20240701300087

ÅRSREDOVISNING

2023-01-01_2023-12-31

för

BorgWarner Sweden AB
556040-2736

Årsredovisningen omfattar:

	Sida
Förvaltningsberättelse	2
Resultaträkning	6
Balansräkning	7
Rapport över förändringar i eget kapital	9
Kassaflödesanalys	10
Noter	11

FASTSTÄLLELSEINTYG

Undertecknad styrelseordförande i BorgWarner Sweden AB intygar härmed, dels att denna kopia av årsredovisningen och revisionsberättelsen stämmer överens med originalet, dels att resultaträkningen och balansräkningen för företaget har fastställts på årsstämma den 25/6 2024. Årsstämman beslutade att godkänna styrelsens förslag till resultatdisposition.

Landskrona 2024- 06- 25

Giorgio Baccolis

20240701300888

BorgWarner Sweden AB
556040-2736

ÅRSREDOVISNING

Styrelsen för BorgWarner Sweden AB avger härmed årsredovisning för räkenskapsåret 2023-01-01_2023-12-31.

FÖRVALTNINGSBERÄTTELSE

Verksamhetens art och inriktning

BorgWarner Sweden AB tillverkar elektroniska reglerbara system för fyrhjulsdrivna bilar. Systemets mjukvara kan anpassas för att tillgodose olika biltillverkares önskemål om köregenskaper och framkomlighet. Tillverkningen sker i Landskrona. BorgWarner Sweden AB är en av marknadsledarna inom reglerbara AWD-system i Europa. Ny verksamhet har påbörjats kvartal 4, 2019 i Landskrona för tillverkning av komponenter till elektroniska hybridmotorer och hybridlastbilar för tillverkning i Landskrona.

Ägarförhållanden

BorgWarner Sweden AB äger 99,996% andelar i koncernföretaget BorgWarner TTS S deRL de CV i Mexiko, och är ett helägt dotterbolag till närmaste utländska moderföretag BorgWarner Europe GmbH, org.nr. DE 220583391, Commercial Register Mannheim, HRB 337061 i Tyskland. Den slutliga modern i den största koncernen är BorgWarner Inc, DUNS nr 139469787, med säte i Auburn Hills, USA. Enligt ÅRL 7:2 1st undantas därmed BorgWarner Sweden AB från att också upprätta koncernredovisning.

Väsentliga händelser under räkenskapsåret

BorgWarner Sweden AB har under året stabilicerat produktionen på en hög omsättningsnivå, med god margintillväxt. Framför allt är det den etablerade marknaden för kopplingarna för fyrhjulsdrift som återhämtat sig under 2023, medan hybridmotorvolymen stabiliserats. Resultatet påverkades, utöver volymerna, av fortsatt stora utvecklingsintäkter för projekt relaterade till nya elektrifieringsprodukter.
En produktionslina har internt inom BorgWarner flyttats till Viana i Portugal.
För att stödja det lokala samhället fortsätter BorgWarner sponsra Landskronas BOIS, Cityidrott, Landskrona Padel & Landskrona GK, som alla arbetar lokalt med välgörande arbete för ungdomar & hälsofrämjande aktiviteter.

Utveckling av verksamhet, ställning och resultat

(Tkr)	2023	2022	2021	2020	2019
Nettoomsättning	2 333 858	1 939 731	1 691 334	1 779 663	2 192 721
Rörelseresultat	141 892	208 917	48 333	-210 198	87 459
Balansomslutning	1 614 502	1 557 820	1 194 630	866 948	929 706
Soliditet [1]	32,8%	27,1%	19,6%	21,7%	42,1%
Medelantal anställda	491	531	626	640	442

[1] Justerat eget kapital / Balansomslutning. Med justerat eget kapital avses eget kapital + obeskattade reserver med avdrag för uppskjuten skatteskuld.

BorgWarner Sweden AB
556040-2736

20240701130089

Väsentliga risker och osäkerhetsfaktorer
Bolaget är beroende av ett fåtal större kunder där det finns en marknadsrisk vad det gäller efterfrågan på deras bilmodeller. Eventuella fel som upptäcks hos bilar på fältet kan komma att krävas ersättning för av bolagets kunder. Denna risk är dock kalkylerad och tagen höjd för i förhållande till försäljningvolymen.
Det finns en naturlig valutasäkring då majoriteten av produkter och material säljs och köps in i EUR. För resterande del säkras exponeringen med terminskontrakt till största delen centralt av BorgWarner Inc. Det återstår dock en viss valutarisk beroende på SEK/EUR utvecklingen.

Förväntad framtida utveckling
Marknaden drivs fortsatt av skärpta myndighetskrav på bränsleförbrukning och utsläppsnivåer. Ett led i denna effektivisering är att bolaget har generationsväxlat kopplingar för fyrhjulsdrift. Den nya generationen säkerställer att BorgWarner fortsatt ligger i framkant inom denna del av fordonsbranschen. Samtidigt fortsätter elektrifieringen av fordonsflottan både vad det gäller personbilar och tunga fordon. Bolaget är fortsatt i framkant för att under kommande år utveckla och tillverka komponenter till elhybrid motorer och för helt eldrivna fordon.

Forskning och utveckling
Under 2023 har det fortsatt varit ökat fokus på bränsleförbrukning och utsläppsnivåer. Det blir allt svårare för bilproducenterna att möta de nya skärpta utsläppskraven som är under fortsatt införande. Konsekvensen av detta är dels att efterfrågan på innovativa produkter som kan bidra till minskade utsläpp ökar, samtidigt som elektrifieringen av fordonsflottan fortsatt drivs på. Vi fick ett nytt kontrakt från vår största kund, som innebär att vi kommer leverera system till deras nya elbilsplattform. Detta ser vi som ett kvitto på att våra produkter även är konkurrenstkraftiga för bilar med eldrift. I enlighet med bolagets produktutvecklingsstrategi har flera nya produktkoncept presenterats och testat under året. Globala KPI för energibesparingar och utsläpp följs löpande inom BorgWarner.

Aktiekapital
Aktiekapitalet i BorgWarner Sweden AB uppgick vid årsskiftet till 350 100 kr. Antalet aktier per 31 december 2023 uppgick till 3 501 st med ett kvotvärde om á 100 kr. Under 2016 skede en fusion mellan tidigare moderbolag BorgWarner TorqTransfer Systems Holding AB och BorgWarner Sweden AB, detta har inte påverkat aktiekapitalet.

20240701300900

BorgWarner Sweden AB
556040-2736

Personal
BorgWarner Sweden AB är knutna till Teknikavtalet (kollektivavtal) och har medlemskap i arbetsgivarorganisationen Teknikföretagen. Företaget har lokala fackliga representanter för If Metall, Sveriges Ingenjörer/Akademikerförbunden samt Unionen.

Bolagets arbete med aktiva åtgärder för att ha en likabehandling av all personal grundar sig på BorgWarners uppförandekod. De aktiva åtgärder som planeras har utarbetats i samarbete med arbetstagarrepresentanterna och företagets ledningsgrupp. BorgWarner Sweden AB anser att alla oavsett kön, etniskt ursprung, trosuppfattning, sexuell läggning, ålder, könsidentitet eller funktionshinder ska delta i arbetslivet på lika villkor. Olikheter skall ses som en tillgång och användas i ett aktivt arbete i syfte att stärka effektiviteten och kreativiteten.

Inclusion, Integrity, Excellence, Responibility och Collaboration är företagets värdering som vi låter genomsyra verksamheten och vårt förhållningssätt mot varandra i arbetet.

Målsättningen med företagets arbetsmiljöarbete är att skapa en god fysisk och organisatorisk arbetsmiljö för alla medarbetare. Detta är reglerat i bolagets arbetsmiljöpolicy som bl.a. definierar:
- Minst uppfylla och helst förekomma de arbetsmiljökrav som kommer av lagstiftning, myndigheter och andra externa intressenter
- Arbeta med att förebygga risken för ohälsa och arbetsskador
- Bedriva organisatoriskt och systematiskt och förebyggande arbetsmiljöarbete genom uppföljning av lag och myndighetskrav, identifiering av risker, långsiktig planering och åtgärder vid behov.
- Bedriva arbetsmiljöarbetet i nära samarbete mellan ledning, medarbetare, skyddsorganisation och företagshälsovård

Kompetens utveckling finns för företags-, avdelnings och individnivå och är en viktig beståndsdel för att behålla och utveckla talanger för framtida behov och för att föra företaget framåt. Företaget förser och utvecklar utbildning i linje med företages och individernas behov. Vi jobbar kontinuerligt med medarbetarutveckling både genom praktiska utbildningar och utvecklingsmöjligheter inom vår globala organisation.

Miljö
BorgWarner bedriver vidare forskning och utveckling av bolagets produkter för att uppfylla fordonstillverkarnas framtida behov. För att möta fordonstillverkarnas högre krav på lösningar som minskar bränsleförbrukningen och miljöpåverkan har nya generationer av kopplingar en lägre vikt vilket ger en lägre bränsleförbrukning i bilen samt mindre råmaterialanvändning vid tillverkning. BorgWarner arbetar ständigt med att förbättra effektiviteten i produktionen för att minska miljöpåverkan bl.a. säljs spill och spånor från produktionen som skrot som sedan återvinns.
Sedan 2015 är bolagets elförbrukning CO2-neutral.
Elmätare installerades också för att möta de nya lagkrav om Energikartläggning som kom 2015. Kartläggningen utförs av en certifierad energikartläggare. BorgWarner har under senare år förvärvat tillverkare av både elmotorer och batterier och satsar nu stort på utveckling och framtagning inom dessa områden. En produktionslina för elmotorer är i drift sedan 2020. En produktionslina för elmotorer flyttades till annan BorgWarnerfabrik under 2023. Det finns totalt 40 laddstationer installerade för elbilar. Under året uppnåde vi kraven för en ISO50001 certifiering (energiledningssystem).
Våra Miljömål:
* Minska mängden brännbart avfall med 7% jämfört med 2023
* Inte öka vårt CO2 utsläpp i Scope 1 och 2 jämfört med 2023
* Skapa medvetenhet genom minst 80% deltagande i digital utbildning om miljö och energi

Tillstånds- eller anmälningspliktig verksamhet enligt miljöbalken
Bolaget har miljötillstånd enligt miljöbalken för verkstadsindustri då det förekommer metallbearbetning och där total tankvolym för skärvätskor, processolja och hydraulolja i metallbearbetningsmaskinerna är större än 20m3.

Hållbarhetsrapport
BorgWarner Sweden AB åberopar till undantaget i årsredovisningslagen och hänvisar till moderbolaget BorgWarner Inc, DUNS nr 139469787, med säte i Auburn Hills, USA hållbarhetsrapport.

20240701300911

BorgWarner Sweden AB
556040-2736

Resultatdisposition
Förslag till dispositioner beträffande vinst (kronor)

Till årsstämmans förfogande står följande vinstmedel

Balanserat resultat	354 536 530
Årets resultat	154 738 892
	509 275 422

Styrelsen föreslår att

i ny räkning balanseras	509 275 422
	509 275 422

Beträffande företagets resultat och ställning i övrigt hänvisas till efterföljande resultat-och balansräkning, rapport över förändringar i eget kapital, kassaflödesanalys samt noter. Alla belopp uttrycks i tusentals svenska kronor där ej annat anges.

20240701300092

BorgWarner Sweden AB
556040-2736

RESULTATRÄKNING

	Not	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Nettoomsättning	4,5	2 333 858	1 939 731
Kostnad för sålda varor	5, 10	-2 032 129	-1 655 510
Bruttoresultat		**301 729**	**284 221**
Försäljningskostnader	10	-24 143	-26 795
Administrationskostnader	7, 10	-61 572	-74 043
Forsknings- och utvecklingskostnader	10	-685 220	-447 356
Övriga rörelseintäkter	6	611 098	472 890
Rörelseresultat	8, 9	**141 892**	**208 917**
Resultat från finansiella investeringar			
Övriga ränteintäkter och liknande intäkter	11	35	1
Räntekostnader och liknande kostnader	12	-5 616	-2 577
Resultat efter finansiella poster		**136 311**	**206 341**
Bokslutsdispositioner	13		
Förändring överavskrivningar		59 536	-84 875
Resultat före skatt		**195 847**	**121 466**
Skatt på årets resultat	14	-41 108	-1 008
ÅRETS RESULTAT		**154 739**	**120 458**

20240701130093

BorgWarner Sweden AB
556040-2736

BALANSRÄKNING

	Not	2023-12-31	2022-12-31
TILLGÅNGAR			
Immateriella anläggningstillgångar			
Koncessioner, patent, licenser, varumärken samt liknande rättigheter	15	3 452	6 276
		3 452	**6 276**
Materiella anläggningstillgångar			
Nedlagda utgifter på annans fastighet	16	5 067	6 688
Maskiner och andra tekniska anläggningar	17	133 194	254 138
Inventarier, verktyg och installationer	18	27 510	32 262
Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar	19	37 236	103 577
		203 007	**396 665**
Finansiella anläggningstillgångar			
Andelar i koncernföretag	20	4 038	4 038
Uppskjuten skattefordran		6 618	5 728
Andra långfristiga fordringar	21	10 595	12 731
		21 251	**22 497**
Summa anläggningstillgångar		**227 710**	**425 438**
Omsättningstillgångar			
Varulager m m			
Råvaror och förnödenheter		61 282	96 047
Varor under tillverkning		24 685	35 215
Färdiga varor och handelsvaror		32 182	29 084
		118 149	**160 346**
Kortfristiga fordringar			
Kundfordringar		613 565	467 906
Fordringar hos koncernföretag		617 947	405 302
Förutbetalda kostnader och upplupna intäkter	22	36 704	85 939
		1 268 216	**959 147**
Kassa och bank	28	**427**	**12 889**
Summa omsättningstillgångar		**1 386 792**	**1 132 382**
SUMMA TILLGÅNGAR		**1 614 502**	**1 557 820**

20240701300094

BorgWarner Sweden AB
556040-2736

BALANSRÄKNING

	Not	2023-12-31	2022-12-31
EGET KAPITAL OCH SKULDER			
Eget kapital			
Bundet eget kapital			
Aktiekapital	23	350	350
Reservfond		80	80
		430	**430**
Fritt eget kapital			
Balanserad vinst		354 537	234 079
Årets resultat		154 739	120 458
		509 276	**354 537**
Summa eget kapital		**509 706**	**354 967**
Obeskattade reserver	24	**25 339**	**84 875**
Avsättningar			
Avsättningar för pensioner och liknande förpliktelser	25	121 066	101 008
Övriga avsättningar	26	39 865	44 407
		160 931	**145 415**
Kortfristiga skulder			
Leverantörsskulder		235 170	210 249
Skulder till koncernföretag		475 162	473 448
Aktuella skatteskulder		50 945	8 223
Övriga kortfristiga skulder		22 657	23 082
Upplupna kostnader och förutbetalda intäkter	27	134 592	257 561
		918 526	**972 563**
SUMMA EGET KAPITAL OCH SKULDER		**1 614 502**	**1 557 820**

20240701300935

BorgWarner Sweden AB
556040-2736

RAPPORT ÖVER FÖRÄNDRINGAR I EGET KAPITAL

(Tkr)

	Bundet eget kapital		*Fritt eget kapital*		
	Aktie-kapital	Reserv-fond	Balanserad vinst	Årets resultat	**Summa eget kapital**
Ingående balans per 1 januari 2022	**350**	**80**	**187 908**	**46 171**	**234 509**
Disposition av föregående års resultat			46 171	-46 171	0
Årets resultat				120 458	120 458
Utgående balans per 31 december 2022	**350**	**80**	**234 079**	**120 458**	**354 967**

	Bundet eget kapital		*Fritt eget kapital*		
	Aktie-kapital	Reserv-fond	Balanserad vinst	Årets resultat	**Summa eget kapital**
Ingående balans per 1 januari 2023	**350**	**80**	**234 079**	**120 458**	**354 967**
Disposition av föregående års resultat			120 458	-120 458	0
Årets resultat				154 739	154 739
Utgående balans per 31 december 2023	**350**	**80**	**354 537**	**154 739**	**509 706**

20240701130096

BorgWarner Sweden AB
556040-2736

KASSAFLÖDESANALYS
(Tkr)

	Not	2023-01-01 2023-12-31	2022-01-01 2022-12-31
Den löpande verksamheten			
Rörelseresultat		141 892	208 917
Justeringar för poster som inte ingår i kassaflödet:			
Avskrivningar och nedskrivningar	10	143 070	82 108
Övriga ej likviditetspåverkande poster	30	12 555	33 227
Erhållen ränta		35	1
Erlagd ränta		-2 466	0
Betald inkomstskatt		3 281	1 931
Kassaflöde från den löpande verksamheten före förändringar av rörelsekapital		**298 367**	**326 184**
Kassaflöde från förändringar i rörelsekapital			
Minskning(+)/ökning(-) av varulager		42 197	-27 791
Minskning(+)/ökning(-) av kundfordringar		-145 659	-151 519
Minskning(+)/ökning(-) av övriga kortfristiga fordringar		-163 410	-212 648
Minskning(-)/ökning(+) leverantörsskulder		24 921	79 094
Minskning(-)/ökning(+) av övriga kortfristiga skulder		-123 347	48 561
Kassaflöde från den löpande verksamheten		**-66 931**	**61 881**
Investeringsverksamheten			
Förvärv av immateriella anläggningstillgångar		-1 425	-2 439
Förvärv av materiella anläggningstillgångar		-37 368	-48 731
Försäljning av materiella anläggningstillgångar		92 016	0
Förändringen i finansiella anläggningstillgångar		1 246	1 452
Kassaflöde från investeringsverksamheten		**54 469**	**-49 718**
Finansieringsverksamheten			
Kassaflöde från finansieringsverksamheten		**0**	**0**
Årets kassaflöde		**-12 462**	**12 163**
Likvida medel vid årets början		**12 889**	**726**
Likvida medel vid årets slut	28	**427**	**12 889**

20240701300097

BorgWarner Sweden AB
556040-2736

NOTER

Not 1 Allmän information

BorgWarner Sweden AB är ett helägt dotterbolag till närmaste utländska moderföretag BorgWarner Europe GmbH, org.nr. DE 220583391, Commercial Register Mannheim, HRB 337061 i Tyskland. Den slutliga modern i den största koncernen är BorgWarner Inc, DUNS nr 139469787, med säte i Auburn Hills, USA.

Not 2 Redovisningsprinciper och värderingsprinciper

Företaget tillämpar Årsredovisningslagen (1995:1554) och Bokföringsnämndens allmänna råd BFNAR 2012:1 *Årsredovisning och koncernredovisning* ("K3"). *Koncernredovisning upprättas inte med stöd av Årsredovisningslagen 7:2. Koncernredovisning upprättas istället av BorgWarner Inc, DUNS nr 139469787.*

Värderingsprinciper m.m.

Tillgångar, avsättningar och skulder har värderats till anskaffningsvärdet om inget annat anges nedan.

Intäkter

Intäkter redovisas till det verkliga värdet av den ersättning som erhållits eller kommer att erhållas, med avdrag för mervärdeskatt, rabatter, returer och liknande avdrag.

Varuförsäljning

Intäkter från försäljning av varor redovisas när de väsentliga riskerna och fördelarna som är förknippade med äganderätten till varorna övergått till köparen enligt gällande leveransvillkor. Intäktsbelopp har i förekommande fall reducerats med värdet av lämnade rabatter samt varureturer. Intäktsbelopp redovisas netto efter avdrag för moms och eventuella rabatter.

Utvecklingsprojekt

Intäkter från utvecklingsprojekt redovisas genom att intäkter och kostnader redovisas i förhållande till uppdragets färdigställandegrad på balansdagen. Färdigställandegraden fastställs genom en beräkning av förhållandet mellan nedlagda uppdragsutgifter för utfört arbete på balansdagen och beräknade totala uppdragsutgifter. En befarad förlust på ett tjänsteuppdrag redovisas omedelbart som en kostnad. När utfallet av ett tjänsteuppdrag inte kan beräknas på ett tillförlitligt sätt sker intäktsredovisning endast med belopp som motsvarar uppkomna uppdragsutgifter som sannolikt kommer att ersättas av beställaren. Uppdragsutgifter redovisas som kostnader i den period då de uppkommer.

Royalty

Bolagets royaltyintäkter redovisas linjärt över avtalsperiodens längd.

Garantikostnader

Beräknade kostnader för produktgarantier belastar rörelsens kostnader i samband med att produkterna säljs. Dessa kostnader, som redovisas som en avsättning, baseras på reklamationsstatistik och kända åtagande vid försäljningstidpunkten. Bolagets garantiåtagande uppgår till 24 månader vid försäljningstidpunkten.

Ränteintäkter

Ränteintäkter redovisas fördelat över löptiden med tillämpning av effektivräntemetoden. Effektivräntan är den ränta som gör att nuvärdet av alla framtida in- och utbetalningar under räntebindningstiden blir lika med det redovisade värdet av fordran.

Leasingavtal

Samtliga leasingavtal, oavsett om de är finansiella eller operationella, redovisas som hyresavtal (operationella leasingavtal). Leasingavgiften kostnadsföres linjärt över leasingperioden.

Utländsk valuta

Företagets redovisningsvaluta är svenska kronor (SEK).

Omräkning av poster i utländsk valuta

Vid varje balansdag räknas monetära poster i utländsk valuta om till balansdagens kurs. Icke-monetära poster, som värderas till historiskt anskaffningsvärde i en utländsk valuta, räknas inte om. Valutakursdifferenser redovisas i rörelseresultatet eller som finansiell post utifrån den underliggande affärshändelsen, i den period de uppstår, med undantag för transaktioner som utgör säkring och som uppfyller villkoren för säkringsredovisning av kassaflöden eller av nettoinvesteringar.

20240701130098

BorgWarner Sweden AB
556040-2736

Ersättningar till anställda

Ersättningar till anställda i form av löner, bonus, betald semester, betald sjukfrånvaro m m samt pensioner redovisas i takt med intjänandet. Beträffande pensioner och andra ersättningar efter avslutad anställning klassificeras dessa som avgiftsbestämda eller förmånsbestämda pensionsplaner. Företaget har såväl avgiftsbestämda som förmånsbestämda pensionsplaner. Det finns inga övriga långfristiga ersättningar till anställda.

Avgiftsbestämda planer

För avgiftsbestämda planer betalar företaget fastställda avgifter till en separat oberoende juridisk enhet och har ingen förpliktelse att betala ytterligare avgifter. Företagets resultat belastas för kostnader i takt med att förmånerna intjänas vilket normalt sammanfaller med tidpunkten för när premier erläggs.

Pensionsförpliktelser som uteslutande är beroende av värdet på en av företaget ägd tillgång

De förmånsbestämda pensionsförpliktelserna vars värde är beroende av värdet på en kapitalförsäkring, redovisas till kapitalförsäkringens redovisade värde. Bolaget redovisar pensionsskulder enligt den beloppsuppgift som erhålls från PRI. De förmånsbestämda pensionsplanerna redovisas i enlighet med K3:s förenklingsregler.

Inkomstskatter

Skattekostnaden utgörs av summan av aktuell skatt och uppskjuten skatt.

Aktuell skatt

Aktuell skatt beräknas på det skattepliktiga resultatet för perioden. Skattepliktigt resultat skiljer sig från det redovisade resultatet i resultaträkningen då det har justerats för ej skattepliktiga intäkter och ej avdragsgilla kostnader samt för intäkter och kostnader som är skattepliktiga eller avdragsgilla i andra perioder. Aktuell skatteskuld beräknas enligt de skattesatser som gäller per balansdagen.

Uppskjuten skatt

Uppskjuten skatt redovisas på temporära skillnader mellan det redovisade värdet på tillgångar och skulder i de finansiella rapporterna och det skattemässiga värdet som används vid beräkning av skattepliktigt resultat. Uppskjuten skatt redovisas enligt den s k balansräkningsmetoden. Uppskjutna skatteskulder redovisas för i princip alla skattepliktiga temporära skillnader, och uppskjutna skattefordringar redovisas i princip för alla avdragsgilla temporära skillnader i den omfattning det är sannolikt att beloppen kan utnyttjas mot framtida skattepliktiga överskott. Obeskattade reserver redovisas inklusive uppskjuten skatteskuld.

Det redovisade värdet på uppskjutna skattefordringar omprövas varje balansdag och reduceras till den del det inte längre är sannolikt att tillräckliga skattepliktiga resultat kommer att finnas tillgängliga för att utnyttjas, helt eller delvis, mot den uppskjutna skattefordran.

Aktuell och uppskjuten skatt för perioden
Aktuell och uppskjuten skatt redovisas som en kostnad eller intäkt i resultaträkningen, utom när skatten är hänförlig till transaktioner som redovisats direkt mot eget kapital. I sådana fall ska även skatten redovisas direkt mot eget kapital.

Immateriella tillgångar

Anskaffning genom separata förvärv

Immateriella tillgångar som förvärvats separat redovisas till anskaffningsvärde med avdrag för ackumulerade avskrivningar och eventuella ackumulerade nedskrivningar. Avskrivning sker linjärt över tillgångens uppskattade nyttjandeperiod, vilken uppskattas till 14-33%. Bedömda nyttjandeperioder och avskrivningsmetoder omprövas om det finns en indikation på att dessa har förändrats jämfört med uppskattningen vid föregående balansdag. Effekten av eventuella ändringar i uppskattningar och bedömningar redovisas framåtriktat. Avskrivning påbörjas när tillgången kan användas.

Borttagande från balansräkningen
En immateriell anläggningstillgång tas bort från balansräkningen vid utrangering eller avyttring eller när inte några framtida ekonomiska fördelar väntas från användning eller utrangering/avyttring av tillgången. Den vinst eller förlust som uppkommer när en immateriell anläggningstillgång tas bort från balansräkningen är skillnaden mellan vad som eventuellt erhålls, efter avdrag för direkta försäljningskostnader, och tillgångens redovisade värde. Detta redovisas i resultaträkningen som en övrig rörelseintäkt eller övrig rörelsekostnad.

20240701130099

BorgWarner Sweden AB
556040-2736

Materiella anläggningstillgångar
Materiella anläggningstillgångar redovisas till anskaffningsvärde efter avdrag för ackumulerade avskrivningar och eventuella nedskrivningar.

Anskaffningsvärdet består av inköpspriset, utgifter som är direkt hänförliga till förvärvet för att bringa den på plats och i skick att användas.

För tillgångar som delats upp i komponenter räknas utgifter för utbyte av sådan komponent in i tillgångens redovisade värde. Motsvarande gäller för tillkommande nya komponenter. För tillgångar som inte har delats upp i komponenter räknas tillkommande utgifter som är väsentliga in i tillgångens redovisade värde när det är sannolikt att framtida ekonomiska fördelar som är förknippade med posten kommer att tillfalla koncernen, och att anskaffningsvärdet för densamma kan mätas på ett tillförlitligt sätt. Alla övriga kostnader för reparationer och underhåll samt tillkommande utgifter redovisas i resultaträkningen i den period då de uppkommer.

Avskrivningar på materiella anläggningstillgångar kostnadsförs så att tillgångens anskaffningsvärde, eventuellt minskat med beräknat restvärde vid nyttjandeperiodens slut, skrivs av linjärt över dess bedömda nyttjandeperiod. Om en tillgång har delats upp på olika komponenter skrivs respektive komponent av separat över dess nyttjandeperiod. Avskrivning påbörjas när den materiella anläggningstillgången kan tas i bruk. Materiella anläggningstillgångars nyttjandeperioder uppskattas till:

Maskiner och andra tekniska anläggningar:	
Maskiner och inventarier	10-33 %
Omkostnader i hyrda lokaler	10-20%

Borttagande från balansräkningen
Det redovisade värdet för en materiell anläggningstillgång tas bort från balansräkningen vid utrangering eller avyttring, eller när inte några framtida ekonomiska fördelar väntas från användning eller utrangering/avyttring av tillgången eller komponenten. När tillkommande utgifter räknas in i anskaffningsvärdet (se ovan) tas det redovisade värdet på de delar som byts ut bort från balansräkningen.

Den vinst eller förlust som uppkommer när en materiell anläggningstillgång eller en komponent tas bort från balansräkningen är skillnaden mellan vad som eventuellt erhålls, efter avdrag för direkta försäljningskostnader, och tillgångens redovisade värde. Den realisationsvinst eller realisationsförlust som uppkommer när en materiell anläggningstillgång eller en komponent tas bort från balansräkningen redovisas i resultaträkningen som en övrig rörelseintäkt eller övrig rörelsekostnad. Finansiella instrument redovisas i enlighet med reglerna i K3 kapitel 11, vilket innebär att värdering sker utifrån anskaffningsvärde.
Finansiella instrument som redovisas i balansräkningen inkluderar kundfordringar och övriga fordringar, kortfristiga placeringar och leverantörsskulder. Instrumenten redovisas i balansräkningen när bolaget blir part i instrumentets avtalsmässiga villkor.
Finansiella tillgångar tas bort från balansräkningen när rätten att erhålla kassaflöden från instrumentet har löpt ut eller överförts och koncernen har överfört i stort sett alla risker och förmåner som är förknippade med äganderätten.
Finansiella skulder tas bort från balansräkningen när förpliktelserna har reglerats eller på annat sätt upphört.

Utvecklingsutgifter
Samtliga utvecklingskostnader kostnadsförs då de uppkommer enligt kostnadsföringsmodellen.

Andelar i koncernföretag
Andelar i dotterföretag redovisas till anskaffningsvärde. Utdelning från dotterföretag redovisas som intäkt när rätten att få utdelning bedöms som säker och kan beräknas på ett tillförlitligt sätt.

Andelar i intresseföretag och gemensamt styrda företag
Andelar i intresseföretag och gemensamt styrda företag redovisas till anskaffningsvärde efter avdrag för eventuella nedskrivningar. Utdelning från andelar i intresseföretag och gemensamt styrda företag redovisas som intäkt i resultaträkningen.

Varulager
Varulager värderas till det lägsta av anskaffningsvärdet och nettoförsäljningsvärdet på balansdagen. Anskaffningsvärdet beräknas genom tillämpning av först- in-först-ut-metoden (FIFO) och verkligt värde.

Bolagets varulager består av lager av råvaror och förnödenheter samt lager av färdiga varor. Råvaror och förnödenheter värderas till anskaffningsvärde, andra direkta kostnader samt skäligt pålägg för indirekta kostnader.

Kassaflödesanalys
Kassaflödesanalysen visar företagets förändringar av företagets likvida medel under räkenskapsåret. Kassaflödesanalysen har upprättats enligt den indirekta metoden.

20240701301000

BorgWarner Sweden AB
556040-2736

Not 3 Viktiga uppskattningar och bedömningar

Viktiga bedömningar vid tillämpning av BorgWarner Sweden AB:s redovisningsprinciper

I följande avsnitt beskrivs de viktigaste bedömningar som företagsledningen har gjort vid tillämpningen av företagets redovisningsprinciper och som har den mest betydande effekten på de redovisade beloppen i de finansiella rapporterna.

Reklamationer
Reklamationer avser kostnader för att reparera eller byta ut felaktiga produkter. Garantikostnader som redovisas som en avsättning, baseras på reklamationsstatistik och kända åtagande vid försäljningstidpunkten.

Varulager
Företaget är för sin produktion beroende av ett antal råvaror och insatsvaror. De viktigaste av dessa är stål, mässing, aluminium och elektronikkomponenter. Prishöjningar eller brist situationer på dessa råvaror kan få negativ inverkan på företagets resultat.

Möjligheter att föra prishöjningar på råvaror vidare till kunderna har historiskt varit begränsade då branschen är utsatt för hård prispress.

Bolagets varulager utgörs av produkter som tillverkas mot order. De produkter som bedöms sakna ekonomiskt värde skrotas och skrivs ned i takt med att skrotning sker. Detta baseras på historiskt utfall samt bedömning av produktens ekonomiska värde.

Teknisk utveckling
En viktig del av bolagets strategi är att dra nytta av den tekniska utvecklingen. Inriktningen på säkerhet och miljö bedöms leda till ett produktutbud som för överskådlig framtid kommer att efterfrågas av användare och lagstiftare.

Kundförluster
Risken för att kunder inte betalar levererade produkter minimeras genom en noggrann kontroll av nya kunder och veckovis uppföljning av betalningsbeteendet hos befintliga kunder.
Företagets kundfordringar är redovisade till de belopp som beräknas bli betalda.

Bolaget gör löpande bedömningar hurvida en kundfordran är att anses som realiserbar. De kundfordringar som inte bedöms realiserbara kostnadsförs och reserveras för då bedömningen görs.

Valutarisker
Företaget är genom sin internationella försäljning exponerat för valutarisker genom att valutakursförändringen kan komma att påverka företagets resultat- och balansräkning. På balansdagen finns det inga derivatinstrument redovisade i balansräkningen.

20240701301O1

BorgWarner Sweden AB
556040-2736

Not 4 Nettoomsättningens fördelning

Nettoomsättning per geografisk marknad	2023	2022
Europa	2 125 099	1 847 351
Asien	11 998	2 703
Sydamerika	181 087	20 976
USA	15 674	68 701
Summa	**2 333 858**	**1 939 731**

Not 5 Uppgift om inköp och försäljning inom samma koncern

	2023	2022
Inköp	26,1%	30,0%
Försäljning	4,9%	6,0%

Not 6 Övriga rörelseintäkter

Övriga rörelseintäkter, ersättning från kunder för utvecklingsprojekt inkluderar bidrag om 415 042Tkr (371 880). Valuta -8 970Tkr (-2 892) och licenser 205 026Tkr (103 902).

Not 7 Upplysning om ersättning till revisorn

	2023	2022
PricewaterhouseCoopers AB revisionsuppdrag	750	750
Summa	**750**	**750**

Med revisionsuppdrag avses revisorns ersättning för den lagstadgade revisionen. Arbetet innefattar granskningen av årsredovisningen och bokföringen, styrelsens förvaltning samt arvode för revisionsrådgivning som lämnats i samband med revisionsuppdraget.

Övriga tjänster avser revisionsnära konsultationer kopplade till projekt.

Not 8 Leasingavtal

Operationella leasingavtal - leasetagare
Företaget är leasetagare genom operationella leasingavtal avseende icke uppsägningsbara leasingavtal. Summan av årets kostnadsförda leasingavgifter avseende operationella leasingavtal uppgår till 18 600 Tkr (16 890). Framtida minimileaseavgifter avseende icke uppsägningsbara operationella leasingavtal förfaller enligt följande:

Förfallotidpunkt:	2023	2022
Inom ett år	13 160	15 918
Senare än ett år men inom fem år	15 806	35 337
Summa	**28 966**	**51 255**

20240701301102

BorgWarner Sweden AB
556040-2736

Not 9 Antal anställda, löner, andra ersättningar och sociala kostnader

Medeltalet anställda	2023 Antal anställda	2023 Varav antal män	2022 Antal anställda	2022 Varav antal män
	491	341	531	382
Totalt	**491**	**341**	**531**	**382**

Ändra	2023-12-31	2022-12-31
Fördelning ledande befattningshavare per balansdagen		
Kvinnor:		
styrelseledamöter	1	1
andra personer i företagets ledning inkl VD	4	5
Män:		
styrelseledamöter	5	5
andra personer i företagets ledning inkl VD	8	8
Totalt	**18**	**19**

Löner, andra ersättningar m m	2023 Löner och andra ersättningar	2023 Soc kostn (varav pensions-kostnader)	2022 Löner och andra ersättningar	2022 Soc kostn (varav pensions-kostnader)
	275 595	150 319 (-47 825)	314 754	146 325 (-51 258)
Totalt	**275 595**	**150 319 (-47 825)**	**314 754**	**146 325 (-51 258)**

Löner och andra ersättningar fördelade mellan styrelse-ledamöter och anställda	2023 Styrelse varav tantiem och dylikt)	2023 Övriga anställda	2022 Styrelse (varav tantiem och dylikt)	2022 Övriga anställda
	0	425 914	0	461 079
Totalt	**0**	**425 914**	**0**	**461 079**

Pensioner
Företagets kostnad för avgiftsbestämda pensionsplaner uppgår till 47 825 Tkr (51 258).

Av företagets pensionskostnader avser 0 Tkr (0) gruppen styrelse och VD. Företaget har inga utestående pensionsförpliktelse till dessa.

Avtal om avgångsvederlag
Mellan företaget och verkställande direktören gäller en ömsesidig uppsägningstid om 6 månader med bibehållen lön, pension och eventuella förmåner.

20240701130103

BorgWarner Sweden AB
556040-2736

Not 10 Avskrivningar och nedskrivningar på materiella och immateriella anläggningstillgångar

	2023	2022
Kostnad för sålda varor	125 513	64 971
Försäljningskostnader	149	128
Administrationskostnader	7 047	7 642
Forsknings- och utvecklingskostnader	10 361	9 932
Summa	**143 070**	**82 673**

Not 11 Övriga ränteintäkter och liknande intäkter

	2023	2022
Ränteintäkter	35	1

Not 12 Räntekostnader och liknande kostnader

	2023	2022
Räntekostnader	-3 150	-2 577
Räntekostnader, koncernföretag	-2 466	0
Summa	**-5 616**	**-2 577**

Not 13 Bokslutsdispositioner

	2023	2022
Förändring överavskrivningar	59 536	-84 875
Summa	**59 536**	**-84 875**

Not 14 Skatt på årets resultat

	2023	2022
Aktuell skatt	-41 999	-1 699
Uppskjuten skatt	891	691
Skatt på årets resultat	**-41 108**	**-1 008**

Avstämning årets skattekostnad

	2023	2022
Redovisat resultat före skatt	195 847	206 341
Skatt beräknad med skattesats 20,6 %	-40 344	-42 506
Skatteeffekt av ej avdragsgilla kostnader	-1 201	-1 494
Skatteeffekt av ej skattepliktiga intäkter / överavskrivningar	0	17 485
Uppskjuten skatt temporär differens för avskrivningar på inventarier i förhyrd fastighet	0	825
Skatteeffekt av avdragsilla pensionskostnader	180	0
Övriga ej avdragsgilla kostnader	257	-135
Summa	**-41 108**	**-1 008**
Årets redovisade skattekostnad	**-41 108**	**-1 008**

Uppskjuten skattefordran har värderats till 0tkr (0). Övrig information se not 2 "Inkomstskatter"

20240701130104

BorgWarner Sweden AB
556040-2736

Not 15 Koncessioner, patent, licenser, varumärken samt liknande rättigheter

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	62 559	71 329
Inköp	501	106
Försäljningar/utrangeringar	-455	-11 209
Omklassificeringar	924	2 333
Utgående ackumulerade anskaffningsvärden	**63 529**	**62 559**
Ingående avskrivningar	-56 283	-62 291
Försäljningar/utrangeringar	455	11 209
Årets avskrivningar	-4 249	-5 201
Utgående ackumulerade avskrivningar	**-60 077**	**-56 283**
Utgående redovisat värde	**3 452**	**6 276**

Not 16 Nedlagda utgifter på annans fastighet

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	33 625	34 088
Nedlagda utgifter under året	1 651	**0**
Försäljningar/utrangeringar	-1 366	-2 081
Omklassificeringar	0	**1 618**
Utgående ackumulerade anskaffningsvärden	**33 910**	**33 625**
Ingående avskrivningar	-26 937	-24 855
Försäljningar/utrangeringar	1 313	2 081
Årets avskrivningar	-3 219	-4 163
Utgående ackumulerade avskrivningar	**-28 843**	**-26 937**
Utgående redovisat värde	**5 067**	**6 688**

Not 17 Maskiner och andra tekniska anläggningar

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	584 478	489 680
Inköp	54 757	7 422
Försäljningar/utrangeringar	-141 376	-5 821
Omklassificeringar	29 076	93 197
Utgående ackumulerade anskaffningsvärden	**526 935**	**584 478**
Ingående avskrivningar	-330 340	-277 365
Försäljningar/utrangeringar	58 806	5 821
Omklassificeringar	-1 116	0
Årets avskrivningar	-62 786	-58 796
Utgående ackumulerade avskrivningar	**-335 436**	**-330 340**
Årets nedskrivningar	-58 305	0
Utgående ackumulerade nedskrivningar	**-58 305**	**0**
Utgående redovisat värde	**133 194**	**254 138**

Not 18 Inventarier, verktyg och installationer

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	159 826	149 084
Inköp	10 656	7 945
Försäljningar/utrangeringar	-22 381	-797
Omklassificeringar	8 685	3 594
Utgående ackumulerade anskaffningsvärden	**156 786**	**159 826**
Ingående avskrivningar	-127 564	-114 413
Försäljningar/utrangeringar	12 798	797
Årets avskrivningar	-14 510	-13 948
Utgående ackumulerade avskrivningar	**-129 276**	**-127 564**
Utgående redovisat värde	**27 510**	**32 262**

20240701301O5

BorgWarner Sweden AB
556040-2736

Not 19 Pågående nyanläggningar och förskott avseende materiella anläggningstillgångar

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	103 577	168 622
Omklassificeringar	-68 887	-102 560
Under året utbetalda förskott	2 546	37 515
Utgående redovisat värde	**37 236**	**103 577**

Not 20 Andelar i koncernföretag

	2023-12-31	2022-12-31
Ingående anskaffningsvärden	4 038	4 038
Utgående redovisat värde	**4 038**	**4 038**

Per 2010-12-31 förvärvades dotterbolaget BorgWarner TTS S de RL de CV. Bolaget har sitt säte i Irapuato, Mexico HTR090623GG2.

Företagets innehav av andelar i koncernföretag

Företagets namn	Kapital-andel	Rösträtts-andel	Antal andelar	Redovisat värde 2023-12-31	Redovisat värde 2022-12-31
BorgWarner TTS S de RL de CV	99,9996%	99,996%	249 999	4 038	4 038
Summa				**4 038**	**4 038**

Företagets namn	Org.nr	Säte
BorgWarner TTS S de RL de CV	HTR090623GG2	Irapuato, Mexico

20240701301O6

BorgWarner Sweden AB
556040-2736

Not 21 Andra långfristiga fordringar

	2023-12-31	2022-12-31
Ingående anskaffningsvärde	12 731	14 874
LT Customers Incentive	-4 628	-764
För eget pensionsåtagande (kapitalförsäkring)	2 492	-1 379
Utgående ackumulerade anskaffningsvärden	**10 595**	**12 731**

Not 22 Förutbetalda kostnader och upplupna intäkter

	2023-12-31	2022-12-31
Förutbetalda hyror	3 357	3 191
Uppl Engineering intäkter	419	0
Förutbetada komponenter	0	51 099
Återhämntning moms/tax	14 905	13 130
Övriga poster	18 023	18 519
Summa	**36 704**	**85 939**

Not 23 Aktiekapital

Aktiekapitalet består av 3 501 aktier med ett kvotvärde om 100 kr.

Not 24 Obeskattade reserver

	2023-12-31	2022-12-31
Ackumulerade överavskrivningar	25 339	84 875
Summa	**25 339**	**84 875**

Not 25 Avsättningar för pensioner och liknande förpliktelser

Redovisad kostnad för	2023	2022
Avsättning FPG/PRI	114 548	96 982
Övriga pensioner kapitalförsäkring	6 518	4 026
Summa	**121 066**	**101 008**

Not 26 Övriga avsättningar

2023-12-31	Garantier	Summa
Ingående balans vid räkenskapsårets början	44 407	44 407
Tillkommande avsättningar	-4 542	-4 542
Vid årets slut	**39 865**	**39 865**

2022-12-31	Garantier	Summa
Ingående balans vid räkenskapsårets början	31 684	31 684
Tillkommande avsättningar	12 723	12 723
Vid årets slut	**44 407**	**44 407**

Dessa kostnader, som redovisas som en avsättning, baseras på reklamationsstatistik och kända åtagande vid försäljningstidpunkten. Bolagets garantiåtagande uppgår till 24 månader vid försäljningstidpunkten.

Not 27 Upplupna kostnader och förutbetalda intäkter

	2023-12-31	2022-12-31
Upplupna semesterlöner och övriga personalkostnader	49 586	54 478
Upplupna sociala avgifter	24 220	23 405
Förutbetalda intäkter	7 274	138 135
Ej utbetald AIF	42 887	19 262
Övriga poster	10 625	22 281
Summa	**134 592**	**257 561**

BorgWarner Sweden AB
556040-2736

20240701301O7

Not 28 Likvida medel i kassaflödet

	2023-12-31	2022-12-31
Kassamedel	427	12 889
Summa	**427**	**12 889**

Kassaflödesanalysen upprättas enligt indirekt metod. Bolaget ingår i koncernens cashpool. Förändring av cashpool (fordring/skuld hos koncernföretag) redovisas i kassaflödesanalysen som förändring av rörelsekapitlal.

Not 29 Ställda säkerheter och eventualförpliktelser

Ställda säkerheter	2023-12-31	2022-12-31
Summa	**Inga**	**Inga**
Eventualförpliktelser		
Garantiåtaganden PRI	2 291	1 940
Summa	**2 291**	**1 940**

Not 30 Övriga ej likviditetspåverkande poster

	2023-12-31	2022-12-31
Övriga avsättningar	15 516	35 804
Räntedel i pensionskostnader	-3 150	-2 577
Uttrangeringar	189	0
Summa	**12 555**	**33 227**

Not 31 Händelser efter balansdagen

Materialbrist av halvledartillgången möter i början av 2024 marknadens efterfrågan.

Not 32 Disposition av företagets vinst

Till årsstämmans förfogande står följande vinstmedel (kr)

Balanserat resultat	354 536 530
Årets resultat	154 738 892
	509 275 422
Styrelsen föreslår att	509 275 422
i ny räkning balaseras	**509 275 422**

Landskrona 2024-04-23

Giorgio Baccolis
Styrelseordförande
Ordförande

Matteo Giudici
Styrelseledarmot

Dragan Rancic
Styrelseledarmot

Benedikt Köster
Styrelseledarmot

Christine Jacobsson
Arbetstagarrepresentant

Sico Botic
Arbetstagarrepresentant

Vår revisionsberättelse har avgivits den 2024-
PricewaterhouseCoopers AB

Mats Åkerlund
Auktoriserad revisor
Huvudansvarig revisor

20240701301108

BorgWarner Sweden AB
556040-2736

Not 28 Likvida medel i kassaflödet

	2023-12-31	2022-12-31
Kassamedel	427	12 889
Summa	**427**	**12 889**

Kassaflödesanalysen upprättas enligt indirekt metod. Bolaget ingår i koncernens cashpool. Förändring av cashpool (fordring/skuld hos koncernföretag) redovisas i kassaflödesanalysen som förändring av rörelsekapitlal.

Not 29 Ställda säkerheter och eventualförpliktelser

Ställda säkerheter	**2023-12-31**	**2022-12-31**
Summa	**Inga**	**Inga**
Eventualförpliktelser		
Garantiåtaganden PRI	2 291	1 940
Summa	**2 291**	**1 940**

Not 30 Övriga ej likviditetspåverkande poster

	2023-12-31	2022-12-31
Övriga avsättningar	15 516	35 804
Räntedel i pensionskostnader	-3 150	-2 577
Uttrangeringar	189	0
Summa	**12 555**	**33 227**

Not 31 Händelser efter balansdagen

Materialbrist av halvledartillgången möter i början av 2024 marknadens efterfrågan.

Not 32 Disposition av företagets vinst

Till årsstämmans förfogande står följande vinstmedel (kr)

Balanserat resultat	354 536 530
Årets resultat	154 738 892
	509 275 422
Styrelsen föreslår att	509 275 422
i ny räkning balaseras	**509 275 422**

Landskrona 2024- 04-23

Giorgio Baccolis
Styrelseordförande
Ordförande

Matteo Giudici
Styrelseledamot

Dragan Rancic
Styrelseledamot

Benedikt Köster
Styrelseledamot

Christine Jacobsson
Arbetstagarrepresentant

Sico Botic
Arbetstagarrepresentant

Vår revisionsberättelse har avgivits den 2024-
PricewaterhouseCoopers AB

Mats Åkerlund
Auktoriserad revisor
Huvudansvarig revisor

20240701130109

BorgWarner Sweden AB
556040-2736

Not 28 Likvida medel i kassaflödet

	2023-12-31	2022-12-31
Kassamedel	427	12 889
Summa	**427**	**12 889**

Kassaflödesanalysen upprättas enligt indirekt metod. Bolaget ingår i koncernens cashpool. Förändring av cashpool (fordring/skuld hos koncernföretag) redovisas i kassaflödesanalysen som förändring av rörelsekapitlal.

Not 29 Ställda säkerheter och eventualförpliktelser

Ställda säkerheter	2023-12-31	2022-12-31
Summa	**Inga**	**Inga**
Eventualförpliktelser		
Garantiåtaganden PRI	2 291	1 940
Summa	**2 291**	**1 940**

Not 30 Övriga ej likviditetspåverkande poster

	2023-12-31	2022-12-31
Övriga avsättningar	15 516	35 804
Räntedel i pensionskostnader	-3 150	-2 577
Uttrangeringar	189	0
Summa	**12 555**	**33 227**

Not 31 Händelser efter balansdagen

Materialbrist av halvledartillgången möter i början av 2024 marknadens efterfrågan.

Not 32 Disposition av företagets vinst

Till årsstämmans förfogande står följande vinstmedel (kr)

Balanserat resultat	354 536 530
Årets resultat	154 738 892
	509 275 422
Styrelsen föreslår att	509 275 422
i ny räkning balaseras	**509 275 422**

Landskrona 2024-04-23

Giorgio Baccolis
Styrelseordförande
Ordförande

Matteo Giudici
Styrelseledarmot

Dragan Rancic
Styrelseledarmot

Benedikt Köster
Styrelseledarmot

Christine Jacobsson
Arbetstagarrepresentant

Sico Botic
Arbetstagarrepresentant

Vår revisionsberättelse har avgivits den 2024-
PricewaterhouseCoopers AB

Mats Åkerlund
Auktoriserad revisor
Huvudansvarig revisor

20240701301110

BorgWarner Sweden AB
556040-2736

Not 28 Likvida medel i kassaflödet

	2023-12-31	2022-12-31
Kassamedel	427	12 889
Summa	**427**	**12 889**

Kassaflödesanalysen upprättas enligt indirekt metod. Bolaget ingår i koncernens cashpool. Förändring av cashpool (fordring/skuld hos koncernföretag) redovisas i kassaflödesanalysen som förändring av rörelsekapitlal.

Not 29 Ställda säkerheter och eventualförpliktelser

Ställda säkerheter	2023-12-31	2022-12-31
Summa	**Inga**	**Inga**
Eventualförpliktelser		
Garantiåtaganden PRI	2 291	1 940
Summa	**2 291**	**1 940**

Not 30 Övriga ej likviditetspåverkande poster

	2023-12-31	2022-12-31
Övriga avsättningar	15 516	35 804
Räntedel i pensionskostnader	-3 150	-2 577
Uttrangeringar	189	0
Summa	**12 555**	**33 227**

Not 31 Händelser efter balansdagen

Materialbrist av halvledartillgången möter i början av 2024 marknadens efterfrågan.

Not 32 Disposition av företagets vinst

Till årsstämmans förfogande står följande vinstmedel (kr)

Balanserat resultat	354 536 530
Årets resultat	154 738 892
	509 275 422
Styrelsen föreslår att	509 275 422
i ny räkning balaseras	**509 275 422**

Landskrona 2024-04-23

Giorgio Baccolis
Styrelseordförande
Ordförande

Matteo Giudici
Styrelseledarmot

Dragan Rancic
Styrelseledarmot

Benedikt Köster
Styrelseledarmot

Christine Jacobsson
Arbetstagarrepresentant

Sico Botic
Arbetstagarrepresentant

Vår revisionsberättelse har avgivits den 2024-06-25
PricewaterhouseCoopers AB

Mats Åkerlund
Auktoriserad revisor
Huvudansvarig revisor

20240701301111

Revisionsberättelse

Till bolagsstämman i BorgWarner Sweden AB, org.nr 556040-2736

Rapport om årsredovisningen

Uttalanden

Vi har utfört en revision av årsredovisningen för BorgWarner Sweden AB för år 2023.

Enligt vår uppfattning har årsredovisningen upprättats i enlighet med årsredovisningslagen och ger en i alla väsentliga avseenden rättvisande bild av BorgWarner Sweden ABs finansiella ställning per den 31 december 2023 och av dess finansiella resultat och kassaflöde för året enligt årsredovisningslagen. Förvaltningsberättelsen är förenlig med årsredovisningens övriga delar.

Vi tillstyrker därför att bolagsstämman fastställer resultaträkningen och balansräkningen för BorgWarner Sweden AB.

Grund för uttalanden

Vi har utfört revisionen enligt International Standards on Auditing (ISA) och god revisionssed i Sverige. Vårt ansvar enligt dessa standarder beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till BorgWarner Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för att årsredovisningen upprättas och att den ger en rättvisande bild enligt årsredovisningslagen. Styrelsen ansvarar även för den interna kontroll som de bedömer är nödvändig för att upprätta en årsredovisning som inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag.

Vid upprättandet av årsredovisningen ansvarar styrelsen för bedömningen av bolagets förmåga att fortsätta verksamheten. De upplyser, när så är tillämpligt, om förhållanden som kan påverka förmågan att fortsätta verksamheten och att använda antagandet om fortsatt drift. Antagandet om fortsatt drift tillämpas dock inte om styrelsen avser att likvidera bolaget, upphöra med verksamheten eller inte har något realistiskt alternativ till att göra något av detta.

Revisorns ansvar

Våra mål är att uppnå en rimlig grad av säkerhet om huruvida årsredovisningen som helhet inte innehåller några väsentliga felaktigheter, vare sig dessa beror på oegentligheter eller misstag, och att lämna en revisionsberättelse som innehåller våra uttalanden. Rimlig säkerhet är en hög grad av säkerhet, men är ingen garanti för att en revision som utförs enligt ISA och god revisionssed i Sverige alltid kommer att upptäcka en väsentlig felaktighet om en sådan finns. Felaktigheter kan uppstå på grund av oegentligheter eller misstag och anses vara väsentliga om de enskilt eller tillsammans rimligen kan förväntas påverka de ekonomiska beslut som användare fattar med grund i årsredovisningen.

En ytterligare beskrivning av vårt ansvar för revisionen av årsredovisningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Rapport om andra krav enligt lagar och andra författningar

Uttalanden

Utöver vår revision av årsredovisningen har vi även utfört en revision av styrelsens förvaltning för BorgWarner Sweden AB för år 2023 samt av förslaget till dispositioner beträffande bolagets vinst eller förlust.

Vi tillstyrker att bolagsstämman disponerar vinsten enligt förslaget i förvaltningsberättelsen och beviljar styrelsens ledamöter ansvarsfrihet för räkenskapsåret.

20240701130112

Grund för uttalanden

Vi har utfört revisionen enligt god revisionssed i Sverige. Vårt ansvar enligt denna beskrivs närmare i avsnittet Revisorns ansvar. Vi är oberoende i förhållande till BorgWarner Sweden AB enligt god revisorssed i Sverige och har i övrigt fullgjort vårt yrkesetiska ansvar enligt dessa krav.

Vi anser att de revisionsbevis vi har inhämtat är tillräckliga och ändamålsenliga som grund för våra uttalanden.

Styrelsens ansvar

Det är styrelsen som har ansvaret för förslaget till dispositioner beträffande bolagets vinst eller förlust. Vid förslag till utdelning innefattar detta bland annat en bedömning av om utdelningen är försvarlig med hänsyn till de krav som bolagets verksamhetsart, omfattning och risker ställer på storleken av bolagets egna kapital, konsolideringsbehov, likviditet och ställning i övrigt.

Styrelsen ansvarar för bolagets organisation och förvaltningen av bolagets angelägenheter. Detta innefattar bland annat att fortlöpande bedöma bolagets ekonomiska situation, och att tillse att bolagets organisation är utformad så att bokföringen, medelsförvaltningen och bolagets ekonomiska angelägenheter i övrigt kontrolleras på ett betryggande sätt.

Revisorns ansvar

Vårt mål beträffande revisionen av förvaltningen, och därmed vårt uttalande om ansvarsfrihet, är att inhämta revisionsbevis för att med en rimlig grad av säkerhet kunna bedöma om någon styrelseledamot i något väsentligt avseende:

- företagit någon åtgärd eller gjort sig skyldig till någon försummelse som kan föranleda ersättningsskyldighet mot bolaget, eller
- på något annat sätt handlat i strid med aktiebolagslagen, årsredovisningslagen eller bolagsordningen.

Vårt mål beträffande revisionen av förslaget till dispositioner av bolagets vinst eller förlust, och därmed vårt uttalande om detta, är att med rimlig grad av säkerhet bedöma om förslaget är förenligt med aktiebolagslagen.

Rimlig säkerhet är en hög grad av säkerhet, men ingen garanti för att en revision som utförs enligt god revisionssed i Sverige alltid kommer att upptäcka åtgärder eller försummelser som kan föranleda ersättningsskyldighet mot bolaget, eller att ett förslag till dispositioner av bolagets vinst eller förlust inte är förenligt med aktiebolagslagen.

En ytterligare beskrivning av vårt ansvar för revisionen av förvaltningen finns på Revisorsinspektionens webbplats: www.revisorsinspektionen.se/revisornsansvar. Denna beskrivning är en del av revisionsberättelsen.

Landskrona 2024- 06-25

PricewaterhouseCoopers AB

Mats Åkerlund
Auktoriserad revisor

20240806076O8

2023
Sustainability
Report

Accelerating Action

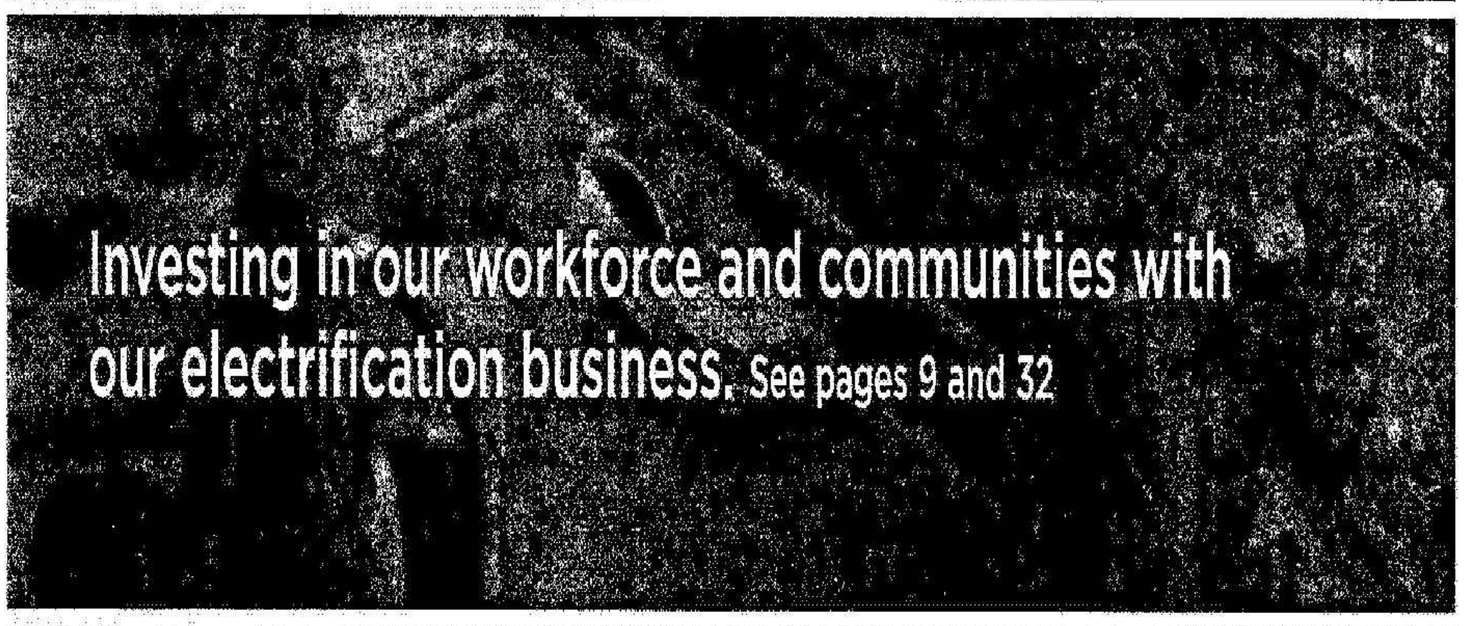
BORGWARNER

9427494 5/24

Positively Impacting the Planet and Our People



Submitting our targets to reduce Scope 1, 2, and 3 emissions for validation to the Science Based Target Initiative. See pages 15-20



Investing in our workforce and communities with our electrification business. See pages 9 and 32



Positioning Fuel Systems and Aftermarket employees for the future. See page 8



20240806076O9

Contents



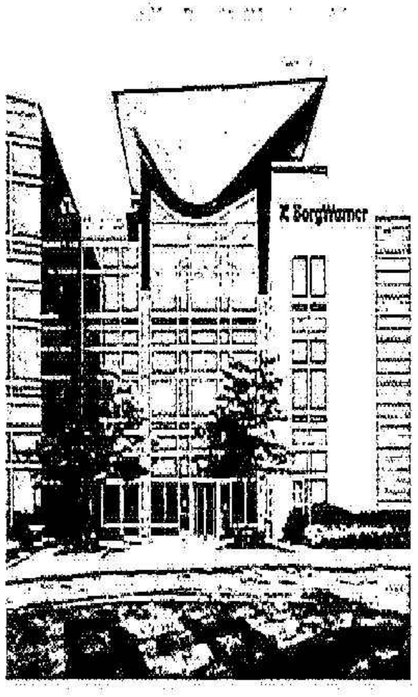
CEO Message 4

Executive Summary 5

BorgWarner at a Glance 6

Charging Forward 2027 7

Our Approach to Sustainability 10



Governance 41

Sustainability Governance 42

Board Oversight of ESG 43

Ethics and Integrity 44

Data Privacy and Cybersecurity 46

Product Quality 47

Responsibility in Our Supply Chain 50



Environmental Stewardship 14

A Net-Zero Carbon Emissions Future 15

Products 16

Operations 20



Appendix 52

Performance Data Table 53

U.S. EEO-1 Data 55

SASB Index 56

Task Force on Climate-Related Financial Disclosures Index 57

GRI Index 62

Our Performance and Goals 67



Social Responsibility 23

Our Beliefs 24

Diversity, Equity, and Inclusion (DE&I) 25

Talent and Development 30

Engagement and Retention 33

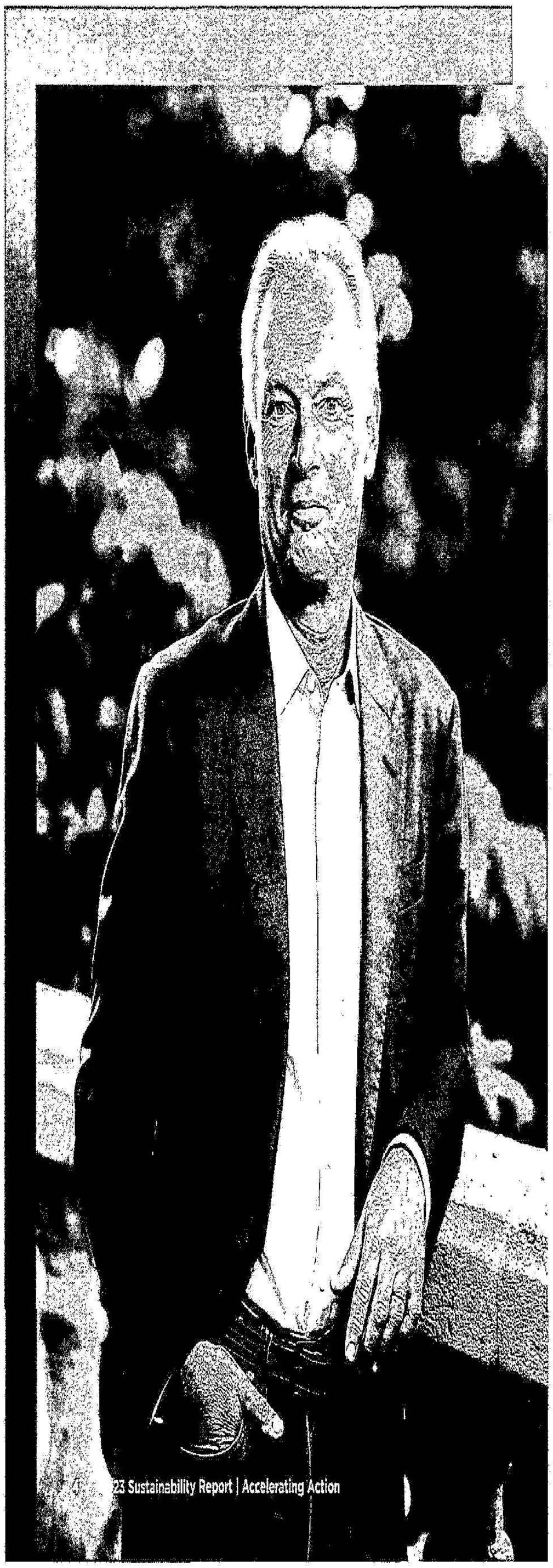
Compensation, Benefits, and Well-Being 34

Safety 37

Giving Back to Our Communities 39

About this Report

This report highlights our commitment to being a sector leader in sustainability and the different aspects of our multi-faceted 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 2022. This report reflects feedback received from our customers, employees, investors, and other key stakeholders. We report using the following standards: SASB, TCFD and GRI. Our reporting is also influenced by the UN Sustainable Development Goals (SDGs) and industry association guidance from the AIAG.



A Message from our President and CEO

In 2021, we announced *Charging Forward*, our accelerated electrification strategy, to position BorgWarner as a market leader in electric vehicle propulsion. Since the announcement, and despite significant headwinds and volatility in the market, we have been executing upon this strategy and accelerating action in 2022.

This includes securing a significant number of electrification program awards, carrying out disciplined acquisitions that expanded our electric vehicle capabilities, and announcing our planned separation of PHINIA, our Fuel Systems and Aftermarket segments.

Underscoring how our *Charging Forward* goals are aligned with our sustainability program, in December 2022, we set a new goal to reduce Scope 3 emissions 25% by 2031 from our 2021 baseline. This builds on our previously announced goals to reduce our Scope 1 and 2 emissions 85% by 2030 from our 2021 baseline as we progress toward achieving carbon neutrality by 2035. We also continued to upskill our workforce for an electrified future and took meaningful actions to further our expectations and due diligence of our suppliers.

We have since evolved our *Charging Forward* strategy with *Charging Forward 2027*, which focuses on advancing our position as a technology leader in electrification products and maximizing the value of our foundational portfolio. Our commitment to sustainability remains the same - just like our vision to **create a clean, energy-efficient world.**

I am incredibly proud of our employees for their hard work and dedication as well as the collaboration from our partners, including customers and suppliers, in supporting our sustainability initiatives. I am excited to share this report, which seeks to transparently explain our sustainability performance and governance.

We continue to pursue our ambitious environmental, social, and governance goals, and we plan to charge forward with our stakeholders, accelerating action along the way.

Frédéric B. Lissalde
President and Chief Executive Officer

20240806076l0

Executive Summary



6 BorgWarner at a Glance

7 *Charging Forward 2027*

10 Our Approach to Sustainability

BorgWarner at a Glance

$15.8 Billion
2022 Net Sales

92
Manufacturing, Assembly, and Technical Locations

~52,700
Employees Worldwide

4 Vehicle Markets Served

- Light Vehicles
- Commercial Vehicles
- Off-Highway
- Aftermarket

Our Beliefs



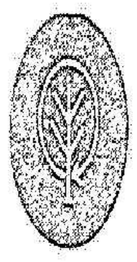
Inclusion
Respecting individuals



Integrity
Honoring truth



Excellence
Focusing on results



Responsibility
Our commitment

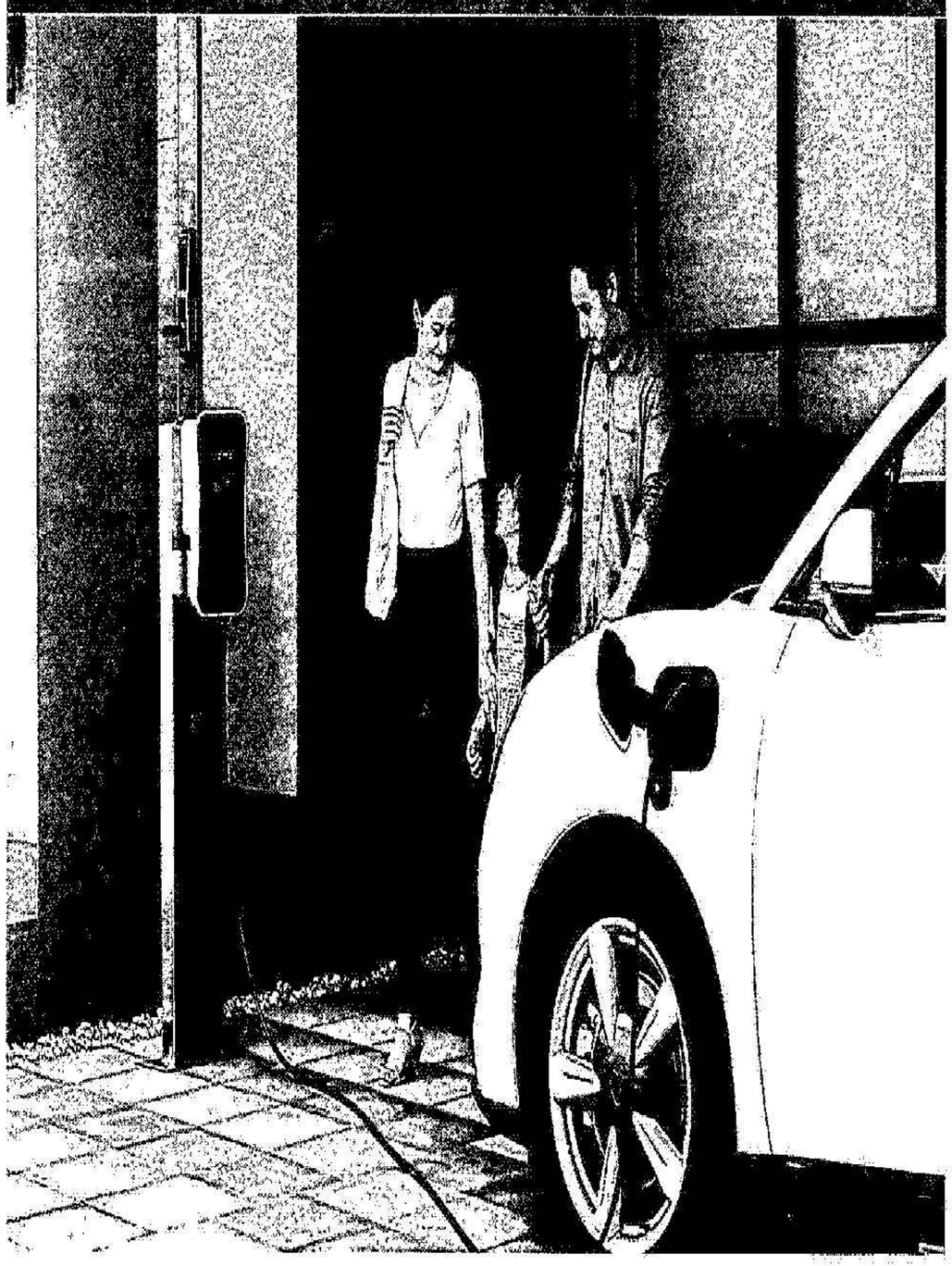


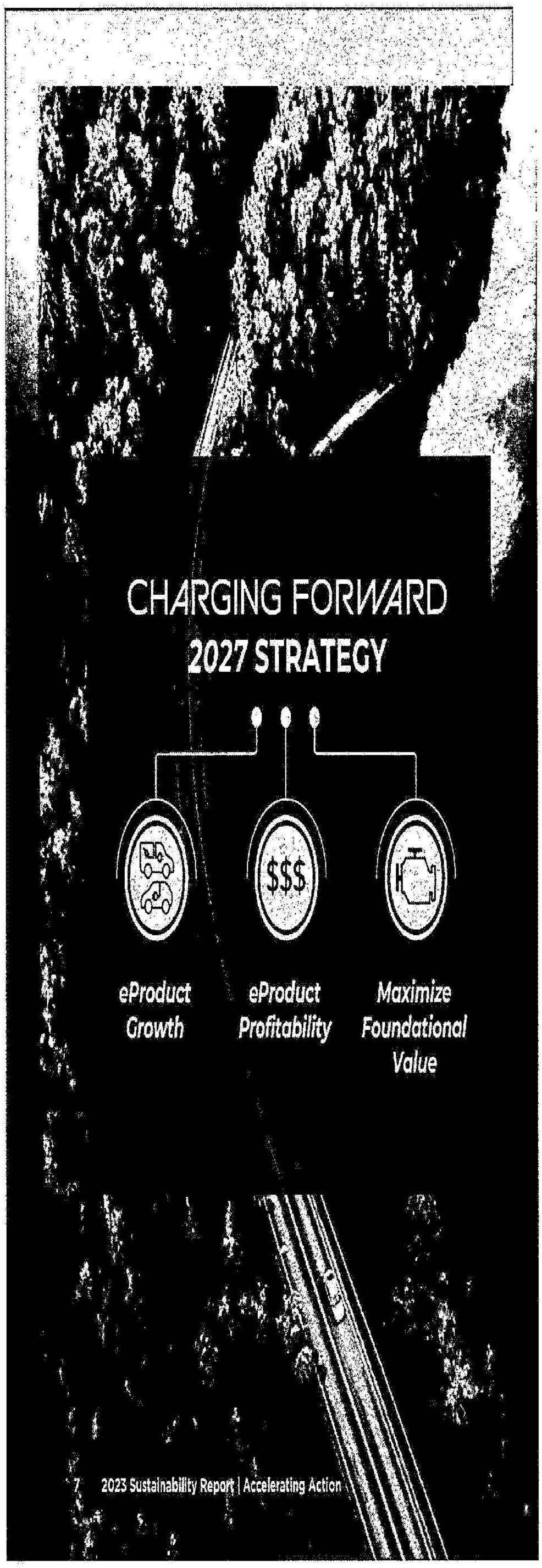
Collaboration
Building trust

Who We Are

We design and manufacture the systems that define the way the world moves forward. With the world's foremost technologists, engineers, and original equipment manufacturers (OEMs), we are accelerating the world's transformation to eMobility.

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





Charging Forward 2027: Our Business Strategy for the Energy Transition

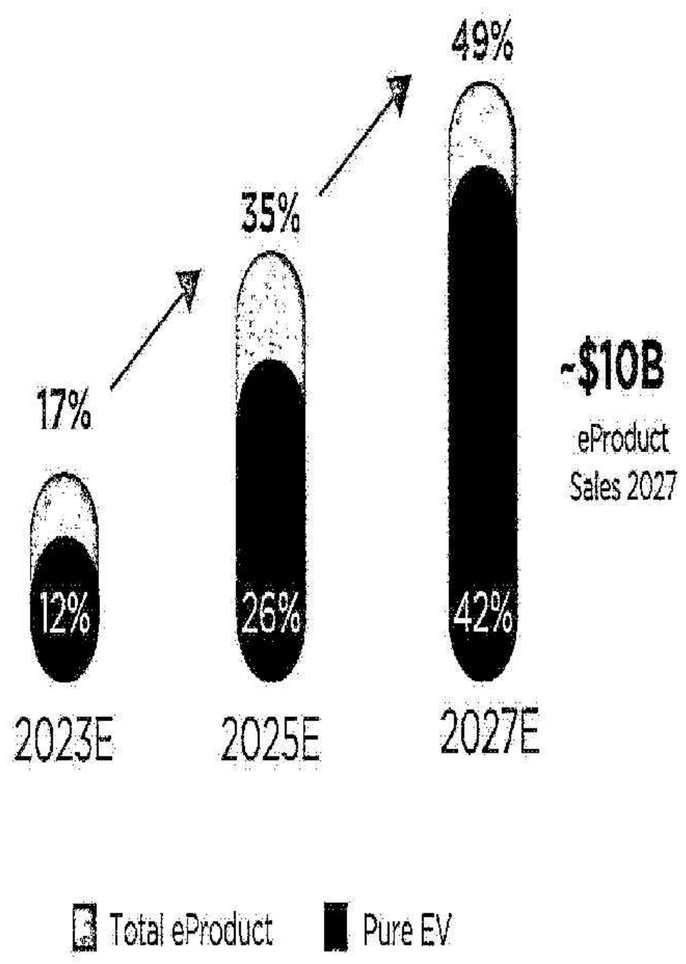
We developed our vision of a clean, energy-efficient world, long before sustainability became popular. Our *Charging Forward* strategy, and our recently announced *Charging Forward 2027* strategy are products of this long-standing vision.

We first announced *Charging Forward*, the acceleration of our electrification strategy, back in 2021. Under this strategy, we set targets through 2025 to expand our eProduct[1] portfolio organically and inorganically and optimize our combustion portfolio through planned dispositions.

By accelerating action towards our targets, we believe we will substantially meet the goals - two years ahead of schedule. We have thus evolved our strategy to *Charging Forward 2027*, which seeks to rapidly and profitably grow our eProducts sales to over $10 billion by 2027 while maximizing value from our foundational products.

We expect to achieve approximately 35% of sales from eProducts in 2025 and 49% in 2027. To stay at the forefront, we plan to invest in 2023 approximately 19% of net eProducts sales in eProducts R&D. We believe our product mix and flexibility enable us to address a future based on evolving regulations, consumer demands, and automaker requirements.

***Charging Forward* eProducts (% Sales)**



The numbers represented assume that the separation of PHINIA is completed.

1 eProducts include all products utilized on EVs, plus those products and components that are included in hybrid powertrains whose underlying technologies are adaptable or applicable to those used in EVs.

Accelerating *Charging Forward* with the Expected Spin-off of PHINIA

In December 2022, we announced the strategic plan to spin off our Fuel Systems and Aftermarket segments as a leading, stand-alone public company, PHINIA, Inc. The separation, which is expected to be completed in July 2023, supports optimizing BorgWarner's combustion portfolio and advancing our electrification journey, while enabling PHINIA to pursue growth opportunities in alternative fuels, such as hydrogen, and in the aftermarket and commercial vehicle end markets. We expect the intended separation to maximize shareholder value by having two focused and strong companies, each pursuing its respective strategies.

BorgWarner

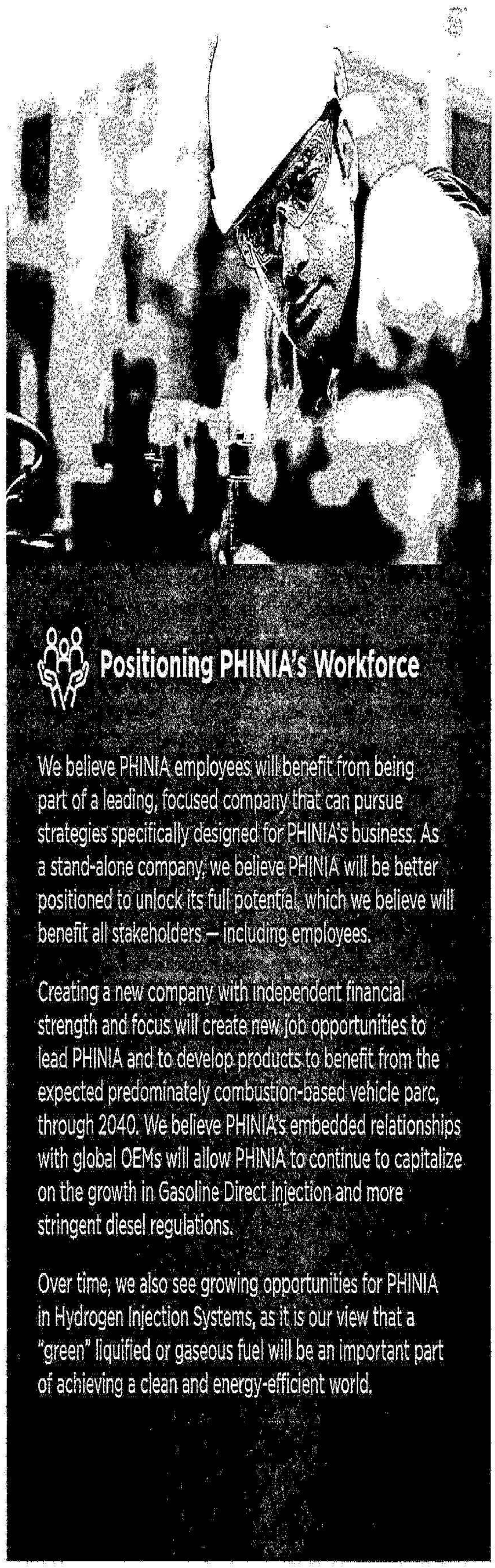
Leader in Electrification with Focused Internal Combustion Engine Business

PHINIA

Leader in Fuel Systems Management and Aftermarket Technologies

While this is an exciting time at the Company, we understand that open and constant engagement with our employees is critical – especially with those anticipated to become part of PHINIA's workforce. As such, PHINIA's leadership is taking actions to collaborate with its workforce, including:

- **Question and Answers Platform:** All employees can submit questions, comments, and concerns about the separation, which are then answered and updated on a regular basis.
- **Spin-Off Survey:** A survey was rolled out to obtain feedback on how employees were feeling about the spin-off and what information they felt was missing from leadership. The PHINIA leadership team also visited locations to speak directly with employees.
- **First inSight:** First inSight is a dedicated newsletter to keep the Fuel Systems and Aftermarket employees updated as the Company works toward the separation.
- **Transition Podcast:** The Transition Podcast is a series of episodes to keep employees updated about the anticipated spin, address feedback and concerns voiced by workers, and give the workforce an opportunity to learn more about the anticipated leadership within PHINIA.



Positioning PHINIA's Workforce

We believe PHINIA employees will benefit from being part of a leading, focused company that can pursue strategies specifically designed for PHINIA's business. As a stand-alone company, we believe PHINIA will be better positioned to unlock its full potential, which we believe will benefit all stakeholders – including employees.

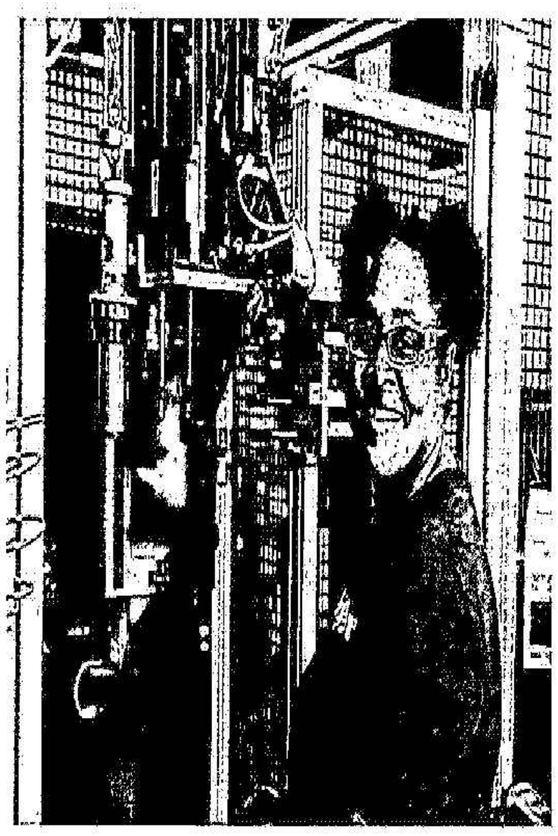
Creating a new company with independent financial strength and focus will create new job opportunities to lead PHINIA and to develop products to benefit from the expected predominately combustion-based vehicle parc, through 2040. We believe PHINIA's embedded relationships with global OEMs will allow PHINIA to continue to capitalize on the growth in Gasoline Direct Injection and more stringent diesel regulations.

Over time, we also see growing opportunities for PHINIA in Hydrogen Injection Systems, as it is our view that a "green" liquified or gaseous fuel will be an important part of achieving a clean and energy-efficient world.

20240806607612

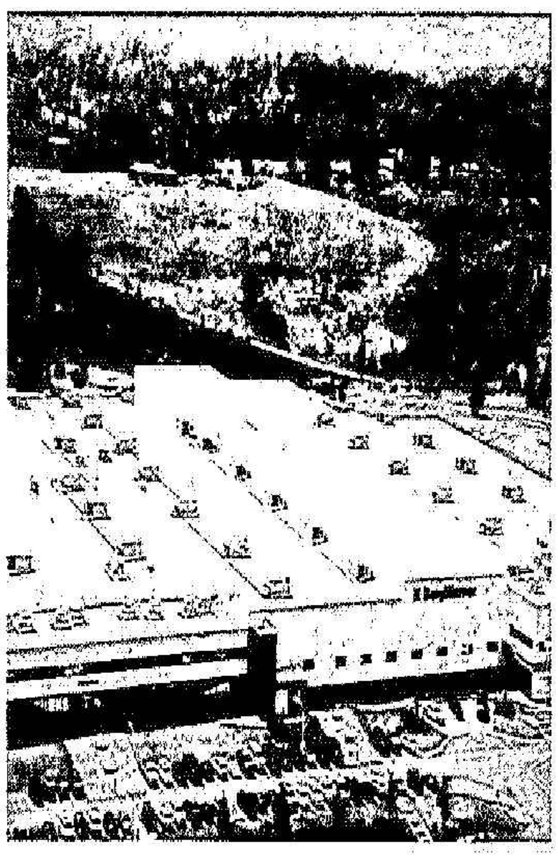
Charging Forward with Our Workforce

The shift to electric vehicles creates new opportunities for our stakeholders, including our workforce and the communities in which we operate. Our plant in Cadillac, Michigan, is an example. The facility added a new electrification business to its combustion portfolio, which created new jobs and opportunities for our production employees that were not there before. Selected employees were trained to work on the added electrification products. This year, BorgWarner announced its plan to further invest in our electrification business at existing plants, which we expect will lead to more jobs and opportunities for our workforce.



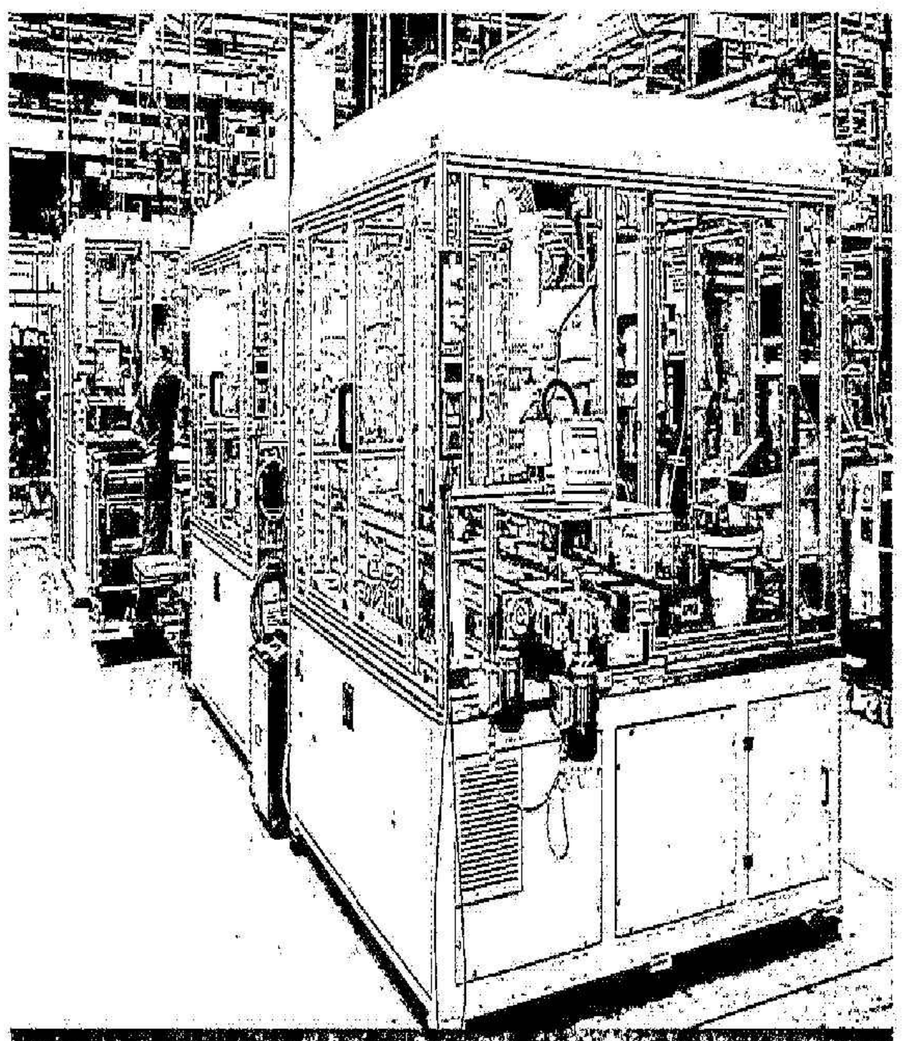
Investing $20 million in Michigan Facilities and Creating 186 Jobs

BorgWarner plans to invest $20 million to expand the capabilities of three existing Michigan-based facilities and to develop a new EV battery service center. Over the course of three years, this investment is expected to create approximately 186 jobs, including engineering, manufacturing, and service positions. The project will accelerate development, manufacturing, and testing of EV products and EV charging infrastructure equipment, including battery modules and packs, direct current (DC) fast-charging equipment, and microgrid control.



Investing $42 million in Seneca, South Carolina Facility, and Creating 122 Jobs

BorgWarner plans to invest $42 million to expand its production facility in Seneca, South Carolina. Over the course of three years, this investment is expected to create approximately 122 jobs across production, technical support, manufacturing, engineering, maintenance, and supporting function roles. The investment will be allocated to building and equipment upgrades as well as the development of new manufacturing lines to support 3GWh of total annual U.S. battery module capacity, contributing to the growth of the Company's battery module and pack production.



Utilizing and Growing Our Existing Operations

In addition to South Carolina, several of our foundational manufacturing plants have already brought in power electronics business, including electric motors, eFans, high-voltage heaters, and inverters.

- San Luis Potosi, Mexico
- Cadillac, Michigan
- Landskrona, Sweden
- Viana, Portugal
- Blonie, Poland
- Jiangshan, China
- Wuhan, China
- Changnyeong, Korea

As we make progress on *Charging Forward 2027*, we believe our foundational workforce and facilities will be invaluable to our success. We will continue to take proactive measures to ensure our employees are well-positioned to continue to meet the demands of the energy transition.

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.

Our sustainability priorities are based on a materiality assessment process most recently completed in 2021. This process considers ESG topics by canvassing industry sources such as Automotive Industry Action Group (AIAG), Sustainability Accounting Standards Board (SASB), Task Force on Climate-related Financial Disclosures (TCFD), and the Global Reporting Initiative (GRI), as well as customer, employee, and other stakeholder feedback.

Based on our priorities, we developed a sustainability strategy that looks to empower our customers in eMobility, support our employees and partners in evolving their skills, and build the resources and foundation needed to succeed.



Our Sustainability Strategy

Environmental

Continue

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

Advance

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

Social

Continue

» Employee Health and Safety
» Community Education, Equity, and Economics

Advance

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

Governance

Continue

» Ethics and Compliance
» Product Safety and Quality
» Data Privacy and Cybersecurity

Advance

» Sustainable Value Chain
» Tech-Driven Innovation

20240806607613

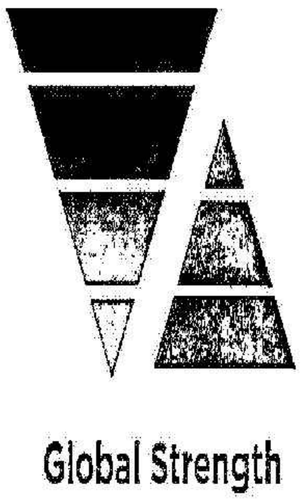
Leveraging Our Local Accountability and Global Strength to Accelerate Our Sustainability Strategy

We use a unique operating model that enables Local Accountability through support from Global Strength to ensure our sustainability performance.

Our Board of Directors (Board) and our executive management (Strategy Board) provide ESG oversight of our business strategy:

- The Strategy Board approves our sustainability strategy and goals and provides resources to meet our performance targets.
- The Board receives periodic updates to assess our performance.
- We have a Sustainability Steering Committee composed of key executives and business leaders across our Company that support the execution of our sustainability strategy and goals.
- Our locations are empowered to develop initiatives that further our sustainability goals and performance.

Local Accountability



Global Strength



Our Goals and Performance

Create a Cleaner, More Energy-Efficient World

Products

Goals

35% 2025 & **49%** 2027 eProducts revenue

Maintain majority of revenue from EV and emissions-reducing products

25% Scope 3 emissions reduction by 2031 from 2021 baseline

2022 Performance

6%
EV revenue

88%
revenue from EV and emissions-reducing products

Operations

Goals

Carbon Neutral in Scope 1 and Scope 2 by 2035

85% absolute Greenhouse Gas (GHG) reduction by 2030 from 2021 baseline

85% waste diversion rate by 2030

2022 Performance

407,403mt CO_2e emissions[1], down

38.3% from 2018

25.78 GHG intensity[1] (mt CO_2e/$m sales), down

29.0% from 2021

1,440 GWh energy[1] consumed, down

12.7% from 2018

100% ISO-14001 Certified[2]

Live the BorgWarner Beliefs

Diversity

Goals

35% of global workforce are women, by 2026

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

2022 Performance

30.8%
women in workforce

27.0%
racial/ethnic minorities in U.S. workforce

Equity

Goals

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

2022 Performance

99.0%
Gender Pay Equity

Inclusion

Goals

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

2022 Performance

77%
BorgWarner Beliefs index score on employee engagement survey in 2021

Employee Safety

Goals

Perform in the **top quartile** for Total Recordable Incident Rate (TRIR) and Lost Time Incident Rate (LTIR)[3]

Implement and maintain ISO 45001 certification at **100%** of our manufacturing sites[2]

2022 Performance

0.37
TRIR | Top Quartile: ✓

0.18
LTIR | Top Quartile: ✓

Expect to be

95%
ISO 45001 certified by end of 2023[2]

Partner with and Report to Stakeholders

Responsible Supply Chain

Goals

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

2022 Performance

Significantly expanded scope of coverage and achieved

75.8%[4]
Supplier questionnaire completion, up from 59.8% in 2021

Ethics and Compliance

Goals

100% completion rate for annual compliance questionnaire

Ethics training offered to **100%** of salaried workforce[4]

2022 Performance

100%
completion rate for annual compliance questionnaire

Ethics & Compliance training offered to **100%** of our salaried workforce[5]

1 Energy use and emissions data reporting represents approximately 97% of our facilities by total square footage. Emissions are calculated and reported on a market-based methodology. Refrigerant data available from 2021; data not available for prior years.
2 The scope of these performance indicators is for manufacturing locations that supply directly to original equipment manufacturers, excluding newly acquired sites during their first 18 months of production.
3 Based on U.S. Bureau of Labor Statistics, Survey of Occupational Injuries and Illnesses Data, motor vehicle parts manufacturing (NAICS 336300). TRIR Top Quartile: 1.2 | LTIR Top Quartile: 0.2.
4 As of May 26, 2023.
5 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.

20240806076l4

Achievements and Awards

Recognized as *Newsweek's* America's Most Responsible Companies 2023 (fourth consecutive year)

Ranked as Premier Data Supplier in TecDoc Catalog

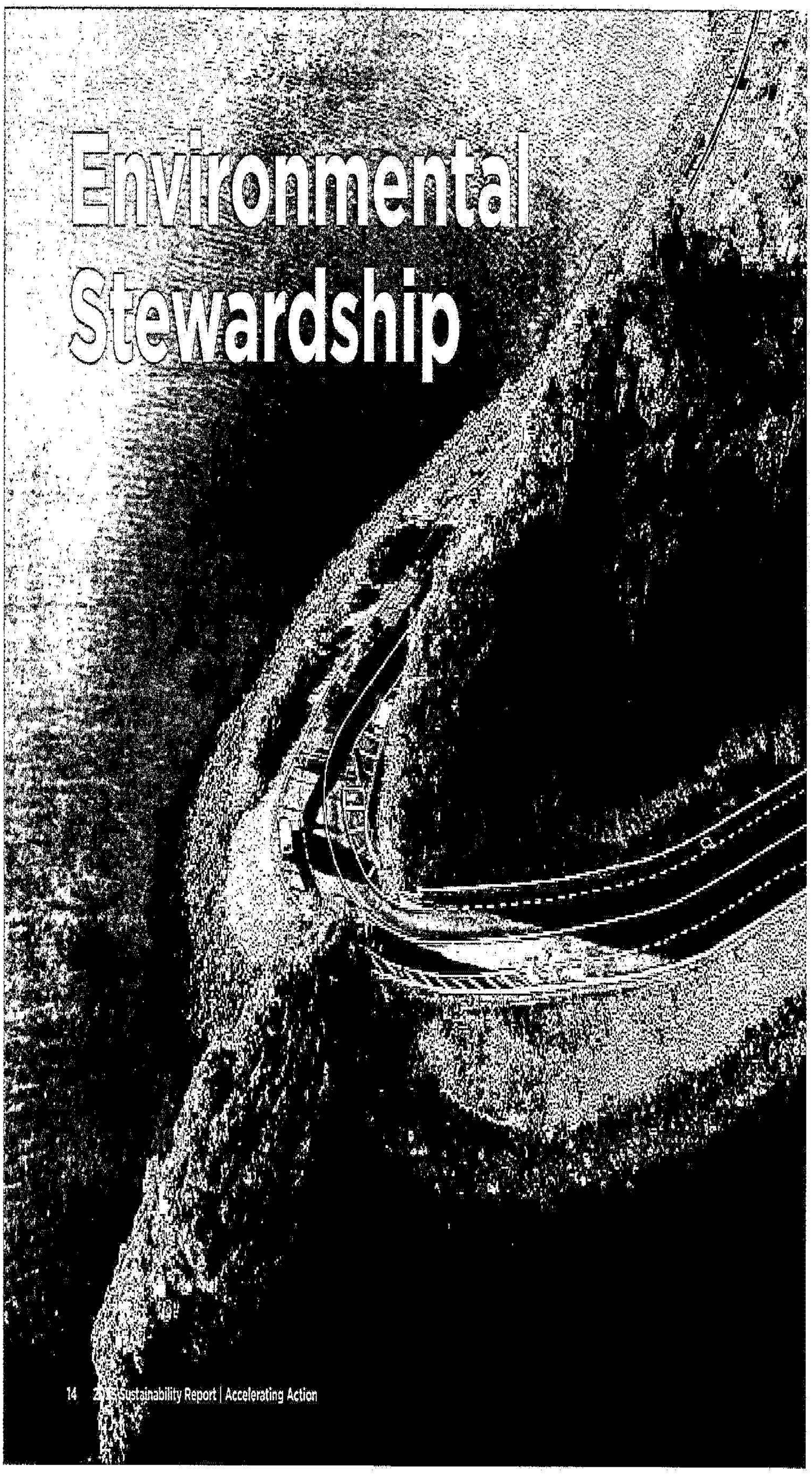
Recognized on Bloomberg Gender-Equality Index

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

Named to *Fortune's* 2023 World's Most Admired Companies

Achieved Great Place to Work-Certified company status (third consecutive year)

Environmental Stewardship



Create a Cleaner, More Energy-Efficient World

At the heart of our mission of enabling sustainable mobility are our products – products that improve efficiency and reduce vehicle emissions. This includes expanding into broader eMobility products, such as battery charging stations and energy storage solutions.

15 A Net-Zero Carbon Emissions Future
16 Products
20 Operations

20240806076l5

A Net-Zero Carbon Emissions Future

Our *Charging Forward* strategy aligns with a net-zero carbon emissions future, as it is designed to increase production of electric and other vehicle parts that enable zero- and lower-emissions transportation.

As the world advances through the energy transition, we expect big demand shifts in EV technologies. We believe we can attain significant growth through the adoption of EVs, which draw high-content potential from our technologies. Accordingly, we expect to generate approximately 35% of our revenue from eProducts by 2025 and 49% by 2027.

We similarly continue to change how we operate to help achieve the goals of the Paris Climate Agreement.

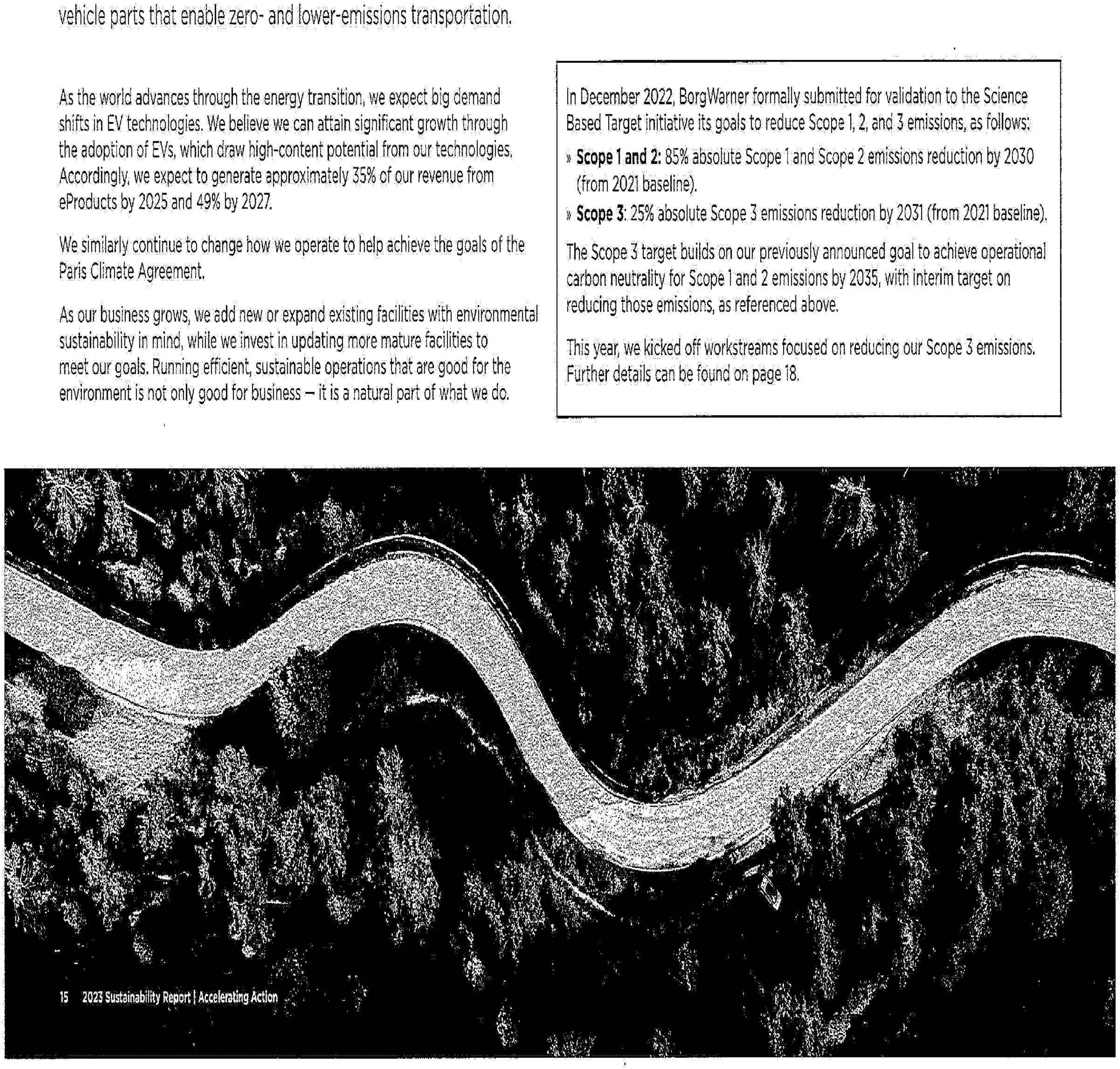
As our business grows, we add new or expand existing facilities with environmental sustainability in mind, while we invest in updating more mature facilities to meet our goals. Running efficient, sustainable operations that are good for the environment is not only good for business – it is a natural part of what we do.

In December 2022, BorgWarner formally submitted for validation to the Science Based Target initiative its goals to reduce Scope 1, 2, and 3 emissions, as follows:

- **Scope 1 and 2:** 85% absolute Scope 1 and Scope 2 emissions reduction by 2030 (from 2021 baseline).
- **Scope 3**: 25% absolute Scope 3 emissions reduction by 2031 (from 2021 baseline).

The Scope 3 target builds on our previously announced goal to achieve operational carbon neutrality for Scope 1 and 2 emissions by 2035, with interim target on reducing those emissions, as referenced above.

This year, we kicked off workstreams focused on reducing our Scope 3 emissions. Further details can be found on page 18.



Products

BorgWarner has been a transformative global product leader for more than 130 years, bringing successful mobility innovation both to our customers and the market. We build on our history today to enable and accelerate the transition to eMobility, building a cleaner, healthier, safer future for all.

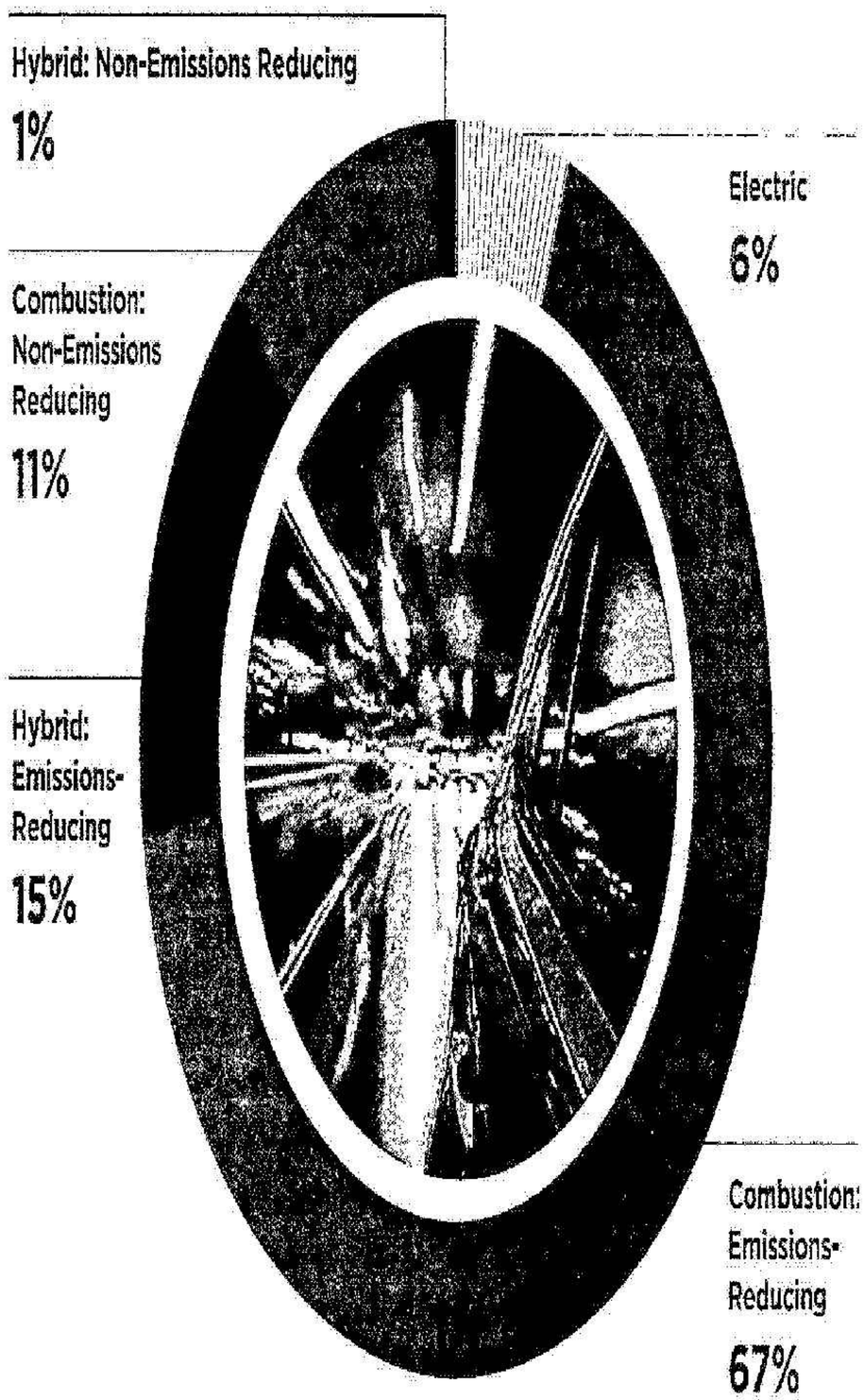
Accelerating Electrification Offerings

In 2022, 88% of revenue came from emissions-reducing products, including EV products and emissions-reducing hybrid and combustion products, such as batteries, turbochargers, and exhaust gas recirculation valves and coolers. EV sales alone were $870 million in 2022, 6% of revenue, and we project, as of June 6, 2023, EV sales will grow to $1.5 – $1.8 billion in 2023. Further, total eProduct sales are expected to be $2.3 - $2.6 billion in 2023.

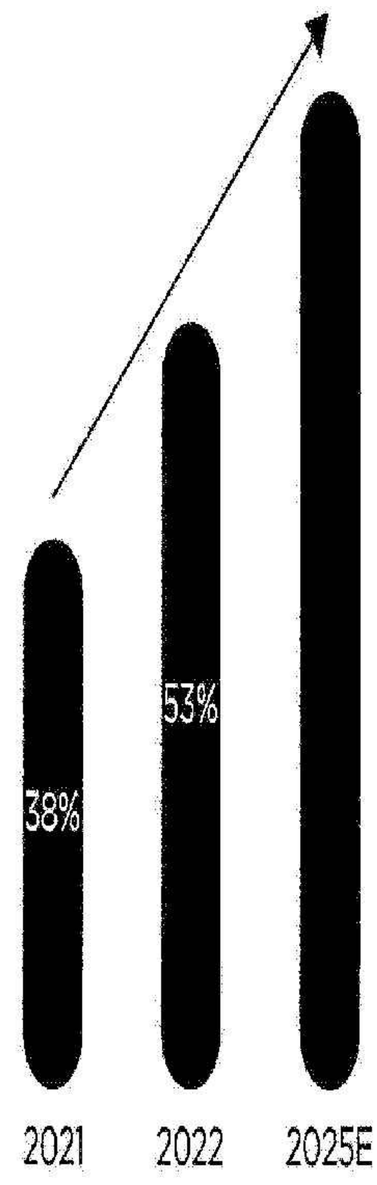
To maintain our position as a technology leader, we invested 5% of revenue in R&D in 2022 and are expecting that number to continue to be approximately 5% in the future. Approximately 53% of our R&D spend went to eProduct projects. In addition, capital expenditures were 4.6% of revenue. Approximately 45% of our capital expenditure spend went to electric-related projects.

As of the end of 2022, we had approximately 7,850 active domestic and foreign patents and patent applications pending or under preparation, which accounts for approximately 4,150 patent families.

2022 Revenue Mix



In 2022, more than 50% of our total R&D was for eProducts, which we expect will continue to grow.



20240806607616

Investing for an Electrified Future

We take a disciplined approach to our mergers and acquisitions activity and pursue opportunities that fit from a strategic and financial perspective. We are investing in companies with compelling technologies that align with our electrification strategy.

2022

APR

SANTROLL

Acquired Santroll Automotive Components, a carve-out of Santroll's eMotor business, to strengthen our vertical integration, scale, and portfolio breadth in light vehicle e-motors, while allowing for increased speed to market.

JUL

Rhombus Energy Solutions

Acquired Rhombus Energy Solutions, a leader in vehicle-to-grid (V2G) DC Fast Charging, to complement our European charging footprint and add a North American regional presence to our charging portfolio.

DEC

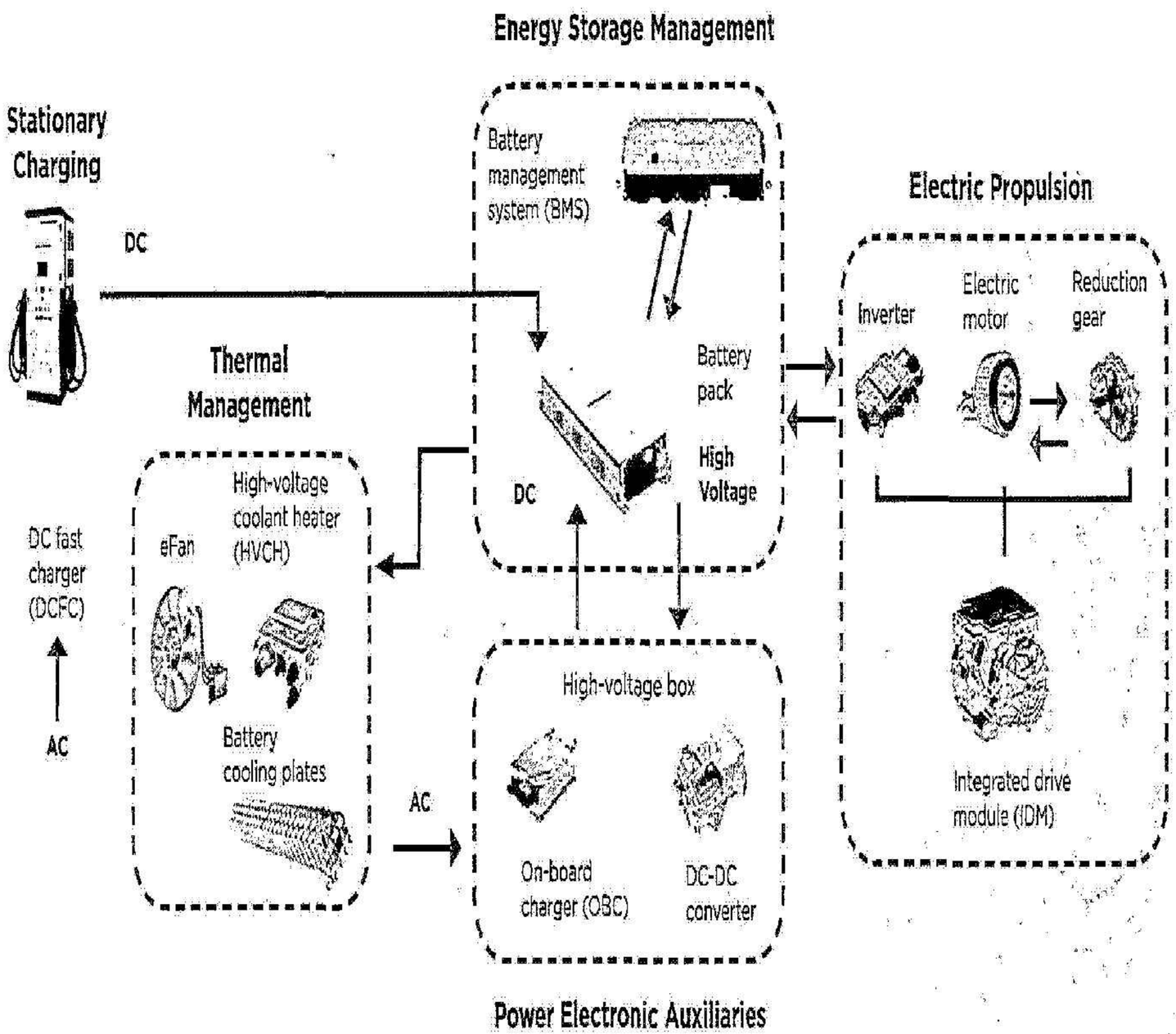
drivetek

Acquired Drivetek AG whose expertise in power electronics and electrical machines, system engineering, and control software strengthens our power electronics capabilities in auxiliary inverters, and is expected to accelerate the growth of our High Voltage eFan business.

2023

SSE

Acquired Hubei Surpass Sun Electric (SSE) Electric Vehicle Charging Solution, Smart Grid, and Smart Energy businesses to bolster our fastcharging capabilities globally. SSE supplies state-of-the-art charging solutions and charging points to customers, primarily in China.





Scope 3: Understanding and Reducing Our Indirect Carbon Impacts

In 2022, we identified our Scope 3 carbon emissions baseline across the 15 greenhouse gas (GHG) Protocol categories and calculated 2021 emissions for the 10 categories we identified as most relevant for our Company. Following which, we established a target to reduce our Scope 3 emissions 25% by 2031. This target is aligned with the SBTi well below 2°C scenario.

To meet our Scope 3 target, we are focusing on actions that can be made by the Company, such as transitioning our product portfolio to electrification and furthering circular product development by increasing content of recyclable and remanufactured material, product weight reductions, and sustainable raw material selection.

Since announcing this target, we launched different workstreams through five key reduction levers, which are:

- **Supplier Emissions**
- **Aluminum Emissions Reduction**
- **Overall Weight Reduction**
- **Steel and Iron Emissions Reductions**
- **Recycling and Reuse**

As a first step for supplier engagement, we are awarding suppliers for having greenhouse gas reduction targets in place as a part of our new supplier scorecard.

GHG Protocol Category	% of 2021 Scope 3
1. Purchased goods and services	**24.03%**
2. Capital goods	**0.22%**
3. Fuel- and energy-related activities	**0.48%**
4. Upstream transportation and distribution	**0.44%**
5. Waste generation in operations	**0.06%**
6. Business travel	**0.01%**
7. Employee commuting	**0.04%**
8. Upstream leased assets	**0.02%**
9. Downstream transportation and distribution	-
10. Processing of sold products	-
11. Use of sold products[1]	**74.34%**
12. End-life treatment of sold products	**0.36%**
13. Downstream leased assets	-
14. Franchises	-
15. Investments	-
Total Scope 3	***100.00%***

1 As part of our expanded Scope 3 emissions calculations, we adjusted our methodology including estimating emissions for commercial vehicle use of sold products in addition to light vehicles. Historical Scope 3 data is thus not comparable.

20240806607617

Lowering Life-Cycle Emissions Across Our Value Chain

We are committed to providing full life-cycle innovations to achieve our vision of a cleaner, more energy-efficient world.

Remanufactured Parts: Supporting a Circular Economy

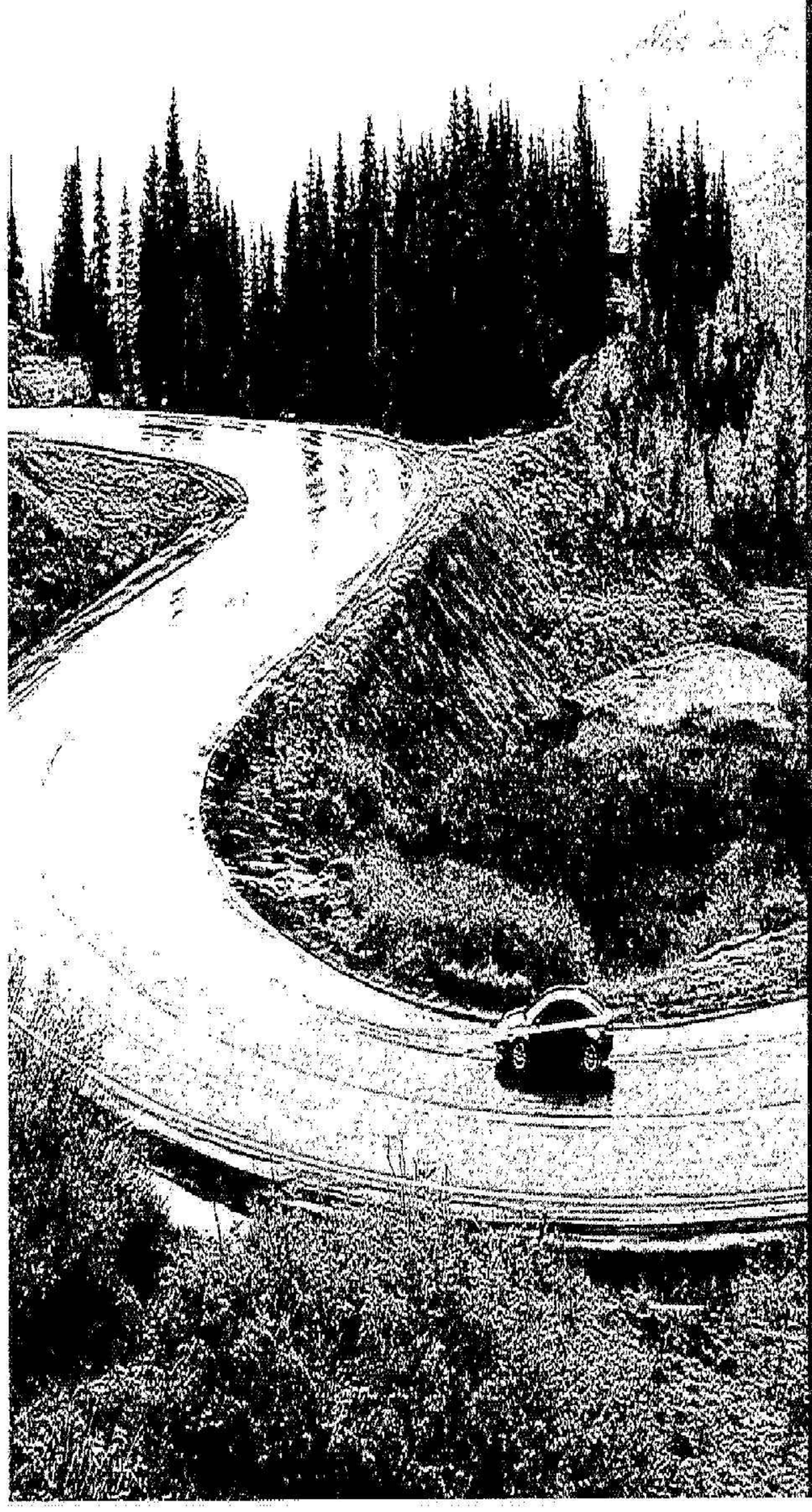
For nearly 30 years, BorgWarner has remanufactured parts for reuse, including turbochargers, alternators, generators, electronic unit injectors, and exhaust gas recirculating valves. Compared to new replacement products, these remanufactured parts are a sustainable, environmentally-friendly, and cost-effective solution for vehicles in a later stage of life.

During that time, more than 24,500 metric tons of aluminum and cast iron, and more than 5.2 million pieces of turbines, compressors, and bearings were prevented from entering landfills by reclaiming components and recycling excess metals. Our remanufacturing capabilities also support our customers' economic and sustainability goals and will become increasingly important as we pursue our Scope 3 reduction target.

Across our product lines, approximately 36% of our input in 2022 came from recycled or remanufactured material.

AKASOL Life-Cycle Assessment

AKASOL conducted an ISO 14040 standardized life-cycle assessment of its electric bus batteries to identify performance and potential improvements in areas such as particulate matter formation, global warming, resource shortage, ozone formation, stratospheric ozone depletion, and terrestrial acidification. The study demonstrated advantages of electric buses compared to diesel buses and surfaced certain climate impact areas of battery production for further studies.



Turbochargers

Turbochargers can boost gasoline vehicle fuel efficiency around 9% by harnessing exhaust gas energy. BorgWarner produced 8.9 million gasoline wastegate turbochargers in 2022 that powered approximately 7.7 million cars. Based on the turbocharger's share of a vehicle's air system, our turbochargers produced in 2022 will save approximately 16.75 million metric tons of carbon over the average lifetime of these vehicles.

Inverters

Inverters are one of the three main components enabling battery electric vehicle propulsion. They efficiently convert direct current from the battery into alternating current, powering the vehicle. In 2022, we produced 282,000 inverters, and this product deployment will contribute to saving around 937,000 metric tons of CO_2e over the vehicles' lifetimes. As EV adoption accelerates, we expect our inverter production in 2025 to increase significantly, leading to emissions savings of 10 million metric tons of CO_2e over their lifetimes.

Operations

Our environmental stewardship begins with our products and continues into our operations. We are committed to efficiently managing our use of resources and operating responsibly. Our **Environmental Policy** defines our objectives to identify, monitor, reduce, and disclose our environmental impacts. All our manufacturing facilities that supply directly to OEMs are ISO 14001 certified for their environmental management systems.[1] To ensure compliance, we conduct regular environmental, health, and safety audits – in 2022, we undertook 15 such audits.

Working Toward Carbon Neutrality

To realize our carbon neutrality goal, we are investing in energy-efficient processes in our plants, renewable energy sources, and dedicated resources within our businesses to drive action. Our operations are utilizing our decarbonization toolbox developed in 2021 to implement best practices for reducing energy consumption, producing zero-emissions energy, and purchasing zero-emissions energy. We are investing in onsite and purchased-offsite renewable energy at our facilities. In 2022, 23% of our electricity use was from renewable sources, significantly more than 3.5% in 2021, as we progress toward our net-zero goal. 2,017 MWh were generated onsite and 232,923 MWh were from purchased renewable electricity in 2022.

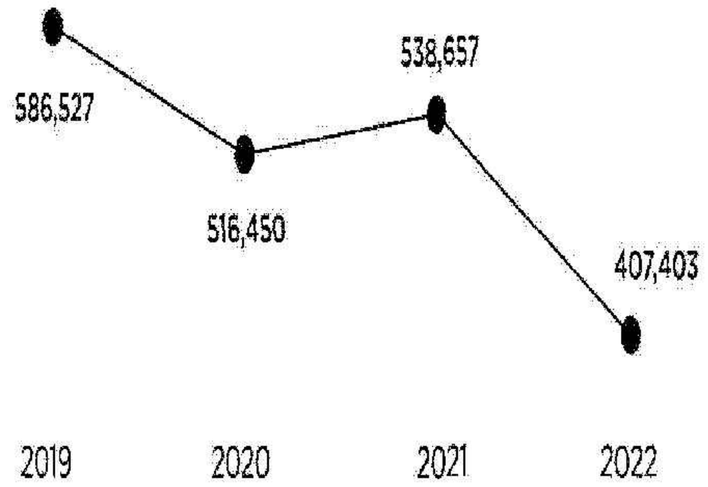
Promoting Energy Efficiency

Globally, we installed smart meters that collect real-time energy data at our manufacturing sites to improve the visibility of our usage and help us achieve energy-management certification. As of December 2022, we had 12 locations certified to ISO 50001 Energy Management Standard, and current plans aim to increase this number.

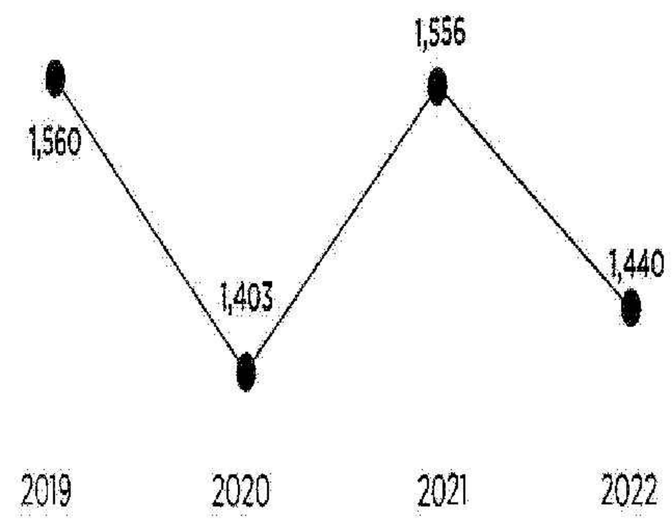
Furthermore, in 2022, we adopted a 3.5% year-over-year energy intensity reduction target across our manufacturing sites as a part of our employee incentive plan. We saw meaningful actions across the business, resulting in an overall energy intensity reduction of 13% from 2021. In 2023, we will continue to tie decarbonization efforts to our employee incentive plan at our plants.

Across our facilities, our local teams took action, such as installing solar panels, solar water heaters, solar tube lighting, rainwater collection systems, and achieving Leadership in Energy and Environmental Design (LEED) certification. As of 2022, 10 of our sites are LEED certified. Our plants are also focused on other ways to bring renewable energy into our plants, including power purchase agreements (PPAs), virtual power purchase agreements (VPPAs), and Green Tariffs.

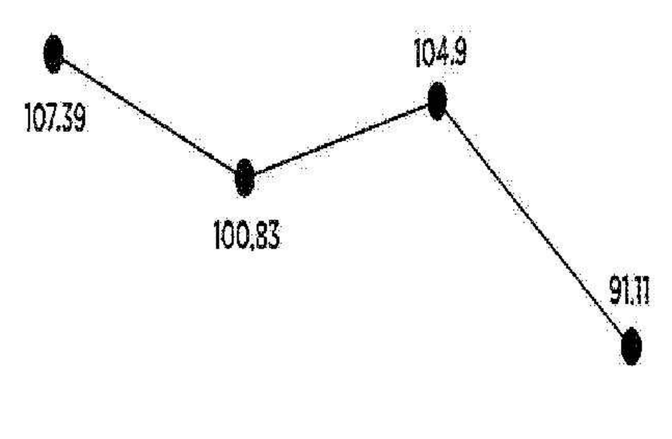
Greenhouse Gas Emissions from Energy Use (mt CO_2e)[2]



Total Energy Use (GWh)[2]



Energy Use Intensity (MWh/$m sales)[2]



1 This excludes newly acquired sites during their first 18 months of production.

2 Energy use and emissions data reporting represents approximately 97% of our facilities by total square footage. Emissions are calculated and reported on a market-based methodology. Refrigerant data available from 2021; data not available for prior years.

20240806607618

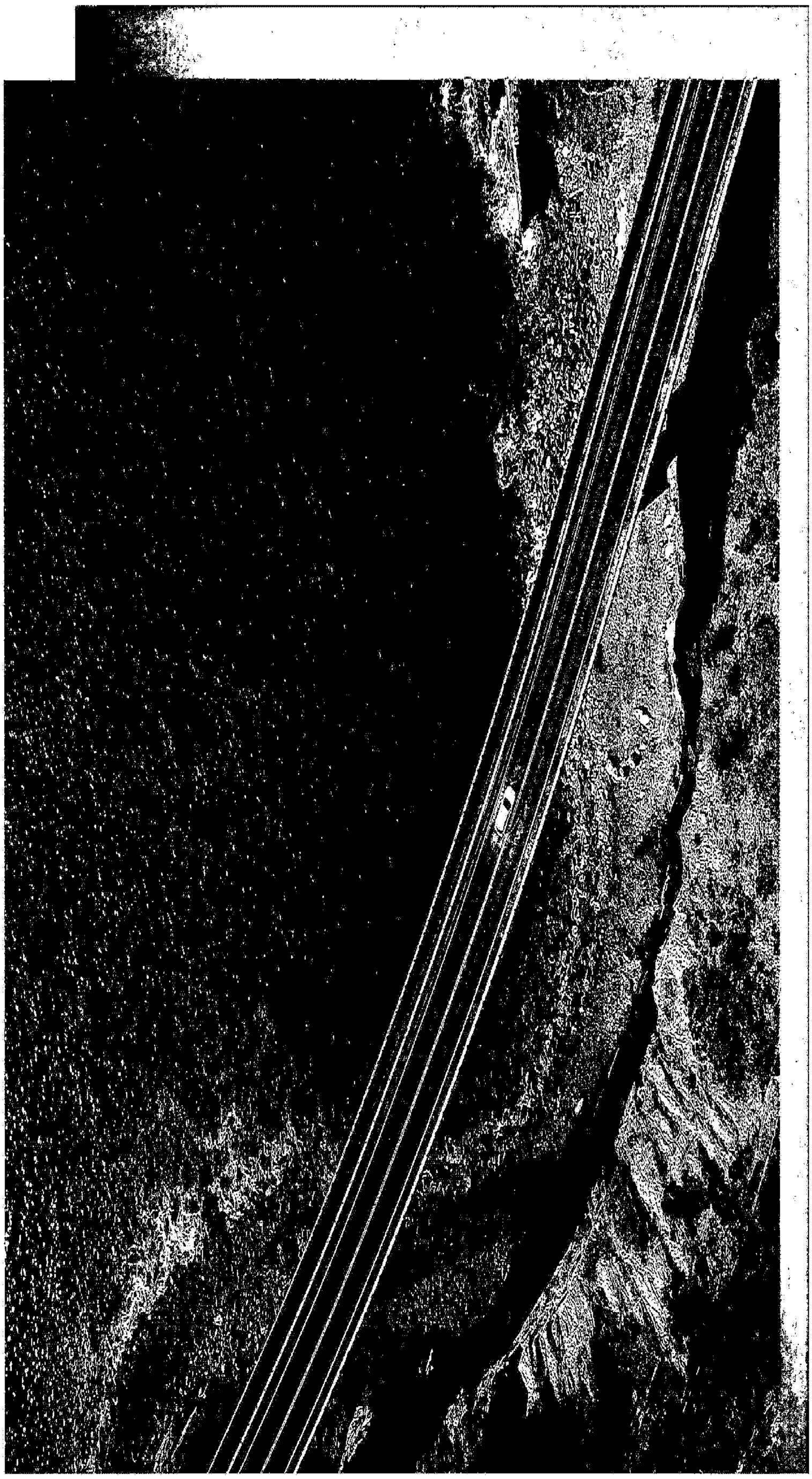
Managing Water Risk

Water has an essential role in all life and all aspects of human development and is considered a basic human right. Climate change and increasing societal demand continue to place pressure on the available supply of water. We integrate water conservation as part of our efforts to create a cleaner, more energy-efficient world.

In 2022, we saw reductions in our water use and water intensity relative to sales. Our water use was 455,173 kgal, down 12.7% from 2021; and our water use intensity was 28.81 kgal/$m sales, down 18.0% from 2021. While our manufacturing processes are not water-intensive, we understand that water risks need to be considered at a local level. From a water risk assessment that we performed at all our manufacturing, technical, and assembly facilities, we found that 11 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. Subsequently, we set a goal of undertaking annual water risk assessments of our facilities and are targeting high-risk locations for water-use reductions. More details on our water management efforts can be found in our **CDP water response.**

Waste Management and Recycling

Maximizing resource-use efficiency is fundamental to our business and environmental goals. We focus on waste diversion, which means reducing our waste and redirecting it from landfills to more sustainable solutions such as remanufacturing, recycling, and composting. Our goal is to achieve an 85% waste diversion rate by 2030. We have taken steps towards this goal by establishing waste recycling programs at all manufacturing facilities.

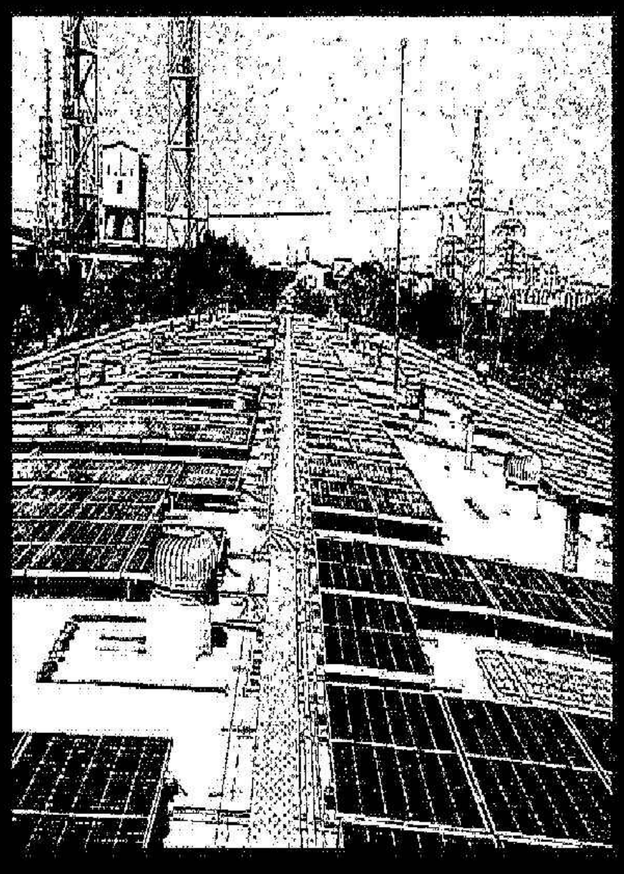


Our Local Teams Accelerating Action

Our acceleration into a clean, energy-efficient world could not happen without the actions of our plants in all countries.

Solar Panel Projects

In 2022, we installed new and expanded existing solar panel projects at many of our facilities, including our Chennai, India; Manesar, India; Ningbo, China; and Seixal, Portugal, sites. Across these facilities, solar installations are projected to reduce more than 3,000 metric tons of CO_2e per year.



Electrical Waste Recycling

Throughout 2022 and 2023, our Rzeszow, Poland, facility encouraged employees to recycle electrical devices in exchange for potted plants and garden trees. The Rzeszow facility collected and recycled over 2,310 kg of e-waste and gifted 450 plants and trees.



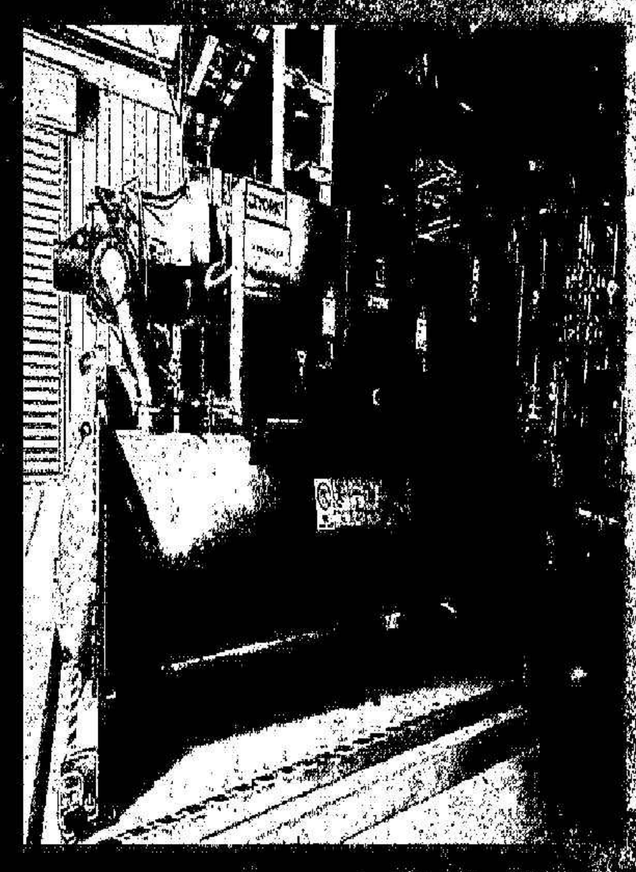
Landfill Waste Reduction

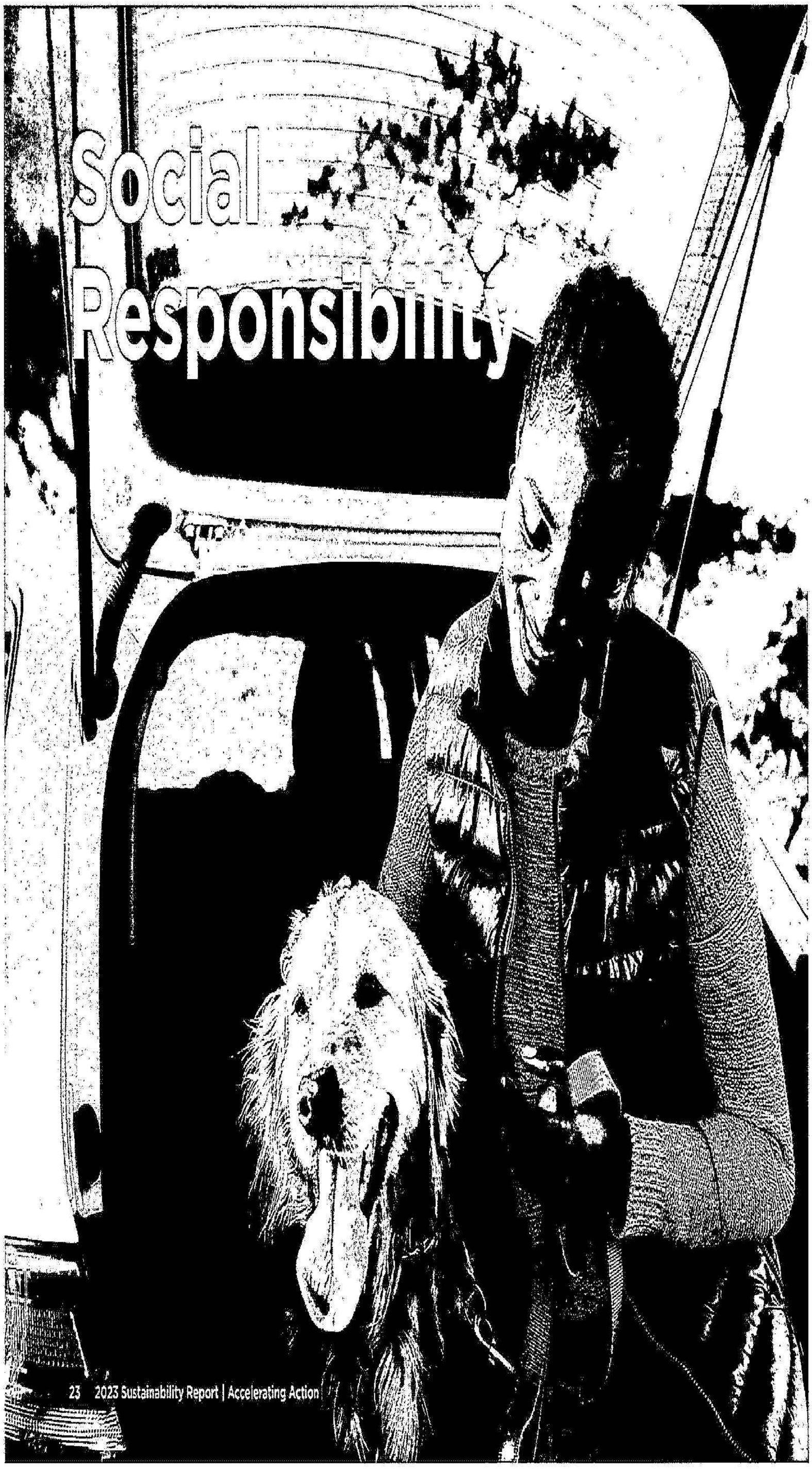
Our Oroszlány, Hungary, facility took the initiative to reduce landfill waste and improve the efficiency of recycling. Part of this program includes separation of recycling types, informational posters, dedicated recycling areas, and training and awareness programs. As a result, Oroszlány reduced the amount of landfill waste generated per employee to 17.5 kg in 2022, compared to 20 kg in 2021, exceeding the target of 19.7 kg.



Production Line Efficiency

Our Suzhou, China, facility replaced a primary magnetic chiller on the production line with a more energy-efficient model. The replacement is projected to reduce energy consumption by 500 MWh per year, the equivalent of reducing 343 metric tons of CO_2e.





Live the BorgWarner Beliefs

Our Beliefs guide us as individuals, as a team, and as a Company. We are committed to promoting and nurturing a diverse and inclusive environment, honoring integrity, striving for excellence, committing to responsibility for our communities, and building on the power of collaboration. As we implement our electrification strategy, we are supporting our employees in the evolution of their skills and building the talent pipeline we need to succeed.

24 Our Beliefs
25 Diversity, Equity, and Inclusion (DE&I)
30 Talent and Development
33 Engagement and Retention
34 Compensation, Benefits, and Well-Being
37 Safety
39 Giving Back to Our Communities

We Are Guided by Our Beliefs as Individuals, as a Team, and as a Company.

Be BorgWarner

BorgWarner Beliefs and Behaviors

Inclusion

Respecting individuals

Be Curious, Perceptive, Courageous

Integrity

Honoring truth

Be Honest, Dependable, Humble

Responsibility

Our commitment

Be Safe, Involved, Resourceful

Collaboration

Building trust

Be Team Oriented, Connected, Productive

Excellence

Focusing on results

Be Accountable, Agile, Future-Focused

20240806076 20

Diversity, Equity, and Inclusion (DE&I)

We believe our strength is in our differences. We strive to nurture an environment where diversity of background, experience, and skill is welcomed and embraced. We realize an inclusive environment supports a sense of belonging, which enables our team members to be authentic and innovative.

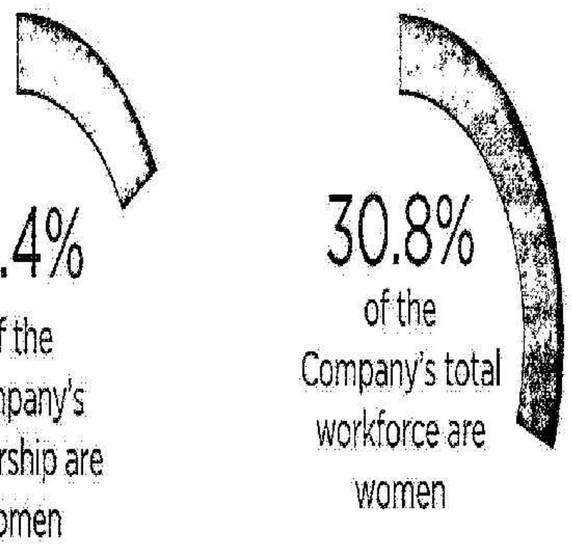
Ultimate responsibility for diversity at BorgWarner lies with our CEO, while the Board monitors our DE&I initiatives and performance. Our Chief Human Resources Officer is responsible for the success of our extensive employee engagement, development, and diversity policies and programs.

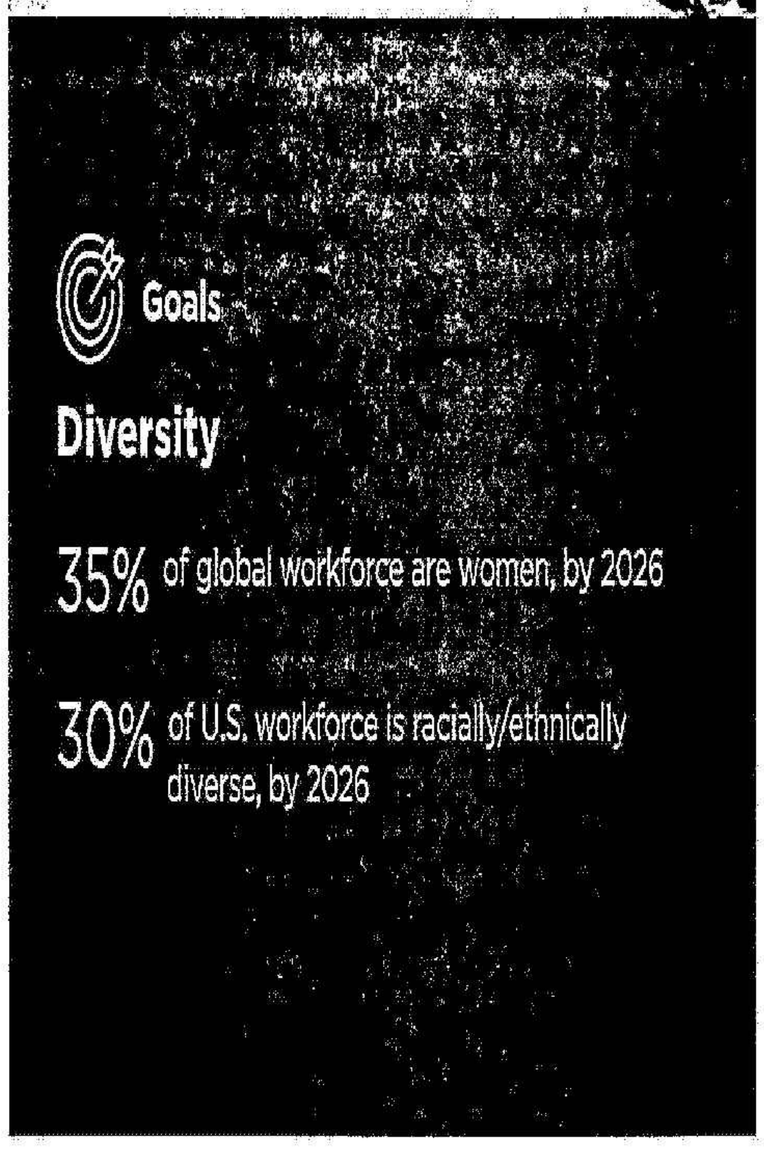
We have an Inclusion Core Team, with representatives from across the business that work on embedding DE&I into BorgWarner. In addition, we have several DE&I Councils in place that each include at least one senior leadership member, bringing more voices to the table throughout the organization to help advance DE&I.



5 of 8
Board members are women and/or racial/ethnic minorities

4 of 11
Strategy Board members are women and/or racial/ethnic minorities

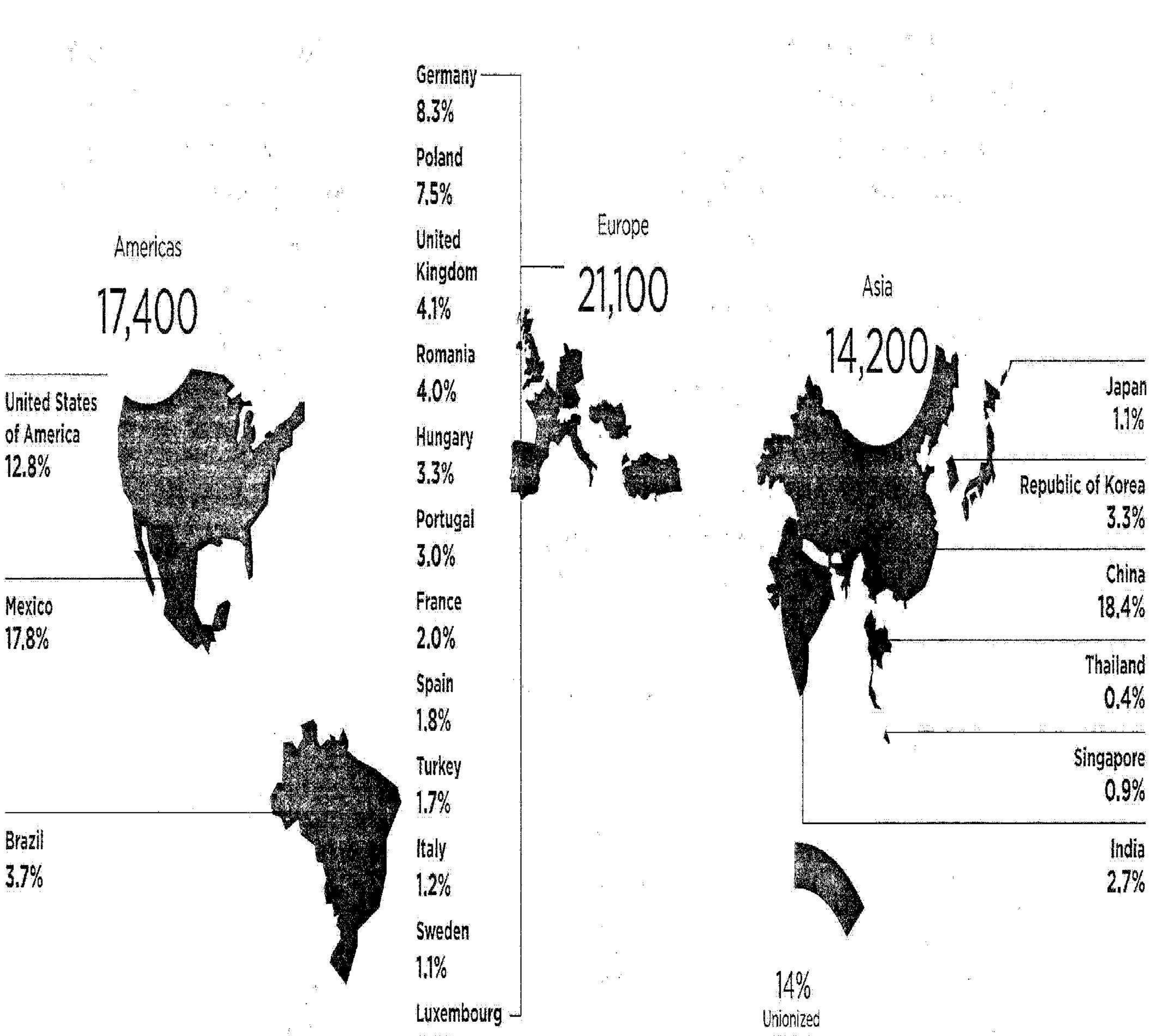




Our Workforce

Employees by Country

Hourly	Salaried	Total
36,000	16,700	52,700



14%
Unionized
Global
Workforce

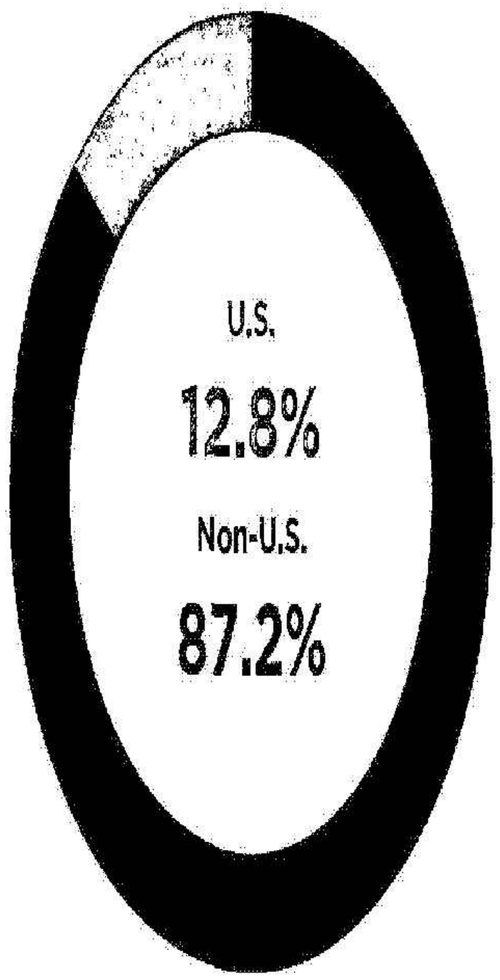
20240806071621

Our Workforce (cont'd)

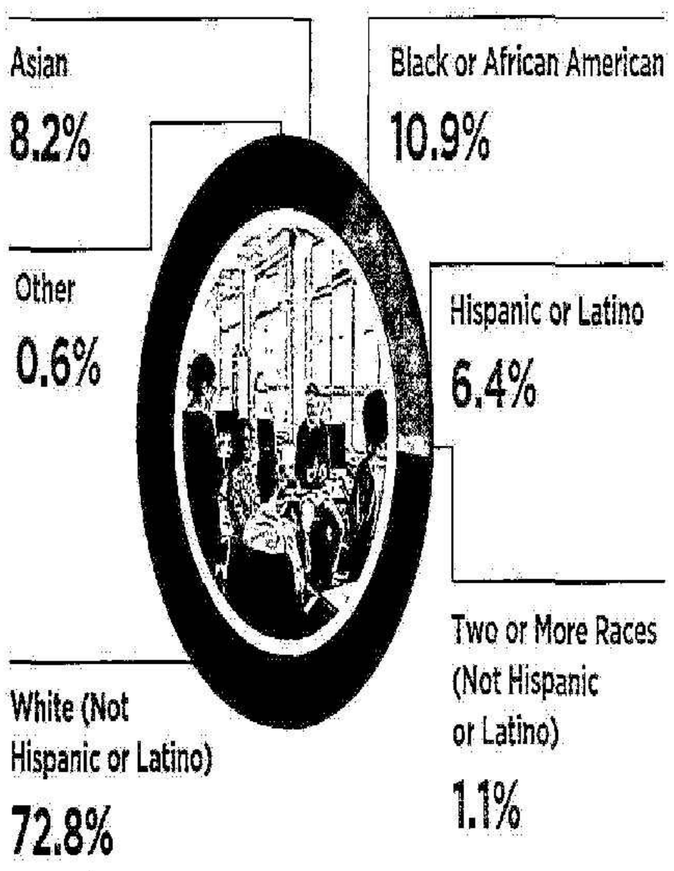
Gender Diversity

	2020	2021	2022
New Hires	33.2%	39.7%	40.3%
Hourly Workforce	31.8%	33.3%	34.1%
Engineering	10.6%	11.3%	12.3%
Salaried Workforce	22.6%	24.0%	24.3%
Leadership	14.6%	15.1%	16.4%
Total Workforce	28.6%	30.1%	30.8%

U.S. vs. Non-U.S. Employees



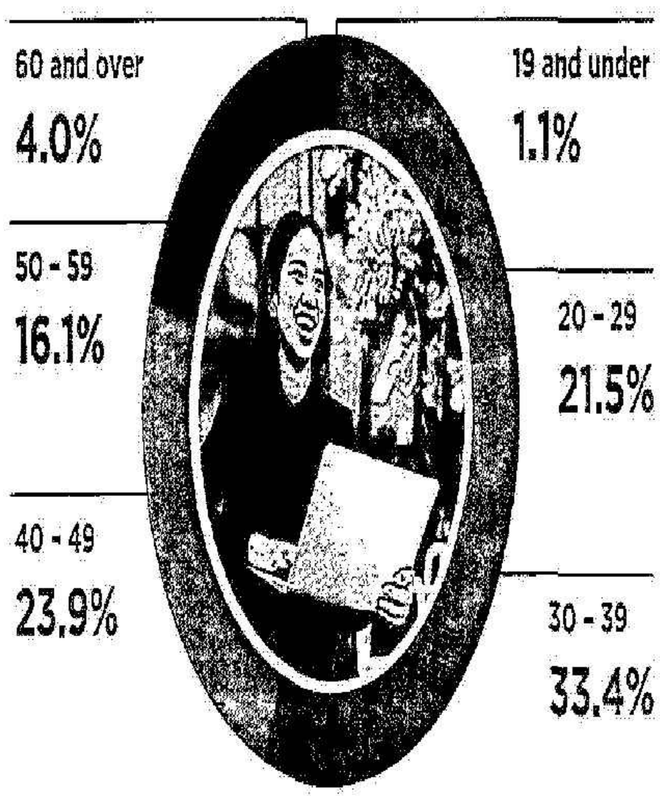
U.S. Employees by Race/Ethnicity in 2022



Racial/Ethnic Diversity (U.S.)

	2020	2021	2022
New Hires	24.7%	26.8%	42.9%
Hourly Workforce	30.9%	30.8%	31.4%
Engineering	19.1%	19.1%	24.6%
Salaried Workforce	18.0%	18.8%	22.5%
Leadership	13.9%	17.4%	20.8%
Total Workforce	24.8%	25.0%	27.0%

Employees by Age Group



Top Languages Spoken at BorgWarner

1 English
2 Spanish
3 Chinese
4 German
5 Polish
6 Portuguese
7 Romanian
8 Hungarian
9 Korean
10 French

Creating Opportunities for a Diverse Workforce

Having diversity in background, skill, and experience leads to innovative ideas. At BorgWarner, we have multiple initiatives that focus on recruiting and creating opportunities for a diverse workforce.

Campus Partnerships

In 2022, we evolved our U.S. campus partnership program to align with our priority to recruit diverse interns and full-time employees with specialized skills that can support our business strategy. The new program features BorgWarner executive sponsorship and diverse ambassadors to support the program's success. We seek to partner with Historically Black Colleges and Universities and other schools that have significant populations of underrepresented groups, including gender diversity in engineering.

BorgWarner Scholars Program at Kettering University

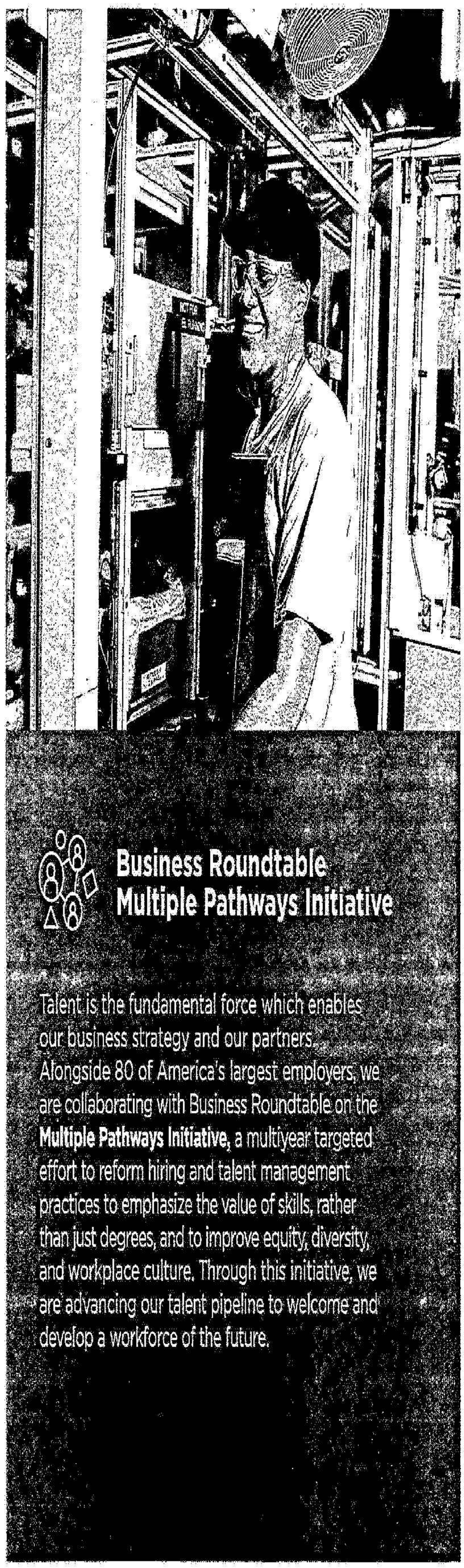
BorgWarner partnered with Kettering University to establish the BorgWarner Scholars Program, which provides scholarships to racial/ethnic minority students in financial need and with an interest in participating in an engineering co-op at BorgWarner. One of the goals of the program is for the scholars to graduate debt-free. We have awarded eight students with this scholarship so far, including four students in 2022, three of which were women. Over the past few years, BorgWarner donated more than $2 million to Kettering University.

Partnerships to Advance DE&I

BorgWarner is a proud signatory of **CEO Action for Racial Equity**, an initiative and fellowship through which we collaborate to advance public policy aimed to fight systemic racism, such as **Decriminalizing Poverty and Mobilizing Untapped Talent**. In 2023, we also joined the business community in supporting the expansion of Michigan's Elliott-Larsen Civil Rights Act to include protections for LGBTQ+ people.

Second Chance Hiring Program

As members of the **Second Chance Business Coalition,** BorgWarner is actively expanding employment opportunities in the U.S. for individuals with prior involvement in the justice system. In 2022, we certified a group of Human Resources leaders through the Society for Human Resource Management's Getting Talent Back to Work program. We are working to certify at least one HR employee at all U.S. sites. In addition, we have removed questions regarding prior justice system involvement from our employment application. With this change, we hope to eliminate bias, encourage more candidates to apply, and assess candidates through a more holistic lens.



Business Roundtable Multiple Pathways Initiative

Talent is the fundamental force which enables our business strategy and our partners. Alongside 80 of America's largest employers, we are collaborating with Business Roundtable on the **Multiple Pathways Initiative,** a multiyear targeted effort to reform hiring and talent management practices to emphasize the value of skills, rather than just degrees, and to improve equity, diversity, and workplace culture. Through this initiative, we are advancing our talent pipeline to welcome and develop a workforce of the future.

Driving an Inclusive Workforce

At BorgWarner, we have company-led initiatives including Women in Leadership programs, as well as voluntary, employee-driven groups known as "Employee Belonging Groups." All of these groups are important to promoting an inclusive workforce.

Employee Belonging Groups

Our Employee Belonging Groups celebrate diversity and promote inclusion through encouraging networking, professional development, and cultural awareness. The groups are voluntary, employee-driven teams that are supported with BorgWarner resources and executive sponsors.

BorgWarner African Ancestry Network Group (BAANG)
engages our employees with African ancestry and those who want to support them as allies.

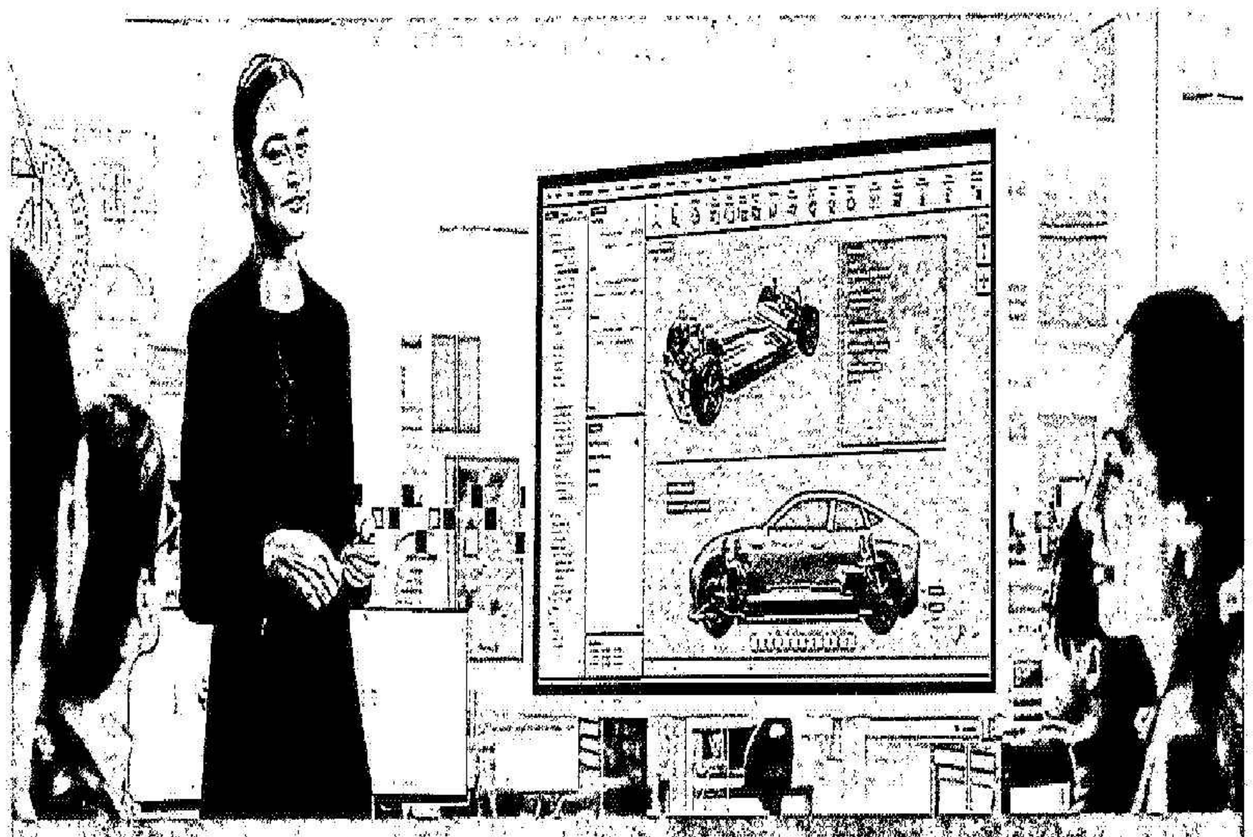
Women in Science and Engineering (WISE)
supports personal and professional growth of women employees in the STEM fields.

PRIDE
celebrates diversity with people who identify as LGBTQ+ or are allies of the community.

BorgWarner Engagement Action Team (BEAT)
fosters and promotes a positive sense of community in the workplace.

Women and Machines Initiative

Recognizing the significant gender gap within the machining workforce and increased business demand for precise machining methods, our manufacturing sites saw an opportunity to upskill and invest in our female production operators. Our Rzeszow, Poland facility launched the Women and Machines program, which provides women operators formal and on-the-job training. The operators learn about the construction and operation of our Computer Numerical Control machines, technical drawing, measuring tools, and machining technology and processes. After finishing the program, the operators are transferred to the machining department. Other locations, such as Itatiba, Brazil, have successfully launched similar initiatives.



Women in Leadership

Our Women in Leadership program focuses on supporting women to build and develop their careers and networks, both within the Company and externally.

Women Rising. Our Women Rising program focuses on building a foundation for ongoing professional growth and development for women early in their careers. This four-month program explores the differences in how men and women lead. Each woman develops a deeper understanding of her personal style, learns how to leverage her strengths, and incorporates habits that support career success. **Since 2020, 30% of participants have achieved a job change or promotion and 90% have stayed at BorgWarner.**

Women in Leadership mentoring. Our mentoring program is a one-year mentoring partnership for women in mid-career that provides opportunities to network, build relationships, and explore career growth. This program builds on self-awareness and further identifies goals for career progression. **Since 2020, 39% of participants have achieved a job change or promotion and 84% have stayed at BorgWarner.**

Women's Executive Forum. Candidates at the senior management level are invited to the Forum to focus on becoming more impactful leaders. The objectives of the program are to develop diverse talent by:

- Examining select behaviors to address leadership challenges faced by women
- Creating a safe space for dialogue to discuss and engage in shared challenges
- Facilitating relationships among the group, and
- Arming women with behaviors to help them build relationships and advocate for themselves

The Forum is delivered as a blended solution over 12 months. This includes an in-person event and leadership behavior-focused dialogues to follow up and maintain the learning and networking as a cohort. **Since 2018, 35% of participants have achieved a job change or promotion and 83% have stayed at BorgWarner.**

Talent and Development

We know that our people are paramount in enabling us to accelerate toward electrification. We leverage our Global Talent Development Process, a strategic, long-term approach, to ensure our employees have the skills and development plans to succeed. This integrated process identifies the organization's short- and long-term talent needs, aligned with our Company strategy.

Developing Our Future Leaders

BorgWarner has a long-standing and robust Global Talent Development Process that starts career and succession planning either at a plant or department level, all the way to executive management team roles. At the Board of Directors level, Board members conduct a talent review every July. This review includes an assessment of our CEO. Within the Company, our talent and succession pools are reviewed annually, and we are committed to ensure every salaried BorgWarner employee is a part of a succession planning process.

We provide formal development opportunities at all levels and stages of our employees' careers. These opportunities are delivered in a variety of formats to make our solutions agile, sustainable, and scalable. This includes training programs and approaches, created both independently and in partnership with learning institutions.

We provide all salaried employees with access to Spark Learning, an electronic platform offering development and skill building courses created with an enterprise perspective. The platform helps new hires understand our Beliefs and our mission with a suite of courses to be completed in their first 90 days, followed by ongoing content designed to help them adapt and grow within the organization.



20240806607623



Development and Growth

To foster employee development and retention, employees work with their managers to create annual business and professional development goals. These goals are crafted to help employees drive progress along their chosen career paths. Every employee has a personal career profile where they can:

» document career interests and recent accomplishments,
» express their desire or willingness to work in other locations, and
» record external training and certifications.

All salaried employees and team-leader hourly employees participate in a formal, annual review process, in accordance with collective bargaining agreements. Our review process includes giving and receiving feedback training and a 360-degree feedback program.

Employees can also complete a self-paced eLearning course, Spark Your Career, that teaches learners how to use four ignitors – awareness, ability, aspiration, and agility – to boost career potential and other resources.

2022 Highlights

112,000+
hours of training provided to salaried employees

$1.1M+
invested in the training and development of our employees

6.73
average hours of training per salaried employee

852
current or future leaders were impacted by training investment

16,000+
salaried employees received training

7%
increase in salaried employees that received training compared to 2021

66%
of our leadership positions were filled via internal placements[1]

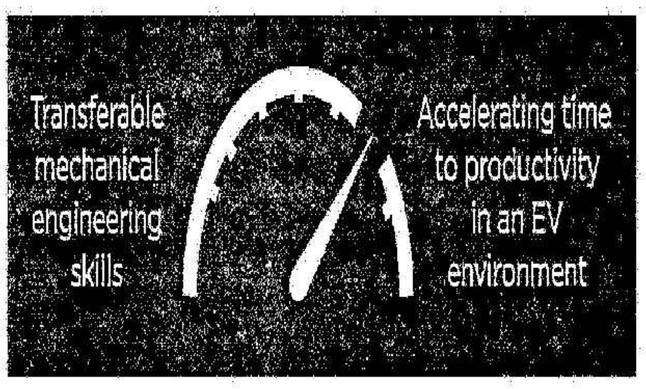
1,222
apprentices, interns, and co-ops were hired

1 "Leadership" is defined as employees eligible for the Management Incentive Plan (MIP).

Enabling the Workforce of the Future

Understanding we are only able to achieve results because of our people, we support our employees in evolving their skills as we transform our business through *Charging Forward.*

POWER TO E-VOLVE



The Power to Evolve training program transforms our existing engineers into a cutting-edge team, which can work on our EV products. Created in partnership with leading universities in the United States, Europe, and most recently China, employees learn hands-on skills required for productive work on EV products and complete modules for inverters, batteries, and motors.

In spring **2022**, we celebrated our first cohort of 102 engineers across the United States and Europe with an impressive 92% placement rate. We continue to expand the scale of Power to Evolve, including the launch of two more cohorts in fall **2022** and spring **2023** and the expansion of the program to our China operations.

We seek feedback from our cohorts during and after the program to continuously improve the training and how it is delivered.

We are also developing Power to Evolve's advanced tracks such as Batteries, Cybersecurity, and Systems. The advanced tracks will focus on engineers that have specialized skills.

Recognizing that the acceleration to electrification impacts more than just our engineers, introductory elements from the program have been adapted into an e-learning, which has been requested by and delivered to over 1,400 BorgWarner employees globally.

Spring 2022 – First Cohort
- » Europe (51 engineers)
- » U.S. (51 engineers)

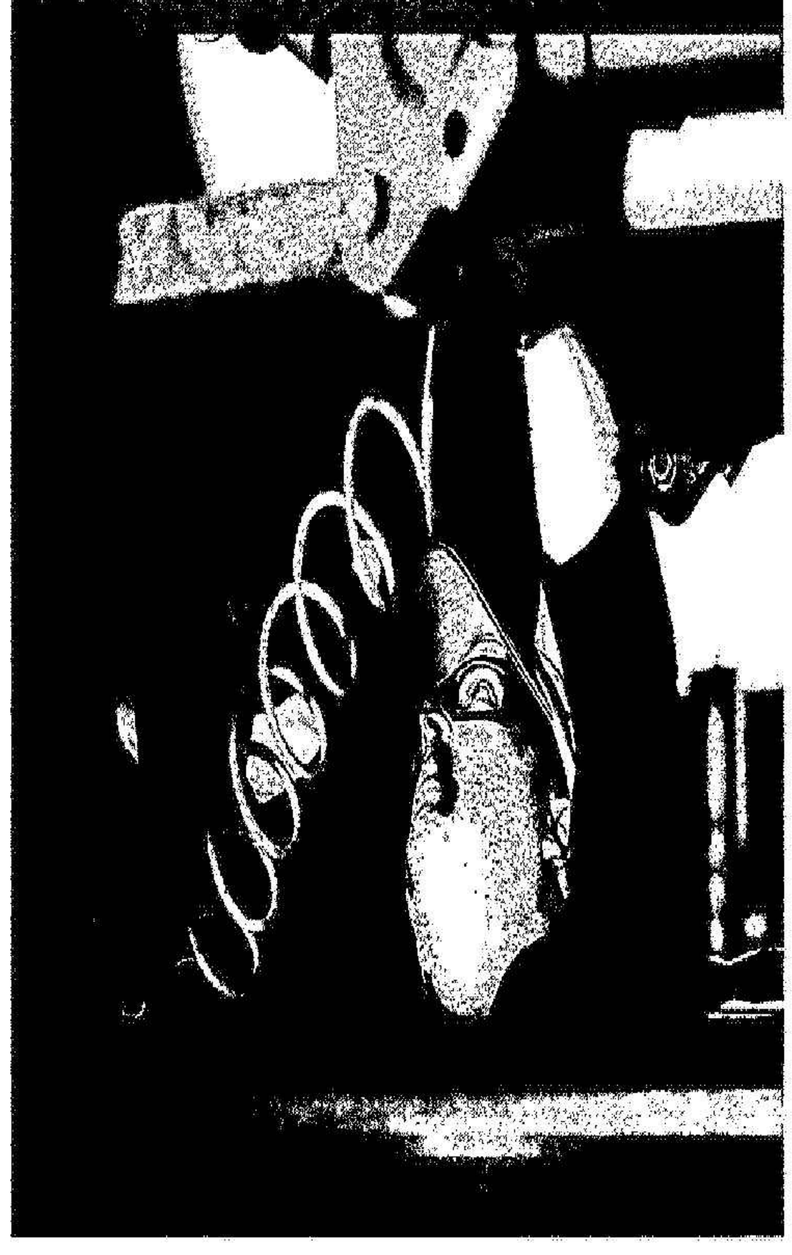
Fall 2022 – Second Cohort
- » Europe (49 engineers)
- » U.S. (46 engineers)

Spring 2023 – Third Cohort
- » Europe (41 engineers)
- » U.S. (50 engineers)
- » China (50 engineers)

Local Initiatives to Upskill Our Talent

Because our decentralized business model focuses on taking care of our people, initiatives similar to Power to Evolve are taking place across our business and local plants to ensure our employees have the right skills for an electrified future, including:

- » Offering a full-time, 18-month program to reskill talent across several of our locations
- » Transferring mechanical engineers to different areas of the business and then immersing them in EV products
- » Formal mentorships between EV-heavy talent and ICE-heavy talent to bring meaningful development to our workforce
- » Allowing for workforce flexibility, moving the work to the talent, when we are able to do so.



Engagement and Retention

We deliver competitive, efficient, and innovative products to our customers due to our outstanding employees. We value the voices of our employees. BE HEARD, our biennial engagement survey, serves as the main channel to engage our employees across our organization, establishing a direct line of communication to our workforce at all levels, including hourly employees and contingent workers.

BE HEARD

Employee Survey

The survey is distributed, and once results are received, local focus groups take a deeper dive into the results and develop site-level action plans with direct employee feedback in mind.

BE HEARD helps us understand how our employees feel about their experiences with their coworkers, leaders, and jobs. In our most recent survey in 2021, we saw positive results, including:

- **84%** of participants felt proud to work for BorgWarner
- **81%** would recommend BorgWarner as a good place to work
- **69%** said they plan to work for BorgWarner for more than five years (or until retirement)

All of these scores outperform global benchmarks, both within our industry and across industry types. To further improve our results and employee experience, 2022 was focused on implementing the global and local action plans.

In addition to BE HEARD, there are other initiatives that are implemented by our sites that allow us to communicate with and listen to employees throughout the year:

- **Fireside chats with senior leaders**, which are inclusive of all employee types
- **Quarterly business updates**, with comment sections for employees to ask questions
- **Local and global newsletters** that are shared virtually and in our plants for employees

We also understand the importance of engaging employees that join BorgWarner through an acquisition. To facilitate collaboration and harmonization, we integrate existing BorgWarner talent into newly acquired plants. The selected talent is based on several factors such as experience, skill and background. In 2022, we reviewed talent without their names and locations to remove potential biases, which resulted in eight plant managers placed at newly acquired plants.

We actively monitor our employee retention and turnover performance, and our leadership is focused on understanding and minimizing employee departures.

Goals

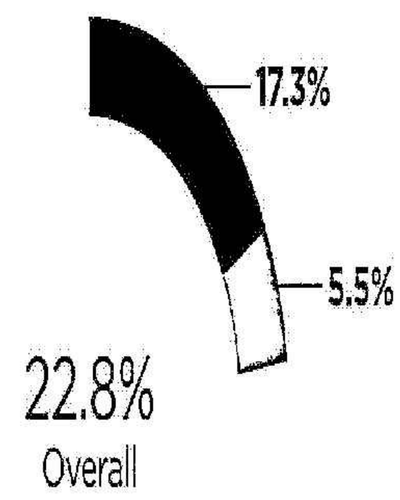
Inclusion

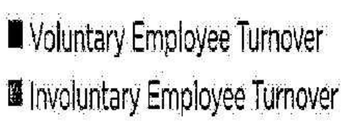
80% or above on the BorgWarner Beliefs index score from our employee engagement survey, by 2026

Voluntary Employee Turnover

	2019	2020	2021	2022
Hourly	12.7%	9.1%	17.1%	19.8%
Salaried	9.4%	8.0%	12.1%	12.8%
Overall	11.6%	9.6%	15.3%	17.3%

Overall Employee Turnover





Compensation, Benefits, and Well-Being

Our total reward programs were created to attract, motivate, reward, and retain a highly qualified, globally diverse workforce.

While our benefit plans vary depending on geographical location, they are all designed to support employee health, development, and long-term financial success.

We reward employees based on their contributions and our Company's overall performance. The majority of BorgWarner employees receive variable, performance-based pay linked to achieving corporate goals. As of the end of 2022, 78.7% of our employees[1] are eligible to receive variable, performance-based pay.

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



Linking Employee Pay to Our Business Strategy and Sustainability Initiatives

To reward and hold employees accountable for our sustainability performance, ESG performance is embedded into each level of our bonus plans across individual contributors and leadership. Advancing our electrification portfolio is not only aligned with our sustainability strategy, but also our business strategy:

» For senior leadership, we link 50% of the performance component of our long-term incentive plan with our *Charging Forward* goals through an eProducts revenue mix metric. The products underlying this metric include all products utilized on EVs, plus those products and components that are included in hybrid powertrains whose underlying technologies are adaptable or applicable to those used in EVs.

» For all employees who are senior manager-level and above, the annual incentive award includes the potential for a performance modifier based on qualitative company-wide strategic targets, which include ESG-related metrics.

» Our employee incentive plan for non-management workers at our plants is linked to ESG initiatives for each of our sustainability pillars: for environmental, a portion is tied to decarbonization initiatives; for social, a portion is tied to health and safety performance; and for governance, a portion is tied to quality.

1 "Employees" refers to total workforce, excluding temporary, contract, and contingent workforce, along with student workers.



I am BorgWarner

In 2022, BorgWarner launched the I am BorgWarner recognition program which provides team members the opportunity to recognize – and be recognized for – bringing our Company beliefs to life through demonstrating them in everyday work. Employees may shine a light on a coworker's success, say thank you, and celebrate both personal and professional milestones. In its first year, 34% of global employees enrolled in the program. Of the salaried population, 69% enrolled in the program. Hourly employees received 40% of total recognitions.

20240806076625

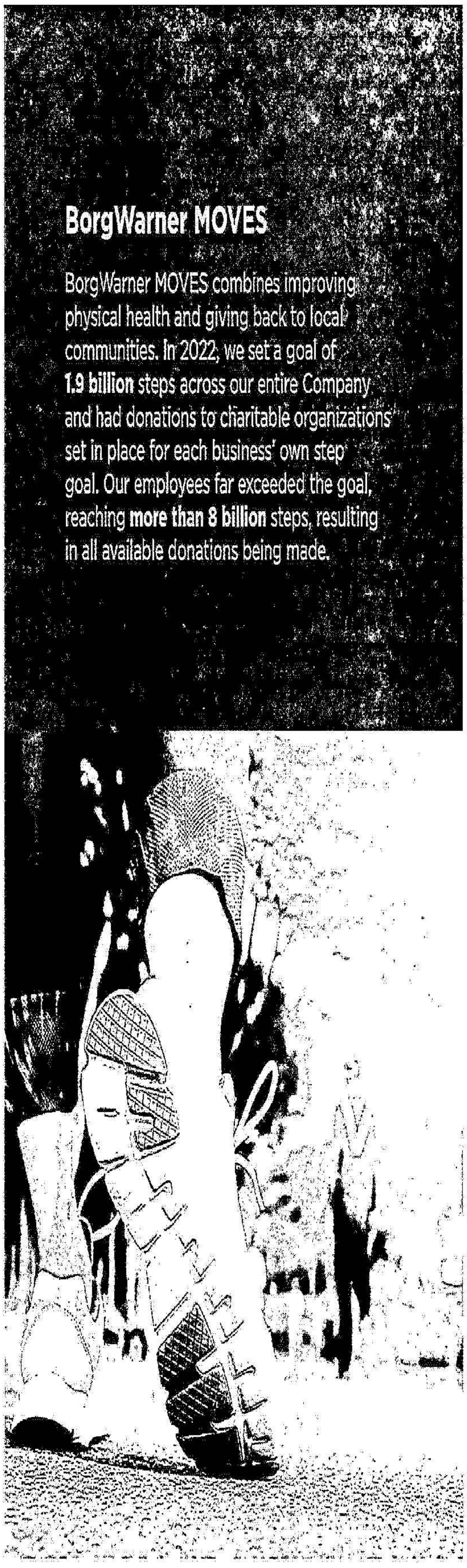
Benefits Available to All Employees

We believe that healthy employees are happier and more satisfied employees, and a healthy workforce is a more productive workforce. We are committed to providing our team with:

- Quality and competitive benefit programs
- Health and well-being resources
- Decision-support tools
- Family-centric policies
- Agile workplace program

All full- and part-time employees are eligible to participate in our retirement plans, and all full-time employees are eligible to participate in our health and welfare plans, where not precluded by collective bargaining agreements or national statutory plans.

Plans are benchmarked for competitiveness and value. Locations also provide a variety of well-being programs, including fitness opportunities, medical checkups, parental leave, and volunteering options. Our parental leave is provided to same-sex and opposite-sex partners. Our employee assistance programs globally support overall well-being and community resources.





Commitment to Fair Pay and Working Conditions

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. For 2022, our global gender pay-equity analysis identified that, on average, women received compensation 99.0% of that received by men. In the U.S., racial/ethnic minorities received compensation of 100.9% compared to compensation received by non-minorities. Specifically, Black or African American pay relative to non-minority pay was 99.0%; Hispanic or Latino pay relative to non-minority pay was 98.9%; and Asian pay relative to non-minority pay was 102.3%. An annual salary review process is in place to evaluate and address discrepancies in pay, if identified.

Goals

Equity

Achieve and maintain pay parity for all by 2026

98.9%

Hispanic or Latino pay relative to non-minority pay

102.3%

Asian pay relative to non-minority pay

99.0%

Compensation received by women relative to male pay

99.0%

Black or African American pay relative to non-minority pay

Basic Working Conditions

Labor unions are an integral and proud part of our workforce. Approximately 14.0% of our global workforce and 13.4% 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. As outlined in our **Basic Working Conditions Guiding Principles**, 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.

We also do not tolerate the use of child labor, forced labor, or human trafficking in any form in our operations and comply with all wage and hour regulations wherever we operate.

20240806076626

Safety

We take the safety of our employees seriously and are committed to continuously improving our strong safety performance.

We require our facilities to report injuries and illnesses according to Occupational Safety and Health Administration recordkeeping standards and other applicable reporting requirements. Our global Total Recordable Incident Rate (TRIR) of 0.37 and Lost Time Incident Rate (LTIR) of 0.18 have improved 49% and 64%, respectively, since 2016.

Our safety performance is rooted in robust 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 (GSSF), which is harmonized to the ISO 45001 standard, was the foundation of our safety management system and implemented in our manufacturing and technical centers around the world. We are currently transitioning all manufacturing sites to be ISO 45001 certified. 80% of facilities received ISO 45001 certifications by the end of 2022, and 95% of sites will be certified by 2023.

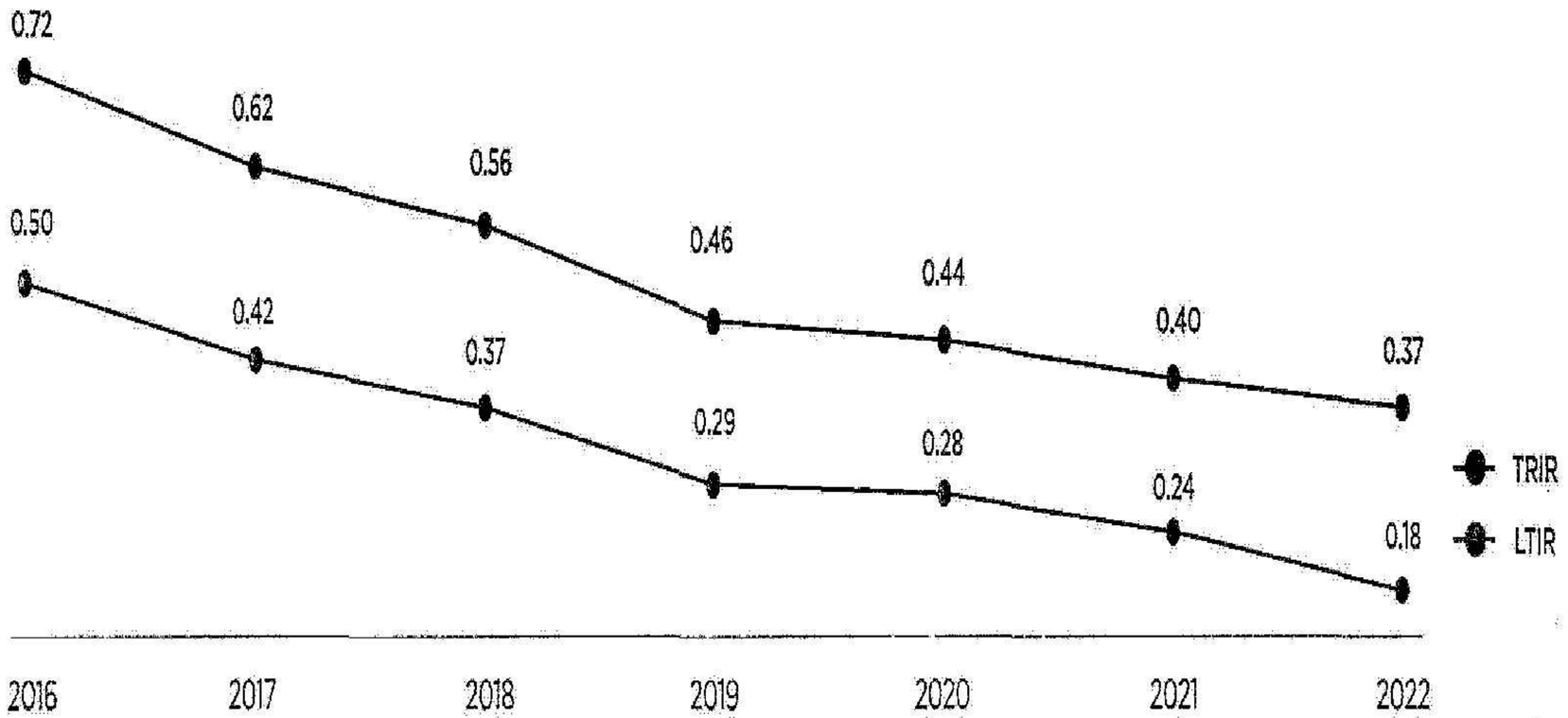
In 2022, Severe Injury or Fatality/potential Severe Injury or Fatality (SIF/pSIF) was a focus, as these types of incidents have the possibility for the greatest harm to our employees. We trained employees on the seven high-risk categories most appropriate for our operations: hazardous energy control, powered industrial trucks, contact with objects, such as thermal or chemical, work at heights, machine guarding, confined spaces, and electrical work. Additionally, our fourth annual Global Safety Day aligned to support these categories through awareness, training, and activities, such as having crane operators and forklift operators showcase their skills by competing in courses to test their proficiency and expertise.

Our Safety Commitments

Perform in the top quartile for TRIR and LTIR.[1]

Implement and maintain ISO 45001 certification at **100%** of our manufacturing sites.[2]

Injury/Illness Performance (Rate per 200,000 hours worked)



1 Based on U.S. Bureau of Labor Statistics, Survey of Occupational Injuries and Illnesses Data, Motor vehicle parts manufacturing (NAICS 336300).
2 The scope of these performance indicators is for manufacturing locations that supply directly to original equipment manufacturers, excluding new sites during their first 18 months of production.

Working Together to Recognize the Importance of Safety

2022 CEO Safety Excellence Award

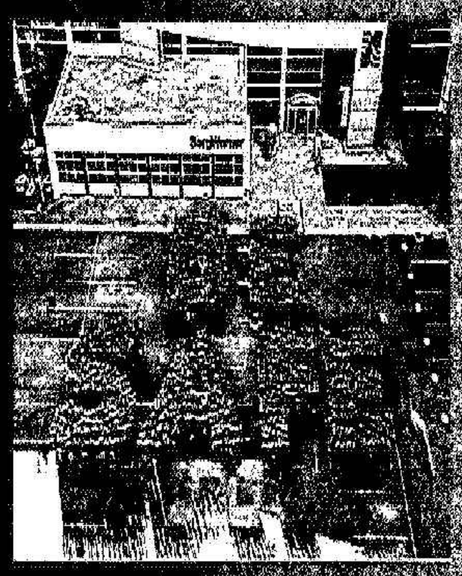
Thirteen manufacturing facilities achieved the CEO Safety Excellence Award in 2022 for working one million hours and a minimum of 12 consecutive months without a recordable incident, along with other safety performance requirements:

- El Salto, Mexico
- Bradford, United Kingdom
- Chennai, India
- Dalian, China
- Singapore
- Ningbo WOFE, China
- Taicang, China
- Tianjin, China
- Błonie, Poland
- Shanghai, China
- Manesar, India
- Suzhou, China
- Dixon, Illinois



BorgWarner's Fourth Annual Global Safety Day

In October 2022, all BorgWarner locations took part in our fourth annual Global Safety Day. Our workers participated in events that highlighted the importance of safety and steps everyone can take to reduce and prevent the risk of accidents.



CEO's Safety Excellence Award – Ningbo, China

Our Ningbo facility was the first facility in the world to win eight CEO Safety Excellence Awards. We hosted a celebration to recognize our employees for pioneering safety at all times.



Global Safety Day – Ningbo, China

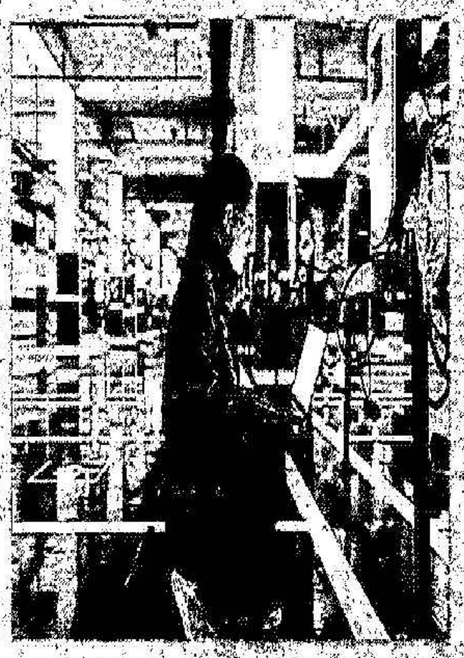
In October, our Ningbo facility celebrated our Global Safety Day with a specific focus on Serious Injury and Fatality (SIF). Employee engagement and special safety team activities included a Safety Day ceremony, SIF knowledge learning and competition, fire drill, crane and forklift operation competition, and a SIF hazard hunter event.



2022 Safety Star Award

Two manufacturing facilities achieved the Safety Star Award in 2022 for working 24 months with a Total Recordable Incident Rate of less than 1.0, along with other safety performance requirements:

- Eumsung, South Korea
- Ochang, South Korea



Accident Prevention Week – Itatiba, Brazil

Our Itatiba facility organized an internal week for accident prevention through a safety culture awareness campaign. Focus areas included machine protection, risk perception, and high-risk body areas protection.



202408060762



Giving Back to Our Communities

We believe in supporting the communities where we live and operate. Our corporate philanthropy program's strategy is based on four pillars: education, economics, environment, and equity.

Education

Environment

Economics

Equity

In 2022, BorgWarner and its employees donated

$4.1 million

and more than

240,000

hours of their time.

This surpassed our 2022 goals of

$3.5 million

in donations and

200,000

volunteer hours.

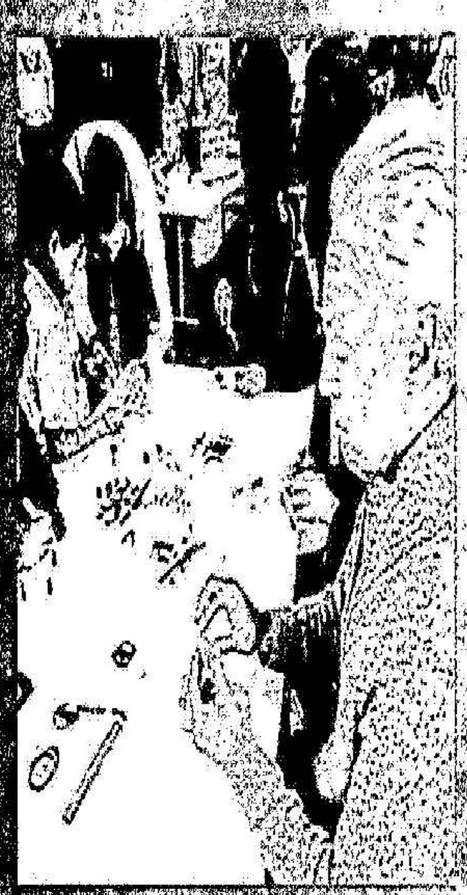
Making an Impact in Our Communities

Plug and Play Detroit – Supporting Automotive Start-ups

BorgWarner is a key voting partner of the Plug and Play Detroit Accelerator Program, which aims to help start-ups and match them with corporate investors. In 2022, Plug and Play Detroit accelerated 29 start-ups, 45% of which are either diverse or female-owned. Start-ups within the program consisted of technologies pertaining to autonomous driving, connectivity, in-cabin experience, driver monitoring, charging infrastructure/ecosystem, battery technologies, battery material, and more.

Race to Success Challenge

BorgWarner donated $100,000 to SOS Children's Villages Illinois and together with them hosted the Race to Success Challenge. This challenge aimed to drive personal development in the lives of youth in care with SOS Children's Villages through promoting participation in activities centered on academics, service, personal development, and enrichment. The winner of the challenge was able to attend the Indianapolis 500 at the invitation of BorgWarner.





Battery-Operated Vehicles Donation

Our Chennai facility in India donated two battery-operated vehicles to the Arignar Anna Zoological Park, one of the oldest zoos in the country, as part of its community engagement initiatives.



Technical Support for Toy Hospital

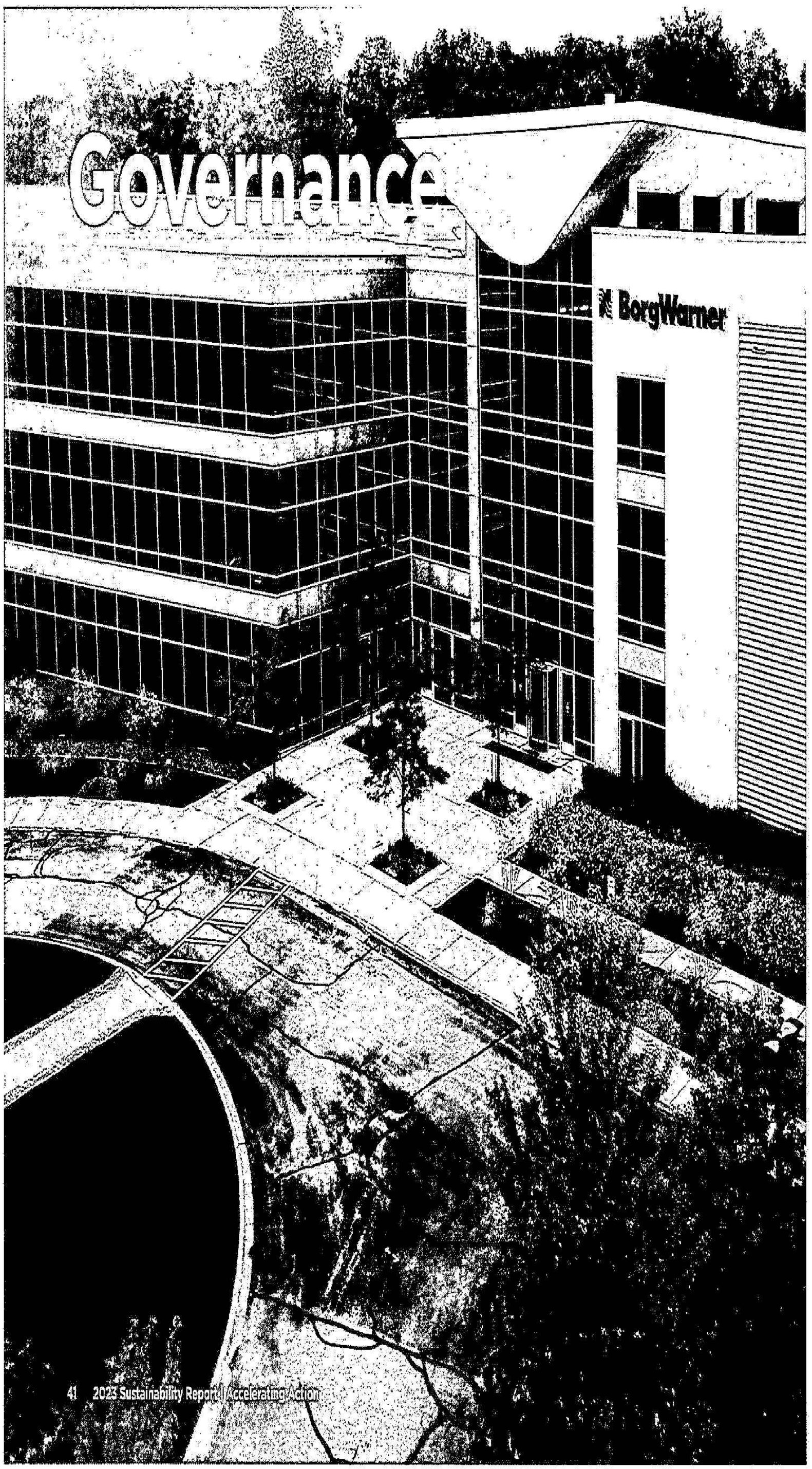
BorgWarner Morse Systems Japan partnered with Nabari Toy Hospital to help the organization repair damaged toys using the on-site 3D printer.



ESG for Kids Activity Series

More than 240 employees and their families participated in the ESG for Kids event in China, spanning tours of waste incinerators, fireman stations, science exploration centers, community service centers, and zoos. Employees and families combined sharing ESG knowledge and providing community service together and donated water and heat stroke protection supplies to community service centers.

20240806076628



Partner with and Report to Stakeholders

We strive for frequent engagement with our stakeholders and being transparent in our impacts, goals, and performance. Our sustainability commitment also extends to our suppliers, as we engage them in our environmental and social expectations and gauge their performance.

42 Sustainability Governance
43 Board Oversight of ESG
44 Ethics and Integrity
46 Data Privacy and Cybersecurity
47 Product Quality
50 Responsibility in Our Supply Chain

Sustainability Governance

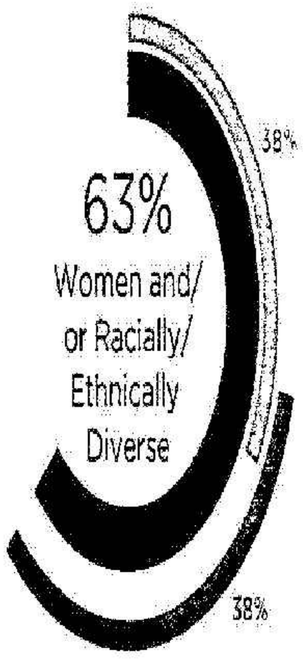
Our Board and the Company's Strategy Board are committed to our sustainability strategy and goals.

While ultimate oversight for sustainability lies with the Board, they have delegated certain aspects of sustainability and ESG to the Board committees, as described on the following page.

The Strategy Board approves our sustainability strategy and goals and provides resources to meet performance targets.

Regular progress updates are provided to the Corporate Governance Committee and Board to assess the Company's performance.

Board of Directors



Strategy Board



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



Kevin A. Nowlan



Tonit M. Calaway



Stefan Demmerle



Brady D. Ericson



Joseph F. Fadool



Paul A. Farrell



Isabelle McKenzie



Tom Tan



Volker Weng



Tania Wingfield

Board Oversight of ESG

Assessment of ESG risks and opportunities are essential elements of our Board's oversight responsibilities.

This evaluation of ESG requires constant, in-depth consideration, as our sustainability framework goes hand in hand with our Company strategy.

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



The **Corporate Governance Committee** reviews the Company's sustainability strategy and goals. They also analyze ESG risks and opportunities, including stakeholder feedback on ESG topics.

The **Compensation Committee** oversees human capital management, including DE&I. They also assess whether ESG goals and milestones, if appropriate, are effectively reflected in executive compensation.

The **Audit Committee** oversees the quality and integrity of the accounting, auditing, financial reporting, and risk management practices of the Company. This responsibility includes assessing compliance with ESG-related disclosure requirements.

Ethics and Integrity

We are committed to operating ethically and with the utmost level of integrity. Our reputation depends on our employees making ethical choices – even when it is not an easy choice.

Our **Code of Ethical Conduct** (Code), available in most local languages where we operate, defines our principles, expectations, and guidelines for appropriate business behavior. It addresses key compliance topics such as: anti-bribery and anti-corruption; conflicts of interest; accounting standards; inclusion; gifts, travel, and entertainment; and prevention of workplace violence, among others.

In addition to the Code, our CEO, CFO, Controller, 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 by way of example, our anti-bribery and anti-corruption programs.

The Code is introduced to all employees when they join BorgWarner and is reinforced through continuous training. Our flexible ethics and compliance training content and delivery model enables us to offer training to 100% of our salaried workforce, online or in-person. Locations also coordinate compliance training for our hourly employees through various methods, including in-person. We also offer targeted and in-depth training on topics, such as data privacy and protection, anti-trust, anti-bribery and anti-corruption, anti-harassment, and global trade compliance (including human trafficking). Additionally, we have an annual questionnaire that monitors our compliance culture – in 2022, we achieved a 100% completion rate.

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

We conduct a variety audits led by our Internal Audit Services function, including but not limited to Internal Controls over Financial Reporting, Operational Process, and Anti-Bribery/Anti-Corruption (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.

100%

completion rate for the annual questionnaire that monitors our compliance culture

Ethics training offered to

100%

of salaried workforce through multiple mediums and frequent touchpoints[1]



1 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, depending on areas of risk.

20240806070630

Whistleblower Programs

Our speak-up culture and zero-tolerance retaliation policy empower employees and others to openly raise compliance questions or suspicions of unethical or inappropriate behavior without fear of retaliation.

We have multiple reporting platforms, including an independent third-party reporting service (Compliance Hotline) as detailed in our **Complaint Submission Handling Policy.** Confidential reports can be made directly to our Compliance Office or, consistent with applicable law, anonymously through our Compliance Hotline. The Compliance Hotline is available 24 hours a day, seven days a week, 365 days a year, and in local languages to employees, contractors, suppliers, and community members from anywhere in the world.

Reports made through the Compliance Hotline are reviewed by our Compliance team to determine appropriate next steps. Issues involving a violation of regulations, laws, or the Code are reported to the Board's Corporate Governance and Audit Committees. The Chief Compliance Officer also provides regular compliance updates to the Board, Audit Committee, and Corporate Governance Committee. BorgWarner leaders also receive periodic reports during the year to ensure a constant awareness of the Company's culture of compliance. All suspected violations are reviewed with our independent auditor quarterly.

The Compliance Office received 251 reports in 2022 – all the reports received in 2022 were reviewed, directed to appropriate channels, and are being followed to resolution.



Data Privacy and Cybersecurity

BorgWarner has a robust information security program aligned to the National Institute of Standards and Technology, which is known as the Framework for Improving Critical Infrastructure Cybersecurity.

Our cybersecurity and data protection strategies are informed by regulatory and business requirements, and continually adjusted based on issues identified by our risk management programs.

Our Chief Compliance Officer oversees our data privacy programs and policies, while our Chief Information Officer oversees cyber and data security. Both officers report to the Board on data privacy and security matters at least annually. The Board is regularly apprised of strategic, operational, commercial, financial, legal, health and safety, and compliance risks, including those related to privacy and data security.

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

In 2022, we conducted a country-by-country initiative to collect information needed to refresh the existing Records of Processing Activities and maintain compliance with the requirements of the General Data Protection Regulation and other applicable data protection laws across the globe. Our Global Privacy and IT Security Program has various tools and programs in place to monitor and address potential threats impacting our operations.

Key features include:

- Global Privacy Program Governance and Organizational structure
- Supplier data-security standards
- Managed security service that monitors security logs for indicators of compromise
- 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 leak prevention tools
- Vulnerability scanning for external links of internal data centers
- Distributed Denial of Service mitigation

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



20240806076631

Product Quality

Our Global Quality Board focuses on improving quality, launch, and warranty performance for our strategic customers. In 2022, the Global Quality Board introduced a Warranty and Liability Reduction Initiative across the Company. The initiative focuses on early product risk assessment, augmented validation measures, accelerated field return analysis, and enhanced escalation protocols, to reduce BorgWarner's warranty exposure at all stages of product development and production.

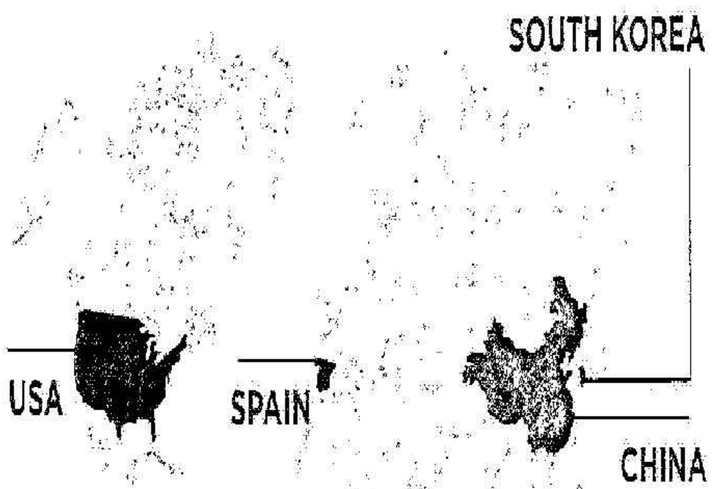
We plan to fully institutionalize this initiative in 2023. To support this initiative, the Global Quality Board also began performing cross-business audits to ensure a streamlined launch process, which are reported to the associated leadership teams and our Strategy Board.

All of our eligible[1] manufacturing and production facilities that supply to OEMs are International Automotive Task Force (IATF) 16949 or ISO 9001 quality management system certified, or are in the process of obtaining certification or recertification, as required. As part of our quality management system, all sites are required to have a quality policy that includes details on regular employee training on product safety, monitoring of product reliability and performance, quality testing and incident investigation, and corrective actions.

BorgWarner Quality Award Winners

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

The overall winner of the 2022 Quality Award was our plant in Vigo, Spain. Additional recognition was given to our plants in Seneca, South Carolina, U.S.; Ningbo, China; Yantai, China; and Changnyeong, South Korea.





1 Plants are not "eligible" for IATF certification until they have 12 months of production data.

BorgWarner's Key Quality Principles

Customer Satisfaction

Quality Products

Continuous Improvement

How We Implement Our Key Quality Principles:

1. A commitment to meeting all applicable requirements, including statutory, regulatory, and customer-specific requirements.
2. All BorgWarner employees are responsible for the quality of their 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.

20240806070632

Product Safety and Testing

As part of our manufacturing quality programs, we focus on testing for and identifying potential product safety issues. We work in partnership with our customers, and independently, to test for emerging product safety risk. One important initiative we have taken is the identification of safety-critical items on design records, allowing for appropriate design and process controls and 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. We keep detailed records of the products we produce and inputs from our suppliers so we can quickly and effectively address an issue, should one arise. In 2022, we had two items in the National Highway Traffic Safety Administration recall system, involving 2,217 units and 331 units, respectively.

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 regular supply chain audits. We require all our tier one direct material suppliers to source from factories that have implemented a certified quality management system. All suppliers and their workers can raise concerns via our Compliance Hotline, as detailed in our Supplier Manual.

We require all new direct material suppliers to have an on-site quality audit before starting business. Requirements include being certified to IATF 16949 standards for our automotive suppliers.

We expect our suppliers to comply with our Supplier Manual, and anytime we update our Supplier Manual, suppliers must recertify their compliance. Generally, we update our Supplier Manual every one to two years.



Responsibility in Our Supply Chain

Our Beliefs and our commitment to customers reach beyond the doors of our facilities, which is why we are committed to maintaining high standards for human rights and environmental performance in our supply chain.

Our Supply Chain Board has managerial responsibility for all aspects of supply chain sustainability policies, practices, oversight, audit, and compliance. This group is composed of our President of PowerDrive Systems, a member of our Strategy Board, and our Vice Presidents of Global Supply Management. Based on customer requests, industry group participation, and other stakeholder dialogue, we continually update our Supplier Code of Conduct, our standard Purchase Order Terms and Conditions, and relevant policies, including our **Supply Chain Due Diligence Statement** and **Modern Slavery Statement**, to strengthen and make our sustainability standards and requirements for compliance explicit. We seek suppliers that are certified to ISO 14001 standard, or equivalent.

In 2021, we developed a Sustainable Supply Chain Strategy which outlines priority ESG topics for supplier management, with a roadmap for implementing the strategy.

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

2024080607633

Executing Our Supply Chain Strategy in 2022

In 2022, we continued to execute on our supply chain strategy. This includes updating 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 also focused on our Sustainability Assessment Questionnaire (SAQ). The SAQ is an industry-standard questionnaire that asks suppliers about key sustainability issues, including human rights, working conditions, health and safety, environment, and business ethics. It is designed to indicate and verify supplier compliance on sustainability in line with the Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain. The SAQ was designed with a "self-service," shared platform intended to avoid duplication and improve efficiency in the assessment process. A third party is used to verify supplier responses to the questionnaire.

In 2022, we focused on expanding the scope of suppliers included in the SAQ, increasing the supplier completion rate, and aligned incentives with behaviors by assigning points to our supplier balance scored through the SAQ. Supplier scorecard ratings are a major factor in deciding which suppliers are awarded business.

In 2023, our Supply Chain Board continues to act on our Sustainable Supply Chain Strategy, with a special focus on improving our processes to: 1) monitor supplier performance and compliance through the SAQ, 2) drive emissions reduction in partnership with our suppliers, and 3) bolster ethical and diverse sourcing by enhancing our conflict minerals and business diversity programs.

Supply Chain Social Standards

We expect our suppliers to maintain progressive labor, health and safety, environmental, and ethics practices that meet or exceed all applicable laws and relevant international norms and standards. 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 provide training to suppliers each time we update the Supplier Manual. In addition, suppliers must be recertified to the new manual each time it is updated.

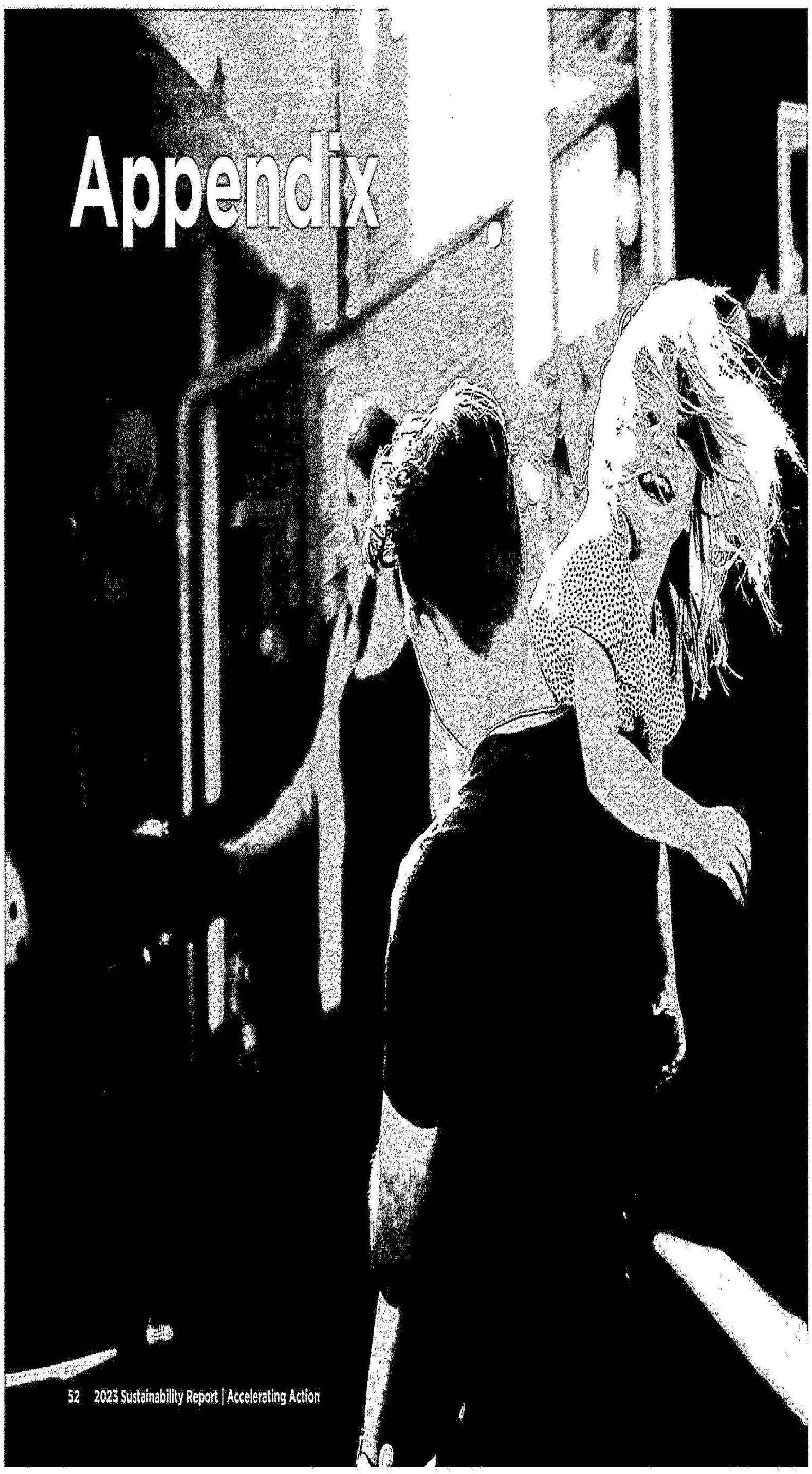
Conflict Minerals

Our **Conflict Minerals Statement** sets forth our requirements for supplier due diligence, risk assessment exposure, and compliance. BorgWarner is a member of the Responsible Minerals Initiative. 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.

Accelerating action with our Sustainability Assessment Questionnaire in 2022:

- Significantly expanded our request for suppliers to complete the SAQ to all our direct materials suppliers with more than $25,000 in annual spend, from a few hundred to a few thousand.
- 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 for 80% completion of the SAQ.
- Leveraged our local teams to drive supplier completion of our SAQ and realized further improvement year over year, despite increasing scope from ~350 suppliers to ~1,000. We achieved 75.8% completion, up from 59.8% for 2021.
- Incentivized suppliers to complete our SAQ by assigning 10 points of our supplier balance scorecard rating, which is a major factor in deciding which suppliers are awarded business. To promote Scope 3 emissions reductions, additional points were also awarded if the supplier had greenhouse gas reduction targets for itself and its supply base.





Appendix

53 Performance Data Table

55 U.S. EEO-1 Data

56 SASB Index

57 Task Force on Climate-related Financial Disclosures Index

62 GRI Index

67 Our Performance and Goals

Performance Data Table

Metric	2018	2019	2020	2021	2022
Create a Cleaner, More Energy-Efficient World					
Revenue from fuel efficient and lower emission products (%)	84%	83%	85%	88%	88%
Greenhouse gas (GHG) emissions (metric ton CO_2e)[1,2]	660,619	586,527	516,450	538,657	407,403
GHG Scope 1 emissions (metric ton CO_2e)[1,2]	84,542	75,106	70,584	99,223	81,871
GHG Scope 2 emissions, market-based (metric ton CO_2e)[1]	576,077	511,420	445,866	439,434	325,533
GHG intensity (metric tons CO_2e/$mn sales)[1]	42.93	40.37	37.13	36.30	25.78
Total energy consumption (GWh)[1]	1,650	1,560	1,403	1,556	1,440
of which, grid electricity (GWh)[1]	1,193	1,153	1,020	1,047	1,005
of which, renewable energy (GWh)[1]	-	-	-	40	235
Energy intensity (MWh/$mn sales)[1]	107.20	107.39	100.83	104.90	91.11
Water use (kgal)[1]	536,079	552,818	505,026	521,167	455,173
Water intensity (kgal/$mn sales)[1]	34.84	38.05	36.31	35.12	28.81
ISO 14001 environmental management certified facilities (%)[3]	100%	100%	100%	100%	100%
Percentage of products sold that are recyclable[4]	-	-	94%	90%	88%

1) Data reporting represents approximately 97% of our facilities by total square footage.
2) Refrigerant data available from 2021; data not available for prior years.
3) "Facilities" for these performance indicators is defined as manufacturing locations that supply directly to original equipment manufacturers, excluding newly acquired sites during their first 18 months of production.
4) 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.

Metric	2018	2019	2020	2021	2022
Live the BorgWarner Beliefs					
Total Recordable Incident Rate (per 200,000 hours worked)	0.56	0.46	0.44	0.40	0.37
Lost Time Incident Rate (per 200,000 hours worked)	0.37	0.29	0.28	0.24	0.18
ISO 45001 health and safety management certified facilities (%)[3]	-	-	-	-	80%
Fatalities (#)	0	0	0[5]	0	0
Women in workforce (%)[6]	-	26.5%	28.6%	30.1%	30.8%
Women in salaried workforce (%)[6]	-	22.5%	22.6%	24.0%	24.3%
Women in leadership workforce (%)[6]	-	14.1%	14.6%	15.1%	16.4%
Employee turnover rate (%)	17.6%	18.5%	14.8%	21.9%	22.8%
Employee volunteer hours	54,250	62,890	18,793	137,775	238,206
Partner With and Report to Stakeholders					
IATF 16949/ISO 9001 quality management certified facilities or in process of being certified. (%)[3]	100%	100%	100%	100%	100%
High-impact and high-risk suppliers completed sustainability questionnaire (%)	-	-	24.1%[7]	59.8%	75.8%
Completion rate for annual compliance questionnaire (%)	-	-	-	100%	100%

3) "Facilities" for these performance indicators is defined as manufacturing locations that supply directly to original equipment manufacturers, excluding newly acquired sites during their first 18 months of production.
5) Note that there was a fatality of a nonemployee security guard from the tornado that struck our Seneca, South Carolina facility in 2020.
6) 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.
7) Survey conducted in Q1 2021 for high-risk and high-impact suppliers from 2020.

20240806076335

U.S. EEO-1 Data

(As of December 31, 2022)

Job Categories	01 MALE (HISP/LAT)	02 FEMALE (HISP/LAT)	03 MALE (NOT-HISP/LAT)							04 FEMALE (NOT-HISP/LAT)							
	Hispanic or Latino	Hispanic or Latino	American Indian or Alaska Native	Asian	Black or African American	Native Hawaiian or Other Pacific Islander	Non U.S.	Two or More Races	White	American Indian or Alaska Native	Asian	Black or African American	Native Hawaiian or Other Pacific Islander	Non U.S.	Two or More Races	White	Total
01 - Executive/ Senior Level Officials and Managers	0	0	0	0	0	0	0	0	15	0	1	1	0	0	0	1	18
02 - First/Mid-Level Officials and Managers	47	16	1	68	19	0	1	4	573	0	19	12	0	0	2	118	880
03 - Professionals	55	26	0	226	41	1	5	8	1,026	0	67	8	0	1	7	240	1,711
04 - Technicians	26	1	2	7	61	0	0	9	417	0	3	20	0	0	2	88	636
05 - Sales Workers	5	0	0	3	0	0	0	1	38	0	2	0	0	0	0	11	60
06 - Administrative Support Workers	1	7	0	0	2	0	0	0	15	0	2	1	0	0	1	51	80
07 - Craft Workers	10	2	3	8	24	0	0	6	354	0	0	4	0	0	2	32	445
08 - Operatives	81	47	5	39	187	1	0	14	748	2	11	130	1	0	4	315	1,585
09 - Laborers and Helpers	32	13	1	7	81	0	0	4	106	0	4	35	0	0	0	60	343
10 - Service Workers	1	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	1
Total	258	112	12	358	415	2	6	46	3,292	2	109	211	1	1	18	916	5,759

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) 1,440 GWh, (2) 69.8% grid electricity, (3) 16.3% renewable For details, see **Operations**
Waste Management		
(1) Total amount of waste from manufacturing, (2) percentage hazardous, (3) percentage recycled	TR-AP-150a.1	Not reported For details, see **Operations**
Product Safety		
Number of recalls issued, total units recalled	TR-AP-250a.1	Two recalls issued, totaling 2,548 units For details, see **Product Quality**
Design for Fuel Efficiency		
Revenue from products designed to increase fuel efficiency and/or reduce emissions	TR-AP-410a.1	88% of our total revenue was from EV or carbon-reducing component For details, see **Products**
Materials Sourcing		
Description of the management of risks associated with the use of critical materials	TR-AP-440a.1	For details, see **Product Quality and Responsibility in Our Supply Chain**
Materials Efficiency		
Percentage of products sold that are recyclable	TR-AP-440b.1	88% of products sold are recyclable
Percentage of input materials from recycled or remanufactured content	TR-AP-440b.2	36% of input materials from recyclable by revenue 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 For details, see **Code of Conduct**
Activity Metrics		
Number of parts produced	TR-AP-000.A	1,152 million parts produced
Weight of parts produced	TR-AP-000.B	Not reported
Area of manufacturing plants	TR-AP-000.C	Not reported

Task Force on Climate-related Financial Disclosures Index

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

			Source
Governance	**a) Board oversight**	Our Board and the Company's Strategy Board are committed to rigorous oversight and practices that effectively execute our strategic plans and provide value for our stockholders and all other stakeholders. Ultimate oversight for sustainability lies with the Board. However, the Board has delegated certain aspects of sustainability and ESG to the Board committees. 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.	See **2022 CDP Climate Change Response**
	b) Management role	The Strategy Board sets sustainability strategies, approves goals, and provides resources to meet performance targets. In 2021, this group included our President and Chief Executive Officer, Chief Financial Officer, Chief Administrative Officer, General Counsel and Secretary, Chief Human Resources Officer, Chief Strategy Officer, President of BorgWarner China, and our Business Unit Presidents and General Managers. Periodic progress updates are provided to the Strategy Board to review performance to goals. In addition, we have a Sustainability Steering Committee made up of key executives and business heads across our Company that supports developing climate change goals and strategy along with other environmental, social, and governance topics.	See **2022 CDP Climate Change Response**

			Source
Strategy	**a) Climate-related risks and opportunities**	Our Strategy Board has identified climate-related risks that may affect us over the short-, medium-, and longer-term. The key risks include: » Demand risks: The automotive industry is increasingly focused on improved vehicle efficiency and reduced emissions, including the development of hybrid and EVs, largely as a result of changing consumer preferences and increasingly stringent global regulatory requirements related to climate change. If we do not continue to innovate and develop, or acquire, new and compelling products that capitalize upon new technologies in response to OEM and consumer preferences, this could have an adverse impact on our results of operations. » Regulatory risks: Our operations are subject to laws governing, among other things, emissions to air, discharges to waters, and the generation, management, transportation and disposal of waste and other materials. As such, potentially significant expenditures could be required to comply with evolving interpretations of existing environmental, health and safety laws and regulations or any new such laws and regulations (including concerns about global climate change and its impact) that may be adopted in the future. » Physical risks: Extreme weather influenced by climate change may impact our operations. We have taken actions to mitigate this, including through evaluating and addressing flood risks at our manufacturing locations and securing proper insurance to protect our properties. » Clean mobility opportunity: The transition to cleaner transportation offers a significant opportunity for our Company, as a majority of our revenue comes from emissions-reducing components. In addition, we expect higher revenue per vehicle from the switch to hybrid and electric from combustion technologies. We expect to achieve approximately 35% of sales from eProducts in 2025 and 49% in 2027.	See **2022 CDP Climate Change Response**
	b) Impact on strategy	Our products: There are few present challenges as important as creating solutions that support our vision of a clean, energy-efficient world, which requires us to constantly invest and innovate to improve mobility. For more than 130 years, BorgWarner has been a transformative global product leader bringing successful mobility innovation to market. Today, we're accelerating the world's transition to eMobility—to help build a cleaner, healthier, safer future for all. We uncover strong trends and use smart science and technology to address a future based on varying regulations, consumer demands, and automaker requirements. Efficient operations: At BorgWarner, sustainability starts with our products, but continues in our operations. As an operating team, we strive to ensure we have safe and environmentally friendly manufacturing and engineering centers where our people can thrive as they support our customer needs for innovative 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 consumption. As our business grows, we add new facilities with sustainability in mind, while we invest in updating more mature facilities to meet our goals. Running efficient/sustainable operations that are good for the environment is also good for business. It is a natural part of what we do.	See **2022 CDP Climate Change Response**

			Source
Strategy (continued)	**c) Climate resilience**	Our business strategy, *Charging Forward*, is designed to increase production of electric and other vehicle parts that enable zero- and lower-emissions transportation. Successful execution of our strategy and careful cultivation of our product mix is expected to generate approximately 35% of sales from eProducts in 2025 and 49% in 2027. We believe our product mix and flexibility allow us to successfully support the low-carbon transition. This strategy enables us to address a future based on varying regulations, consumer demands, and automaker requirements—including a future of net-zero carbon emissions aligned with the aspirations of the Paris Climate Agreement. Our Strategy Board and 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 established our Scope 3 emissions baseline across 15 GHG Protocol categories as fiscal year 2021 and committed to a science-based target of reducing our Scope 3 emissions 25% by 2031. We integrate strategic planning for net-zero carbon emissions into 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.	See **p. 15-18**
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 engrain 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, metrics to measure effectiveness of controls, and metrics to monitor changes in the environment. Substantive operational risks are those with the potential to impede the Company from manufacturing or distributing products, and are considered possible, likely, more likely, or highly likely in the short- to long-term future. Substantive risks are those that could have an impact on financial, operational, environmental health and safety matters, reputation, and people.	See **2022 CDP Climate Change Response**
	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.	See **2022 CDP Climate Change Response**

			Source
Risk Management (continued)	**c) Climate-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 VP and Controller, VP and Treasurer, VP of Internal Audit, Director of Strategic Risk Management, VP and Chief Compliance Officer, VP and Chief Information Officer, and various business operational leaders. The Board receives an annual update on the Company's enterprise risk management process and results in order to assure that the designed processes and controls have been implemented and are functioning properly.	See **2022 CDP Climate Change Response**
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.	See **p. 16, 20**

20240806076338

				Source
Metrics (continued)	**b) Scope 1 and Scope 2 GHG emissions**	» Scope 1 emissions (2022): 81,871[1] metric tons of CO_2e » Scope 2 emissions (2022): 325,533[1] metric tons of CO_2e		See **p. 18, 54**
	Scope 3 emissions	**GHG Protocol Category**	**% of 2021 Scope 3**	See **2022 CDP Climate Change Response**
		1. Purchased goods and services	24.03%	
		2. Capital goods	0.22%	
		3. Fuel- and energy-related activities	0.48%	
		4. Upstream transportation and distribution	0.44%	
		5. Waste generation in operations	0.06%	
		6. Business travel	0.01%	
		7. Employee commuting	0.04%	
		8. Upstream leased assets	0.02%	
		9. Downstream transportation and distribution	-	
		10. Processing of sold products	-	
		11. Use of sold products	74.34%	
		12. End-life treatment of sold products	0.36%	
		13. Downstream leased assets	-	
		14. Franchises	-	
		15. Investments	-	
	c) Targets	We have set robust targets for our products and operational efficiency: » Generate approximately 49% of our revenue from eProducts by 2027 » Carbon neutral in Scope 1 and Scope 2 emissions by 2035 » 85% absolute reduction in Scope 1 and Scope 2 carbon emissions by 2030 from a baseline of 2021 » 25% reduction in Scope 3 carbon emissions by 2031 from a baseline of 2021		See **p. 12, 15**

1 Energy use and emissions data reporting represents approximately 97% of our facilities by total square footage. Emissions are calculated and reported on a market-based methodology. Refrigerant data available from 2021; data not available for prior years.

GRI Index

Global Reporting Initiative Standards

Statement of Use	The GRI Standards represent global best practice for reporting publicly on a range of economic, environmental and social impacts. Sustainability reporting based on the 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, 2022 to December 31, 2022 in reference to the GRI Standards.
GRI 1 used	GRI 1: Foundation 2021

GRI Standard	Title	Disclosure Title	Location or Response	Un Global Compact 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 6)	n/a
2-2	General Disclosures	Entities included in the organization's sustainability reporting	Investing for an Electrified Future (page 17)	n/a
2-3	General Disclosures	Reporting period, frequency and contact point	January 1, 2022 to December 31, 2022 Annual **sustainability@borgwarner.com**	n/a
2-4	General Disclosures	Restatements of information	Scope 3: Understanding and Reducing Our Indirect Carbon Impacts (page 18)	n/a
2-5	General Disclosures	External Assurance	CDP verification	n/a
Activities and Workers				
2-6	General Disclosures	Activities, value chain and other business relationships	BorgWarner at a Glance (page 6) Responsibility in Our Supply Chain (page 50)	n/a
2-7	General Disclosures	Employees	BorgWarner at a Glance (page 6) **BorgWarner 2023 Form 10-K**	n/a
2-8	General Disclosures	Workers who are not employees	**BorgWarner 2023 Form 10-K**	n/a

20240806076 39

GRI Standard	Title	Disclosure Title	Location or Response	Un Global Compact Principle / SDG
Governance				
2-9	General Disclosures	Governance structure and composition	Sustainability Governance (page 42) **BorgWarner 2023 Proxy Statement** **BorgWarner Corporate Governance** **BorgWarner Board of Directors**	n/a
2-10	General Disclosures	Nomination and selection of the highest governance body	**BorgWarner 2023 Proxy Statement** **BorgWarner Corporate Governance Committee Charter**	n/a
2-11	General Disclosures	Chair of the highest governance body	**BorgWarner 2023 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 10) **BorgWarner 2023 Proxy Statement** **BorgWarner Corporate Governance Committee Charter**	n/a
2-13	General Disclosures	Delegation of responsibility for managing impacts	Our Approach to Sustainability (page 10) **BorgWarner 2023 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 10) **BorgWarner 2023 Proxy Statement**	n/a
2-15	General Disclosures	Conflicts of interest	**BorgWarner 2023 Proxy Statement**	UNGC Principle 10
2-16	General Disclosures	Communication of critical concerns	Whistleblower Programs (page 45) **BorgWarner 2023 Proxy Statement**	UNGC Principle 10
2-17	General Disclosures	Collective knowledge of the highest governance body	**BorgWarner 2023 Proxy Statement**	n/a
2-18	General Disclosures	Evaluation of the performance of the highest governance body	**BorgWarner 2023 Proxy Statement**	n/a
2-19	General Disclosures	Remuneration policies	**BorgWarner 2023 Proxy Statement**	n/a
2-20	General Disclosures	Process to determine remuneration	**BorgWarner 2023 Proxy Statement**	n/a
2-21	General Disclosures	Annual total compensation ratio	**BorgWarner 2023 Proxy Statement**	n/a

GRI Standard	Title	Disclosure Title	Location or Response	Un Global Compact Principle / SDG
Strategy, Policies and Practices				
2-22	General Disclosures	Statement on sustainable development strategy	Charing Forward: Our Business Strategy for the Energy Transition (page 7)	UNGC Principles 7, 8 SDG 7, 9 12, 13
2-23	General Disclosures	Policy commitments	Ethics and Integrity (page 44) Responsibility in Our Supply Chain (page 50) **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	Ethics and Integrity (page 44)	n/a
2-25	General Disclosures	Process to remediate negative impacts	Ethics and Integrity (page 44) **BorgWarner Code of Ethical Conduct**	n/a
2-26	General Disclosures	Mechanisms for seeking advice and raising concerns	Ethics and Integrity (page 44) Whistleblower Programs (page 45)	n/a
2-27	General Disclosures	Compliance with laws and regulations	**BorgWarner 2023 Form 10-K**	n/a
2-28	General Disclosures	Membership of associations	Creating Opportunities for a Diverse Workforce (page 28)	SDG 17
Stakeholder Engagement				
2-29	General Disclosures	Approach to stakeholder engagement	Our Approach to Sustainability (page 10) Governance (page 41) **BorgWarner 2023 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	Development and Growth (page 31) Benefits Available to All Employees (page 35) Basic Working Conditions (page 36)	UNGC Principle 3 SDG 8

GRI Standard	Title	Disclosure Title	Location or Response	Un Global Compact Principle / SDG
MATERIAL TOPICS				
GRI 3: Material Topics 2021				
3-1	Material Topics	Process to determine material topics	Our Approach to Sustainability (page 10)	n/a
3-2	Material Topics	List of material topics	Our Approach to Sustainability (page 10)	n/a
3-3	Material Topics	Management of material topics	Our Approach to Sustainability (page 10) The way we manage each identified material topic is covered in the various sections of the report.	n/a
TOPIC-SPECIFIC DISCLOSURES: ENVIRONMENTAL				
GRI 302: Energy 2016				
302-1	Energy	Energy consumption within the organization	Performance Data Table (page 53)	UNGC Principle 8 SDG 7, 12, 13
302-2	Energy	Energy consumption outside of the organization	Scope 3: Understanding and Reducing Our Indirect Carbon Impacts (page 18)	UNGC Principle 8 SDG 7, 12, 13
302-3	Energy	Energy intensity	Performance Data Table (page 53)	UNGC Principle 8 SDG 7, 12, 13
302-4	Energy	Reduction of energy consumption	Performance Data Table (page 53)	UNGC Principle 8 SDG 7, 12, 13
302-5	Energy	Reductions in energy requirements of products and services	Products (page 16)	UNGC Principle 8 SDG 7, 12, 13
GRI 303: Water and Effluents 2018				
303-1	Water	Interactions with water as a shared resource	Managing Water Risk (page 21) BorgWarner 2022 CDP Water Security	UNGC Principle 8 SDG 6, 12, 13, 14, 15
303-2	Water	Management of water discharge-related impacts	BorgWarner 2022 CDP Water Security	UNGC Principle 8 SDG 12, 13, 15
303-3	Water	Water withdrawal	Managing Water Risk (page 21) BorgWarner 2022 CDP Water Security	UNGC Principle 8 SDG 6, 12, 13, 14, 15
303-4	Water	Water discharge	Managing Water Risk (page 21) BorgWarner 2022 CDP Water Security	UNGC Principle 8 SDG 6, 12, 13, 14, 15
303-5	Water	Water consumption	Managing Water Risk (page 21) BorgWarner 2022 CDP Water Security	UNGC Principle 8 SDG 6, 12, 13, 14, 15

GRI Standard	Title	Disclosure Title	Location or Response	Un Global Compact Principle / SDG
GRI 305: Emissions 2016				
305-1	Emissions	Direct (Scope 1) GHG emissions	Performance Data Table (page 53)	UNGC Principle 8 SDG 7, 12, 13
305-2	Emissions	Energy indirect (Scope 2) GHG emissions	Performance Data Table (page 53)	UNGC Principle 8 SDG 7, 12, 13
305-3	Emissions	Other indirect (Scope 3) GHG emissions	Scope 3: Understanding and Reducing Our Indirect Carbon Impacts (page 18)	UNGC Principle 8 SDG 7, 12, 13
305-4	Emissions	GHG emissions intensity	Performance Data Table (page 53)	UNGC Principle 8 SDG 7, 12, 13
305-5	Emissions	Reduction of GHG emissions	Operations (page 20)	UNGC Principle 8 SDG 7, 12, 13
GRI 306: Waste 2020				
306-1	Waste	Waste generation and significant waste-related impacts	Waste Management and Recycling (page 21)	UNGC Principle 8 SDG 10
306-2	Waste	Management of significant waste-related impacts	Waste Management and Recycling (page 21)	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	Safety (page 37)	SDG 3, 8
403-2	Occupational Health and Safety	Hazard identification, risk assessment and incident investigation	Safety (page 37)	SDG 3, 8
403-4	Occupational Health and Safety	Worker participation, consultation and communication on occupational health and safety	Safety (page 37)	SDG 3, 8
403-5	Occupational Health and Safety	Worker training on occupational health and safety	Safety (page 37)	SDG 3, 8
403-6	Occupational Health and Safety	Promotion of worker health	Safety (page 37)	SDG 3, 8
403-7	Occupational Health and Safety	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	Safety (page 37)	SDG 3, 8

Our Performance and Goals

		2022 Performance	Goals
Create a Cleaner, More Energy-Efficient World	**Products**	» **6%** EV revenue » **88%** revenue from clean and emissions-reducing products	» **35%** 2025 & **49%** 2027 eProducts revenue » Maintain majority of revenue from clean and emissions-reducing products » **25%** Scope 3 emissions reduction by 2031 from a 2021 baseline
	Operations	» **407,403** mt CO2e emissions[1], down 38.3% from 2018 » **25.78** GHG intensity[1] (mt CO2e/$m sales), down 29% from 2021 » **1,440** GWh energy[1] consumed, down 12.7% from 2018 » **100%** ISO 14001 Certified[2]	» **Carbon Neutral** in Scope 1 and Scope 2 by 2035 » **85%** absolute GHG reduction by 2030 from a 2021 baseline » **85%** waste diversion rate by 2030
Live the BorgWarner Beliefs	**Diversity**	» **30.8%** women in workforce » **27.0%** racial/ethnic minorities in U.S. workforce	» **35%** of global workforce are women by 2026 » **30%** of U.S. workforce is racially/ethnically diverse by 2026
	Equity	» Gender Pay Equity result: **99.0%**	» Achieve and maintain **pay parity** for all by 2026
	Inclusion	» **77%** BorgWarner Beliefs index score on employee engagement survey in 2021	» **80%** or above on the BorgWarner Beliefs index score from our employee engagement survey by 2026
	Training	» **112,000+** hours of training provided to salaried employees » Additional cohorts for Power to Evolve training launched in 2022 » Electrification training has been requested and delivered to over **1,400** employees globally	
	Employee Safety	» **TRIR:** 0.37 | **Top Quartile:** 1.2 » **LTIR:** 0.18 | **Top Quartile:** 0.2 » Expect to be **~95%** ISO 45001 certified by end of 2023	» Perform in the **top quartile** for Total Recordable Incident Rate (TRIR) and Lost Time Incident Rate (LTIR).[3] » Implement and maintain ISO 45001 certification at **100%** of our manufacturing sites.[2]
Partner with and Report to Stakeholders	**Responsible Supply Chain**	» **75.8%** Supplier questionnaire completion, up from 59.8% in 2021	» **80%** of high-impact and high-risk suppliers complete sustainability questionnaire
	Product Safety & Quality	» **100%** quality management certified[2]	
	Ethics and Compliance	» **100%** completion rate for annual compliance questionnaire » **100%** completion rate for ethics training by salaried workforce	» **100%** completion rate for annual compliance questionnaire » Ethics training offered to **100%** of salaried workforce[4]

1 Energy use and emissions data reporting represents approximately 97% of our facilities by total square footage. Emissions are calculated and reported on a market-based methodology. Refrigerant data available from 2021; data not available for prior years.
2 The scope of these performance indicators is for manufacturing locations that supply directly to original equipment manufacturers, excluding newly acquired sites during their first 18 months of production.
3 Based on U.S. Bureau of Labor Statistics, Survey of Occupational Injuries and Illnesses Data, Motor vehicle parts manufacturing (NAICS 336300).
4 Training offerings for hourly employees vary based on location and business. Training for salaried workforce may occur in the following cycles: at on-boarding; at least biennially throughout employment; and periodic targeted training depending on areas of risk.

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 rule-making.

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 ("Form 10-K"), are inherently forward-looking. All forward-looking statements are based on assumptions and analyses made by us in light of our experience and our perception of historical trends, current conditions and expected future developments, as well as other factors we believe are appropriate under the circumstances. Forward-looking statements are not guarantees of performance, and the Company's actual results may differ materially from those expressed, projected or implied in or by the forward looking statements.

You should not place undue reliance on these forward-looking statements, which, unless otherwise indicated, speak only as of June 6, 2023. 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, such as the current shortage of semiconductor chips that has impacted original equipment manufacturer ("OEM") customers and their suppliers, including us; 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 OEM customers; uncertainties regarding the extent and duration of impacts of matters associated with the COVID19/ coronavirus pandemic, including additional production disruptions; potential disruptions in the global economy caused by Russia's invasion of Ukraine; the ability to identify targets and consummate acquisitions on acceptable terms; failure to realize the expected benefits of acquisitions on a timely basis; our ability to effect the intended tax-free spin-off of our Fuel Systems and Aftermarket segments into a separate, publicly traded company on a timely basis or at all; the potential that uncertainty during the pendency of the spin-off transaction could affect our financial performance; the possibility that the spin-off transaction 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, both of which are highly cyclical and subject to disruptions; our reliance on major OEM customers; fluctuations in interest rates and foreign currency exchange rates; our dependence on information systems; the uncertainty of the global economic environment; the outcome of existing or any future legal proceedings, including litigation with respect to various claims, or governmental investigations, including related litigation; impacts from any potential future acquisition or disposition transactions; and the other risks noted under Item 1A, "Risk Factors" in our most recently-filed Form 10-K and/or Quarterly Report on Form 10-Q.

We do not undertake any obligation to update or announce publicly any updates to or revisions to any of the forward-looking statements in this report to reflect any change in our expectations or any change in events, conditions, circumstances, or assumptions underlying the statements.

BORGWARNER

BorgWarner Inc.
World Headquarters
3850 Hamlin Road
Auburn Hills, MI 48326
borgwarner.com

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