BORGWARNER

Driving Progress

2024 SUSTAINABILITY REPORT



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About this report

This report highlights our commitment to being a sector leader in sustainability and the different aspects of our multifaceted governance, oversight, policies, programs, and performance around the issues material to the sustainability of BorgWarner Inc. (BorgWarner or Company). Unless otherwise stated, this report covers BorgWarner's performance in 2023 for its continuing operations, which excludes our former Fuel Systems and Aftermarket segments that were spun off as PHINIA Inc. (PHINIA). Environmental data in the report has been updated for historical periods to remove Fuel Systems and Aftermarket to reflect our new baseline used to assess progress against our goals. This report reflects feedback received from our customers, employees, investors, and other key stakeholders. We report using the following standards: Sustainability Accounting Standards Board (SASB), Task Force on Climate-Related Financial Disclosures (TCFD), and 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).

“We are prudently investing to meet the pace of electrified vehicle adoption, while leveraging our foundational product strengths. Through this transition, sustainability remains a critical priority for BorgWarner.”

– Frédéric B. Lissalde



A Message from our President and CEO

Dear Stakeholders and Colleagues,

BorgWarner seeks to foster a cleaner, more energy-efficient world for all

I am proud to lead a company where our business goals go hand in hand with our sustainability goals. We have focused on the world’s shift toward electrified transportation, but we also knew that this shift would not always be smooth.

To successfully navigate this transition, for our Company along with our employees and communities, we are prudently investing to meet the pace of electrified vehicle adoption, while leveraging our foundational product strengths. Through this transition, sustainability remains a critical priority for BorgWarner.

Innovating products for cleaner mobility

The environment is at the forefront of our business strategy, *Charging Forward,* which focuses on growing our eProduct business as the industry transitions, while maximizing our foundational product portfolio. Our eProducts enable both electric and hybrid vehicles, while our foundational products reduce emissions and increase fuel efficiency in combustion technology. We proudly provide the components, systems, and partnerships our customers need to create a future where driving well means living well.

Investing in people as we move forward

We recognize that we cannot successfully execute *Charging Forward* nor achieve our sustainability goals without our people. To achieve long-term success, we must invest in our workforce and provide them with the skills and resources to be sustainable through various programs. These include our *Power to Evolve* training program, which helps our engineers transition to eProducts, and our *Renewing Your Energy* program, which supports our employees’ well-being.

Our employees are delivering on our sustainability commitments every day, and I am excited to see our progress as we continue to charge forward.

Frédéric B. Lissalde
President and Chief Executive Officer



Executive Summary

BorgWarner is a transformative global product leader delivering innovative and sustainable mobility solutions. For over 130 years, we have been designing and manufacturing components and systems for nearly every major automotive original equipment manufacturer (OEM) in the world. Our employees bring electrified mobility innovations to market, while maintaining our strong foundational business of emissions-reducing and fuel-efficient combustion technology.

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BorgWarner at a Glance

$14.2B
net sales

63
manufacturing locations

19
technical centers

~39,900
employees

~8,200
engineers

All figures shown are for the year ended December 31, 2023.

Our Vision

A clean, energy-efficient world

Our Mission

We deliver innovative and sustainable mobility solutions

Anchored in Our Beliefs

INCLUSION
Respecting individuals

INTEGRITY
Honoring truth

EXCELLENCE
Focusing on results

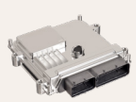
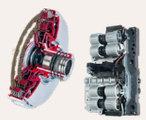
RESPONSIBILITY
Our commitment

COLLABORATION
Building trust

BorgWarner is a transformative global product leader bringing successful mobility innovation to market.

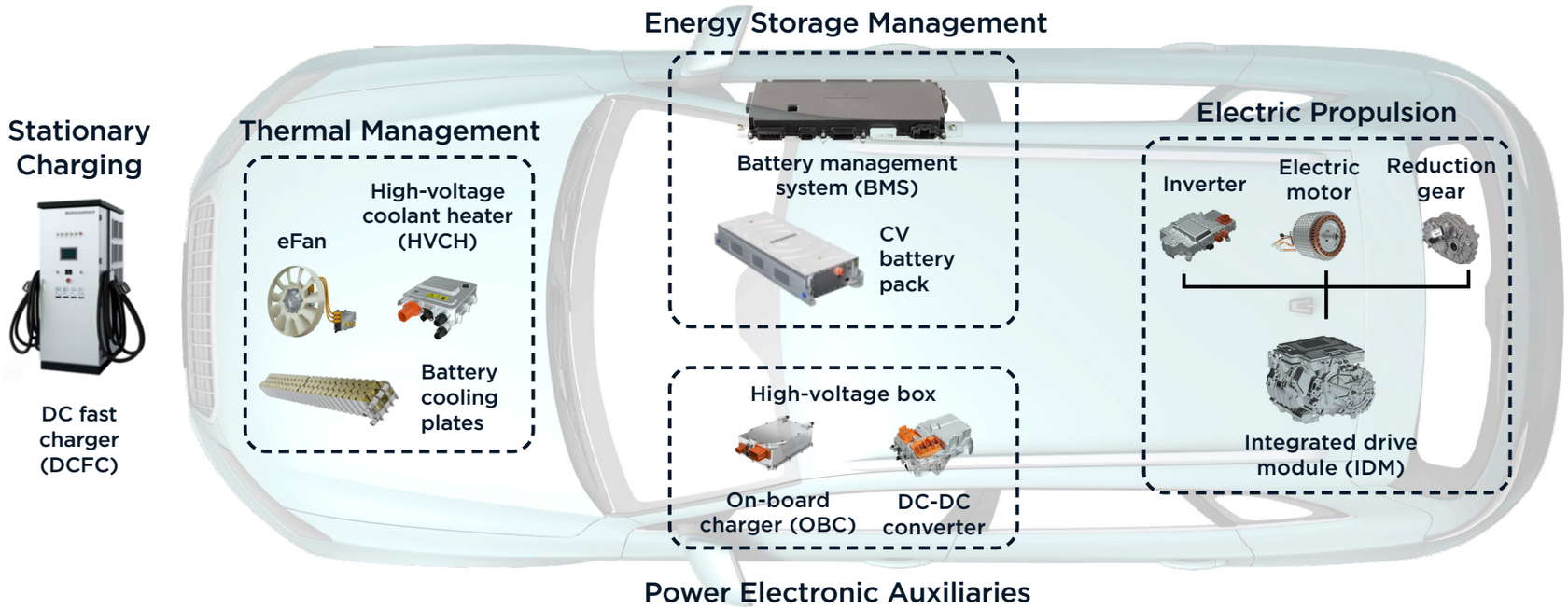
Charging Forward with Our Resilient Product Portfolio

We design and manufacture a broad portfolio of electric, hybrid, and combustion vehicle technology. While the automotive industry continues to see transformational changes, we believe our resilient product portfolio is well-positioned for profitable growth.

	Foundational Products						eProducts[1]					
	Turbos	AWD/4WD	Intake and EGRs	Engine Control Units	Engine Timing	Transmission Products	Inverters	Other Power Electronics	Thermal Mgt.	EV Gearboxes	Electric Drive Motors	Battery Systems
												
Combustion	✓	✓	✓	✓	✓	✓						
Hybrid	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	✓	
Electric							✓	✓	✓	✓	✓	✓

Progressing Toward an Electrified Future

Much of our progress toward an electrified future has been through disciplined and strategic acquisitions, divestitures, and partnerships. In July 2023, we successfully completed the spin-off of our former Fuel Systems and Aftermarket segments into a separate publicly traded company, PHINIA. This allowed BorgWarner to optimize its remaining combustion portfolio and advance its electrification journey. We also closed on critical acquisitions with SSE and Eldor, and in 2024 entered into partnerships with BYD subsidiary FinDreams Battery and Shaanxi Fast — a subsidiary of Weichei — to further cement our product leadership position in electrification.



Long-term investment strategy for eProduct portfolio

2020

Delphi Technologies
Power electronics and software

2021

AKASOL
Battery packs and modules

2022

SANTROLL®
Light Vehicle eMotors

Rhombus Energy Solutions
Direct Current (DC) Fast Charging

drivetek
Power Electronics

2023

SSE
EV Charging Solutions

PHINIA
Fuel Systems and Aftermarket Spin-off

ELDOR® CORPORATION
High-voltage Power Electronics

2024

FinDreams Battery (subsidiary of BYD)[2]
LFP Battery packs for Commercial Vehicle (CV)

Shaanxi Fast Auto Drive Group[2]
High-voltage inverter for CV

Our Approach to Sustainability

To us, sustainability means driving environmental, social, and governance (ESG) initiatives to deliver value to all our stakeholders, for today and tomorrow. We monitor and manage the ESG topics identified as most important to our success, based on our sustainability materiality assessment.

In 2021, we completed a materiality assessment to identify our ESG priorities. We then divided the priorities into two categories: (1) areas we want to continue to be strong in, and (2) areas we want to advance.

The assessment considered ESG topics by canvassing different sources, including AIAG, SASB, TCFD, and GRI, as well as customer, employee, and other stakeholder feedback.

We empower our locations to make decisions and act on our sustainability priorities through Local Accountability and Global Strength, the Company's decentralized operating model.



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

Advance
- Expansion of Mobility Market Offerings
- Environmental Product Stewardship
- Environmental Aspects of Operations

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

Advance
- Diversity, Equity, and Inclusion
- Building the Talent Pipeline
- Evolving the Skills
- Engaging Our People

Continue
- Ethics and Compliance
- Product Safety and Quality
- Data Privacy and Cybersecurity

Advance
- Sustainable Value Chain
- Tech-driven Innovation

Our Goals and Performance

CREATE A CLEANER, MORE ENERGY-EFFICIENT WORLD

Product Stewardship

GOALS

Maintain majority of revenue from EV and emissions-reducing products

Reduce absolute Scope 3 greenhouse gas (GHG) emissions **25%** by 2030 from 2021 baseline

2023 PERFORMANCE

~$2B
in eProducts sales

87%
Revenue from EV and emissions-reducing products

▲ 4.6% from 2021
Scope 3 emissions[3]

Operations

GOALS

Carbon Neutral in Scope 1 and Scope 2 emissions by 2035

Reduce absolute Scope 1 and Scope 2 emissions **85%** by 2030 from 2021 baseline

85% waste diversion rate by 2030

Maintain ISO 14001 Certification at 100% of our manufacturing sites[4]

2023 PERFORMANCE

▼ 32% from 2021
Scope 1 and Scope 2 emissions[5]

▼ 43% from 2021
GHG intensity[5]

▼ 11% from 2021
Energy reduction[5]

92.8%
Waste diverted from landfills and incinerators[6]

100%
ISO-14001:2015 Certified[4]

LIVE THE BORGWARNER BELIEFS

Diversity, Equity, and Inclusion

GOALS

35% of global workforce are women by 2026

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

Achieve and maintain pay parity for all by 2026

Continue to outperform our peer group on employees' sense of **inclusion and belonging**[7] NEW

2023 PERFORMANCE

30.1%
Global workforce are women

29.5%
U.S. workforce is racially/ethnically diverse

99.2%
Gender pay equity

100.9%
Racial/ethnic minority pay equity

18 percentage points
Above auto parts benchmark on employee inclusion question

Talent and Development

GOALS

The **majority of leadership** positions are filled by **internal candidates**[8] NEW

2023 PERFORMANCE

64%
Leadership positions filled by internal candidates

Employee Health and Safety

GOALS

Perform in the **top quartile** for **TRIR** and **LTIR**[9]

Implement and maintain ISO 45001:2018 certification at 100% of our manufacturing sites[4]

2023 PERFORMANCE

0.36
TRIR
Top Quartile: 1.2

0.21
LTIR
Top quartile 0.2

93%
ISO 45001:2018 Certified[4]

PARTNER WITH AND REPORT TO STAKEHOLDERS

Ethics and Compliance

GOALS

Ethics training offered to 100% of salaried workforce[10]

100% completion rate for annual compliance questionnaire

2023 PERFORMANCE

100%
Salaried workforce offered Ethics and Compliance training[10]

99.9%
Completion rate for annual compliance questionnaire[11]

Product Safety and Quality

GOALS

Maintain Quality Management Certification at 100% of our manufacturing sites[4]

2023 PERFORMANCE

100%
Manufacturing sites Quality Management Certified[4]

Sustainable Value Chain

GOALS

80% of high-impact and high-risk suppliers complete sustainability questionnaire

Rollout training on key sustainability issues to 100% of our production suppliers by end of 2025 NEW

2023 PERFORMANCE

81.6%
High-impact and high-risk suppliers completed questionnaire

Achievements and Awards

The 250 Best-Managed Companies of 2023
BY *THE WALL STREET JOURNAL*

America's Most Responsible Companies 2024
BY *NEWSWEEK*
FIFTH CONSECUTIVE YEAR

America's Greatest Workplaces for Diversity 2024
BY *NEWSWEEK*

Most Trustworthy Companies in America
BY *NEWSWEEK*

America's Best Climate Leaders 2024
BY *USA TODAY*

Best Companies to Work For 2023–2024
BY *U.S. NEWS & WORLD REPORT*

World's Most Admired Companies 2024
BY *FORTUNE*

2023–2024 Corporate Equality Index
BY HUMAN RIGHTS CAMPAIGN

America's Best Employers 2024
BY *FORBES*

Raters[12]

MSCI Inc.[13]

MSCI ESG RATINGS AA

CCC | B | BB | BBB | A | AA | AAA

Morningstar Sustainalytics[14]

Rated MORNINGSTAR | SUSTAINALYTICS

10.0 Negligible Risk

ISS QualityScore

GOVERNANCE QUALITYSCORE 1
HIGHEST RANKED BY ISS ESG

Environment: 2 Social: 2

CDP

CDP DISCLOSER 2023

Climate: B

Water: B

Our Sustainability Priorities

CONTINUE

ACCELERATING ELECTRIFICATION OFFERINGS

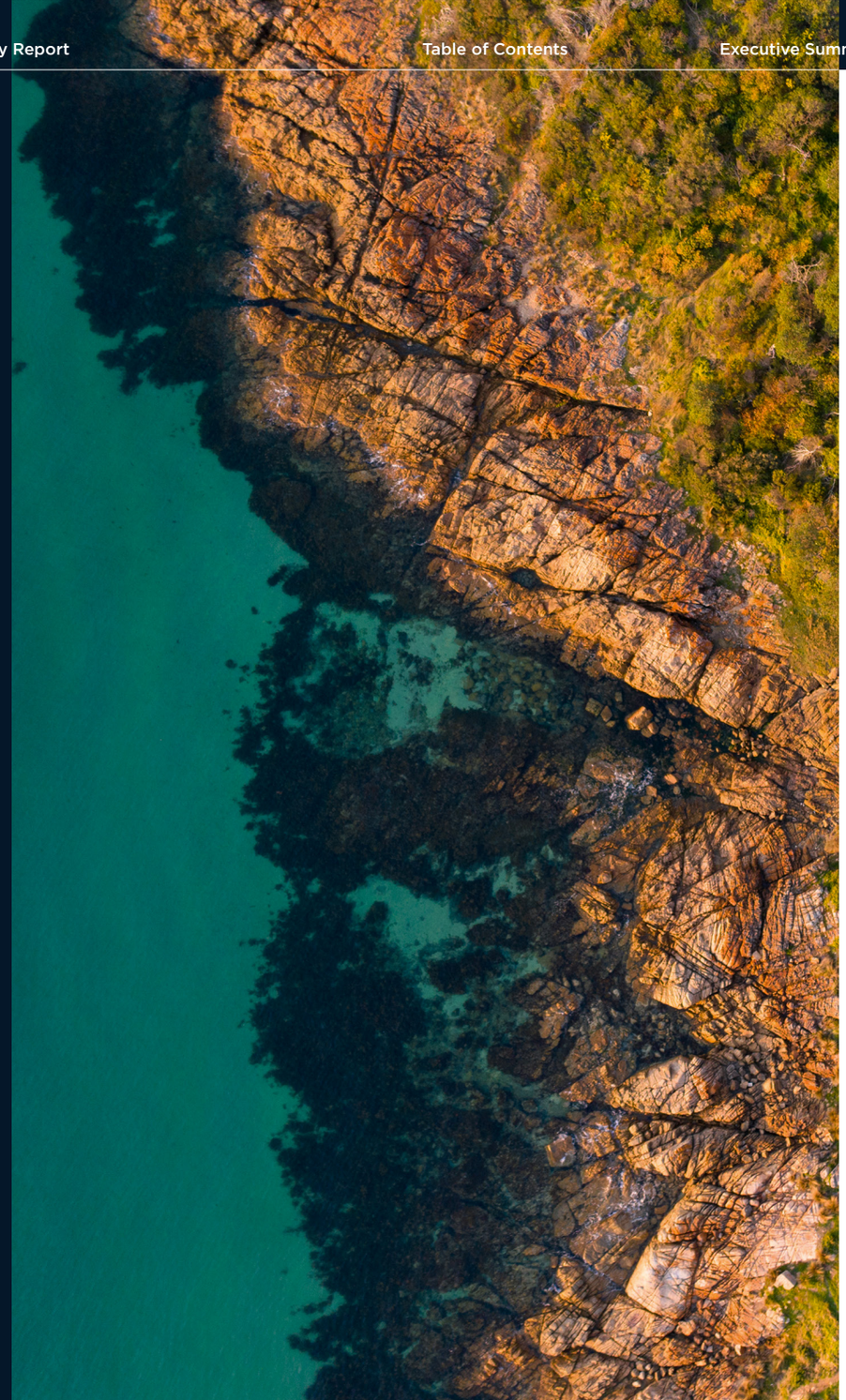
DELIVERING PRODUCTS FOR IMPROVED EFFICIENCY AND REDUCED EMISSIONS

ADVANCE

EXPANSION OF MOBILITY MARKET OFFERINGS

ENVIRONMENTAL PRODUCT STEWARDSHIP

ENVIRONMENTAL ASPECTS OF OPERATIONS



Environmental

Our business strategy is aligned with a low-carbon future. We are innovating products to propel and power cleaner, more efficient vehicles to enable zero- and reduced-emissions transportation, and we are driving toward our goal of carbon neutrality in our operations by 2035.

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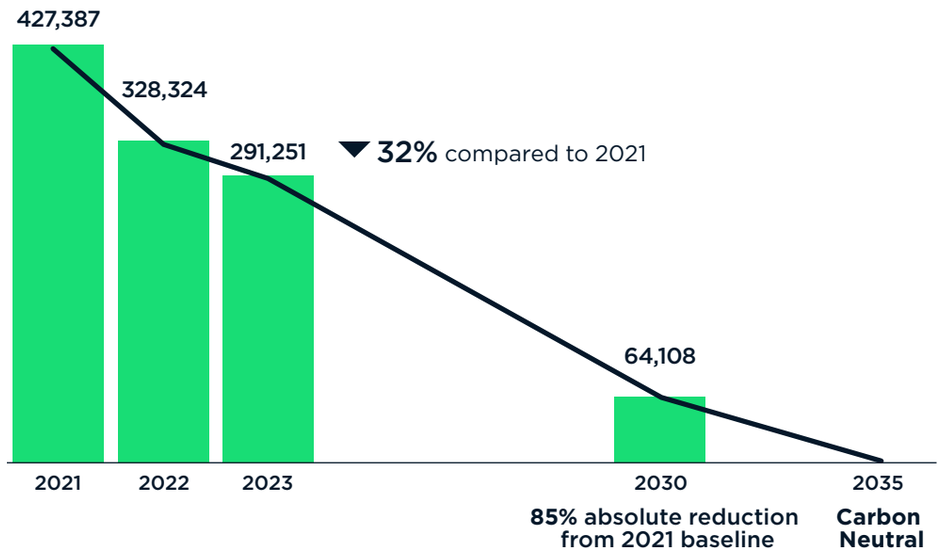
Our Path to Decarbonization

In pursuit of a low-carbon future, we have put goals and actions in place to reduce emissions across Scope 1, Scope 2, and Scope 3 — from our operations, to our products, to our suppliers.

In August 2023, the Science Based Targets initiative (SBTi) validated our targets to reduce absolute Scope 1 and Scope 2 GHG emissions 85% by 2030 from a 2021 base year and to reduce Scope 3 GHG emissions by 25% by 2030 from a 2021 base year. As of the end of 2023, we have reduced Scope 1 and Scope 2 emissions by 32%, but saw a slight increase in Scope 3 emissions by 4.6% due to business growth and impacts from inflation.[3,5]

SCOPE 1 AND SCOPE 2 ESTIMATED GLIDE PATH TO CARBON NEUTRALITY

GHG Emissions ($mtCO_2e$)[5,15]



SCOPE 1 AND SCOPE 2 GOALS

PROGRESS	2030 GOAL	2035 GOAL
32% reduction[5]	85% reduction	Carbon Neutral

Our plants reduce Scope 1 and Scope 2 through our:

Decarbonization Toolbox - provides ideas and recommendations on how our sites can reduce emissions

Smart Metering - allows for real-time energy measurement and reduction at most of our locations

Decarbonization Incentive Metric - rewards our employees for continuous improvement

We have dedicated workstreams to target Scope 3 reduction:

Supplier Emissions - green material sourcing (aluminum, steel, and iron) and supplier Scope 1 and Scope 2 reduction

Product Design - circularity (remanufacturing, recycled materials, and informed decisions on battery life cycle) and lightweighting

> **Our focus on environmental sustainability spans the products we make, the materials we use, the suppliers we work with, and our operational practices."**
>
> **– Volker Weng**, Vice President of BorgWarner Inc., and President and General Manager, Emissions, Thermal and Turbo Systems, Environmental Sustainability Lead

Product Stewardship

Delivering Products for Reduced Emissions

Our broad portfolio of EV, hybrid, and combustion products plays a critical role in delivering our vision of a clean, energy-efficient world.

In 2023, 87% of our revenue came from EV and emissions-reducing hybrid and combustion products, such as turbochargers and exhaust gas recirculation valves and coolers. The other 13% of our revenue came from transfer cases and low-efficiency starters and alternators, which do not have a direct impact on fuel efficiency.

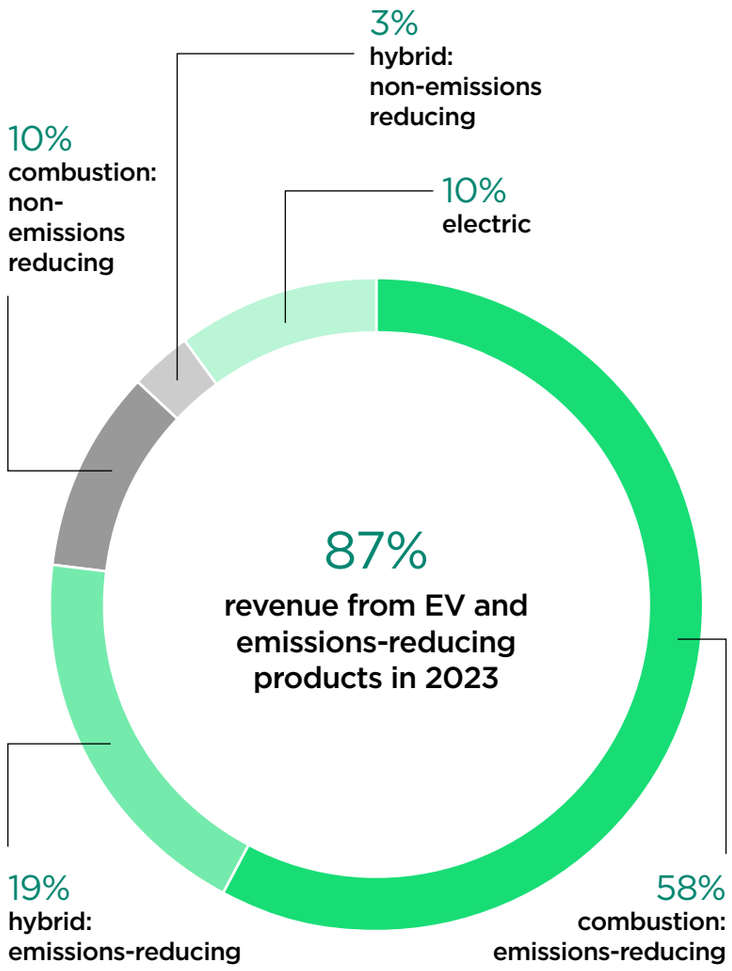
We are prudently scaling our eProduct[1] sales and maximizing our foundational products to meet the pace of electrified vehicle adoption.

In 2023:

eProduct sales were
14.3%
of our total revenue

approximately
66%
of our R&D spend went toward eProduct projects

approximately
61%
of our capital expenditures went toward eProducts



Battery packs

Battery systems are at the heart of vehicle electrification and a catalyst for our future growth in eProducts. We are investing in next-level battery technology to enable longer travel, greater efficiency, faster charging, and longer battery life. Battery packs sold in 2023 are expected to contribute to preventing 470,673 metric tons of CO_2e over the vehicles' lifetimes when compared to combustion commercial vehicle use.



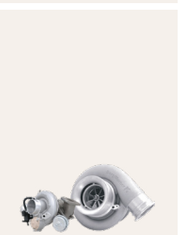
Inverters

Inverters are one of the three main components enabling battery EV propulsion. They efficiently convert direct current from the battery into alternating current (AC), powering the vehicle. In 2023, we produced approximately 687,000 inverters, which will contribute to preventing around 1.525 million metric tons of CO_2e over the vehicles' lifetimes. As EV and hybrid adoption accelerates, we expect our inverter production in 2027 to increase significantly, leading to emissions prevention of over 9.2 million metric tons of CO_2e over the vehicles' lifetimes.



Turbochargers

Turbochargers can boost gasoline vehicle fuel efficiency around 9% by harnessing exhaust gas energy. BorgWarner produced approximately nine million gasoline wastegate turbochargers in 2023 that powered approximately 7.9 million vehicles. Based on the turbocharger's share of a vehicle's air system, we believe the turbochargers we produced in 2023 will prevent approximately 16.5 million metric tons of CO_2e over the average lifetime of these vehicles.



Improving Product Impact, from Design, to Sourcing, to End-of-Life

We seek to lower the emissions impact of our products throughout their lifecycle.

Creating a design checklist to help assess environmental impacts

Our Drivetrain and Battery Systems business created a design checklist which has been embedded into the product development process. For new products, it directs development teams to consider impacts across areas, including materials selection, production process, product usage, and recycling feasibility.



Piloting a program for supplier emissions reduction

To help achieve our Scope 3 goal in 2023, we invited select suppliers to develop carbon reduction road maps. To assist them, we partnered with M2030 to help those suppliers build and implement their decarbonization strategy, along with guidance on cost saving, capability building, and funding opportunities that may be available.



91%

of products sold in 2023 are recyclable

Remanufacturing to enable a circular economy

BorgWarner remanufactures numerous products for reuse, including turbochargers and EGR valves. For more than 30 years, we have prevented more than 21,000 metric tons of aluminum and cast iron, and more than 5.3 million pieces of turbines, compressors, and bearings from going straight to landfills, enabling materials for reuse. Across our product lines, approximately 37% of our input in 2023 came from recycled or remanufactured materials.

Giving battery packs a second life

We are finding new applications for battery packs that have reached the end of their useful life in vehicles. For example, we are repurposing old battery packs for energy storage, which when paired with renewable generation such as solar, provides greater grid stability.



Working to Reduce Our Scope 3 Emissions

In December 2022, we announced our Scope 3 goal of 25% absolute reduction by 2030 from a 2021 baseline.

Although this goal is challenging given our projected business growth, in 2023, the Company launched multiple workstreams to identify the best opportunities to achieve our goal. The workstreams fall under three categories:

1. **Product Portfolio:** *Charging Forward* Strategy
2. **Suppliers:** Aluminum; Steel and Iron; and Other Supplier Emissions
3. **Product Design:** Battery Life Cycle; Recycled Materials; Lightweighting; and Remanufacturing

We also expect reductions from continued vehicle efficiency improvements and greener electricity grids.

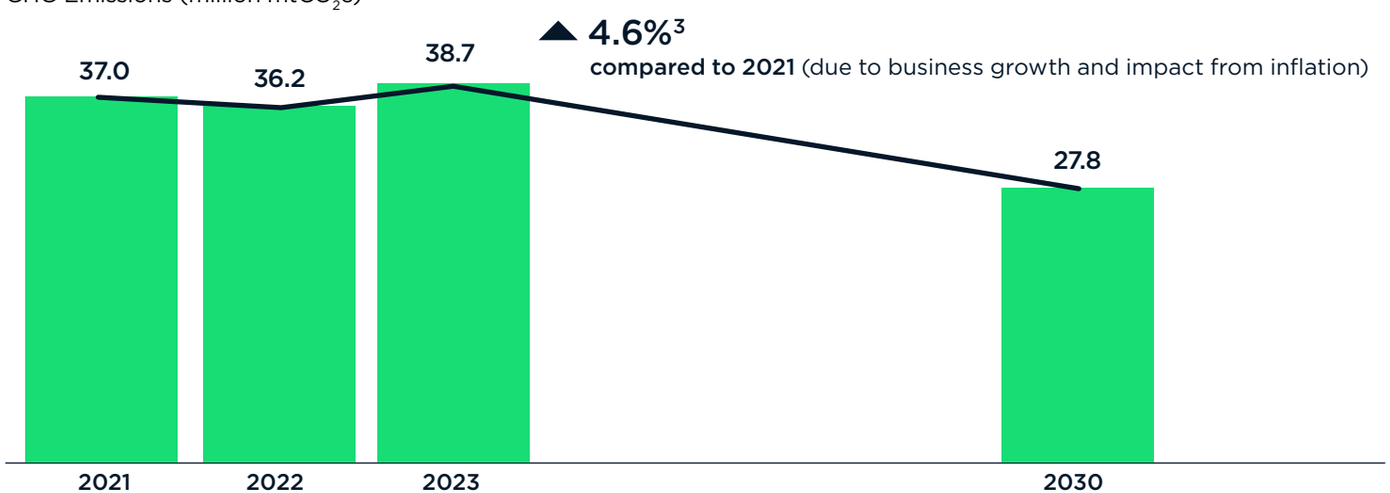
Each workstream quantified its reduction potential and identified actions to realize that reduction. For example, we found there was greater opportunity to lower emissions from sourcing green aluminum, but a relatively small impact from green steel due to the Company having less spend in direct steel purchases. Similarly, sourcing more recycled material could provide significant emissions reduction, while using more remanufactured parts would have limited reduction potential.

Going forward, each workstream will focus on implementing its action plans and assessing progress along the way. This work on Scope 3 has led to the engagement, education, and enablement of two important functions: engineering and supply chain management. Through these functions, we seek to leverage and enhance existing processes for lower-carbon supplier sourcing and product development.

WHERE DO WE WANT TO GO?

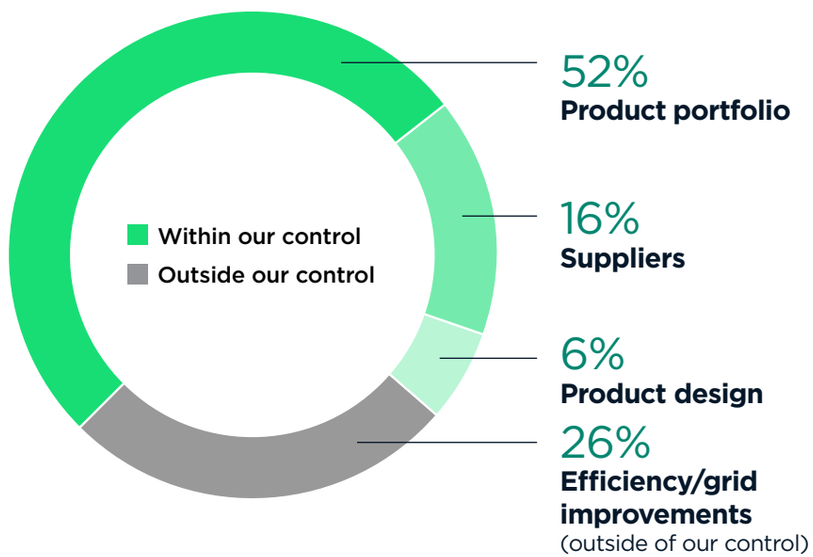
SCOPE 3 ESTIMATED GLIDE PATH TO 25% ABSOLUTE REDUCTION BY 2030

GHG Emissions (million $mtCO_2e$)[3,15]



HOW ARE WE GOING TO GET THERE?

SCOPE 3 REDUCTION STRATEGY



Our Scope 3 Workstreams' Plan of Action

We made significant efforts to start sourcing and designing lower-carbon products in pursuit of Scope 3 reduction.

	Product Portfolio	Suppliers			Product Design			
Workstream	***Charging Forward***	**Aluminum**	**Steel and Iron**	**Other Supplier Emissions**	**Battery Life Cycle**	**Recycled Materials**	**Lightweighting**	**Remanufacturing**
What do we need to do?	» Grow our eProduct[1] sales	» Identify opportunities to source aluminum with lower embodied carbon	» Identify opportunities to source steel and iron with lower embodied carbon	» Work with suppliers to reduce their CO_2 footprint	» Consider sourcing, transportation, repair, second life, and recycling of batteries	» Increase use of recycled materials through Life Cycle Analysis (LCA)	» Develop R&D initiatives to promote lower-weight products	» Consider expanding remanufacturing of products
What have we done?	» Organic eProduct growth » Acquisition of Eldor power electronics capabilities » Acquisition of SSE charging business	» Engaged with top-spend suppliers to discuss opportunities for aluminum that is recycled or green (made using less carbon-intensive energy)	» Identified our tier-1 and tier-2 suppliers by emissions source	» Launched a pilot program for supplier CO_2 tracking and reduction, partnering with a third party, M2030	» Initiated pilot programs for reuse, recycle, and digital battery passport » Identified reduction potential and set targets for battery cell suppliers » Kicked off the strategy development for Battery Reman	» Identified emissions hot spots across product lines » Initiated LCA tool for use across engineering	» Reviewed feasibility of reducing mass on various product lines » Found that education on design for the environment would carry greater impact	» Analyzed reduction potential for key product lines » Found limited emissions reduction potential compared to effort required
What's next?	» Continue to grow business for electric and hybrid vehicles	» Prioritize suppliers that leverage green electricity » Expand carbon reduction program to high-impact suppliers			» Continue work with cell suppliers and pilot programs » Set targets at the pack level for highest-impact suppliers	» Combine workstream resources, expanding focus to *Design for the Environment* » Complete LCA studies for certain product lines » Focus on educating engineers		» No further actions due to low impact » Prioritize other workstreams

Operations

At BorgWarner, we are committed to reducing our operational carbon emissions, driving energy efficiency, and responsibly managing our waste and water. In 2023, united efforts from our facilities pushed us closer to achieving our goals.

All our manufacturing facilities that supply directly to OEMs are certified to ISO 14001:2015 for their environmental management systems.[4] Across our facilities, our teams installed solar panels, solar water heaters, rainwater collection systems, and more. At the end of 2023, 10 of our sites were Leadership in Energy and Environmental Design or "LEED" certified for building design and construction. Our **Environmental Policy** defines our commitment to identify, monitor, reduce, and disclose our environmental impacts.

Reducing Our Operational Carbon Emissions

We are making progress on our goals for Scope 1 and Scope 2 of 85% absolute reduction by 2030 versus our 2021 baseline and carbon neutrality by 2035. **At the end of 2023, we achieved a 32% absolute reduction in Scope 1 and Scope 2 emissions and a 48% annual increase in renewable energy use from on-site and purchased sources.[5]**

OUR PLAN

1. **Reduce energy consumption**
   Analyze and implement energy efficiency projects at the plant level by understanding current energy consumption, calculating reduction potential, and costs.

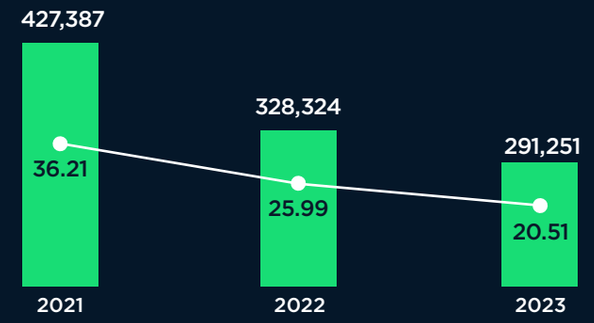
2. **Produce zero-emissions energy**
   Find on-site renewable and zero-emissions energy options, such as photovoltaic potential, and the percentage of renewable energy that could be achieved by installing solar panels or other zero-emissions energy sources.

3. **Purchase zero-emissions energy**
   Analyze potential pathways to achieve higher renewable energy use through available renewable energy contracts from electric utility providers and through renewable power purchase agreements (PPAs) and green tariffs.

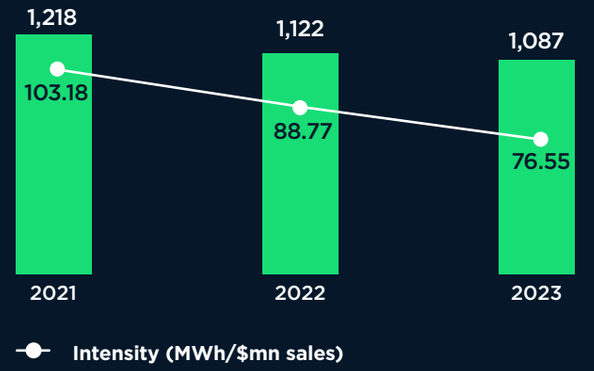
OUR ACTIONS

- Our Decarbonization Toolbox of energy- and emissions-savings best practices is available to all facilities based on an analysis of 20 of our locations in 13 countries. The toolbox considers local grids and clean energy opportunities.
- To drive site-level progress, we include a decarbonization bonus metric as part of our nonmanagement employee incentive plan at our plants.
- In 2023, we launched a PPA and Virtual Power Purchase Agreement (VPPA) procurement initiative for our U.S. manufacturing locations and technical centers. These sites are collaborating on a national scale to make clean energy purchases.
- We are driving energy efficiency in our plants using technology like smart meters to monitor consumption, which allows us to identify opportunities for reduction.
- 36 of our facilities have been certified to the ISO 50001:2018 Energy Management Standards.

SCOPE 1 AND SCOPE 2 GHG EMISSIONS REDUCTION ($mtCO_2e$)[5]



REDUCING TOTAL ENERGY USE (GWh) YEAR OVER YEAR[5]



Expanding Solar Power Installations at Our Facilities

In 2023,

9

of our facilities installed or expanded solar panels on-site

The projects are expected to: produce

>10.1 GWh

of energy per year,

and

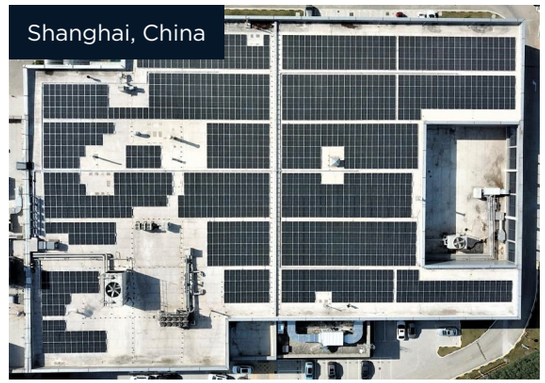
avoid

>6,000

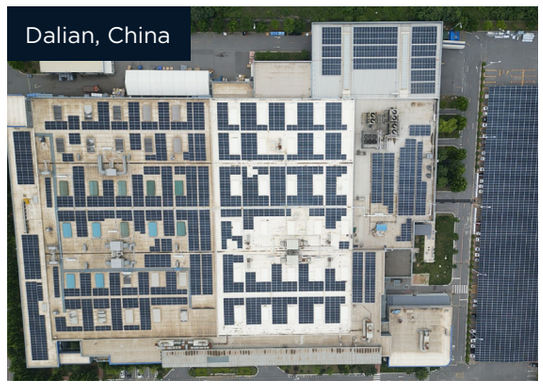
metric tons of CO_2e per year

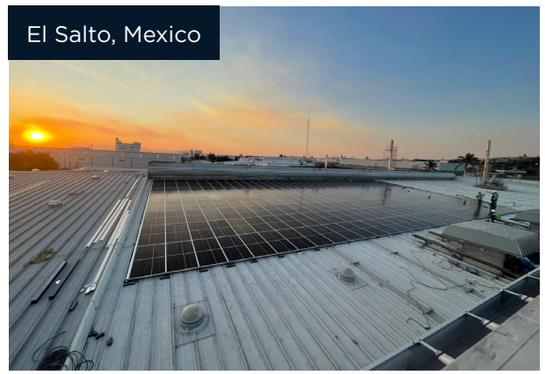

Seixal, Portugal


Tianjin, China


Shanghai, China


Ningbo WOFE, China


Dalian, China


El Salto, Mexico


Ningbo, China


Vigo, Spain


Wuhan, China

Our Local Teams Driving Progress

Solar Energy Storage and Carport Project

One of our facilities in Ningbo, China, installed a three-in-one solar photovoltaic carport, four DC fast chargers, and an energy storage system onsite. Working together, the installation produces 300 MWh of renewable energy, provides DC fast charging for four vehicles, and is expected to avoid 185 metric tons of CO_2e emissions annually.



Solar-Powered Lighting

Our Saltillo, Mexico, facility installed solar tube lighting in 2023 to harness natural sunlight and save energy, leveraging the location's abundant sunshine throughout the year. Through an outer dome unit installed on the lower roof of one of our buildings, sunlight reflects and passes through the tube to provide lighting, requiring no electricity. A 10-inch solar tube is equivalent to three 100-watt light bulbs.



High-efficiency Air Compressor Investment

To reduce energy use and emissions, our Changnyeong, South Korea, facility replaced its existing air compressor with a high-efficiency version. We expect to save 386 MWh of electricity per year, and avoid 183 metric tons of CO_2e annually.



Existing Air Compressor Management

Throughout 2023, the Tianjin, China, team collaborated on multiple facility improvements, with a large focus on its compressed air system. Some of the improvements included lowering system pressure, improving smart compressor allocation, installing compressor dry systems, and upgrading the air pipe system layout. In total, these improvements led to less energy use and an expected annual emissions reduction of over 880 metric tons.



Waste Management and Diversion

We are making progress on our goal to achieve an 85% waste diversion rate by 2030. Our first data collection for 77% of sites showed we were already at a 92.8% diversion rate for our waste globally.[6] We will continue to expand reporting to the rest of our operations in 2024.

In 2023, we developed a guideline for our manufacturing facilities to reduce waste and redirect it from landfills to more sustainable solutions such as remanufacturing, recycling, and composting.

WASTE MANAGEMENT GOAL

Divert 80% of our waste by 2030.

PROGRESS	2030 GOAL	
92.8%[6]	85%	GOAL EXCEEDED

Water Risk Management

We recognize that water has an essential role in all life and all aspects of human development and is considered a basic human right. While our manufacturing processes are not water-intensive, we understand that water risks need to be considered at a local level. We have performed water-risk assessments at all our manufacturing, technical, and assembly facilities and found that 14 facilities are in "high" or "extremely high" water-scarce regions, as designated by the World Resources Institute Aqueduct Water Risk Atlas' baseline water depletion metrics.[16] This accounts for 17% of our facilities globally. Our commitment is to complete 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.

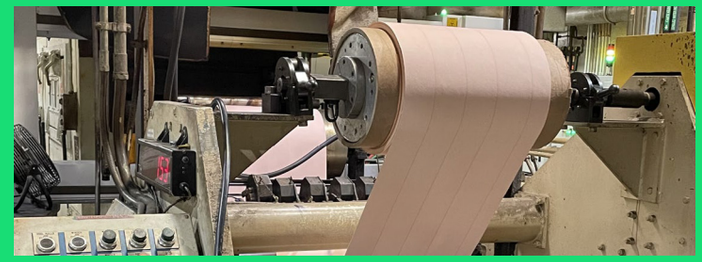
WATER STRESS

- Extremely High Water Stress
- High Water Stress



Leader Paper Landfill Reduction

Leader paper is a crucial material in threading the saturation lines for our friction plate production. However, its single-use nature has historically contributed to significant landfill waste. To combat this, our Bellwood, Illinois, and Heidelberg, Germany, plants have collaborated with our paper supplier to innovate and engineer a solution to enhance the strength of the leader paper, significantly reducing our consumption. This innovation, implemented since July 2023, is expected to divert approximately 13 metric tons of leader paper from landfills each year, showcasing our commitment to sustainable manufacturing practices and waste reduction.



Reducing Water Use Through Innovation

By implementing a reverse-osmosis process, our Ithaca, New York, facility will be able to repurpose wastewater for use in its product washers instead of soft water. This project is expected to decrease water discharged by approximately 7,500 gallons per day, with the potential to save 2.7 million gallons per year, enough to supply 25 households every day for a year.



Our Sustainability Priorities

CONTINUE

EMPLOYEE HEALTH AND SAFETY

COMMUNITY EDUCATION, EQUITY, AND ECONOMICS

ADVANCE

DIVERSITY, EQUITY, AND INCLUSION

BUILDING THE TALENT PIPELINE

EVOLVING THE SKILLS

ENGAGING OUR PEOPLE



Social

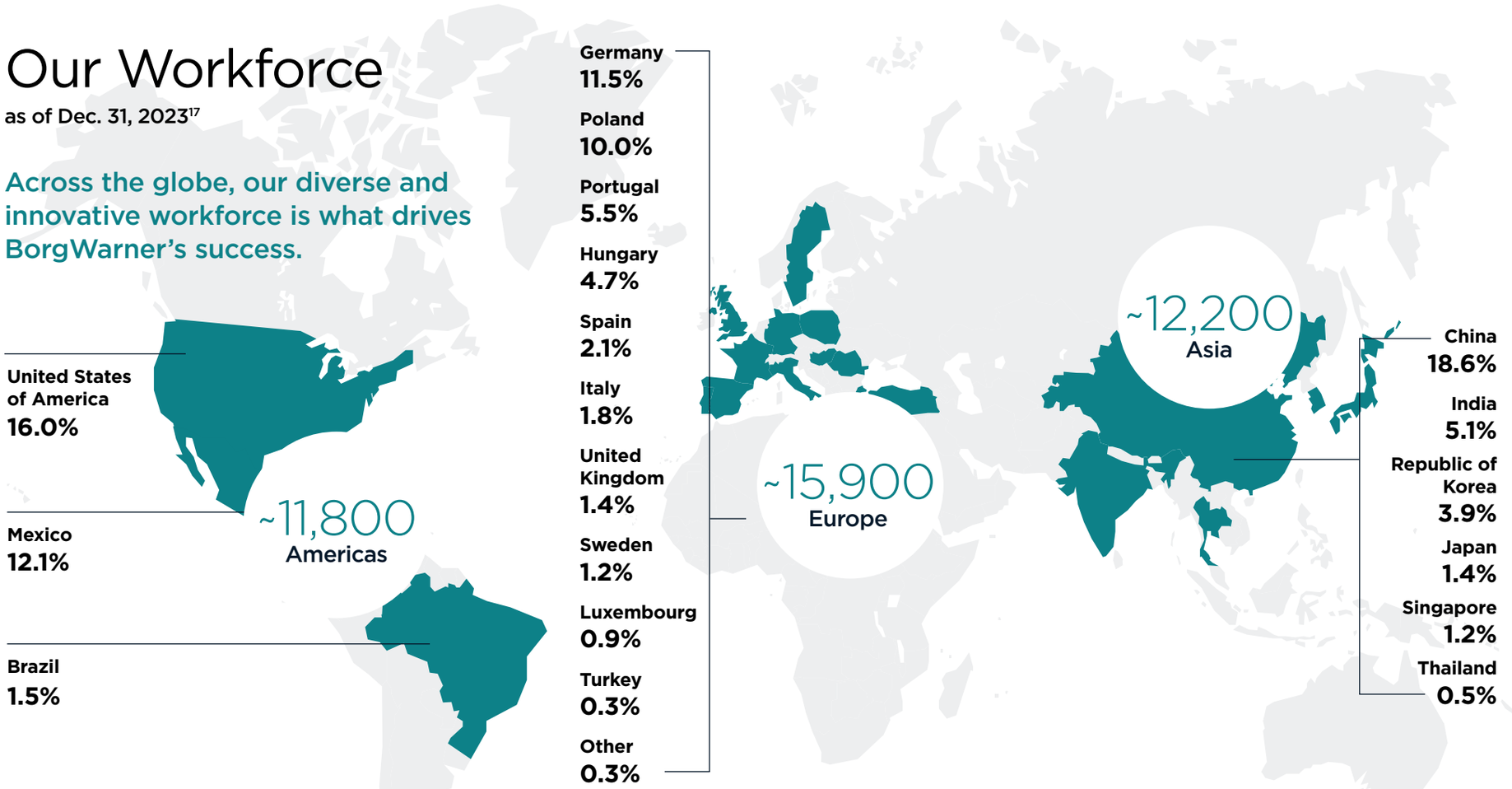
We are investing in our employees and communities, to bring them along as we evolve. We intentionally provide tools to promote employee well-being and remove bias, enabling an empowered, innovative, and inclusive workforce.

Our Workforce 21
Our Culture 22
Diversity, Equity, and Inclusion 23
Talent and Development 26
Engagement and Retention 28
Compensation, Benefits, and Well-being 29
Employee Health and Safety 31
Community Investment 33

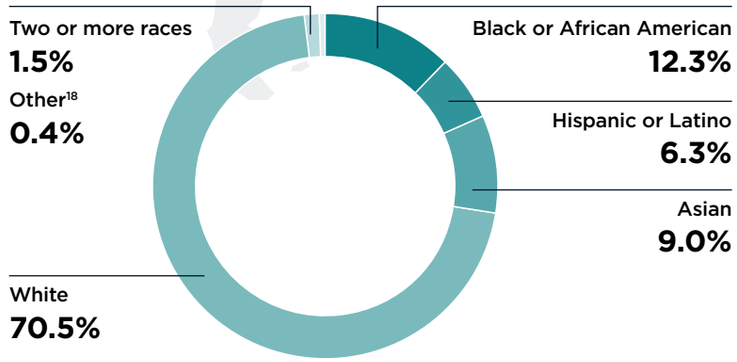
Our Workforce

as of Dec. 31, 2023[17]

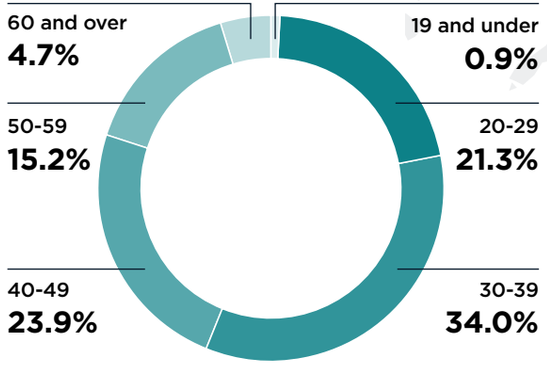
Across the globe, our diverse and innovative workforce is what drives BorgWarner's success.



U.S. Employees by Race/ Ethnicity



Employees by Age Group



~13,000
Salaried

~26,900
Hourly

~39,900
Total Workforce

16.0%
Employees working in the U.S.

84.0%
Employees working outside the U.S.

Top Languages Spoken at BorgWarner

- English
- Chinese
- Spanish
- German
- Polish
- Portuguese
- Hindi
- Hungarian
- Korean
- Italian

Our Culture

Our Company culture promotes the pursuit of excellence, healthy debate, and responsible risk-taking. This is reinforced through our operating model, which drives decision-making throughout the organization, empowering local teams.

Employees are encouraged to challenge themselves and others around them, to seek out innovation through diversity of thought, while maintaining a strong focus on responsible decision-making. All of this is founded on our BorgWarner Beliefs (Our Beliefs) of Inclusion, Integrity, Excellence, Responsibility, and Collaboration.

Prioritizing our employees' safety and well-being is also a key part of our culture. In 2023, we continued to focus on our employees' physical and mental well-being by offering programs focused in these areas. By taking care of our employees, we help our employees be more motivated and able to bring their best selves to work.



Diversity, Equity, and Inclusion

We seek to foster an environment where diversity of background, experience, and skills are welcomed, embraced, and celebrated. Our diversity, equity, and inclusion (DE&I) initiatives are focused on removing bias in our processes for talent acquisition and retention.



> “Driven by our beliefs, we intentionally seek to create a safe, inclusive, and diverse workplace.”
>
> - **Tania Wingfield**, Executive Vice President and Chief Human Resources Officer, Social Sustainability Lead

Ultimate responsibility for diversity at BorgWarner lies with our CEO, while our Board monitors and assesses our DE&I initiatives and performance. Our Inclusion Core Team, which includes representatives from across our Company, works on embedding DE&I initiatives throughout BorgWarner. We also have DE&I Councils in each part of our business that include at least one senior leadership member to help advance DE&I. Our efforts are shown in our results as we have seen an upward trend in employee diversity across categories.

GENDER DIVERSITY GOAL

35% of global workforce are women, by 2026

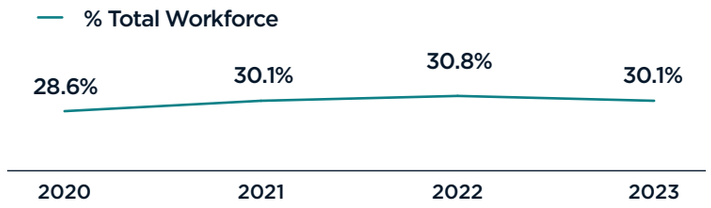
PROGRESS	2026 GOAL
30.1%	35%

RACIAL/ETHNIC DIVERSITY GOAL

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

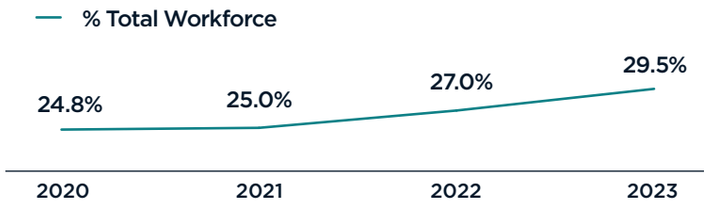
PROGRESS	2026 GOAL
29.5%	30%

GENDER DIVERSITY[19]



% of	2020	2021	2022	2023
Salaried Workforce	22.6	24.0	24.3	25.0
Hourly Workforce	31.8	33.3	34.1	32.8
New Hires	33.2	39.7	40.3	36.3
Leadership	14.6	15.1	16.4	17.4
Engineering	10.6	11.3	12.3	13.4

RACIAL/ETHNIC DIVERSITY (U.S.)



% of	2020	2021	2022	2023
Salaried Workforce	18.0	18.8	22.5	23.6
Hourly Workforce	30.9	30.8	31.4	34.9
New Hires[20]	24.7	26.8	42.9	44.9
Leadership	13.9	17.4	20.8	20.6
Engineering	19.1	19.1	24.6	26.0

Creating Opportunities for a Diverse Workforce

We have multiple initiatives that focus on attracting and retaining a diverse workforce so we can foster an innovative workforce.

BorgWarner Thinks Differently: Building the Talent Pipeline

In 2023, we launched our first employer brand initiative with a theme of *Changing the Narrative,* which reinforces Our Beliefs to attract and retain a broader talent pool. The campaign is focused on challenging the misconceptions or stereotypes future employees may face when applying to work in the manufacturing or automotive industry.



Campus Partnerships

In 2023, we continued our campus partnership program to recruit diverse candidates. Our partners include Historically Black Colleges or Universities (HBCUs) and other schools that have significant populations of underrepresented groups, including gender diversity in IT and engineering. To open doors to diverse students, we partnered with the Thurgood Marshall College Fund (TMCF), donating $34,500 to fund 12 scholarships for Black students at North Carolina A&T State University, an HBCU. TMCF is committed to ensuring student success through educational excellence and preparing the next generation of talent.

Second-Chance Hiring Program

An important aspect of broadening our candidate pools is removing bias from our hiring processes. As members of the Second Chance Business Coalition, BorgWarner helps individuals with prior involvement in the justice system return to the workforce by expanding employment opportunities across the country. In 2023, three of our U.S. plants established partnerships with organizations in their local communities that support second-chance hiring. These nonprofits provide services to second-chance individuals so that they may successfully reenter the workforce.

Disability Inclusion Initiatives

As part of our efforts to create an inclusive workplace for all and enrich it with diverse perspectives and talents, our facilities have undertaken initiatives to support fostering an accessible work environment for disabled employees.

Partnership to Create Disabled Employee-friendly Working Environment in Nabari, Japan

Our location in Nabari, Japan, has partnered with national and private recruitment support centers to match roles with employees' abilities, including people with disabilities. Ongoing feedback mechanisms are in place to ensure employees feel valued and engaged.



Inclusion of Hearing-impaired Employees in Itatiba, Brazil

We support our employees who are hearing-impaired at our Itatiba, Brazil, facility by providing specially designed programs including language and communication support services, and training for all employees and leaders.



Promoting an Inclusive Workplace

We have company-led initiatives to support an inclusive workplace, including employee belonging groups (EBGs), and a recently launched psychological-safety and inclusion training to further our employees' understanding of inclusion.

Our 2023 BE Heard engagement survey found that employees overwhelmingly feel "BorgWarner understands and appreciates differences among employees (for example, gender, race, religion, age, nationality, or difference of thought, etc.)." This question's favorability score surpassed all benchmarks available from our survey provider.

We previously announced an inclusion goal of attaining 80% or above on the BorgWarner Beliefs Index score. In discussing this goal with stakeholders, we heard feedback that this commitment: 1) lacked comparability, since some of the survey questions were unique to BorgWarner; and 2) was not focused, as it covered all Our Beliefs instead of just Inclusion. In response, we have revised our Inclusion commitment to continue to outperform our peer group on employees' sense of inclusion and belonging.[7]

This commitment iterates our stance that we will continue to be a leader in driving a culture where differences are respected, and our employees feel like they belong.

Employee Belonging Groups

BorgWarner's EBGs celebrate diversity and encourage networking, professional development, and cultural awareness. These employee-driven teams are voluntary and supported with BorgWarner resources and executive sponsors.

BorgWarner African Ancestry Network Group (BAANG) promotes inclusivity by providing a supportive network and mentoring opportunities for employees of African ancestry and their allies.

BorgWarner PRIDE celebrates diversity with people who identify as LGBTQIA+ and their allies. With this group's help, BorgWarner built transitioning gender guidelines for use across our Company.

Women in Science and Engineering (WISE) organizes educational events in workplaces, schools, and communities, having expanded to 10 chapters globally since 2022.

BorgWarner Engagement Action Team (BEAT) cultivates workplace community through committees of volunteers that organize activities promoting wellness, community involvement, and recognition.

INCLUSION GOAL

Continue to outperform our peer group on employees' sense of inclusion and belonging.[7]

PROGRESS

Achieved in 2023

SURPASSED ALL BENCHMARKS FOR PERFORMANCE ON INCLUSION QUESTION ON 2023 SURVEY



Women in Leadership

The BorgWarner Women in Leadership program supports career development and retention for women within the company. It consists of:

Women Rising – A four-month program for early-career women focusing on leadership differences, personal style, and career success habits. Since 2021, 46% of participants have achieved a job change or promotion, and 90% have stayed at BorgWarner.

Women in Leadership Mentoring – A year-long program enhancing self-awareness, networking, and career goals for participants. Since 2021, 32% of participants have achieved a job change or promotion, and 95% have stayed at BorgWarner.

Women's Executive Forum – This program targets senior management, focusing on impactful leadership and addressing challenges faced by women. Since 2021, 21% of participants have achieved a job change or promotion, and 96% have stayed at BorgWarner.



Celebrating International Women's Day

Talent and Development

By investing in the growth and development of our people, we are building a strong foundation for future success. In 2023, we took steps to expand programs covering leadership development, technical skills, and resilience.

Our goal is to fill the majority of leadership positions internally[8], reflecting our belief in the potential of our employees and our dedication to providing them with opportunities for advancement.

We also value the fresh perspectives and diverse experiences that external talent bring to our organization. We recognize that to implement our *Charging Forward* business strategy and position our business for growth, there may be certain expertise that cannot be developed quickly enough through internal talent. To set new talent up for success, we use a robust onboarding process to help new hires integrate into our Company quickly. By balancing internal promotions with external talent, we aim to create a dynamic and innovative team that can drive our Company forward.

BorgWarner's Global Talent Development Process enables career and succession planning from individual contributors to executive roles, with annual talent reviews conducted at the Board level each July, including evaluation of the Chief Executive Officer (CEO) and his direct reports.

We offer agile, and scalable development programs at all career stages including training, mentoring, and partnerships with learning institutions.

Annually, employees work with their managers to set business and professional development goals aligned with their career paths. Salaried employees maintain personal career profiles to track career interests, accomplishments, and training. All salaried employees and team-leader hourly employees participate in a formal, annual performance review process or in accordance with collective bargaining agreements.

TALENT AND DEVELOPMENT GOAL

Fill the majority of leadership positions with internal candidates[8]



Leadership Development Training

In 2023, nearly 450 employees took part in our leadership development programs, such as *Self Leadership*, *Leading People @ BorgWarner*, and *Communicating in Challenging Situations*. These programs serve as an investment in our people, their leaders, and their careers.

2023 Highlights

120,000+
hours of training provided to salaried employees[21]

4.65
average days of training per employee, including salaried and hourly

$3.6M+
invested in the training and development of our employees

1,015
current or future leaders were impacted by training investment

6
new leadership training programs launched across the Company

64%
of our leadership positions were filled via internal placements

8.54
average hours of online training per salaried employee

187
employees received *Power to Evolve* training

Investing in our Workforce as We Move Forward

Investing in our employees, plants, and communities is a key part of our *Charging Forward* strategy. We have developed programs across our Company to help our employees develop the skills, knowledge, and capacity for a sustainable workforce.

Our Ramos Arizpe, Mexico, facility plans to create almost 300 new jobs by adding battery cooling plate production.





Utilizing Talent in Our Foundational Plants to Support eProduct Growth

Our strength in designing and building our foundational combustion vehicle products gives us the resources and flexibility to scale eProduct[1] production to meet the pace of the electrified vehicle transition. We are investing in "zebra" facilities that combine electric and foundational products in one location. By using our existing facilities and teams that know operational excellence from our foundational business, we believe we are setting up our eProducts and our people for long-term success, while maintaining flexibility in our product portfolio as the market flexes. This also enables us to invest in our communities to help them move forward alongside the industry.

Upskilling Our Technical Workforce

We have launched numerous training programs to give our mechanical engineers the skills required to work on eProducts. In addition to company-wide initiatives, different parts of the business are creating other programs with the same goal, including offering a full-time, 18-month program to reskill talent; transferring mechanical engineers to different areas of the business and then immersing them in eProducts; and creating formal mentorships between eProduct and foundational talent.

>500

employees have completed an electrification training program since 2018.

Power to Evolve

Our Power to Evolve program teaches our existing engineers and related roles to work on our eProducts. Created in partnership with leading universities in the U.S., Europe, and China, employees learn hands-on skills and complete training modules on inverters, batteries, and motors. Since 2022, 43% of participants have achieved a job change or promotion, and 85% have stayed at BorgWarner. We launched an advanced track in System Engineering in the fall of 2023, with further specialized programs in development.

Training Cohorts	Participants		
	U.S.	Europe	Asia
Basic Track 2022	97	100	—
Basic Track 2023	50	41	50
Advanced Track: Systems 2023	18	29	3

Electronics Specialization Course

BorgWarner's Electronics Specialization Course, developed in partnership with the University of Vigo, reached its sixth iteration in 2023. It included 12 employees from our Spain and Portugal plants, aiming to boost their electrification skills. Since its 2018 inception, the course became an official postgraduate program, and more than 100 employees have taken the course to date.

Advanced Software Development Program

Our Landskrona, Sweden site, in collaboration with Lund University, developed a software engineering course to enhance our employees' theoretical and practical skills. The program covers eight key topics in software development and enrolled over 20 employees in 2023.

Engagement and Retention

A key part of our commitment to employee engagement and retention is fostering a culture of listening. Our biennial engagement survey, BE Heard, provides a direct channel for feedback from all levels of our workforce, including hourly employees and contingent workers.

In 2023, we achieved a 77% participation rate in the survey and saw fantastic results. Based on our survey provider's benchmarking, we were placed in the "high performing" group.

Engagement
72%
Favorable
Reflecting employee commitment and dedication.

Enablement
74%
Favorable
Indicating employees feel equipped with necessary tools for success.

Beliefs Index
76%
Favorable
Showing employee alignment and adherence to Our Beliefs.

Following the survey, locations host focus groups to engage with employees in a two-way dialogue on the survey results. Action plans are then developed, aimed at enhancing the employee experience. These plans will outline specific actions and timelines to drive improvements throughout BorgWarner.

Beyond BE Heard, our ongoing employee engagement initiatives include:

» Fireside chats with senior leaders;
» Quarterly business updates, with opportunities for employee questions; and
» Local and global newsletters distributed electronically and physically in our plants.

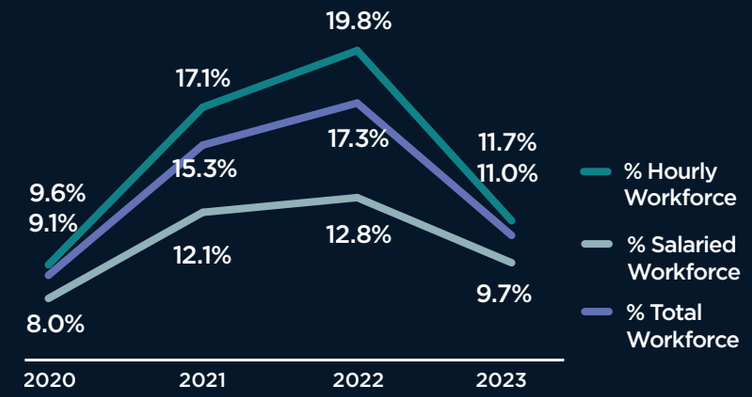
We recognize the importance of also engaging employees that join BorgWarner through an acquisition. To facilitate collaboration and harmonization, we integrate existing BorgWarner talent into newly acquired locations.

Our leadership remains focused on understanding and reducing employee turnover. In 2023, we believe targeted efforts led to significant improvements in voluntary turnover. Examples of this include: our Oroszlány, Hungary, plant expanded training and development programs and remote work opportunities for employees; our Mexico plants increased employee engagement and recognition programs and focused on manager training; and our Rzeszów, Poland, plant implemented a new employee bonus plan.

79%
of employees responded favorably when asked if they would recommend BorgWarner as a good place to work, 10 percentage points above the Auto Parts benchmark.

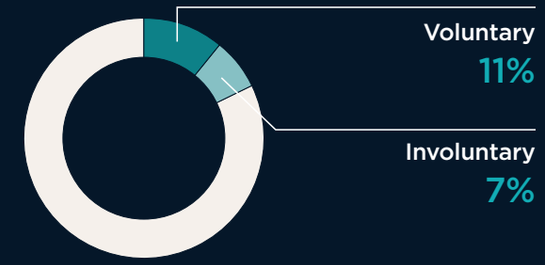
82%
of employees responded favorably that they are proud to work for BorgWarner, nine percentage points above the Auto Parts benchmark.

IMPROVED VOLUNTARY TURNOVER



TOTAL TURNOVER

18%
Overall



Employee Recognition through *I am BorgWarner*
The *I am BorgWarner* recognition program provides team members with the opportunity to recognize, and be recognized, for demonstrating Our Beliefs in their everyday work. Employees can highlight a coworker's success, say thank you, and celebrate personal and professional milestones. In 2023, eligible locations' hourly employees received 39% of total recognition. Of the eligible salaried population, 83% are enrolled in the program, for an overall engagement of 48% of eligible hourly and salaried global employees.

Compensation, Benefits, and Well-being

Our total rewards programs are designed to attract and retain a highly qualified, globally diverse workforce. Outside of traditional compensation, we also know the importance of providing a positive work environment.

As of the end of 2023, 98.1% of our employees[22] were eligible to receive variable, performance-based pay linked to achieving our Company goals. 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.

Linking Employee Pay to Our Business Strategy and Sustainability Initiatives

To incentivize sustainability performance, our bonus plans reward all levels of employees for advancing ESG initiatives.

» For senior leadership, 50% of the long-term incentive plan's performance component is linked to eProduct[1] revenue performance.
» For senior managers and above, annual incentive awards include a performance modifier based on ESG-related strategic initiatives.
» For nonmanagement workers, incentives are tied to ESG pillars: decarbonization (environmental), health and safety (social), and quality (governance).

Benefits Available to All Employees

The well-being of our employees is a priority for us. While benefits vary by geography based on local practices, all our benefit plans are based on the following well-being pillars:

Physical: Recognize the need for physical activity, healthy food, sleep, illness and injury prevention, and management of chronic health conditions

Social: Aim to develop and maintain positive, meaningful, and supportive relationships for employees, their families, friends, and coworkers

Mental: Protect and promote the mental well-being of all

Purposeful: Derive purpose from their personal and professional lives, and gain personal satisfaction and enrichment through improving the lives of others

Financial: Feel secure in their financial status through understanding and managing current, unexpected, and long-term financial status

All employees[22] are eligible to participate in our retirement plans, and all full-time employees are eligible to participate in our health and welfare plans, unless precluded by collective bargaining agreements or national statutory plans.

Plans are benchmarked for competitiveness on a regular basis. Locations also offer various well-being programs, such as fitness opportunities, medical checkups, parental leave, and volunteering options. Our employee assistance programs globally support overall well-being and community resources.

"Turbocharging" Well-being and Mental Health

Our Rzeszów, Poland, site developed interactive online training sessions focused on introducing aspects of well-being and mental health. The webinars, *Take Charge of Your Development* and *Stress Less and Feel Better*, discussed the basics of emotional well-being and a growth mindset. Participants learned mechanisms for building psychological awareness and resilience through topics such as "What is Resilience and How to Build It", "Managing Difficult Emotions", and "Healthy Thinking", among other themes. Approximately 400 participants joined the eight sessions that were held in 2023.

Increasing Physical Activity While Supporting Our Communities

BorgWarner MOVES supports the physical health of our employees and their families, and at the same time, helps local communities. Our goal for 2023 was to achieve in total 1.8 billion steps across the Company, which would unlock each business's donation pot to support charitable organizations. Our employees and their family members overachieved our goal by gathering more than 9.3 billion steps. The donations that were made support a variety of different charitable organizations, including our global partner, SOS Children's Villages.

Sustaining Our Talent's Well-being

We know that when employees are physically and mentally well, they are more motivated and ready to bring their best selves to work. In 2023, we introduced *Renewing Your Energy*, a program aimed at providing participants with an awareness of the cost and benefits of their behaviors, so they can learn ways to expand, renew, and manage their energy. We also offered our first *Executive Energy Retreat*. Guest speakers discussed sleep, resilience, nutrition, and leadership behaviors to improve participant well-being in new ways. We plan to bring all our senior leadership through this course in the coming years.



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 work with a third-party consultant to conduct an annual independent pay equity analysis. We continued to achieve pay parity in 2023 for women and racial/ethnic minorities. An annual salary review process is in place to evaluate and address discrepancies in pay, if identified. We complete an additional analysis to monitor pay equity for specific racial/ethnic minority groups.

PAY EQUITY GOAL

Achieve and maintain pay parity for all by 2026[23]

PROGRESS

Achieved in 2023

99.2%
Pay received by women relative to pay received by men

100.9%
Underrepresented racial/ethnic minority pay relative to nonminority pay

A Deeper Look at Pay Equity Results

99.1%
Black or African American pay relative to nonminority pay

98.4%
Hispanic or Latino pay relative to nonminority pay

102.2%
Asian pay relative to nonminority pay

Labor Rights

Having two-way communication with our workers is an important element to our success. One way we do this is through employee labor unions. Approximately 15.4% of our global workforce and 12.5% of our U.S. workforce are unionized. We recognize that 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, and are committed to creating a safe and inclusive environment.

Human Rights

As part of our commitment to operating responsibly, we take action to respect the human rights of our employees and our suppliers' employees. We do not tolerate the use of child labor, forced labor, human trafficking, or harassment in any form, and we comply with all wage and hour regulations wherever we operate.

In 2023, we enhanced our **Working Conditions Principles** (also known as our Human Rights Policy). Updates include acknowledging international conventions like the International Labour Organization and United Nations Guiding Principles, and incorporating specific language around forced labor and freedom of movement. Our contracts require recruiters and staffing agencies to follow all child labor and forced labor laws. Training is also available to salaried employees, including those within supply chain and purchasing, on spotting child and forced labor risks within the supply chain.

Employee Health and Safety

Employee safety is the foundation for our operational success. Our health and safety efforts are shown through our low injury and illness rates.

The safety of our employees is one of our biggest priorities. Our safety performance is rooted in safety management systems consisting of: leading safety indicators, integrating detailed metrics into safety scorecards, engaging employees at every level, training and prevention initiatives, performing risk assessments and inspections, sharing best practices, hosting safety conferences, and sponsoring recognition programs.

Our Global Star Safety Framework, which is harmonized to the ISO 45001 standard, is the foundation of our internal safety management system and implemented at our manufacturing and technical centers around the world that do not have an external certification. We are currently transitioning all manufacturing sites to be certified to ISO 45001:2018. At the end of 2023, 93% of facilities had ISO 45001 certifications.

SAFETY GOALS

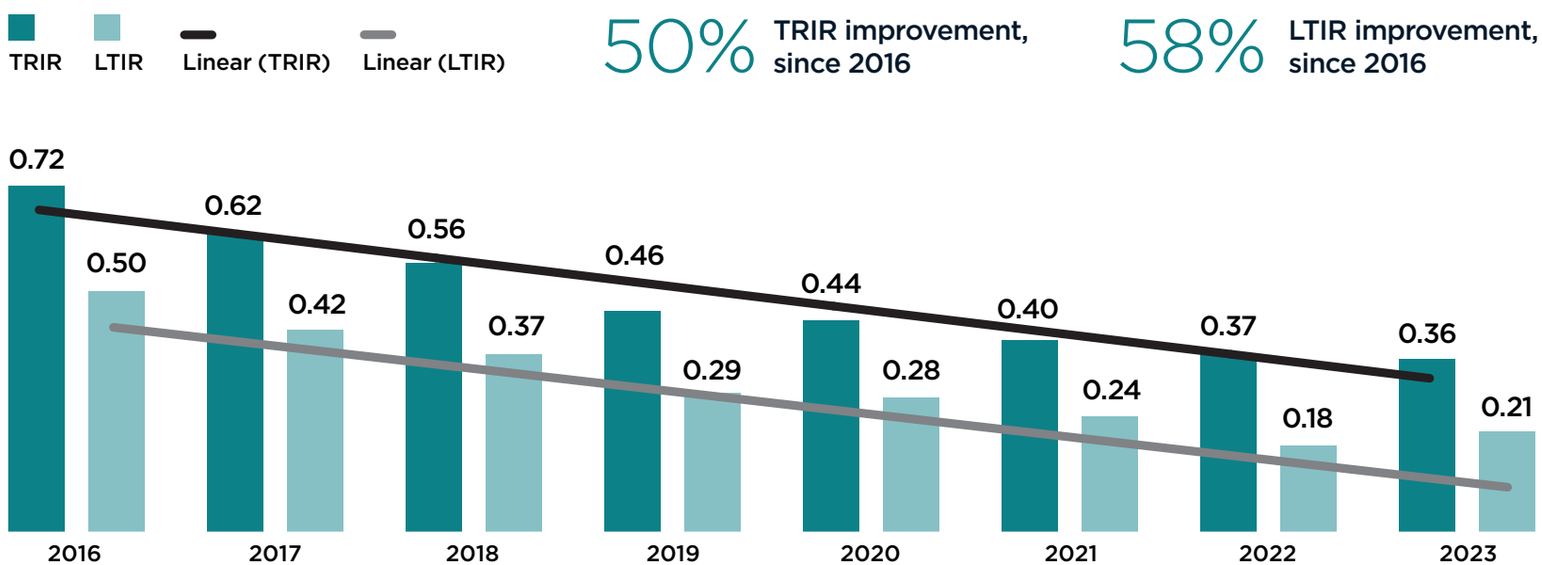
Perform in the top quartile for TRIR and LTIR[9]

TRIR	GOAL		LTIR	GOAL
0.36	≤1.2	GOAL EXCEEDED FOR TRIR	0.21	≤0.2

Implement and maintain ISO 45001 certification at 100% of our manufacturing sites[4]

PROGRESS	GOAL
93%	100%

CONTINUED DOWNWARD TREND IN SAFETY INCIDENT AND ILLNESS RATES



50% TRIR improvement, since 2016

58% LTIR improvement, since 2016

Improving our already strong safety performance, in 2023, we continued to focus on identifying and reducing risks of Severe Injury or Fatality/potential Severe Injury or Fatality or "SIF/pSIF." We trained employees on the seven high-risk categories most appropriate for our operations:

- **Hazardous energy control**
- **Powered industrial trucks**
- **Contact with objects, such as thermal or chemical**
- **Work at heights**
- **Machine guarding**
- **Confined spaces**
- **Electrical work**

Our Local Teams Driving Progress

CEO Safety Excellence Award 2023 Winners

Twelve manufacturing facilities achieved the CEO Safety Excellence Award in 2023 for working one million hours and a minimum of 12 consecutive months without a recordable incident, along with other safety performance requirements:

- Beijing, China
- Błonie, Poland
- Dalian, China
- Ningbo (WOFE), China
- Ningbo Jiangshan, China
- Ningbo JV, China
- Nabari, Japan
- Reynosa, Mexico
- Rzeszów, Poland
- Tianjin, China (2)
- Wuhan, China



CEO Safety Excellence Award given at Ningbo Jiangshan, China

BorgWarner's Fifth Annual Global Safety Day

Across BorgWarner, locations took part in our fifth annual Global Safety Day in October. Our employees participated in events that inspired a safety mindset, highlighted the importance of safety, and identified steps everyone can take to reduce and prevent the risk of accidents.



Global Safety Day at Pyongtaek, South Korea

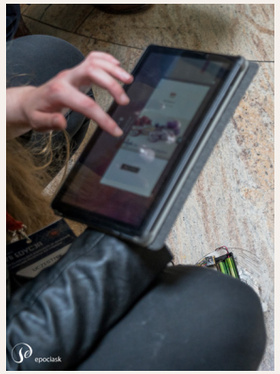
Community Investment

Our corporate philanthropy program focuses on four pillars that are aligned with our business strategy and Our Beliefs: education, environment, economics, and equity. We are committed to giving back to the communities that support our facilities and workers.

EDUCATION

Young Engineers Conference

BorgWarner Rzeszów was the Patron of Honor at the Poland National Conference and Young Engineers Competition, which allowed us to engage with university and doctoral students from all over Poland to learn about the work and research of young scientists.



ENVIRONMENT

Tree Planting Drive

In Bengaluru, India, approximately 60 of our BorgWarner employees partnered with local high school students to plant over 1,500 saplings within their neighborhood. The team leveraged the Miyawaki Method, a way to plant trees that promotes habitat restoration and dense vegetation.



ECONOMICS

Renovation and Restoration of a Local Primary Health Center

BorgWarner Manesar partnered with Maruti Suzuki, the Indian subsidiary of Suzuki Motor Corporation, to renovate the Primary Health Center, which supports ten villages and a community of more than 60,000 people. The renovation included a maternity room and a medical lab.



EQUITY

Equity in Technology

In partnership with United Way, the Tech United program works with IT professionals to help enable student access to STEM education, careers, and mentoring. Ryan Talbott, our Chief Information Officer, is a member of the Advisory Board. In 2023, BorgWarner donated $38,000 to fund a STEM Maker Space in a Michigan elementary school, which is expected to launch in the fall of 2024.

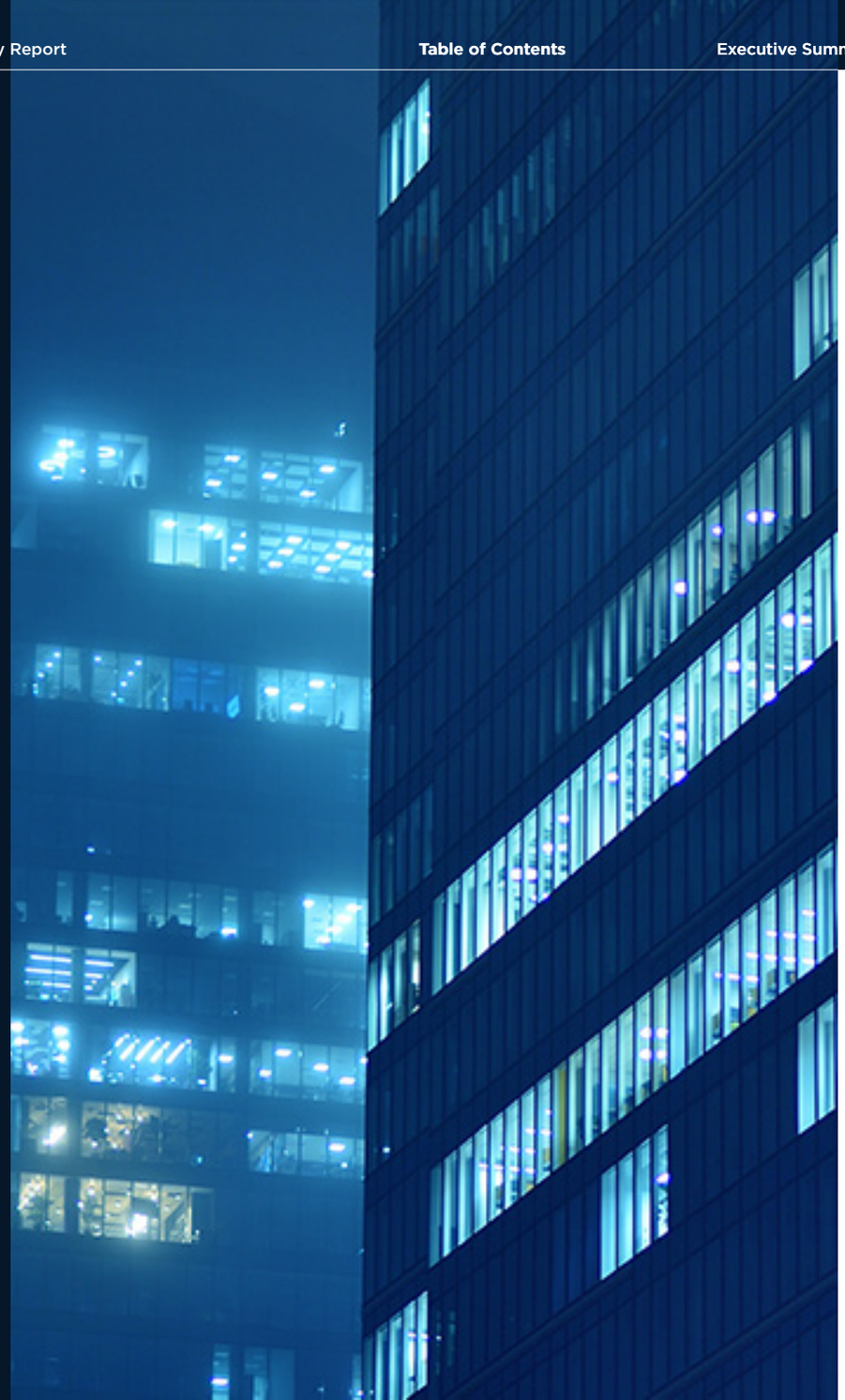


2023 Highlights

$3.4 million
donated

>102,000 hours
of their time donated by BorgWarner and its employees

- Education
- Environment
- Economics
- Equity



Our Sustainability Priorities

CONTINUE

ETHICS AND COMPLIANCE

PRODUCT SAFETY AND QUALITY

DATA PRIVACY AND CYBERSECURITY

ADVANCE

SUSTAINABLE VALUE CHAIN

TECH-DRIVEN INNOVATION

Governance

We strive for frequent engagement with our stakeholders and to be transparent in our impacts, goals, and performance. Our commitments also extend to our suppliers, engaging them in our environmental and social expectations and gauging their performance.

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Sustainability Governance 36
Ethics and Compliance 37
Data Privacy and Cybersecurity 39
Product Safety and Quality 40
Responsibility in Our Supply Chain 41
Tech-driven Innovation 44

Leadership

Our Board and our Company's executive management (Strategy Board) bring significant industry and leadership experience to guide us in delivering our business and sustainability goals.

Board of Directors


Sara A. Greenstein


Michael S. Hanley


Frédéric B. Lissalde


Shaun E. McAlmont


Deborah D. McWhinney


Alexis P. Michas


Sailaja K. Shankar


Hau N. Thai-Tang

Strategy Board


Frédéric B. Lissalde


Craig Aaron


Tonit M. Calaway


Stefan Demmerle


Joseph F. Fadool


Paul Farrell


Shawn Li

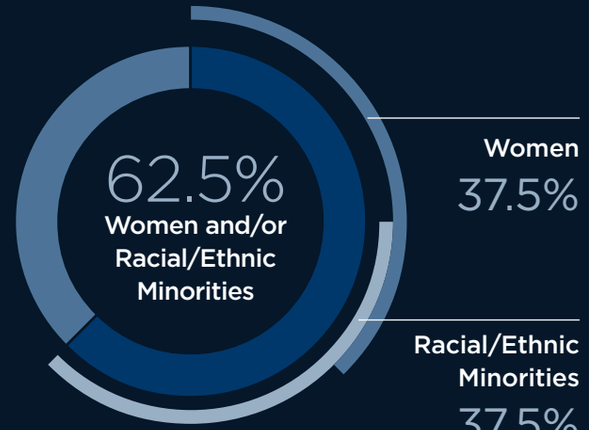

Isabelle McKenzie


Henk Vanthournout

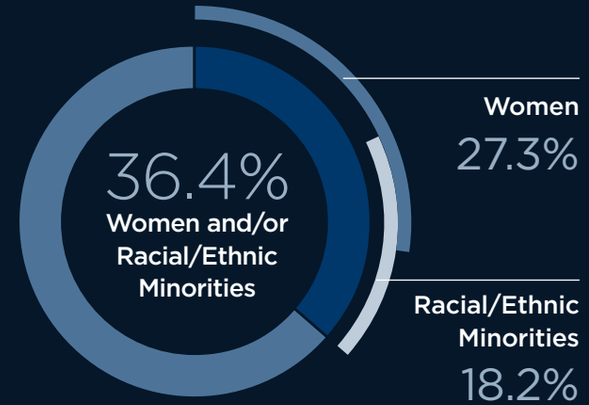

Volker Weng


Tania Wingfield

BOARD OF DIRECTORS DEMOGRAPHICS



STRATEGY BOARD DEMOGRAPHICS





“Sustainability cannot be achieved in a silo. It starts with our leaders supporting and governing our sustainability strategy and then empowering our employees, at all levels, to execute our strategy. I am extremely proud of our employees for driving progress on our sustainability objectives.”

- **Tonit M. Calaway,** Executive Vice President, Chief Administrative Officer, General Counsel and Secretary, Governance Sustainability Lead

Sustainability Governance

At BorgWarner, we have embedded ESG management into all levels of our organization. Our leadership is responsible for developing and implementing our sustainability strategy and risk management, directed and overseen by our Board and Strategy Board.

BOARD OF DIRECTORS

Oversees and assesses BorgWarner’s sustainability strategy and ESG risks through periodic updates from our Strategy Board.

CORPORATE GOVERNANCE COMMITTEE

Reviews sustainability strategy, policies, and procedures, including corporate responsibility matters, and receives, reviews, and considers stakeholder feedback on ESG topics. Ensures that there is appropriate ESG expertise on the Board, and awareness of ESG risks and opportunities by the Board and management team.

COMPENSATION COMMITTEE

Oversees human capital management, including DE&I, and assesses whether efforts to promote and advance ESG initiatives, practices, and objectives are appropriate and effectively reflected in executive compensation.

AUDIT COMMITTEE

Provides oversight of the quality and integrity of the accounting, auditing, financial reporting, and risk management practices of the Company, including assessing the Company’s compliance with ESG-related disclosure requirements.

Ethics and Compliance

We are committed to operating ethically and with integrity in all our actions. To uphold our compliance culture, we offer ethics training, monitor compliance, and provide avenues for anonymous reporting.

Ethical Conduct

Our **Code of Ethical Conduct** (Code) was updated in 2023 to reflect Our Beliefs as well as the demands and expectations of our customers and investors, and is available in most local languages where we operate. It defines our principles, expectations, and guidelines for appropriate business behavior. It addresses key compliance topics such as:

» Anti-bribery and anti-corruption (ABAC)
» Conflicts of interest
» Accounting standards
» Inclusion
» Gifts, travel, and entertainment
» Prevention of workplace violence

The Code is introduced to all employees when they join BorgWarner and is reinforced through continuous and regular training. Our flexible ethics and compliance training content and delivery model enable us to offer annual training to 100% of our salaried workforce, online or in-person. Locations coordinate compliance training for our hourly employees through various methods, including in-person. We also offer targeted training on topics, such as data privacy and protection, anti-trust, anti-harassment, and global trade compliance (including human trafficking).

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

In addition to the Code, our CEO, Chief Financial Officer, Chief Accounting Officer, and Treasurer must adhere to our **Code of Ethics for CEO and Senior Financial Officers**. Our Chief Compliance Officer provides oversight on compliance matters, including our ABAC programs.

ETHICS GOAL

Ethics training is offered to 100% of salaried workforce through multiple mediums and frequent touchpoints.[10]

PROGRESS

Achieved in 2023



Compliance

The Company also takes measures to monitor and deter non-compliance with our policies. All managerial employees and at-risk functions are asked to complete an annual questionnaire that monitors our compliance culture. Confidentiality is maintained to the maximum extent, and information is shared on a need-to-know basis.

We conduct a variety of audits led by our Internal Audit Services, including, but not limited to, Internal Controls over Financial Reporting, Operational Process, and ABAC. The ABAC process includes pre-assessment planning and communications, assessment field work, and reporting. During the ABAC process, we interview various functional leads and departments, perform transaction-level analysis, test travel and entertainment analytics, and compose an audit report which details findings to ensure remediation is performed appropriately.

COMPLIANCE GOAL

100% completion rate for the annual questionnaire that monitors our compliance culture

PROGRESS

99.9%[11]

Whistleblower Programs

Our speak-up culture and zero-tolerance retaliation policy empower employees to raise compliance questions or report unethical behavior.

We offer multiple reporting platforms, including a 24/7 independent third-party Compliance Hotline, available worldwide in local languages. Confidential or anonymous reports can be made directly to our Compliance Office or through the hotline.

Reports are reviewed by our compliance team and material issues are reported to the Board's Corporate Governance and Audit Committees. The Chief Compliance Officer provides regular updates to the Board, Audit Committee, and Corporate Governance Committee. BorgWarner leaders receive periodic reports to foster constant awareness of the Company's compliance culture.

The Compliance Office received 176 reports in 2023. All reports received in 2023 were reviewed and directed to appropriate channels, and are being followed to resolution. Remedial action is decided on a case-by-case basis and may include coaching, refresher training, and disciplinary action, up to termination of employment. All reports received by the Compliance Hotline are reviewed with our independent auditor quarterly.

Political and Public Policy Engagement

BorgWarner does not make political contributions of any kind and does not have a Political Action Committee or a "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

Our Global Privacy and Cybersecurity programs use various tools and programs to monitor and address potential threats impacting our operations, which are continually assessed and strengthened to reduce data security risks.

BorgWarner's information security program is benchmarked against cybersecurity industry standards that include the National Institute of Standards and Technology or "NIST," along with other frameworks. Our cybersecurity and data protection strategies are continuously updated based on regulatory and business needs.

Our Chief Compliance Officer oversees our data privacy program, while our Chief Information Officer oversees cyber and data security. Both officers report to the Board on compliance and cybersecurity matters at least annually. The Board is regularly apprised of risks 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. Some of our locations hold Trusted Information Security Assessment Exchange (TISAX) certifications and we plan to continue pursuing certifications in the future.

Protecting personal data, especially that belonging to employees, customers, and suppliers, is of utmost importance. We have a compliance and risk assessment process to identify and remediate privacy risks in our business. We have also developed company-wide policies and data handling procedures and expanded our incident and breach response procedures.

We commit to lawful and transparent data collection, with explicit consent where required, and ensure personal information can be modified or erased as required by law. Third-party contractors must comply with all relevant data protection laws and our policies.

Other best practices include:

- Managed security service that monitors security logs for indicators of compromise
- Regular tabletop incident response exercises
- Monthly external vulnerability assessments
- Annual penetration testing
- Data security and data protection training for all salaried employees and relevant contractors
- Early detection and response antivirus tools
- Data loss prevention tools
- Security assessments for new suppliers, as applicable
- Vulnerability scanning and management
- Distributed Denial of Service mitigation
- USB Access Policy
- Access Control Policy
- Bimonthly phishing awareness campaign to all salaried employees



93.6%

of salaried employees completed our annual cybersecurity awareness training

Product Safety and Quality

Our Global Quality Board (GQB) leads our efforts to improve quality, launch, and warranty performance. The GQB has executive oversight for quality across the Company, focusing on process compliance during product launch through risk assessments, validation plans, documentation, and customer communication.

There is also an escalation procedure in place for field returns. In 2023, we rolled out new quality management initiatives, including a secondary audit process for all programs that are new and have a high impact on revenue or have high complexity. We also standardized a product application approval process to provide greater transparency with our customers and limit warranty risks across the Company.

All our eligible[24] manufacturing and production facilities that supply to OEMs are International Automotive Task Force (IATF) 16949:2016 or ISO 9001:2015 quality management system certified, or are in the process of obtaining certification or recertification, as required. As part of our quality management system, sites are required to have regular employee training on product safety, monitor product reliability and performance, and perform quality testing, incident investigation, and corrective actions.

We test for and identify potential product safety issues both in partnership with customers and independently. Through these programs we are able to identify safety-critical items on design records, allowing for appropriate design and process controls, giving us traceability to pinpoint exact parts impacted by a potential quality or safety issue. Further, this process allows impacted parts to be identified in case of a recall, so we can quickly and effectively address an issue, should one arise.

Customer Satisfaction and Quality

CUSTOMER SATISFACTION | **QUALITY PRODUCTS** | **CONTINUOUS IMPROVEMENT**

How we implement these principles:

1. **A commitment to meeting all applicable requirements, including statutory, regulatory, and customer-specific requirements.**
2. **Every BorgWarner employee is responsible for the quality of the employee's work.**
3. **The key to quality assurance lies in Advanced Quality Planning, to systematically avoid potential errors.**
4. **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.**
5. **If nonconformance occurs, we will act urgently and with integrity to identify, contain, correct, and prevent any recurrence of the problem.**
6. **We recognize the needs of both external and internal customers.**
7. **We understand the business landscape that we are engaged in and assess risk continuously, establishing countermeasures when necessary.**
8. **Suppliers are valuable sources of design, cost reduction, and quality-improvement ideas. We treat them as partners – with respect and integrity.**
9. **Our leaders assist, coach, and train our people in quality fundamentals.**
10. **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.**
11. **We focus the organization on a continual improvement philosophy to improve proficiency.**

Responsibility in Our Supply Chain

We are committed to high social and environmental standards in our supply chain and have built processes to help us hold our suppliers accountable.

Our Board has oversight of supply chain management through periodic updates, including sustainability updates provided on a regular basis to our Board and Corporate Governance Committee.

Our Supply Chain Board has managerial responsibility for all aspects of supply chain sustainability policies, practices, oversight, audit, and compliance. This group is composed of our President of PowerDrive Systems, who is a member of our Strategy Board, and our Vice Presidents of Global Supply Management. We regularly update our **Supplier Code of Conduct**, our standard **Purchase Order Terms and Conditions**, and other relevant policies, to strengthen and make our sustainability standards and requirements for compliance explicit. We seek suppliers that are certified to ISO 14001:2015 standard, or equivalent. All suppliers and their workers can raise concerns via our Compliance Hotline, as detailed in our **Supplier Manual**.

Sustainable Supply Chain Strategy

Accelerate and Drive Behavioral Changes in Our Supply Chain

CREATE A CLEANER, MORE ENERGY-EFFICIENT WORLD

» Environmental Management
» Greenhouse Gas Emission Reduction

LIVE THE BORGWARNER BELIEFS

» Diversity, Equity, and Inclusion
» Health and Safety
» Working Conditions and Human Rights

PARTNER WITH AND REPORT TO STAKEHOLDERS

» Ethics and Compliance
» Conflict Minerals Management
» Data Privacy and Cybersecurity
» Upstream Supplier Management







FOUNDATION TO ACTIONS

Collaborate with and Monitor Supplier Performance

Supply Chain Quality Oversight

Our quality standards extend to our suppliers, as detailed in our Supplier Code of Conduct, Supplier Manual, and **Supplier Expectations**. We have a formal process to assess suppliers for quality and financial resilience and we conduct supply chain audits on a regular basis. We expect all our tier-1 production suppliers and their subcontractors to have implemented a certified quality management system, such as ISO 9001 and IATF 16949. We check the quality of raw materials that we source by confirming certification status and/or testing the materials provided. Automotive suppliers that do not have a valid quality management certificate are flagged on our supplier scorecard and reviewed by senior management before moving forward with both continued and new business.

Supplier Workshop

We dedicated a day at our Itatiba, Brazil, facility to strengthen our partnership with our local suppliers. The day focused on how to continuously improve our products for sustainable and quality performance through the development of robust and reliable processes. It also consisted of a showroom and plant tour where we reinforced the importance of quality conformance and the development of a systemic supplier improvement plan that will be validated quarterly by BorgWarner.

Supply Chain Standards

In 2023, we updated our Supplier Manual and Supplier Code of Conduct to meet the latest regulations, including the German Supply Chain Due Diligence Act, our Sustainable Supply Chain Strategy, and the **Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain**.

We expect our suppliers to maintain progressive labor, health and safety, environmental, and business ethics practices that meet or exceed applicable laws and relevant international norms and standards. We do not tolerate the use of child labor, forced labor, or human trafficking in any form in our operations or supply chain, including slave labor, prison labor, indentured servitude, or bonded labor. We do not tolerate corporal punishment. We expect our suppliers to abide by the applicable minimum wage and maximum hour regulations, including the payment of overtime, and to provide decent living conditions. We expect our suppliers to comply with our Supplier Manual, and anytime we update our Supplier Manual, generally, every one to two years, suppliers must recertify their compliance. We also provide training to suppliers each time we update the Supplier Manual.





RESPONSIBLE SUPPLY CHAIN GOAL

80% of high-impact and high-risk suppliers complete sustainability questionnaire

PROGRESS 81.6%

GOAL 80% **GOAL EXCEEDED**

Sustainability Assessment Questionnaire

The Sustainability Assessment Questionnaire (SAQ) assesses our suppliers on key sustainability issues, including human rights, working conditions, health and safety, environment, and business ethics. It is designed to indicate and verify supplier compliance in line with the **Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain**. This industry-standard questionnaire is shared on a shared platform to avoid duplication and improve efficiency, with a third party used to verify supplier responses.

We ask all our production suppliers with more than $25,000 in annual spend to complete the SAQ, covering 95% of our total production spend. The SAQ was made mandatory for sourcing in 2023. For our "high-risk" and "high-impact" suppliers, defined by amount of spend and location in countries of high risk according to World Bank Worldwide Governance Indicators data, we have a goal of 80% completion of the SAQ. In 2023 we achieved this goal for the first time, achieving an 81.6% completion rate, highlighting our supply chain management teams' commitment to supply chain responsibility.

We incentivize our suppliers to complete our SAQ by assigning points to our supplier balanced scorecard rating, which is a major factor in deciding which suppliers are awarded business. To promote Scope 3 emissions reductions, additional points are also awarded if the supplier has GHG reduction targets for itself and its supply base.

Engaging Suppliers on Sustainability

We conducted a number of programs in 2023 to help our suppliers understand and achieve BorgWarner's sustainability expectations:

- We held virtual SAQ training in English and Chinese, which was recorded and made available to suppliers;
- Held in-person supplier training in Prague, Czech Republic;
- Engaged regional suppliers with local teams to help them better understand and complete our SAQ survey;
- Piloted a new program in which supplier development engineers conduct on-site visits to help suppliers improve their policies and practices, using the SAQ as a guide.

To enhance our suppliers' understanding of what it means to be a responsible business partner, we have set a new goal: rollout training on key sustainability issues to all of our production suppliers by the end of 2025.

Conflict Minerals

Our **Conflict Minerals Statement** has been updated to better express our Conflict Minerals management program and sets forth our requirements for supplier due diligence, risk assessment exposure, and compliance. BorgWarner is a member of the Responsible Minerals Initiative. Suppliers identified as using potential conflict minerals from a sanctioned smelter must secure a new source or be terminated as a supplier. As part of our compliance and oversight efforts, our supply chain teams participate in AIAG conflict mineral working groups and events.

Tech-driven Innovation

Our Company thrives on having an entrepreneurial spirit. We continuously assess and adopt new product and process innovations in an effort to keep our position at the forefront of our industry.

Our Chief Strategy Officer leads our efforts to identify and invest in future technologies, innovations, and growth sectors, together with our Chief Technology Officer.

At BorgWarner, we continuously screen the market and leverage our extensive network to identify strategic innovations that are occurring. BorgWarner has an Intellectual Property (IP) strategy that supports business goals by seeking optimal IP coverage for our innovations, including filing patents, as appropriate. For innovations in key technology or product areas, the IP team conducts ideation sessions with engineers to proactively harvest innovations and design a patent portfolio that is both cohesive and comprehensive in its coverage. As of the end of 2023, we had approximately 5,700 active domestic and foreign patents and patent applications pending or under preparation, which accounts for approximately 2,900 patent families.

Our venture capital efforts focus on two areas: technologies to maintain product leadership positions for our established core portfolio and emerging, adjacent growth sectors that will underpin future and sustainable mobility solutions.

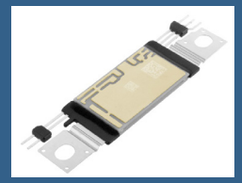
Our team evaluates and invests in promising technologies and partners with startups to help test and scale-up new innovations.

Recognizing Innovation

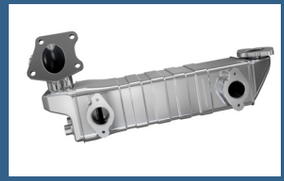
The BorgWarner Innovation Award acknowledges employees for their innovative contributions to product development and business processes, and is awarded on an annual basis. Established in 1996, the award honors individuals and teams in four categories: Product Development, Operational Excellence, Customer Excellence, and Collaboration.



Products of Innovation



Advancements in the Viper Power Switch
The next-generation power module features enhancements in the Viper power switch to meet customer demands for increased power capacity and performance in electrified vehicles. Roughly the size of a stick of gum, the Viper power switch is smaller and has better cooling which aids in packaging, performance, and operating range in electrified vehicles. This product is a crucial component of BorgWarner's inverter, which converts direct current (DC) electricity from the propulsion battery of an electrified vehicle into alternating current (AC) electricity, which is supplied to the electric motor that propels the vehicle. These innovations have led to numerous patent applications, to secure BorgWarner's future in this technology.



EGR Systems
BorgWarner provides compact and efficient solutions reducing fuel consumption and the associated GHG emissions, including EGR modules, valves, and coolers. We are uniquely positioned to produce all EGR components, allowing us to design and develop fully integrated EGR systems. Our systems recirculate exhaust gas back to the combustion chamber, reducing the combustion temperatures that produce harmful nitrogen oxide (NOx) emissions. We continue to innovate these products, maximizing efficiency to reduce vehicle impacts on the environment.



Appendix

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Performance Data Table

	Metric	2020	2021	2022	2023
Create a Cleaner, More Energy-efficient World	**Revenue from EV and emissions-reducing products (%)**	85%	88%	88%	87%
	Scope 1 and Scope 2 GHG emissions, market-based (metric tons CO_2e)[1]	400,630	427,387	328,324	291,251
	Scope 1 GHG emissions (metric tons CO_2e)[1]	64,604	88,519	72,818	56,755
	Scope 2 GHG emissions, market-based (metric tons CO_2e)[1]	336,026	338,868	255,506	234,496
	Scope 2 GHG emissions, location-based (metric tons CO_2e)[1]	-	319,691	308,170	322,691
	Scope 1 and Scope 2 GHG emissions intensity (metric tons CO_2e/$mn sales)[1]	39.41	36.21	25.99	20.51
	Upstream Scope 3 GHG emissions (Purchased Goods and Services) (million metric tons CO_2e)	-	9.5	9.9	11.1
	Downstream Scope 3 GHG emissions (Use of Products Sold) (million metric tons CO_2e)	-	26.9	25.7	26.8
	Other Scope 3 GHG emissions (million metric tons CO_2e)	-	0.6	0.6	0.8
	Total energy consumption (GWh)[1]	1,075	1,218	1,122	1,087
	of which, grid electricity (GWh)[1]	724	797	729	758
	of which, renewable energy (GWh)[1]	-	40	143	212.4
	Energy intensity (MWh/$mn sales)[1]	91.11	103.18	88.77	76.55
	Water use (kgal)[1]	373,394	388,519	379,994	390,717
	Water intensity (kgal/$mn sales)[1]	36.73	32.92	30.07	27.52
	ISO 14001:2015 environmental management certified facilities (%)[2]	100%	100%	100%	100%
	Products sold that are recyclable (%)[3]	94%	90%	88%	91%
	Waste Diversion Rate (%)[4]	-	-	-	92.8%
	Total amount of waste (metric tons)	-	-	-	183,530

1 Energy use, emissions, and water data reporting represent more than 98% of our facilities by total square footage. Refrigerant data available from 2021; data not available for prior years.
2 For manufacturing locations that supply directly to OEMs, excluding newly acquired sites during their first 18 months of production, and those that are in the process of obtaining certification or recertification, as required.
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 Waste diverted from landfills and incineration. Waste reporting accounts for 77% of all sites greater than 15,000 square feet.

	Metric	2020	2021	2022	2023
Create a Cleaner, More Energy-efficient World	**Total amount of recycled/composted waste (metric tons)[5]**	-	-	-	170,276
	Total amount of waste sent to landfill, incinerator, and other (metric tons)[5]	-	-	-	13,254
	Total amount of hazardous waste (metric tons)[5]	-	-	-	7,193
	Total amount of non-hazardous waste (metric tons)[5]	-	-	-	176,337
	that was incinerated (metric tons)[5]	-	-	-	3,122
	that was landfilled (metric tons)[5]	-	-	-	5,119
	that was recycled (metric tons)[5]	-	-	-	168,095
Live the BorgWarner Beliefs	**Total Recordable Incident Rate (per 200,000 hours worked)**	0.44	0.40	0.37	0.36
	Lost Time Incident Rate (per 200,000 hours worked)	0.28	0.24	0.18	0.21
	ISO 45001:2018 health and safety management certified facilities (%)[6]	-	-	80%	93%
	Fatalities (#)	0[7]	0	0	0
	Women in workforce (%)[8]	28.6%	30.1%	30.8%	30.1%
	Women in salaried workforce (%)	22.6%	24.0%	24.3%	25.0%
	Women in leadership workforce (%)[8]	14.6%	15.1%	16.4%	17.4%
	Employee turnover rate (%)	14.8%	21.9%	22.8%	17.9%
	Employee volunteering (hours)	18,793	137,775	238,206	102,248
Partner with and Report to Stakeholders	**IATF 16949:2016/ISO 9001:2015 quality management certified facilities (%)[6]**	100%	100%	100%	100%
	High-impact and high-risk suppliers completed sustainability questionnaire (%)	24.1%	59.8%	75.8%	81.6%
	Completion rate for annual compliance questionnaire (%)	-	100%	100%	99.9%

5 Waste reporting accounts for 77% of all sites greater than 15,000 square feet.
6 For manufacturing locations that supply directly to OEMs, excluding newly acquired sites during their first 18 months of production, and those that are in the process of obtaining certification or recertification, as required.
7 Note that there was a fatality of a nonemployee security guard from the tornado that struck our Seneca, South Carolina, facility in 2020.
8 "Women" is defined as employees who 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.

EEO-1

(U.S. Workforce as of December 31, 2023[9])

	Male (Hisp/Lat)	Female (Hisp/Lat)	03 Male (Not-Hisp/Lat)						04 Female (Not-Hisp/Lat)						
Job Categories	**Hispanic or Latino**	**Hispanic or Latino**	**American Indian or Alaska Native**	**Asian**	**Black or African American**	**Native Hawaiian or Other Pacific Islander**	**Two or More Races**	**White**	**American Indian or Alaska Native**	**Asian**	**Black or African American**	**Native Hawaiian or Other Pacific Islander**	**Two or More Races**	**White**	**Count**
Executive-/Senior-Level Officials and Managers	0	0	0	1	0	0	0	17	0	1	1	0	0	3	23
First-/Mid-Level Officials and Managers	33	14	1	75	26	0	5	528	0	20	12	0	3	116	833
Professionals	52	27	0	246	41	1	9	1,016	0	72	10	0	9	218	1,701
Technicians	23	1	3	7	61	0	7	403	0	2	14	0	1	49	571
Sales Workers	1	0	0	1	0	0	0	22	0	1	0	0	0	11	36
Administrative Support Workers	5	10	0	12	8	0	2	66	0	8	3	0	2	74	190
Craft Workers	19	2	3	9	23	0	7	400	0	0	4	0	1	33	501
Operatives	85	53	7	66	264	1	30	765	3	13	179	2	10	320	1,798
Laborers and Helpers	38	16	4	4	69	1	4	128	0	1	29	0	0	60	354
Service Workers	1	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Total	257	123	18	421	492	3	64	3,345	3	118	252	2	26	884	6,008

9 In line with EEO-1 reporting, data provided does not include temporary workers. The preceding data on p. 23 reflects our total workforce.

SASB Index

Transportation Sector Auto Parts Industry Standard

Accounting Metric		Code	Disclosure
Energy Management	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable	TR-AP-130a.1	(1) 1,086,832 MWh,[10] (2) 69.8% grid electricity, (3) 19.5% renewable
Waste Management	(1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled	TR-AP-150a.1	(1) 182,934 metric tons, (2) 4% hazardous, (3) 93% recycled[11]
Product Safety	Number of recalls issued, total units recalled	TR-AP-250a.1	5 recalls issued, totaling 4,496 units, of which 100% were voluntary recalls
Design for Fuel Efficiency	Revenue from products designed to increase fuel efficiency and/or reduce emissions	TR-AP-410a.1	87% of revenue from EV and emissions-reducing products
Materials Sourcing	Description of the management of risks associated with the use of critical materials	TR-AP-440a.1	For details, see Product Safety and Quality and Responsibility in Our Supply Chain
Materials Efficiency	Percentage of products sold that are recyclable	TR-AP-440b.1	91% of products sold are recyclable
	Percentage of input materials from recycled or remanufactured content	TR-AP-440b.2	37% of input materials from recycled or remanufactured content by revenue
Competitive Behavior	Total amount of monetary losses as a result of legal proceedings associated with anticompetitive behavior regulations	TR-AP-520a.1	$0
Activity Metrics	Number of parts produced	TR-AP-000.A	767 million parts produced
	Weight of parts produced	TR-AP-000.B	Not reported
	Area of manufacturing plants	TR-AP-000.C	1,505,939 square meters

10 Energy use, emissions, and water data reporting represent more than 98% of our facilities by total square footage.
11 Waste from manufacturing metrics account for 81% of all BorgWarner manufacturing sites.

TCFD Index

The below provides a summary of our climate-related risk management, governance, and performance aligned with the TCFD framework.

For more information on our climate-related risks, please see **Item 1A, "Risk Factors" in our Annual Report on Form 10-K** for the year ended December 31, 2023, filed on February 8, 2024. For more information on our climate opportunities, governance, and risk management, see our response to the annual CDP climate change survey.

Governance

a) Board oversight

Our Board and Strategy Board are committed to rigorous oversight and practices that effectively execute our strategic plans and provide value to our stockholders and 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. 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 Strategy Board sets sustainability strategies, approves goals, and provides resources to meet performance targets. In 2023, 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 supports developing climate change goals and strategy, along with other ESG topics. We have implemented various working groups and committees to advance our climate-related goals, such as our Scope 3 reduction workstreams.

Strategy

a) Climate-related risks and opportunities

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

Demand risks and opportunities: We believe we are well positioned for the industry's anticipated migration to electrified transportation.

We recognize there are risks that we may not meet our goals due to many factors, including failure to develop new products that our customers will purchase, technology changes that could render our products obsolete, or the introduction of new technology to which we do not have access, among other things.

Regulatory risks: Climate change is receiving increasing attention worldwide, which has led to significant legislative and regulatory efforts to limit GHG emissions. Our manufacturing plants use energy, including electricity and natural gas, and certain of our plants produce GHG emissions that may be affected by these legislative and regulatory efforts. GHG regulation could increase the price of the electricity we purchase, increase costs for use of natural gas, potentially restrict access to or the use of natural gas, require us to purchase allowances to offset our own emissions, or result in an overall increase in costs of raw materials, any one of which could increase our costs, reduce competitiveness in a global economy, or otherwise negatively affect our financial condition, results of operations, and reputation.

Many of our suppliers face similar circumstances. Supply disruptions would raise market rates and jeopardize the continuity of production and could have an adverse effect on our financial results. Climate changes could also disrupt our operations by impacting the availability and cost of materials within our supply chain, and could also increase insurance and other operating costs. These factors may impact our decisions to construct new facilities.

Physical risks: Extreme weather such as flooding or other natural disasters may impact our operations. We evaluate and address flood risks at our manufacturing locations and secure proper insurance to protect our properties.

b) Impact on strategy

Our products: Our business strategy, *Charging Forward*, is designed to increase production of electric and hybrid vehicle parts that enable zero- and lower-emissions transportation while maximizing profitability of our foundational products. Successful execution of our strategy and careful cultivation of our product mix is expected to allow us to transition to electrification at the pace of the market.

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 sustainable manufacturing and engineering centers where our people can thrive as they support our customer needs for innovative propulsion products. We run efficient operations, but we believe in continuous improvement and have set specific measurable goals for 2030 and 2035 to improve in many aspects of our operations, including emissions, energy usage, waste reduction/recycling, and water management. 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.

c) Climate resilience

Through *Charging Forward*, we have developed a strategy that enables us to address a future based on varying regulations, consumer demands, and automaker requirements – including a future aligned with the aspirations of the Paris Climate Agreement. Our Board of Directors and Strategy Board are focused on closely monitoring and regularly discussing the transition to electrified mobility. As part of our commitment to the Paris Climate Agreement, we have established goals to reduce our Scope 1, 2, and 3 emissions.

We integrate strategic planning for lowering carbon emissions from 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.

Risk Management

a) Process to identify climate risk

Climate-related risk identification is integrated into multidisciplinary, company-wide risk identification, assessment, and management processes. Oversight of risk is an evolving process in which management is integrated and continually seeks opportunities to further ingrain enterprise risk management into business practices throughout the organization.

Some of the identified 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, and 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. Substantive risks are those that could have an impact on financial, operational, environmental health and safety matters, reputation, and people.

b) Process for managing climate risks

Enterprise-level risks are managed or mitigated through internal policies and procedures or other means. 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 at least annually.

c) Climate-related risk integration

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

Our Board regularly and continually receives information intended to apprise it 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 Chief Accounting Officer, Assistant Controller, Treasurer, VP of Internal Audit, Director of Strategic Risk Management, Chief Compliance Officer, Chief Information Officer, and various business operational leaders. The Board receives an annual update on the Company's enterprise risk management process and results in an effort to assure that the designed processes and controls have been implemented and are functioning properly.

Metrics

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 and Scope 2 emissions, as well as intensity relative to sales.

b) Scope 1, 2, and 3 emissions

» Scope 1 emissions (2023): 56,755 metric tons of CO_2e
» Scope 2 emissions (2023): 234,496 metric tons of CO_2e
» Scope 3 emissions (2023): 38.7 million metric tons of CO_2e

GHG Protocol Category	% of 2023 Scope 3
1. Purchased goods and services	28.75%
2. Capital goods	0.32%
3. Fuel- and energy-related activities	0.39%
4. Upstream transportation and distribution	0.59%
5. Waste generation in operations	0.18%
6. Business travel	0.03%
7. Employee commuting	0.07%
8. Upstream leased assets	0.04%
9. Downstream transportation and distribution	-
10. Processing of sold products	-
11. Use of sold products	69.36%
12. End-life treatment of sold products	0.27%
13. Downstream leased assets	-
14. Franchises	-
15. Investments	-

c) Targets

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

» Maintain majority of revenue from EV and emissions-reducing products
» 85% absolute reduction in Scope 1 and Scope 2 GHG emissions by 2030 from a 2021 baseline
» Carbon neutral in Scope 1 and Scope 2 emissions by 2035
» 25% absolute reduction in Scope 3 GHG emissions by 2030 from a 2021 baseline

GRI Index

Global Reporting Initiative Standards

Statement of Use

The GRI Standards represent a global best practice for reporting publicly on a range of economic, environmental, and social impacts. Sustainability reporting based on the GRI Standards provides information about an organization's positive or negative contributions to sustainable development.

BorgWarner has reported the information cited in this GRI content index for the period January 1, 2023, to December 31, 2023, in reference to the GRI Standards.

GRI 1 used

GRI 1: Foundation 2021

GRI Standard	Title	Disclosure Title	Location or Response	UN Global Compact (UNGC) Principle / SDG
GRI 2: GENERAL DISCLOSURES 2021				
The Organization and Its Reporting Practices				
2-1	**General Disclosures**	**Organizational details**	BorgWarner Inc. Auburn Hills, Michigan BorgWarner at a Glance (page 4)	n/a
2-2	**General Disclosures**	**Entities included in the organization's sustainability reporting**	About this report (page 1)	n/a
2-3	**General Disclosures**	**Reporting period, frequency, and contact point**	January 1, 2023, to December 31, 2023 Annual **sustainability@borgwarner.com**	n/a
2-4	**General Disclosures**	**Restatements of information**	Our Goals and Performance (page 8)	n/a
2-5	**General Disclosures**	**External assurance**	**Auditor Assurance Statement**	n/a
Activities and Workers				
2-6	**General Disclosures**	**Activities, value chain, and other business relationships**	BorgWarner at a Glance (page 4) Responsibility in Our Supply Chain (page 41)	n/a
2-7	**General Disclosures**	**Employees**	BorgWarner at a Glance (page 4) **BorgWarner Form 10-K for FY 2023**	n/a
2-8	**General Disclosures**	**Workers who are not employees**	**BorgWarner Form 10-K for FY 2023**	n/a

GRI Standard	Title	Disclosure Title	Location or Response	UN Global Compact (UNGC) Principle / SDG
Governance				
2-9	**General Disclosures**	**Governance structure and composition**	Sustainability Governance (page 36) **BorgWarner 2024 Proxy Statement** **BorgWarner Corporate Governance** **BorgWarner Board of Directors**	n/a
2-10	**General Disclosures**	**Nomination and selection of the highest governance body**	**BorgWarner 2024 Proxy Statement** **BorgWarner Corporate Governance** **Corporate Governance Committee Charter**	n/a
2-11	**General Disclosures**	**Chair of the highest governance body**	**BorgWarner 2024 Proxy Statement** **BorgWarner Board of Directors**	n/a
2-12	**General Disclosures**	**Role of the highest governance body in overseeing the management of impacts**	Our Approach to Sustainability (page 7) **BorgWarner 2024 Proxy Statement** **BorgWarner Corporate Governance** **Corporate Governance Committee Charter**	n/a
2-13	**General Disclosures**	**Delegation of responsibility for managing impacts**	Our Approach to Sustainability (page 7) **BorgWarner 2024 Proxy Statement** **BorgWarner Corporate Governance**	n/a
2-14	**General Disclosures**	**Role of the highest governance body in sustainability reporting**	Our Approach to Sustainability (page 7) **BorgWarner 2024 Proxy Statement**	n/a
2-15	**General Disclosures**	**Conflicts of interest**	**BorgWarner 2024 Proxy Statement**	UNGC Principle 10
2-16	**General Disclosures**	**Communication of critical concerns**	Whistleblower Programs (page 38) **BorgWarner 2024 Proxy Statement**	UNGC Principle 10
2-17	**General Disclosures**	**Collective knowledge of the highest governance body**	**BorgWarner 2024 Proxy Statement**	n/a
2-18	**General Disclosures**	**Evaluation of the performance of the highest governance body**	**BorgWarner 2024 Proxy Statement**	n/a
2-19	**General Disclosures**	**Remuneration policies**	**BorgWarner 2024 Proxy Statement**	n/a
2-20	**General Disclosures**	**Process to determine remuneration**	**BorgWarner 2024 Proxy Statement**	n/a
2-21	**General Disclosures**	**Annual total compensation ratio**	**BorgWarner 2024 Proxy Statement**	n/a

GRI Standard	Title	Disclosure Title	Location or Response	UN Global Compact (UNGC) Principle / SDG
Strategy, Policies, and Practices				
2-22	**General Disclosures**	**Statement on sustainable development strategy**	Charging Forward with Our Resilient Product Portfolio (page 5)	UNGC Principles 7, 8 SDG 7, 9 12, 13
2-23	**General Disclosures**	**Policy commitments**	Ethical Conduct (page 37) Responsibility in Our Supply Chain (page 41) **BorgWarner Code of Ethical Conduct** **BorgWarner Modern Slavery Act Statement**	UNGC Principles 1, 2, 3, 4, 5, 6
2-24	**General Disclosures**	**Embedding policy commitments**	Ethical Conduct (page 37)	n/a
2-25	**General Disclosures**	**Process to remediate negative impacts**	Ethical Conduct (page 37) **BorgWarner Code of Ethical Conduct**	n/a
2-26	**General Disclosures**	**Mechanisms for seeking advice and raising concerns**	Ethical Conduct (page 37) Whistleblower Programs (page 38)	n/a
2-27	**General Disclosures**	**Compliance with laws and regulations**	**BorgWarner Form 10-K for FY 2023**	n/a
2-28	**General Disclosures**	**Membership of associations**	Creating Opportunities for a Diverse Workforce (page 24)	SDG 17
Stakeholder Engagement				
2-29	**General Disclosures**	**Approach to stakeholder engagement**	Our Approach to Sustainability (page 7) Governance (page 34) **BorgWarner 2024 Proxy Statement** Employees, business partners, communities, and stockholders. We use our materiality assessment process and stakeholder engagement to benchmark our sustainability focus against what is most important to our stakeholders and our business. This information is then translated into our ongoing sustainability strategy, reporting, and commitments.	n/a
2-30	**General Disclosures**	**Collective bargaining agreements**	Compensation, Benefits, and Well-being (page 29) Labor Rights (page 30)	UNGC Principle 3 SDG 8
MATERIAL TOPICS				
GRI 3: Material Topics 2021				
3-1		**Process to determine material topics**	Our Approach to Sustainability (page 7)	n/a
3-2		**List of material topics**	Our Approach to Sustainability (page 7)	n/a
3-3		**Management of material topics**	Our Approach to Sustainability (page 7) The way we manage each identified material topic is covered in the various sections of the report.	n/a

GRI Standard	Title	Disclosure Title	Location or Response	UN Global Compact (UNGC) Principle / SDG
TOPIC-SPECIFIC DISCLOSURES: ENVIRONMENTAL				
GRI 302: Energy 2016				
302-1	**Energy**	**Energy consumption within the organization**	Performance Data Table (page 46)	UNGC Principle 8 SDG 7, 12, 13
302-2	**Energy**	**Energy consumption outside of the organization**	Our Path to Decarbonization (page 11)	UNGC Principle 8 SDG 7, 12, 13
302-3	**Energy**	**Energy intensity**	Performance Data Table (page 46)	UNGC Principle 8 SDG 7, 12, 13
302-4	**Energy**	**Reduction of energy consumption**	Performance Data Table (page 46)	UNGC Principle 8 SDG 7, 12, 13
302-5	**Energy**	**Reductions in energy requirements of products and services**	Product Stewardship (page 12)	UNGC Principle 8 SDG 7, 12, 13
GRI 303: Water and Effluents 2018				
303-1	**Water**	**Interactions with water as a shared resource**	Water Risk Management (page 19) BorgWarner 2023 CDP Water Security	UNGC Principle 8 SDG 6, 12, 13, 14, 15
303-2	**Water**	**Management of water discharge-related impacts**	BorgWarner 2023 CDP Water Security	UNGC Principle 8 SDG 12, 13, 15
303-3	**Water**	**Water withdrawal**	Water Risk Management (page 19) BorgWarner 2023 CDP Water Security	UNGC Principle 8 SDG 6, 12, 13, 14, 15
303-4	**Water**	**Water discharge**	Water Risk Management (page 19) BorgWarner 2023 CDP Water Security	UNGC Principle 8 SDG 6, 12, 13, 14, 15
303-5	**Water**	**Water consumption**	Water Risk Management (page 19) BorgWarner 2023 CDP Water Security	UNGC Principle 8 SDG 6, 12, 13, 14, 15
GRI 305: Emissions 2016				
305-1	**Emissions**	**Direct (Scope 1) GHG emissions**	Performance Data Table (page 46)	UNGC Principle 8 SDG 7, 12, 13
305-2	**Emissions**	**Energy indirect (Scope 2) GHG emissions**	Performance Data Table (page 46)	UNGC Principle 8 SDG 7, 12, 13
305-3	**Emissions**	**Other indirect (Scope 3) GHG emissions**	Our Path to Decarbonization (page 11)	UNGC Principle 8 SDG 7, 12, 13
305-4	**Emissions**	**GHG emissions intensity**	Performance Data Table (page 46)	UNGC Principle 8 SDG 7, 12, 13
305-5	**Emissions**	**Reduction of GHG emissions**	Operations (page 16)	UNGC Principle 8 SDG 7, 12, 13

GRI Standard	Title	Disclosure Title	Location or Response	UN Global Compact (UNGC) Principle / SDG
GRI 306: Waste 2020				
306-1	**Waste**	**Waste generation and significant waste-related impacts**	Waste Management and Diversion (page 19)	UNGC Principle 8 SDG 10
306-2	**Waste**	**Management of significant waste-related impacts**	Waste Management and Diversion (page 19)	UNGC Principle 8 SDG 10
TOPIC-SPECIFIC DISCLOSURES: SOCIAL				
GRI 403: Occupational Health and Safety 2018				
403-1	**Occupational Health and Safety**	**Occupational health and safety management system**	Employee Health and Safety (page 31)	SDG 3, 8
403-2	**Occupational Health and Safety**	**Hazard identification, risk assessment, and incident investigation**	Employee Health and Safety (page 31)	SDG 3, 8
403-4	**Occupational Health and Safety**	**Worker participation, consultation, and communication on occupational health and safety**	Employee Health and Safety (page 31)	SDG 3, 8
403-5	**Occupational Health and Safety**	**Worker training on occupational health and safety**	Employee Health and Safety (page 31)	SDG 3, 8
403-6	**Occupational Health and Safety**	**Promotion of worker health**	Employee Health and Safety (page 31)	SDG 3, 8
403-7	**Occupational Health and Safety**	**Prevention and mitigation of occupational health and safety impacts directly linked by business relationships**	Employee Health and Safety (page 31)	SDG 3, 8

Notes

1. eProducts include all products utilized on electric vehicles (EVs), plus those products and components that are included in hybrid powertrains whose underlying technologies are adaptable or applicable to those used in or for EVs.
2. BorgWarner Inc. announced in February 2024 that it entered into a strategic relationship agreement with FinDreams Battery, a subsidiary of BYD Company Limited. In January 2024, BorgWarner announced that it agreed to form a joint venture with Shaanxi Fast Auto Drive Group, a China-based market-leading commercial vehicle (CV) parts supplier.
3. Scope 3 emissions are calculated using a spend-based methodology. We are continuously increasing our use of weight-based calculations to more accurately determine our Scope 3 emissions impact. The spend-based methodology shows that our Scope 3 emissions have increased since our 2021 baseline because of business growth and impacts from inflation.
4. For manufacturing locations that supply directly to OEMs, excluding newly acquired sites during their first 18 months of production, and those that are in the process of obtaining certification or recertification, as required.
5. Energy use and emissions data reporting represent more than 98% of our facilities by total square footage. Emissions are calculated and reported on a market-based methodology.
6. Waste reporting accounts for 77% of all sites greater than 15,000 square feet.
7. Based on latest employee engagement survey results for question(s) related to inclusion and belonging, compared to sector benchmarks.
8. Leadership is defined as senior manager and above, which is the same group that partakes in the Management Incentive Plan (MIP). Majority is defined as more than 50%.
9. Based on U.S. Bureau of Labor Statistics (BLS) Survey of Occupational Injuries and Illnesses Data, motor vehicle parts manufacturing (NAICS 336300). TRIR and LTIR exclude safety performance for the acquisition of Eldor Corporation S.p.A.'s Electric Hybrid Systems business segment (Eldor).
10. Training offerings for hourly employees vary based on location and business. Training for salaried workforce may occur in the following cycles: at onboarding; at least biennially throughout employment; and periodic targeted training.
11. Based on full-time, salaried employees in certain functions or managerial roles as of September 6, 2023, excluding those who were terminated or on a leave of absence.
12. All scores as of July 1, 2024.
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15. Projected emission reductions by year are estimates only and subject to change. Year-to-year emissions might increase even as we move towards carbon neutrality by 2035.
16. According to the World Resources Institute Aqueduct Water Risk Atlas, a country facing "extreme water stress" means it is withdrawing at least 80% of its available supply, while "high water stress" means it is withdrawing 40%-80% of its supply.
17. Workforce data includes contingent workers, except for age data and race/ethnicity data.
18. Includes American Indian, Alaska Native, Hawaiian Native, or Other Pacific Islander.
19. We believe the decrease in 2023 was due to the spinoff of our Fuel Systems and Aftermarket business segments.

20. We believe the rise in new hire diversity was due to successful initiatives which increased the diversity of our candidate pool and the expansion of our Michigan locations.
21. Enhanced data collection and tracking practices resulted in a more comprehensive understanding of total training hours completed.
22. “Employees” refer to total workforce, excluding temporary, contract, and contingent workforce, along with student workers.
23. Compensation comparisons between different groups are considered to be at parity when between 99.0% to 101.0%.
24. Plants are not “eligible” for IATF certification until they have 12 months of production data.

Forward-looking Statements and Nature of Report

This report is not intended to communicate any material investment information. This report represents a good faith effort by the Company to address our efforts on diverse topics broadly defined as sustainability measures. In addition, historical, current, and forward-looking sustainability-related statements may be based on standards for measuring progress that are still developing, internal controls and processes that continue to evolve, and assumptions that are subject to change in the future, including future rulemaking. 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 sustainability goals, our financial position, business strategy and measures to implement that strategy, including changes to operations, competitive strengths, goals, expansion, and growth of our business and operations, plans, references to future success and other such matters, are forward-looking statements. Accounting estimates, such as those described under the heading "Critical Accounting Policies and Estimates" in Item 7 of our most recently filed Annual Report on Form 10-K for the year ended December 31, 2023, are inherently forward-looking. All forward-looking statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Forward-looking statements are not guarantees of performance, and the Company's actual results may differ materially from those expressed, projected, or implied in or by the forward-looking statements. You should not place undue reliance on these forward-looking statements, which, unless otherwise indicated, speak only as of July 11, 2024. 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 challenges we will face as we seek to achieve our environmental, social, and governance targets, including carbon neutrality and Scope 1, 2, and 3 emissions goals; the difficulty in forecasting demand for electric vehicles and our electric vehicles revenue growth; the challenges associated with rapidly changing technologies, particularly as relates to electric vehicles, and our ability to innovate in response; future changes in laws and regulations, including, by way of example, emission standards, in the countries in which we operate and international treaties; supply disruptions impacting us or our customers, commodity availability and pricing, and an inability to achieve expected levels of recoverability in commercial negotiations with customers concerning these costs; competitive challenges from existing and new competitors, including original equipment manufacturer ("OEM") customers; the challenges associated with rapidly changing technologies, particularly as they relate to electric vehicles, and our ability to innovate in response; the difficulty in forecasting demand for electric vehicles and our electric vehicles revenue growth; potential disruptions in the global economy caused by wars or other geopolitical conflicts; the ability to identify targets and consummate acquisitions on acceptable terms; failure to realize the expected benefits of acquisitions on a timely basis; the possibility that our 2023 tax-free spin-off of our former Fuel Systems and Aftermarket segments into a separate publicly traded company will not achieve its intended benefits; 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, which is highly cyclical and subject to disruptions; our reliance on major OEM customers; impacts of any future strikes involving any of our OEM customers and any actions such OEM customers take in response; 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, or governmental investigations, including related litigation; 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 the Quarterly Report on Form 10-Q filed on May 2, 2024. We do not undertake any obligation to update or announce publicly any updates to or revisions to any of the forward-looking statements in this report to reflect any change in our expectations or any change in events, conditions, circumstances, or assumptions underlying the statements.

BORGWARNER

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If you have any questions regarding the Sustainability Report,
please contact the Sustainability Team at sustainability@borgwarner.com.