

BORGWARNER LIMITED**ANTI-SLAVERY AND HUMAN TRAFFICKING STATEMENT****1. INTRODUCTION**

BorgWarner Limited is committed to preventing acts of modern slavery and human trafficking from occurring within its business and supply chain and imposes the same high standards on its suppliers. BorgWarner is a global business and although not all its group companies are required to comply with the provisions of the Modern Slavery Act 2015, BorgWarner is committed to approaching and tackling the issues of modern slavery and human trafficking from an international and group-wide perspective.

2. STRUCTURE OF THE ORGANISATION

BorgWarner is a global tier 1 automotive supplier operating in the manufacturing and technologies sector. We are a product leader in clean and efficient technology solutions for combustion, hybrid and electric vehicles. BorgWarner Limited is a UK subsidiary of its ultimate parent company, BorgWarner Inc. BorgWarner Inc. is a publically traded company listed on the New York Stock Exchange.

The BorgWarner group employs approximately 30,000 people worldwide and has business operations in 68 locations across 19 countries. The business achieved net sales of \$10,529.6M worldwide in the year ending on 31 December 2018. To find out more about the nature of BorgWarner's business, please visit <https://www.borgwarner.com/home>.

3. SUPPLY CHAINS

In order to produce, distribute, and develop automotive technology, we work with a range of suppliers across the globe who provide raw materials, components and parts for our manufacturing processes and products. BorgWarner has over 2,500 direct and over 10,000 indirect material suppliers in over 40 countries across the globe. Our supplier relationships are either of a short term or long term duration depending on the nature of the business transaction. These relationships are managed by our global supply chain team and this team is represented in each of our business units to ensure worldwide coverage.

For suppliers, the applicable terms and conditions, policies and guidance can be found via the BorgWarner website at a dedicated section: <https://www.borgwarner.com/suppliers>.

4. POLICIES

As part of our commitment to combating modern slavery, we have implemented the following policies:-

- Code of Ethical Conduct
- Borg Warner Ethics and Compliance with Laws and Policies Program
- Basic Working Conditions Principles
- Purchasing Policy
- Job Posting Policy (covering recruitment)
- Equal Employment Non-Discrimination Policy

We require all employees, contractors, suppliers, directors and management to be bound by our policies and adhere to the same high standards. BorgWarner does not distinguish between third party suppliers and its own business and employees in this area, particularly in respect of its ethics programs and policies. Indeed, there is specific language in our standard supplier terms and conditions expressly prohibiting the use of slave labour.

These policies have been developed over many years by our Compliance Office and Policy Committee with input from internal and external advisors and professionals. Our policies are regularly reviewed and updated as circumstances require.

BorgWarner's Chief Compliance Officer and the Compliance Office are ultimately responsible for monitoring compliance with our policies. However, at each of our global locations there is a Compliance Coordinator who is responsible for compliance matters at a local level. In parallel, the global supply chain team also have responsibility for the ongoing monitoring, oversight and management of suppliers to BorgWarner and accordingly would be fundamentally involved in ensuring that all suppliers comply with their obligations, including but not limited to human rights issues, in practice.

5. DUE DILIGENCE

As part of our efforts to monitor and reduce the risk of slavery and human trafficking occurring within our supply chains, we have adopted the following due diligence procedures:-

- Our global supply chain team assess all new suppliers before we work with them.
- We undertake regular reviews with our main suppliers to ensure that they operate in accordance with our requirements and policies
- Our supplier contracts provide us with the right to audit our suppliers including, where appropriate, conducting audits using both BorgWarner employees and external resources.
- Direct material suppliers are audited prior to entering a business relationship with BorgWarner and audited periodically once a relationship has been established.

A breach of BorgWarner's relevant policies would constitute a breach of the supplier contract and would enable us to take action up to and including termination of the arrangement with the supplier.

Our procedures are designed to:-

- establish and assess areas of potential risk in our business and supply chains;
- monitor potential risk areas in our business and supply chains;
- reduce the risk of slavery and human trafficking occurring in our business and supply chains; and
- provide adequate protection for whistleblowers.

6. RISK AND COMPLIANCE

BorgWarner regularly evaluates the nature and extent of its exposure to the risk of modern slavery occurring in its supply chain. Risk monitoring is an ongoing activity that is handled by the global supply chain team.

Internally, we use new supplier questionnaires and a direct material supplier scorecard to monitor risk. Externally, we use third party services, such those provided by Deloitte and Dun & Bradstreet, to provide data and analysis on supply chain risk. BorgWarner has utilised a third party to release a sustainability self-assessment questionnaire to its top 200 direct material suppliers and top 20 indirect suppliers. This questionnaire addresses governance of human rights and working conditions issues.

We do not consider that we operate in high risk sectors or locations because of the highly developed nature of the automotive supply chain and the mature and sophisticated requirements of our customers, i.e., the automotive manufacturers. In addition to our own commitment to the highest levels of ethics and compliance, due to their high profile, the manufacturers are subject to a high degree of scrutiny from investors, analysts and special interest groups, and the manufacturers therefore impose strict duties on their suppliers to behave in an ethical and compliant way. Failure to do so would thereby put at risk our own business, threaten the

entire supply chain of the automotive sector and expose us to potential complaints that would be fundamentally destabilising to our business model.

Where we have identified a potential risk, our investigation procedures would be initiated, and the matter would be dealt with by the Compliance Office and via our procurement processes.

We ensure all our suppliers adhere to our terms and conditions, which contain express language on modern slavery. We enforce a strict code of compliance and do not tolerate slavery and human trafficking within our supply chains. For example, if we find evidence of a failure to comply with our policies or where a potential negative human rights impact has been identified we will require the supplier to immediately comply or we terminate our relationship with the relevant supplier and seek an alternative source.

If a member of the global supply chain (or anyone else within the organisation) discovers that BorgWarner or any supplier is involved in activity that is contrary to BorgWarner's policies and principles, we would expect that person to report it to their manager, reach out to the legal or compliance teams, or use the compliance hotline to report the issue. At that point, BorgWarner's standard compliance investigation procedures would be initiated.

BorgWarner operates a whistleblower hotline system whereby anyone can call a series of dedicated hotline numbers from anywhere in the world and be dealt with on an anonymous basis. Calls are free and available in the language of the caller's choice. Whistleblowers may also independently report issues via the internet. Options are available to display the report form in the whistleblower's preferred language.

7. EFFECTIVENESS

BorgWarner does not currently use key performance indicators to measure how successful we have been in ensuring that modern slavery and human trafficking is not taking place in any part of our business or supply chains. However, our global supply chain team does regularly conduct benchmarking exercises to understand how BorgWarner compares to its competitors in the market in this area.

This is an area of focus for the business as part of its commitment to prevent acts of modern slavery and human trafficking from occurring within its global business and supply chain. BorgWarner is considering how it can use its supplier and third-party questionnaires to monitor how successful it is in this regard and is planning to implement relevant key performance indicators to aid this process.

8. TRAINING

We invest in educating our staff to recognise the risks of modern slavery and human trafficking in our business and supply chains. Through our training programmes, including compliance training, employees are encouraged to identify and report any potential breaches of BorgWarner's ethics and compliance policies. We encourage an open and transparent environment where employees feel safe and are protected from retaliation for speaking out.

Further, BorgWarner monitors its ethics and compliance oversight with a view to updating and modifying it to be consistent with global industry standards and best practices.

9. FURTHER ACTIONS

We are currently reviewing our actions this financial year to prevent slavery or human trafficking from occurring in our business or supply chains and as a result of the review, intend to take any necessary further steps that are identified to tackle slavery and human trafficking.

10. **CONCLUDING STATEMENT**

As Chief Compliance Officer at BorgWarner I am committed to protecting human rights and prohibiting modern slavery, human trafficking or any other human rights abuses occurring within BorgWarner's business and supply chain. This statement details the proactive steps our global business has taken to identify and mitigate any risks in the countries in which we operate, but I am conscious that there is always more that can be done. As a business we intend to continue to develop and improve our processes and practices in order to address any residual slavery and human trafficking risk within our operations and supply chain.

This statement is made in accordance with section 54(1) of the Modern Slavery Act 2015 and constitutes BorgWarner Limited's slavery and human trafficking statement for the year ending 31 March 2019.

Signature:

A handwritten signature in black ink, appearing to read "L Horiszny".

Laurene Horiszny

Chief Compliance Officer

BorgWarner Limited

31 March 2019