification. Today, we have seven locations certified to ISO 50001. Furthermore, starting in 2022, we have initiated a 3.5% year-over-year energy intensity reduction target across our manufacturing sites as a part of our employee incentive plan.

Energy: MWh/\$m sales<sup>5\*</sup>



## Conservation Coalition

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, rainwater collection systems, and achieving Leadership in Energy and Environmental Design (LEED) certification. As of 2021, seven of our sites are LEED certified. This group is also focused on ways to bring renewable energy into our plants including power purchase agreements (PPAs), virtual power purchase agreements (VPPAs) and Green Tariffs.

<sup>5</sup> Our environmental baselines were updated to include our acquisition of Delphi Technologies. Energy use and emissions data reporting represents approximately 97% of our facilities by total square footage

\* Greenhouse gas emissions and energy data were revised on November 9, 2022 to reflect feedback received in the course of third-party limited assurance as part of our annual CDP response.

## Managing water risk

Water plays an essential role in all life and all aspects of human development and is considered a basic human right. Climate change and increasing societal demand continue to place pressure on the available supply of water. At BorgWarner, we aim to integrate water conservation as part of our efforts to create a cleaner, more energy-efficient world as there is an inseparable link between water and the other pillars of our environmental priorities.

From 2017 to 2021, our water usage has remained flat, relative to sales. Our manufacturing processes are not water intensive, but we recognize that water risks need to be considered through a local lens. We have performed water risk assessments at all 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. More details on our water management efforts can be found in our [CDP water response](#).

## 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. **In 2022, we have established a waste diversion goal to have an 85% diversion rate by 2030.** This goal will focus our operations on reducing our waste and redirecting from landfills to more sustainable solutions such as remanufacturing, recycling and composting.



## Solar Panel Projects

In 2021, our facilities in Rayong, Thailand; Iasi, Romania; and Suzhou, China installed solar panels on their respective roofs to further implement renewable energy use. Our Rayong facility is projected to reduce 381 metric tons of CO<sub>2</sub>e per year, Suzhou — 349 metric tons CO<sub>2</sub>e per year, and Iasi — 17 metric tons CO<sub>2</sub>e per year. These are just a few examples of solar projects that have taken place across our operations in 2021.



## Production Line Efficiency

Our Shanghai, China facility expanded the diameter of compressed air pipelines and upgraded them to feature smooth piping to reduce air flow resistance. As a result, the production line now receives better air compressor efficiency even with a previously used compressor on reserve. The Shanghai facility is projected to save an estimated 1.2 million kWh, 1,212 metric tons CO<sub>2</sub>e and 480 tons of coal per year.



## GDI Clean Room HVAC Technology

In our Juarez, Mexico facility, we created a new Clean Room and implemented more efficient HVAC units and water chillers rated at 0.6 kW/Ton. In 2021, the Juarez facility saw a 2,759 MWh electricity reduction and 355 metric tons CO<sub>2</sub>e reduction.



## Production Wastewater Reuse

We used an idle Reverse Osmosis System in our facility in Piracicaba, Brazil to treat wastewater from the production process. After implementation of the project, the wastewater was reused after reverse osmosis to wash plastic boxes used in production, supply factory floor cleaning equipment, dilute cleaning chemicals, and supply batteries for material handling and lifting equipment. The Piracicaba facility saw an average of ~4,000 liters per month deducted from its water use.



## Heat Recovery and Oven Efficiency

In 2021, our Suzhou, China facility implemented a new heat recovery system on its air compressor in order to increase energy use efficiency. The initiative resulted in 50% natural gas reduction and 72 metric tons of CO<sub>2</sub>e reduction per year. Additionally, the Suzhou facility also implemented an SMT (surface mount technology) oven intake process optimization and reduced N<sub>2</sub> consumption by 470 cubic meters per year.



## Renewable Energy Use

Our facilities in Arnstadt, Heidelberg, Ketsch, and Mannheim, Germany contributed in the company's goal of achieving carbon neutrality by 2035 by sourcing and using 100% renewable electricity in 2021.



A photograph of a woman and a young child washing a dark-colored car outdoors. The woman is standing behind the child, who is using a blue water sprayer. The car's driver-side door is open. The background is filled with lush green trees, and the entire scene is overlaid with a semi-transparent teal filter.

# Social Responsibility:

## Live the BorgWarner Beliefs

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Our BorgWarner Beliefs serve as the foundation that drives our commitment to our employees, their families, and the communities in which we operate. They shape our culture and who we are both as a company and as groups of individuals working toward a common goal.

During 2021, we focused our efforts on accelerating the pace of talent development, building robust talent pools, and advancing company culture. As a result, we launched Belief Behaviors to bring clarity and consistency to how the beliefs come to life at an individual level. They are relevant to all employees and set the expectation for how we interact to get results.

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



**Inclusion.**  
Respecting individuals

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



**Integrity.**  
Honoring truth

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



**Excellence.**  
Focusing on results

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



**Responsibility.**  
Our commitment

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



**Collaboration.**  
Building trust

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

# Diversity, Equity, and Inclusion (DE&I)

At BorgWarner, inclusion and respect are core to our Beliefs, not just buzzwords. We are committed to attracting and developing talent with diverse perspectives, experiences, and skills. We strive to be the employer of choice, and to do so, we must first accept and embrace diversity by respecting and honoring differences – in perspective, appearance, experience, culture – the list is unlimited.

To attract and retain the highest caliber of talent, we aim to cultivate a culture where employees are treated with dignity and their differences are celebrated, supporting employees so they feel comfortable bringing their authentic selves to work.

## Creating a sense of belonging

Our Chief Human Resources Officer (CHRO) is responsible for the success of our extensive employee engagement, development, and diversity policies and programs. In 2021, a new Inclusion Oversight Council comprised of Strategy Board members, HR Leaders, and cross-functional employees was established to provide strategy and accountability, leadership influence, decision making, and cultural alignment.

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

## 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 implemented mandatory Inclusion and Unconscious Bias awareness training to all directors and above in our workforce in 2021 and plan an additional offering to all employees in 2022.

**In 2022, we set goals to advance diversity, equity, and inclusion to support our commitment to creating an inclusive and sustainable workforce of the future.**

### Diversity



**35%** of global workforce are women by 2026

**30%** of U.S. workforce is racially/ethnically diverse by 2026

### Equity



Achieve and maintain **pay parity** for all by 2026

### Inclusion



**80% or above** on the BorgWarner Beliefs index score from our employee engagement survey by 2026

## Employee Diversity

**3 of 8<sup>6</sup>**

Board members and

**3 of 11<sup>6</sup>**

Strategy Board members are diverse.

**15.1%**

of the company's leadership and

**30.1%**

of the company's total workforce are women.

**17.4%**

of the company's U.S. leadership and

**25%**

of the company's total U.S. workforce are racial/ethnic minorities.

**98.9%**

Based on our pay equity survey, women earned compensation 98.9% of that received by men.

<sup>6</sup> Board and Strategy Board demographics are as of June 2022.



## Promoting an inclusive work environment – Employee Belonging Groups

Our employee belonging groups (EBGs) celebrate diversity and promote inclusion through encouraging networking, professional development, and cultural awareness aligned to our beliefs and strategies. We are developing a multiyear plan to support the launch of additional EBGs by 2025.

All EBGs at BorgWarner are voluntary, employee-driven teams that are supported with BorgWarner resources and executive sponsors.

### BorgWarner African Ancestry Network Group (BAANG)

BAANG is our newest EBG, founded by a group of BorgWarner employees at the end of 2021. BAANG officially launched in February 2022. This group was established to understand how we can create a truly inclusive culture that provides a network for new joiners, mentoring opportunities, and other activities that engage our employees with African ancestry and those who want to support them as allies.



### SPECTRUM

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 supports employee engagement by:

- building awareness of the LGBTQ+ community;
- participating in local events to support Pride Month, including Ferndale Pride in metro-Detroit; and
- leading fundraising efforts for the Ruth Ellis Center.



### Women in Science and Engineering (WISE)

WISE supports personal and professional growth of women employees in the STEM fields at our Propulsion Technical Center in Auburn Hills, Michigan. The group promotes learning events with a focus on women in the workplace. WISE is also involved in university recruitment efforts and events that focus on STEM for both high school and elementary school students. In 2021, WISE offered a virtual workshop on Unconscious Gender Bias, sponsored a finance workshop on how to read a quarterly earnings report, and held a virtual appreciation week. We are introducing local chapters of WISE at global locations in 2022.



### BorgWarner Engagement Action Team (BEAT)

BEAT 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.



# Talent and Development

Our Global Talent Development Process (GTDP) 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.

## Developing our future leaders

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

# P O W E R T O E-VOLVE

**Power to Evolve training program transforms our industry-leading automotive engineers into a cutting-edge team, developing our EV products.**

We are evolving our business through Charging Forward, and a key facet of that strategy is also evolving the skills of our existing talent so our workforce is sustainable. Power to Evolve is a training program created in partnership with leading universities in the U.S. and Europe to increase our talent's knowledge of and skills for electrical engineering. Employees learn hands-on skills required for productive work and complete modules for inverters, batteries, and motors.

## 2021 highlights

**84,000+**

hours of training provided to salaried employees



**15,038**

salaried employees received training, approximately 95% of the respective workforce



**28%**

increase in salaried employees that received training



**30%**

increase in number of employees that completed online training



**872**

current or future leaders were impacted by training investment



**68%**

of our leadership positions were filled via internal placements



**1,110**

apprentices, interns and co-ops were hired



## Spark Connection

Spark Connection enables engagement and enhances experiences by creating connections, building networks, and increasing exposure between female leaders and talent across the business. We designed this event to provide an inclusive, casual environment where participants can be free to have authentic and purposeful discussions virtually.

## Campus partnerships

We updated our U.S. campus partnerships in 2021 and work with universities that are aligned with our focus to recruit diverse interns and direct hires with specialized skills supporting the business strategy. This updated list includes historically black colleges and universities (HBCUs) and other campuses that have significant populations in underrepresented groups.

## Second Chance Hiring Program

We joined the [Second Chance Business Coalition](#). Being a part of this coalition will provide us with best practices and resources to help us expand employment opportunities in the U.S. for individuals with prior involvement in the justice system. HR teams throughout 2022 will be learning more about how to advance this initiative at their locations.

**Women in Leadership (WIL)** program focuses on supporting women to build and develop their BorgWarner careers. The goal for WIL is to continue to grow women's networks, both within the company and externally.

- **Women Rising** — Our Women Rising program focuses on building a foundation for ongoing professional growth and development for women early in their career. 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, learns how to leverage her strengths, and incorporates habits that support career success.
- **Women in Leadership Mentoring** — For early-in-career women, a one-year mentoring program creates opportunities to network, build relationships, and explore career growth. This program builds on self-awareness and develops goals identified in Women Rising, bolsters the career journey through building internal relationships, and further recognizes goals for career progression.
- **Women's Executive Forum** — At the senior management level, candidates are invited to the Forum to focus on becoming a more impactful leader. The objectives of the program are to develop diverse talent by:
  - examining select behaviors to address leadership challenges faced by women;
  - creating a safe space for dialogue to discuss and engage in shared challenges;
  - facilitating relationships among the women in the group; and
  - arming women with behaviors to help them build relationships and advocate for themselves.The Women's Executive Forum is delivered in a hybrid environment consisting of four quarterly dialogues, culminating in a three-day capstone in-person event.



## Engagement and Retention

Our employees are essential to ensuring our company is delivering competitive, efficient, and innovative products for the customers we serve. In 2021, we revamped our employee engagement strategy to:

- focus on technology that enables us to listen to all employees;
- conduct robust analytics and reporting so we can understand them; and
- take action on what we learn.

Our goal is to build a fully engaged workforce to deliver on our commitments as a company and improve our competitiveness by creating experiences that differentiate our organization. Our Beliefs provide the foundation of our employee engagement strategy.

As a part of this strategy, we launched our new BE HEARD engagement survey to understand how our employees feel about their experiences with coworkers, leaders, and their jobs at BorgWarner. We saw positive results across the survey when benchmarked against other companies both inside and outside of our sector:

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**34,122**  
employees completed the survey,  
representing a 75% response rate

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**84%**  
of participants felt that they are proud to work  
for BorgWarner

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**81%**  
of participants would recommend BorgWarner  
as a good place to work

---

**79%**  
of participants believe that BorgWarner will be  
successful over the next two to three years

---

**94%**  
of participants agreed that BorgWarner is  
customer focused





# Compensation, Benefits, and Well-being

Our compensation and benefits plans were 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 employee health, development, and long-term financial success.

We reward employees based on their contributions and our company's overall success. Virtually all legacy BorgWarner employees (92.6% of our global workforce prior to the Delphi Technologies acquisition) receive variable, performance-based pay linked to achieving corporate goals. As of the end of 2021, inclusive of our new employees who joined from Delphi Technologies, 63.7% of our global workforce receives variable, performance-based pay.

Our variable pay component is focused on short-term annual objectives that we believe support the strength of the business over the long term. Employees are evaluated on the progress made toward achieving business goals, aligned to higher-level organizational strategies.

## 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.



**Felecia J. Pryor**  
Chief Human Resources Officer

Here at BorgWarner, our vision is to support a clean and energy efficient world. We believe in diverse groups of people coming together to help us reach our vision, in an inclusive environment, where everyone is valued and respected, and there's a strong sense of belonging and purpose.





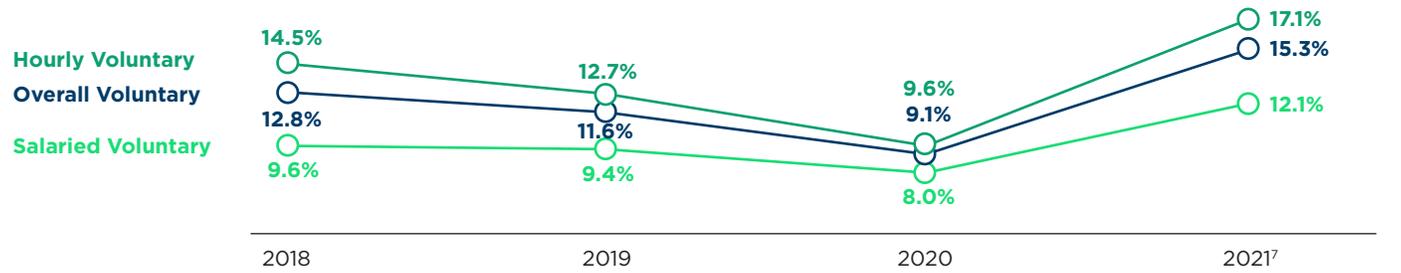
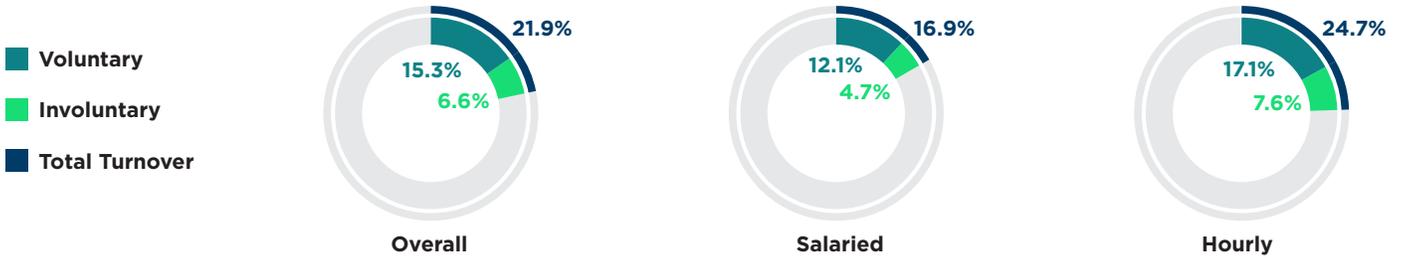
# Number of employees as of December 31, 2021

Americas <b>16,600</b>	Asia <b>12,600</b>	Europe <b>20,100</b>	Total <b>49,300</b>
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Salaried <b>15,900</b>	Hourly <b>33,400</b>	Total <b>49,300</b>
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## Employee turnover

2021



## Women<sup>8</sup>

## Racial/Ethnic Minorities (U.S.)<sup>8</sup>



7 The retention of our workforce has been impacted by the increased labor turnover in the market.

8 Women is defined as employees that have self-identified as "female". Racial/ethnic minorities is defined as employees that have self-identified as outside of the majority ("White Not Hispanic or Latino"). Employees that have not specified their gender or race/ethnicity have been excluded from this calculation.

9 To show comparable data, 2019 and 2020 data was regenerated in June 2022 to reflect changes in categorization.



## 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 again worked with a third-party consultant to conduct an independent pay equity analysis of 2021 data for our workforce.

Our global gender pay equity analysis identified that, on average, women received compensation 98.9% of that received by men. In the U.S., racial/ethnic minorities received compensation of 99.0% or more compared to compensation received by non-minorities. An annual salary review process is in place to evaluate and address discrepancies in pay, if identified.

## Labor Policies

Labor unions are an integral and proud part of our workforce. Approximately 15.9% of our global workforce and 13.1% of our U.S. workforce are unionized. We recognize that in many of our locations, 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 creating an inclusive environment where employees can share their ideas, concerns, and suggestions.

## Safety

Our employees' 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) of 0.40 has improved 60% since 2015 to a level in the top quartile of the U.S. Bureau of Labor Statistics (U.S. BLS) industry average. Additionally, our global lost time incident rate was 0.24, also in the top quartile of the U.S. BLS industry average.

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. GSSF is harmonized to the ISO 45001 Health and Safety Management System standard. All of our manufacturing facilities are in conformance with GSSF, and 58 facilities have also received ISO 45001 certifications. We aim to transition all manufacturing sites to ISO 45001 by the end of 2023.

The GSSF process measures leading safety indicators, integrating detailed metrics into safety scorecards. Engaging employees at every level requires ongoing training and prevention initiatives, performing risk assessments and

### Results of our pay equity analysis<sup>10</sup>

**98.9%**

Women's pay relative to men's pay

**100.2%**

Black pay relative to White pay (U.S. only)

**99.0%**

Hispanic pay relative to White pay (U.S. only)

**102.5%**

Asian pay relative to White pay (U.S. only)

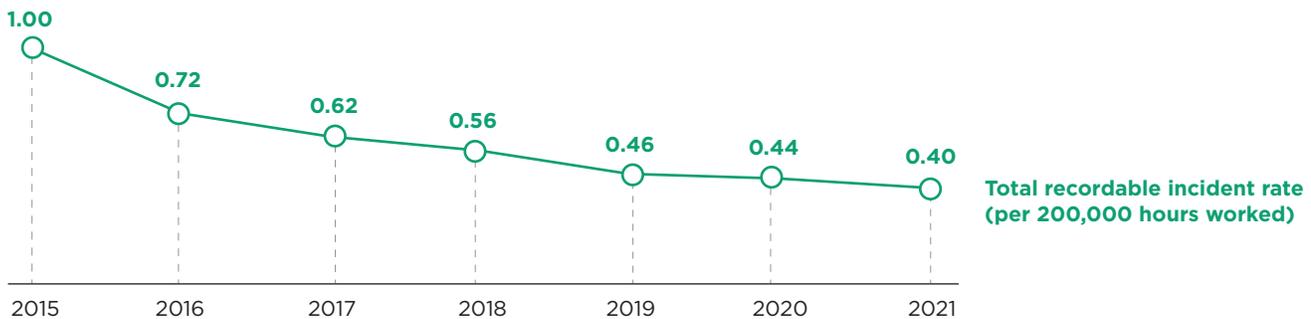
<sup>10</sup> The pay equity study was conducted in 2022 based on compensation as of 12/31/21. The analysis included employees from salaried early-in-career through Vice President roles and includes employees acquired as part of the Delphi Technologies acquisition.

inspections, sharing best practices, hosting safety conferences, and sponsoring recognition programs. We require our global facilities to report injuries and illnesses according to OSHA standards, in addition to other reporting requirements in their local jurisdictions.

## Working Together to Respond to COVID-19

Throughout 2021, the COVID-19 pandemic continued to create challenges for our company and society. We worked closely with both the health authorities in regions where we operate and with peers across our industry to ensure our people operate safely. Our Critical Event Management Team (CEMT), health and safety experts, human resources, and site leadership personnel are responsible for monitoring and coordinating our on-going safety measures to help ensure the protection of our employees.

## Focused on safety: Total recordable incident rate



### 2021 CEO Safety Excellence Award

Ten manufacturing facilities achieved the CEO Safety Excellence Award in 2021 for working one million hours and a minimum of 12 consecutive months without a recordable incident, along with other safety performance requirements.

- Arcore, Italy
- Beijing, China
- Ningbo, China
- Ningbo Jiangshan, China
- Ningbo JV, China
- Oroszlány, Hungary
- Suzhou, China
- Tianjin, China
- Water Valley, Mississippi, U.S.
- Wuhan, China

### BorgWarner’s third annual Global Safety Day

On October 21, 2021, all BorgWarner locations took part in our third annual Global Safety Day. Our workers participated in events that highlighted the importance of safety and steps everyone can take to reduce and prevent the risk of accidents.



### Safety Day at BorgWarner Oroszlány

In October, our Oroszlány, Hungary facility participated in BorgWarner Global Safety Day with organized environmental training, playful personal protective equipment dressing competition, breast cancer prevention education, environmental lectures, and self-defense demonstrations for our colleagues.

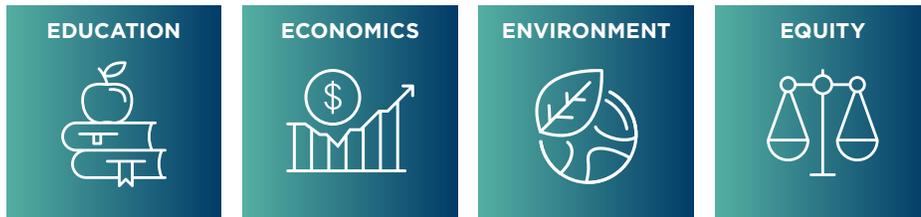
### 2021 Safety Star Award

Two manufacturing facilities achieved the Safety Star Award in 2021 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.

- Heidelberg, Germany
- Rzeszów, Poland

# 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.



In 2021, we participated in over 400 charitable activities. Additionally, BorgWarner and its employees donated \$4.3 million and more than 137,000 hours of their time. This surpassed our goals of \$3.5 million in donations and 40,000 volunteer hours.

## BorgWarner MOVES

BorgWarner MOVES combines improving physical health and giving back to local communities. In 2021, we set a goal of 600 million steps across our entire company and had donations to charitable organizations set in place for each business’ own step goal. Our employees exceeded our goal by 10-fold, reaching 6.6 billion steps, resulting in all available donations given.

## Ronald McDonald House Partnership — Iași, Romania

Our Iași, Romania facility partnered with Ronald McDonald House Charities and began the construction of a new house in Iași next to the Children’s Emergency Hospital, Saint Mary. This new house serves as a unique project in northeastern Romania and will offer accommodations for 1,000 parents from the entire region during their children’s hospitalization.



## Charity Action for Food Bank — Blois, France

Our Blois, France facility supported a local food bank through the efforts of our employees. The facility and employees donated more than 6,000 unused boxes and 130 storage cabinets and collected more than €12,000 — the equivalent of 31,660 meals.





# Governance:

## Partner with and Report to Stakeholders

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- 45 Responsibility in Our Supply Chain

Our Board of Directors (Board) and the Company's Strategy Board are committed to rigorous oversight and practices that effectively execute our strategic plans and provide value for our stockholders and all other stakeholders. Ultimate oversight for sustainability lies with the Board. However, the Board has delegated certain aspects of sustainability and ESG to the Board committees as described below in the Board Oversight of ESG section of this report.

The Strategy Board approves our sustainability strategy and goals and provides resources to meet performance targets. Periodic progress updates are provided to the Board to assess the company's performance.

## Our Board of Directors<sup>11</sup>



## Our Strategy Board<sup>11</sup>



<sup>11</sup> Demographic information for the Board and Strategy Board is as of June 2022

# Board Oversight of ESG

Assessment of ESG risks and opportunities are essential elements of our Board's oversight responsibilities. This evaluation of ESG requires constant, in-depth consideration as our sustainability framework goes hand-in-hand with our company strategy.

The Board also has oversight of our sustainability strategy, with each Board committee having clearly defined responsibility for specific ESG activities as follows:



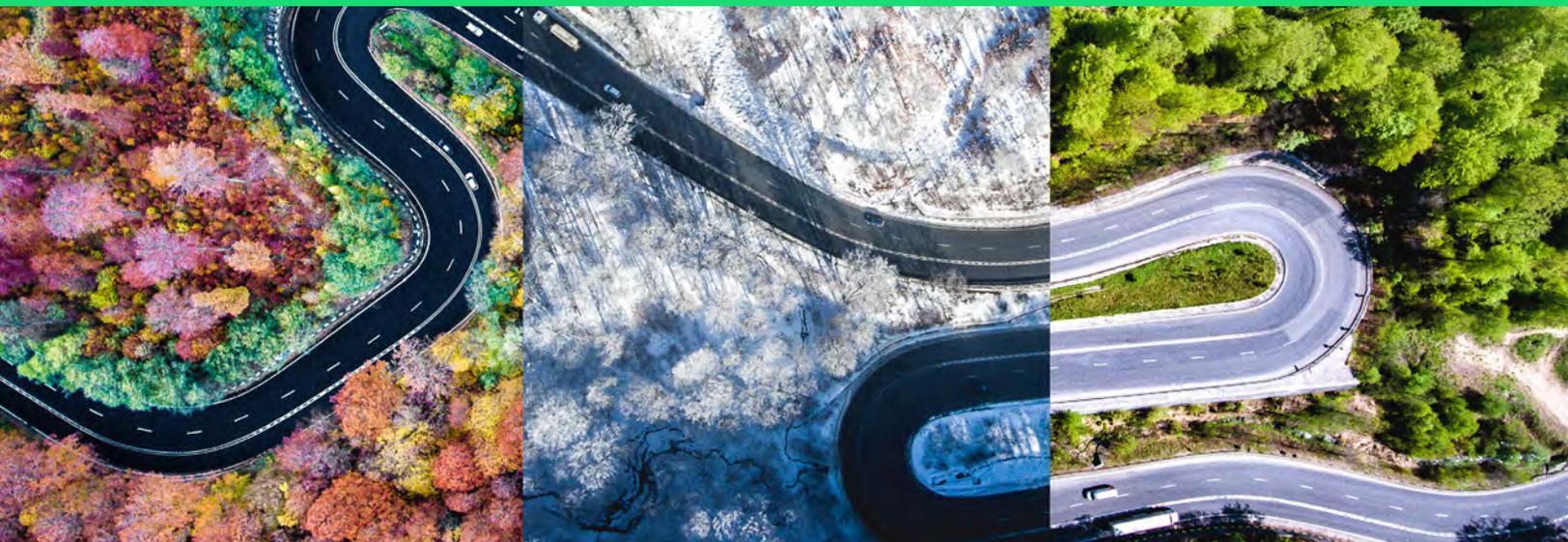
The Corporate Governance Committee reviews the Company's sustainability strategy, policies, and procedures. They also analyze ESG risks and opportunities, including stakeholder feedback on ESG topics. The Corporate Governance Committee also ensures that there is ESG expertise on the Board.



Our Compensation Committee oversees human capital management, including diversity, equity, and inclusion. They also assess 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. This includes assessing compliance with ESG-related disclosure requirements.



# Ethics and Integrity

Our reputation depends on every employee making ethical choices and upholding our high standards of business integrity. Our [Code of Ethical Conduct](#) (Code), available in the most widely spoken local languages where we operate, defines our principles, expectations, and guidelines for appropriate business behavior. It is the foundation of BorgWarner’s Compliance Program, which addresses topics such as: anti-bribery and anti-corruption; conflicts of interest; accounting standards; diversity, equity, and inclusion; gifts, travel, and entertainment; and prevention of workplace violence, among others. In addition to the Code, our Board and our senior leadership team must also adhere to our [Code of Ethics for CEO and Senior Financial Officers](#).

The Code is introduced to all employees when they join BorgWarner and is reinforced through continuous training. In 2021, we updated our ethics and compliance training content and delivery models enabling us to offer the training to 100% of our salaried workforce online or in-person in 2022.<sup>12</sup> We also offer more targeted and in-depth training on topics such as data privacy and protection, anti-trust, anti-bribery/anti-corruption, anti-harassment, and global trade compliance (including human trafficking). Additionally, we have an annual questionnaire that monitors our compliance culture. In 2021, we achieved a 100% completion rate for the questionnaire.

The Code and the critical policies related to the Code are reviewed regularly to ensure we address current and emerging compliance trends. We also monitor the latest U.S. Department of Justice and other regulatory guidance and developments, and participate in benchmarking exercises and discussions with our peers.

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## 100%

employee completion rate for the survey that monitors our compliance culture in 2021



**Tamika Frimpong**  
Chief Compliance Officer

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Maintaining high standards of ethics and integrity requires courage, personal strength and sometimes difficult choices. We must each make conscious decisions to choose ethics and integrity always.



<sup>12</sup> Training offerings for hourly employees vary based on location and business.

## Whistleblower programs

Our speak-up culture and zero-tolerance retaliation policy empower employees to openly raise compliance questions or suspicions of unethical or inappropriate behavior without fear of retaliation. We have multiple reporting platforms, including an independent third-party reporting service (Compliance Hotline) as detailed in our [Complaint Submission Handling Policy](#). Confidential reports can be made directly to our Compliance Office or, consistent with applicable law, anonymously through our Compliance Hotline. The Compliance Hotline is available 24 hours a day, seven days a week, 365 days a year and in local languages to employees, contractors, suppliers, and community members from anywhere in the world.

Suspected violations of our Code or company policies are recorded and investigated and appropriate action is taken based on the findings. Issues involving a violation of regulations, laws, or the Code are reported to the Board's Corporate Governance and Audit Committees. The Chief Compliance Officer also provides regular compliance updates to the full Board as well as the Audit Committee and Corporate Governance Committee. BorgWarner's Strategy Board also receives periodic reports during the year to ensure a constant awareness of the Company's culture of compliance.

The Compliance Office received 303 reports in 2021 — all of the reports received in 2021 were reviewed, assigned for handling, and followed to resolution.

## Prohibition on political contributions

BorgWarner does not make political contributions of any kind and does not have a Political Action Committee (PAC). BorgWarner's 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 transparently engaged in the public policy process to advance our business interests. 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 our Code.



# Data Privacy and Cybersecurity

BorgWarner has a robust information security program aligned to the National Institute of Standards and Technology (NIST), which is known as the Framework for Improving Critical Infrastructure Cybersecurity. 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 Chief Compliance and Privacy Officer (CCPO) oversees our data privacy programs and policies, while our Chief Information Officer (CIO) oversees our cyber and data security. The CCPO and the CIO report to the Board on at least an annual basis. The Board regularly and continually is apprised of the strategic, operational, commercial, financial, legal, health and safety, and compliance risks, including those related to privacy and data security.

Our cybersecurity team is responsible for cyber and data security operations and policies, and coordinates with various business groups to ensure they are following best practices. We updated our information technology (IT) policies in 2021 to comply with TISAX and ISO 27001 and plan to continue TISAX certifications at our plants.

In 2021, the Compliance (Data Privacy) team initiated a Global Privacy Assessment and began implementation of a more comprehensive privacy program in response to the increasing number of global data privacy laws impacting our operations.

We have various tools and programs in place to monitor and address potential threats:

- Managed security service that monitors security logs for indicators of compromise
- Monthly external vulnerability assessments
- Annual penetration testing
- Data security training for all employees
- Early detection and response antivirus tool
- Data leak prevention tools
- Vulnerability scanning of Data Centers: we scan for vulnerabilities for external links and internal data centers
- Distributed Denial of Service (DDOS) mitigation

The protection of personal data, especially that 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 data subjects, and, for other systems, data 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 very core of our product leadership culture. Our **New Launch Quality Direction** initiative leverages Local Accountability and Global Strength to apply early risk management reviews, standard gate escalation processes, and advanced quality management to all key programs. 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 focuses on further improving quality, launch, and warranty performance for our strategic customers. We also expanded our cross-business customer quality teams to include our newest plants that joined with the acquisition of Delphi Technologies and plan to expand further in 2022 to include key customers in China.

All of our manufacturing and production facilities that supply to OEMs 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:

### BorgWarner Quality Award winners

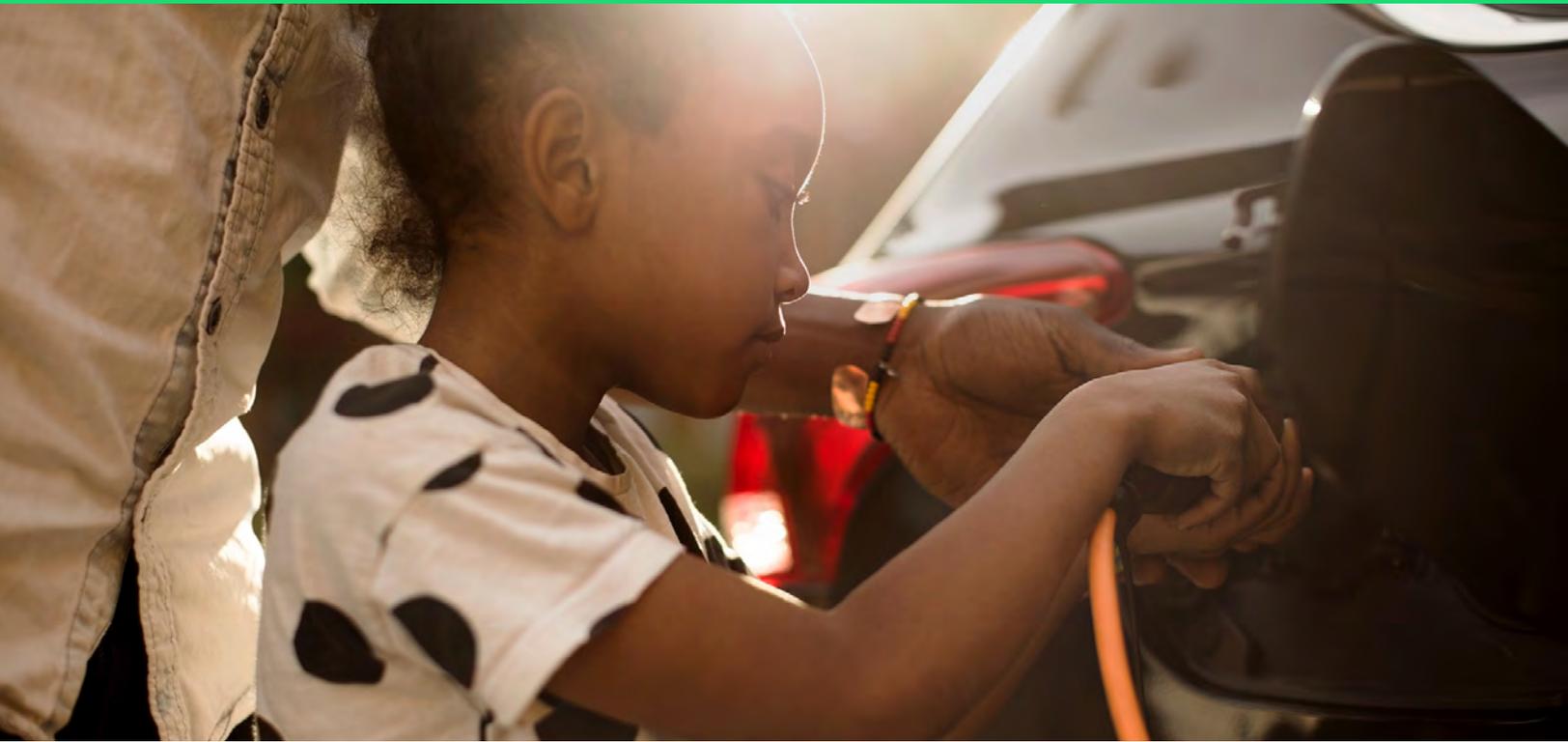
The BorgWarner Quality Award is based on the measurement of three key performance indicators: production quality, launch quality, and warranty. The goal is to further instill a quality culture and recognize excellence by creating healthy competition in quality performance amongst our plants.

The overall winner of the 2021 Quality Award was our plant in Wuhan, China. Additional recognition was given to our plants in Yantai, China; Beijing, China; Chihuahua, Mexico; and Vigo, Spain.

customer satisfaction, quality products, and continuous improvement

## How we implement our key quality principles:

- A commitment to meeting all applicable requirements, including statutory, regulatory, 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, to 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. In 2021, we had a total of two items in the NHTSA recall system involving 515 units and 331 units each.

## Supply chain quality oversight

Our meticulous quality standards extend to our suppliers as detailed in our [Supplier Code of Conduct](#), [Supplier Manual](#), and [Supplier Expectations](#). We have a formal process to assess suppliers for safety, quality, and financial resilience, and we conduct regular supply chain audits. We require all 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 our Supplier Manual, suppliers must recertify compliance. Generally, we update our Supplier Manual every one to two years.

# Responsibility in Our Supply Chain

It is important that our 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 Supply Chain Board 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 (POTC), to strengthen and make our sustainability standards and requirements for compliance explicit.

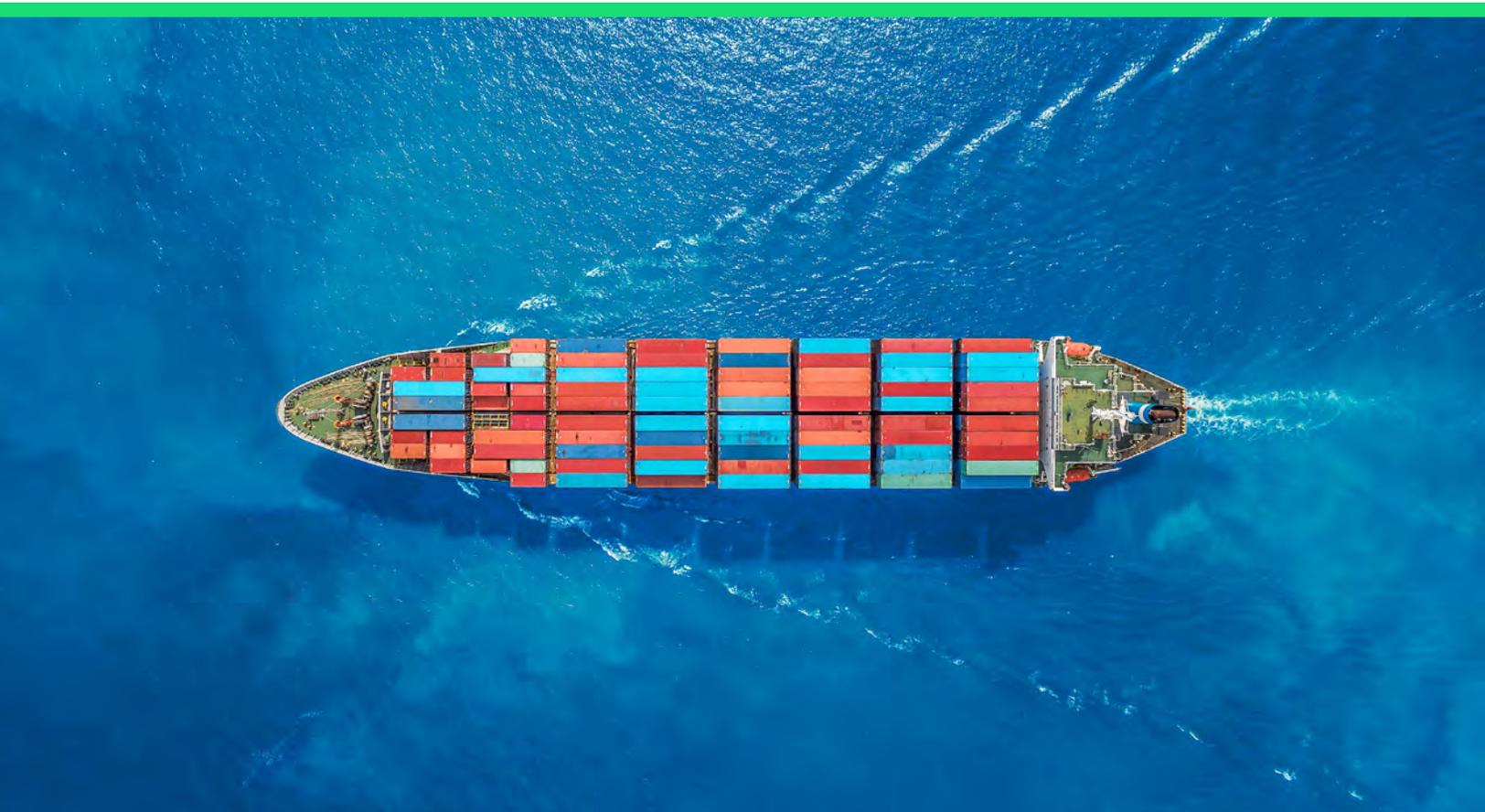
In 2021, we again launched our Sustainability Self-Assessment Questionnaire (SAQ) with a goal of 80% completion from high-impact and high-risk suppliers. Leveraging support from our supply chain management teams, we saw a significant increase in participation from 24.1% to 59.8%. The SAQ is an industry-standard questionnaire that asks suppliers about key sustainability issues including human rights, working conditions, health and safety, environment, and business ethics. It is designed to indicate and verify supplier compliance on sustainability in line with the Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain. The SAQ was designed with a “self-service” platform intended to avoid duplication and improve efficiency in the assessment process.

In 2021, our Supply Chain Board also developed a Sustainable Supply Chain Strategy which outlines priority ESG topics for supplier management with a roadmap for implementing the strategy. In 2022, our strategy will include a focus on developing supplier expectations and translating them into our sourcing process and expectations.

## 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. BorgWarner is a member of the Responsible Minerals Initiative (RMI). Suppliers identified as using potential conflict minerals from a sanctioned smelter must secure a new source or be terminated as a supplier. As part of our compliance and oversight efforts, our supply chain teams participate in Automotive Industry Action Group (AIAG) conflict mineral working groups and events.

## Supply chain resilience

In response to the pandemic in early 2020, BorgWarner created a Supply Chain Risk Council (Council) to enhance the continued strength of our sourcing ability. As supply chain disruptions reemerged in 2021, we relied on the Council to continue to help navigate supply challenges. The Council guides us in identifying potential risks, such as geographic or political conflicts, that could be adverse to our business interests. This allows us to generate additional layers of support and resilience to meet the needs of our customers.



# Appendix

- 48 Task Force on Climate-related Financial Disclosures Index
- 51 Performance Data and SASB Index
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- 53 GRI Index



# Task Force on Climate-related Financial Disclosures Index

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

## Governance

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### a) Board Oversight

Our Board of Directors (Board) and the Company's Strategy Board are committed to rigorous oversight and practices that effectively execute our strategic plans and provide value for our stockholders and all other stakeholders. Ultimate oversight for sustainability lies with the Board. However, the Board has delegated certain aspects of sustainability and ESG to the Board committees as described in the Board Oversight of ESG section of this report. The Strategy Board approves our sustainability strategy and goals and provides resources to meet performance targets. Periodic progress updates are provided to the Board to assess the company's performance.

### b) Management role

The executive management team (Strategy Board) sets sustainability strategies, approves goals, and provides resources to meet performance targets. In 2021, this group included our President and Chief Executive Officer, Chief Financial Officer, Chief Administrative Officer, General Counsel and Secretary, Chief Human Resources Officer, Chief Strategy Officer, President of BorgWarner China, and our Business Unit Presidents and General Managers. Periodic progress updates are provided to the Strategy Board to review performance to goals. In addition, we have a Sustainability Steering Committee, made up of key executives and business heads across our company that support developing climate change goals and strategy along with other environmental, social and governance topics.

## Strategy

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### a) Climate-related risks and opportunities

Our Strategy Board has identified climate-related risks that may affect us over the short-, medium- and longer-term. The key risks include:

- 1. Demand risks:** 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.
- 2. Regulatory risks:** Our Original Equipment Manufacturer (OEM) customers are subject to rules and regulations around their fleet fuel efficiency and emissions. Regulatory impacts on our customers may impact demand.
- 3. Physical risks:** Extreme weather may impact our operations. We have taken actions to mitigate this, including through evaluating and addressing flood and drought risks at our manufacturing locations and securing proper insurance to protect our properties.
- 4. Clean mobility opportunity:** The transition to cleaner transportation offers a significant opportunity for our company, as a majority of our revenue comes from emissions-reducing components. In addition, we expect higher revenue per vehicle from the switch to hybrid and electric from combustion technologies.



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**b) Impact on strategy**

**Our products:** There are few present challenges as important as creating solutions that support our vision of a clean, energy-efficient world, which requires us to constantly invest and innovate to improve mobility. For more than 130 years, BorgWarner has been a transformative global product leader bringing successful mobility innovation to market. Today, we're accelerating the world's transition to eMobility — to help build a cleaner, healthier, safer future for all. We uncover strong trends and use smart science and technology to address a future based on varying regulations, consumer demands and automaker requirements.

**Efficient Operations:** At BorgWarner, sustainability starts with our products, but continues in our operations. As an operating team, we strive to ensure we have safe and environmentally friendly manufacturing and engineering centers where our people can thrive as they support our customer needs for innovative 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.

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**c) Climate resilience**

Our business strategy, Charging Forward, is designed to increase production of electric and other vehicle parts that enable zero- and lower-emissions transportation. Successful execution of our strategy and careful cultivation of our product mix is expected to generate more than 25% of total sales from EVs in 2025 and approximately 45% in 2030. 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 aligned with the aspirations of the Paris Climate Agreement. The transition to electrified mobility is something our Strategy Board and Board monitor closely and discuss regularly. As part of our commitment to the Paris Climate Agreement, we are moving forward with a project to calculate our Scope 3 emissions across the 15 GHG Protocol categories in order to develop and submit a science-based target to SBTi in 2022.

Our strategic planning for net-zero carbon emissions extends to our operations. 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. 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.

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## Risk Management

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**a) Process to identify climate risk**

At an enterprise level, risks including those related to climate and other environmental and resource-related risks (e.g., energy, climate, water, and infrastructure) are within the purview of these teams. The committees established a matrix of the top risks for the company and periodically assess 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.

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

Substantive operational risks are those with the potential to impede the company from manufacturing or distributing products, and are considered possible, likely, more likely, or highly likely in the short- to long-term future. Substantive risks are those that could have an impact on financial, operational, environmental health and safety matters, reputation, and people.

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**b) Process for managing climate risks**

Enterprise-level risks are managed or mitigated through internal policies and procedures or other means. At the risk level, owners are appointed for each of the Company's identified risks and their assessments and mitigating actions are tracked and documented according to the Company's enterprise risk management process. The findings of these exercises are summarized and reported to the Board of Directors at least annually.

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### c) Climate risk integration

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

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

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

While the Board has responsibility for oversight of the Company's enterprise risk management process, the Audit, Compensation and Corporate Governance Committees of the Board all contribute to the risk management oversight function. In particular, the Audit Committee focuses on financial and compliance risk, including but not limited to, internal controls and cybersecurity risk management practices. The members of the Company's Enterprise Risk Management Committee include the VP and Controller, VP and Treasurer, VP of Internal Audit, Director of Strategic Risk Management, VP and Chief Compliance Officer, VP and Chief Information Officer and various business operational leaders. The Board of Directors receives an annual update on the Company's enterprise risk management process and results in order to assure that the designed processes and controls have been implemented and are functioning properly.

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## Metrics

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### a) Metrics

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

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

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

Scope 1 emissions (2021): 99,223 metric tons of CO<sub>2</sub>e

Scope 2 emissions (2021): 439,434 metric tons of CO<sub>2</sub>e

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### c) Targets

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

1. Generate 45% of our revenue from electric vehicles by 2030
  2. Maintain majority of revenue from clean and emissions-reducing products
  3. Carbon neutral in Scope 1 and Scope 2 emissions by 2035
  4. 85% absolute reduction in Scope 1 and Scope 2 carbon emissions by 2030 from a baseline of 2021
- 

\* Greenhouse gas emissions and energy data were revised on November 9, 2022 to reflect feedback received in the course of third-party limited assurance as part of our annual CDP response.



# Performance Data and SASB Index

Metric	SASB Code	2017	2018	2019	2020	2021
<b>Create a cleaner, more energy-efficient world</b>						
Revenue from fuel efficiency and lower emission products (%)	TR-AP-410a.1	-	84%	83%	85%	88%
Greenhouse gas (GHG) emissions (metric tons CO <sub>2</sub> e) <sup>1,2,***</sup>	—	675,426	660,619	586,527	516,450	538,657
Total GHG Scope 1 emissions (metric tons CO <sub>2</sub> e) <sup>1,2,***</sup>	—	73,948	84,542	75,106	70,584	99,223
of which, from energy use (metric tons CO <sub>2</sub> e) <sup>1,2,***</sup>	—	73,948	84,542	75,106	70,584	87,409
of which, from refrigerants (metric tons CO <sub>2</sub> e) <sup>1,2,***</sup>	—	—	—	—	—	11,814
GHG Scope 2 emissions, market-based (metric tons CO <sub>2</sub> e) <sup>1,2</sup>	—	601,478	576,077	511,420	445,866	439,434
GHG intensity (metric tons CO <sub>2</sub> e/\$mn sales) <sup>1,2</sup>	—	46.11	42.93	40.37	37.13	36.30
Total energy consumption (MWh) <sup>1,2</sup>	TR-AP-130a.1	1,643,585	1,649,580	1,560,284	1,402,589	1,556,454
of which, grid electricity (MWh) <sup>1,2</sup>	TR-AP-130a.1	1,244,546	1,192,717	1,153,249	1,019,555	1,046,815
of which, renewable energy (MWh) <sup>1</sup>	TR-AP-130a.1	-	-	-	13,680	39,946
Energy intensity (MWh/\$mn sales) <sup>1,2</sup>	—	112.20	107.20	107.39	100.83	104.90
Water use (kgal) <sup>1,7</sup>	—	539,246	536,079	552,818	505,026	521,167
Water intensity (kgal/\$mn sales) <sup>1,7</sup>	—	36.81	34.84	38.05	36.31	35.12
ISO 14001 environmental management certified facilities (%) <sup>2</sup>	—	-	100%	100%	100%	100%
Percentage of products sold that are recyclable <sup>3</sup>	TR-AP-440b.1	-	-	-	94%	90%

## Live the BorgWarner Beliefs

Total recordable Incident Rate (per 200,000 hours worked)	—	0.62	0.56	0.46	0.44	0.40
Lost Time Incident Rate (per 200,000 hours worked)	—	0.42	0.37	0.29	0.28	0.24
Fatalities (#)	—	0	0	0	0 <sup>4</sup>	0
GSSF or ISO 45001 health & safety management-certified manufacturing facilities (%)	—	100%	100%	100%	100%	100%
Women in workforce (%) <sup>5</sup>	—	-	-	26.5%	28.6%	30.1%
Women in salaried workforce (%) <sup>5</sup>	—	-	-	22.5%	22.6%	24%
Women in leadership workforce (%) <sup>5</sup>	—	-	-	14.1%	14.6%	15.1%
Employee turnover rate (%)	—	14.5%	17.6%	18.5%	14.8%	21.9%
Employee volunteer hours	—	28,538	54,250	62,890	18,793	137,775

## Partner with and report to stakeholders

IATF 16949/ISO 9001 quality management certified facilities (%) <sup>2</sup>	—	-	100%	100%	100%	100%
High-impact and high-risk suppliers completed sustainability questionnaire (%)	—	-	-	-	24.1% <sup>6</sup>	59.8%

1 Data reporting represents approximately 97% of our facilities by total square footage. Data includes legacy BorgWarner for the whole period, plus legacy Delphi Technologies.

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

3 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.

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

5 Women is defined as employees that have self-identified as "female". Employees that have not specified their gender have been excluded from this calculation. To show comparable data, 2019 and 2020 data was regenerated in June 2022 to reflect changes in categorization.

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

7 Water data was revised on August 29, 2022, following the release of this report, to reflect better data from 2017-2021 and to report our water footprint in line with our emissions and energy reporting.

\* Greenhouse gas emissions and energy data were revised on November 9, 2022 to reflect feedback received following third-party limited assurance as part of our annual CDP response.

\*\* Does not include emissions from refrigerant loss.

\*\*\*Refrigerant data available from 2021; data not available for prior years.



# U.S. EEO-1 Data<sup>8</sup>

(As of December 31, 2021)

Job Categories	03 MALE (NOT-HISP/LAT)							04 FEMALE (NOT-HISP/LAT)							Count
	01 MALE (HISP/LAT) Hispanic or Latino	02 FE-MALE (HISP/LAT) 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	
01 - Executive/Senior Level Officials and Managers	0	0	0	0	0	0	0	14	0	0	3	0	0	0	17
02 - First/Mid-Level Officials and Managers	46	13	0	50	16	0	2	533	0	15	11	0	1	110	797
03 - Professionals	41	19	0	178	32	3	6	983	0	42	5	0	0	230	1,539
04 - Technicians	20	1	2	7	37	0	4	378	0	3	16	0	1	78	547
05 - Sales Workers	5	0	0	5	0	0	1	43	0	1	0	0	0	9	64
06 - Administrative Support Workers	1	6	0	0	2	0	0	19	0	2	2	0	0	62	94
07 - Craft Workers	10	2	1	7	20	0	4	378	0	0	3	0	0	38	463
08 - Operatives	86	37	6	24	169	1	16	764	2	8	128	1	7	329	1,578
09 - Laborers and Helpers	27	7	1	9	60	0	2	97	0	4	29	0	0	46	282
10 - Service Workers	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
<b>Total</b>	<b>236</b>	<b>85</b>	<b>10</b>	<b>280</b>	<b>336</b>	<b>4</b>	<b>35</b>	<b>3,209</b>	<b>2</b>	<b>75</b>	<b>197</b>	<b>1</b>	<b>9</b>	<b>902</b>	<b>5,381</b>

<sup>8</sup> In line with EEO-1 reporting, data provided does not include temporary workers. The preceding data on p. 33 reflects our total workforce.



# 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	Cover Page	n/a
102-2	Activities, brands, products and services	Leading today means looking ahead to tomorrow	13-19	n/a
102-3	Location of headquarters	Last Page	Last Page	n/a
102-4	Location of operations	See <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 and Diversity	26-35	n/a
102-9	Supply chain	Global Suppliers, CEO on Safety	45-46	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	53-57	n/a
102-12	External initiatives	CDP	48-50	n/a
102-13	Membership of associations	Trade Organizations	40-41	SDG 17
<b>General Disclosures – Strategy</b>				
102-14	Statement from senior decision maker	Letter from the CEO	2	n/a
102-15	Key impacts, risks and opportunities	Form 10-K (Risks)	n/a	n/a
<b>General Disclosures – Ethics &amp; Integrity</b>				
102-16	Values, UNGC Principles, standards and norms of behavior	Environmental, Ethics, Basic Working Conditions and Diversity	40-41	UNGC Principle 1 & 2 SDG 3
102-17	Mechanisms for advice and concerns about ethics	Ethics, Survey and Basic Working Conditions	40-41	SDG 16



GRI Disclosure Number	Description	Section / Reference Page	Page	UN Global Compact Principle / SDG
<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	38-39	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	7-8	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
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, 53-57	n/a
102-55	GRI Content Index	Comparative (GRI) Index	53-57	n/a
102-56	External Assurance	CDP Verification	n/a	n/a



GRI Disclosure Number	Description	Section / Reference Page	Page	UN Global Compact Principle / SDG
<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	20-23	UNGC Principle 9 SDG 13,12,15
103-3	Evaluation of the management approach	Environmental Stewardship - Operations	20-23	UNGC Principle 9 SDG 13,12,15
302-1	Energy consumption within the organization	Environmental Stewardship - Operations	20-21	UNGC Principle 8 SDG 7, 12, 13
302-2	Energy consumption outside of the organization	Product Quality	19, 45-46	UNGC Principle 8 SDG 7, 12, 13
302-3	Energy intensity	Environmental Stewardship - Operations	20-21	UNGC Principle 8 SDG 7, 12, 13
302-4	Reduction of energy consumption	Environmental Stewardship - Operations	20-21	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	22	UNGC Principle 9 SDG 13,12,15
103-3	Evaluation of the management approach	Environmental Stewardship - Operations	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	20-21	UNGC Principle 8 SDG 7, 12, 13
103-3	Evaluation of the management approach	Environmental Stewardship - Operations	20-21	UNGC Principle 8 SDG 7, 12, 13
305-1	Direct (Scope 1) GHG emissions	Environmental Stewardship - Operations	51	UNGC Principle 8 SDG 7, 12, 13
305-2	Energy indirect (Scope 2) GHG emissions	Environmental Stewardship - Operations	51	UNGC Principle 8 SDG 7, 12, 13
305-3	GHG emissions intensity	Environmental Stewardship - Operations	51	UNGC Principle 8 SDG 7, 12, 13
305-4	Reduction of GHG emissions	Environmental Stewardship - Operations	20-21	UNGC Principle 8 SDG 7, 12, 13



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	22	UNGC Principle 8 SDG 10
103-3	Evaluation of the management approach	Environmental Stewardship - Operations	22	UNGC Principle 8 SDG 10
306-2	Waste by type and disposal method	REMAN, Environmental Stewardship - Operations	18, 22	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	34-35	SDG 3, 8
103-3	Evaluation of the management approach	Safety	34-35	SDG 3, 8
403-1	Workers representation in formal joint management-worker health and safety committees	Safety	34-35	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	51	SDG 3, 8
<b>Social – Human Rights</b>				
103-1	Explanation of the material topic and its boundary	Our approach to sustainability	8	UNGC Principles 1, 2, 3, 4, 5, 6
103-2	The management approach and its components	Governance	36, 42-44	UNGC Principles 1, 2, 3, 4, 5, 6
103-3	Evaluation of the management approach	Governance	36,42-44	UNGC Principles 1, 2, 3, 4, 5, 6
412-1	Operations that have been subject to human rights reviews or impact assessments	Governance	36,42-44	UNGC Principles 1, 2, 3, 4, 5, 6



GRI Disclosure Number	Description	Section / Reference Page	Page	UN Global Compact Principle / SDG
<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	38-41	UNGC Principles 3, 4, 5, 6
103-3	Evaluation of the management approach	Governance, Beliefs	38-41, 25	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	43-44	SDG 3
103-3	Evaluation of the management approach	Product quality, CEO Letter, Governance	43-44	SDG 3
416-1	Assessment of the health and safety impacts of product and service categories	All products designed by BorgWarner are assessed for health and safety impacts through the process of Design Failure Mode and Effects Analysis.	43-44	SDG 3
416-2	Incidents of noncompliance concerning the health and safety impacts of products and services	There were no incidents of non-compliance with regulations resulting in fines, penalties or warnings, and no incidents of non-compliance with voluntary codes. Any incidents of product recalls or defects reported in 2021 to world headquarters have been addressed in accordance with applicable law.	43-44	SDG 3
<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	43-44	n/a
103-3	Evaluation of the management approach	Product quality, Governance	43-44	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	6, 14-16	UNGC Principles 7, 8, 9 SDG 9
103-3	Evaluation of the management approach	Driving clean mobility	6, 14-16	UNGC Principles 7, 8, 9 SDG 9



GRI Disclosure Number	Description	Section / Reference Page	Page	UN Global Compact Principle / SDG
<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	43-44	n/a
103-3	Evaluation of the management approach	Product quality	43-44	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	25, 38-40	UNGC Principle 10
103-3	Evaluation of the management approach	Beliefs, Governance	25, 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	38-40	UNGC Principle 10
103-3	Evaluation of the management approach	Governance	38-40	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	25, 38-40	n/a
103-3	Evaluation of the management approach	Beliefs, Governance, See Form 10K	25, 38-40	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	42	n/a
103-3	Evaluation of the management approach	Governance	42	n/a
418-1	Substantiated complaints concerning breaches of customer privacy and losses of customer data	See Form 10K	42	n/a

Statements in this report may contain forward-looking statements as contemplated by the 1995 Private Securities Litigation Reform Act that are based on management's current outlook, expectations, estimates and projections. Words such as "anticipates," "believes," "continues," "could," "designed," "effect," "estimates," "evaluates," "expects," "forecasts," "goal," "guidance," "initiative," "intends," "may," "outlook," "plans," "potential," "predicts," "project," "pursue," "seek," "should," "target," "when," "will," "would," and variations of such words and similar expressions are intended to identify such forward-looking statements. 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. 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: supply disruptions impacting us or our customers, such as the current shortage of semiconductor chips that has impacted original equipment manufacturer ("OEM") customers and their suppliers, including us; commodities availability and pricing; 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 the COVID-19 pandemic, including additional production disruptions; the difficulty in forecasting demand for electric vehicles and our electric vehicles revenue growth; potential disruptions in the global economy caused by Russia's invasion of Ukraine; the ability to identify targets and consummate acquisitions on acceptable terms; failure to realize the expected benefits of acquisitions on a timely basis including our recent acquisitions of AKASOL AG and Santroll's light vehicle eMotor business and our 2020 acquisition of Delphi Technologies PLC; the ability to identify appropriate combustion portfolio businesses for disposition and consummate planned dispositions on acceptable terms; 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 and subject to disruptions; our reliance on major OEM customers; fluctuations in interest rates and foreign currency exchange rates; our dependence on information systems; the uncertainty of the global economic environment; the outcome of existing or any future legal proceedings, including litigation with respect to various claims; future changes in laws and regulations, including, by way of example, taxes and tariffs, in the countries in which we operate; impacts from any potential future acquisition or disposition transactions; 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 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 press release to reflect any change in our expectations or any change in events, conditions, circumstances, or assumptions underlying the statements.



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

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