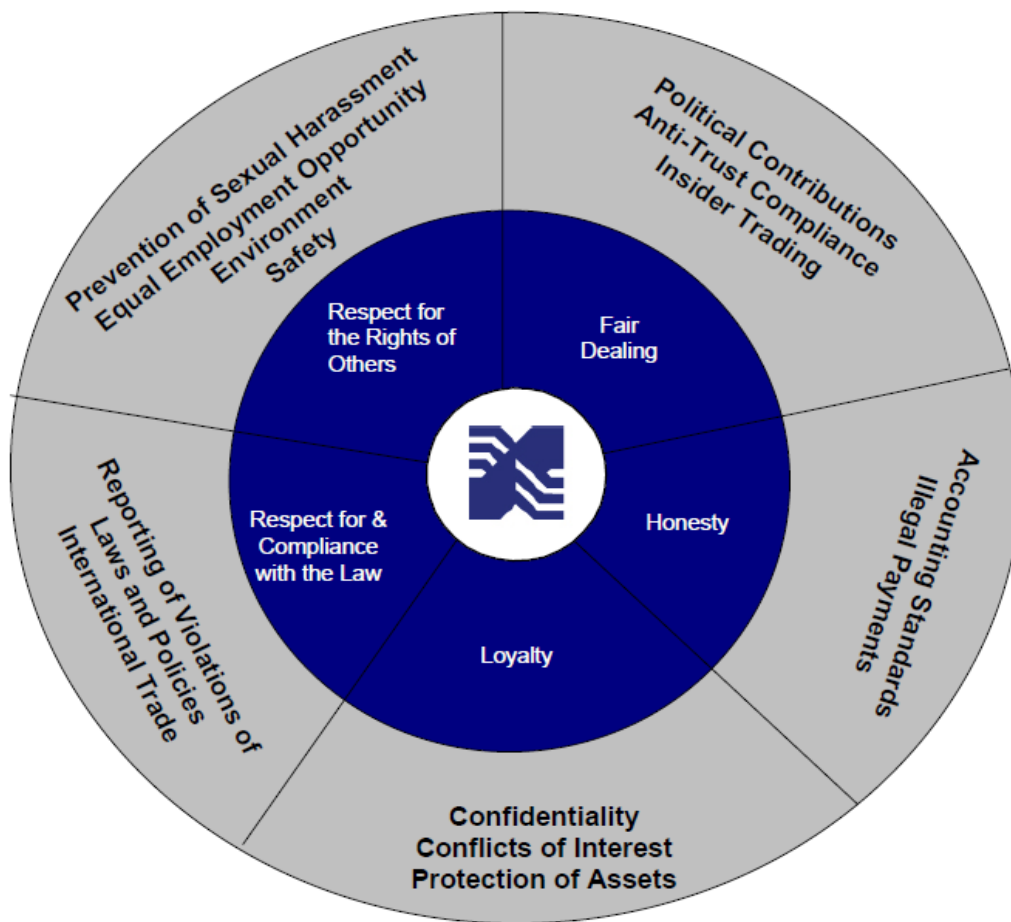


# BorgWarner CODE OF ETHICAL CONDUCT



Dear Fellow Employee,

BorgWarner's Code of Ethical Conduct (the Code) summarizes BorgWarner's Compliance Policies, which spell out the standards of behavior all employees are expected to meet. The Code and the Compliance Policies are expressions of good ethical behavior and good judgment. They are based on the BorgWarner Beliefs and supporting core values of integrity, such as loyalty, fair dealing and respect for others.

While we agree on the BorgWarner Beliefs and important core values of integrity, it is not always easy to know what business behavior they imply. The Code is a guide to help all of us make strong ethical choices and conduct BorgWarner's business in accordance with those choices. The Code is complimentary to your common sense and good judgment, which are also guides to appropriate business behavior. It does not cover every issue that may arise, but it sets out basic principles to help guide all BorgWarner employees, directors, contractors, agents and representatives.

BorgWarner's reputation is built upon the collective actions of its employees, directors, contractors, agents and representatives. The Company depends upon the conscientious business behavior and judgment of every one of us as we carry out BorgWarner's business every day around the world. For the Company to do what is right, each of us must do what is right. The Code seeks to help clarify what "right action" is expected.

Thank you for your help in upholding BorgWarner's high standards and maintaining its valuable business reputation.

Tim Manganello  
Chairman and CEO

## **CODE OF ETHICAL CONDUCT**

### **COMPLIANCE WITH LAWS**

BorgWarner's\* over-riding policy is to conduct all of its business and operations in complete compliance with all applicable laws and regulations. You are expected to uphold this policy in every aspect of your work for the Company. Compliance with laws is the beginning point of the ethical conduct outlined in this Code. If a law conflicts with a policy, you must comply with the law and notify the Compliance Office of the perceived conflict.

### **BORGWARNER'S CODE OF ETHICAL CONDUCT**

The decisions and choices you make and the actions you take reflect upon you as a person and as a representative of BorgWarner. The reputation of the Company rests on your shoulders and those of your fellow employees. Every employee must strive to practice the highest level of ethical conduct.

Maintaining high standards of ethics and integrity requires courage, personal strength and sometimes difficult choices. It may require forgoing what appear to be personal or business opportunities. This Code seeks to provide guidance concerning the ethical standards BorgWarner employees are expected to uphold.

Certain of BorgWarner's operations or locations may hold standards of conduct more stringent than those outlined in this Code. Those more stringent standards are to be published by management in local handbooks or codes of ethical conduct. Employees subject to those codes shall comply both with standards outlined here and with the stricter standards.

### **YOUR RESPONSIBILITY**

Each BorgWarner employee is personally responsible for observing both the express language and the spirit of each policy statement outlined in this Code.

It is also important that you encourage others to observe this Code. BorgWarner can act only through its employees, so it is critical that every employee does what is right.

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\* BorgWarner Inc. refers to BorgWarner Inc. and all of its subsidiaries. It is also called the "Company" in this Code.

Employees are expected to bring to the attention of supervisors, managers, the Compliance Office, Law Department, Internal Audit or other appropriate personnel any behavior or conduct which may be illegal, unethical or in violation of this Code. If there is any question as to the appropriateness of a course of action, employees are encouraged to seek assistance. It is the policy of the Company to prohibit retaliation for reports of violations or misconduct by others, made in good faith by employees. Employees are expected to cooperate in internal investigations of suspected violations and misconduct.

## **THE WORKPLACE**

The BorgWarner workplace is anywhere that BorgWarner's business and activities are conducted. In all those places, BorgWarner expects every one of its employees, directors, contractors and representatives to be treated with respect and likewise to treat one another, our customers, suppliers and others with whom we work, with respect. This applies to all employees regardless of race, gender, ethnicity, religious affiliation or lack thereof, age, disability, sexual orientation, gender identity or membership in any other legally protected class. BorgWarner will not tolerate illegal discrimination or harassment of any person in the conduct of BorgWarner's activities. Examples of intolerable behavior include derogatory comments based on racial or ethnic characteristics and unwelcome sexual advances.

## **CONFLICTS OF INTEREST**

BorgWarner expects all employees to conduct themselves in accordance with the highest standards of integrity, honesty and fair dealing to prevent any conflict between our personal interests and the interests of the Company. A conflict of interest is any activity that is not consistent with or is opposed to the best interests of the Company. Apparent conflicts can arise in many ways. The following examples may assist you in identifying situations to avoid. If you are concerned that you are involved in a situation where your interests appear to conflict with those of the Company, discuss the situation with the **Compliance Coordinator\*** at your location.

- **Outside Business Activities.** It is expected that you will not engage in any private business activities that interfere with your BorgWarner assigned duties or that compete with or may compete with BorgWarner.
- **Personal Gain.** You are not to engage in any personal financial activities which could influence your judgement or actions in performing work for BorgWarner.

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\* You can find the name of the Compliance Co-ordinator at your location by checking the list on the Legal Department ICE site or by asking Human Resources.

You and members of your immediate family may not ask for or accept gifts, services or personal benefits from actions taken, information received or associations made as a result of your employment with the Company.

You need not reject normal business courtesies which will not affect your judgement or actions in performing work for BorgWarner, but you are expected to follow standards of ethics and good judgment, advising your **Compliance Coordinator** of any questionable matters. It is your personal responsibility to ensure that your acceptance of a business courtesy does not create the perception that favors were granted to obtain special treatment.

- **Confidential Information.** You may not use or reveal to others any confidential information of or concerning BorgWarner.

## **SUPPLIER AND CUSTOMER INTERACTIONS**

In the usual course of business with suppliers to and customers of BorgWarner, questions concerning the receipt of gifts, services, meals and entertainment often arise. Generally, these items offered in the context of courteous business relationships are acceptable if they are not of a kind which would be expected to influence the judgement of the recipient. If you are faced with a questionable circumstance, discuss it with your **Compliance Coordinator**.

Employees' personal use of BorgWarner suppliers to provide goods or perform service is strongly discouraged, even though paid for by the employee. Any exceptions should be discussed with your **Compliance Coordinator** before services are rendered.

## **SENSITIVE PAYMENTS**

The use of corporate funds, property or resources for any unlawful or improper purpose is prohibited. Just as we do not accept bribes, we do not offer or give bribes.

- **Payments to Others.** Payments of money, property or services for the purpose of obtaining business or special consideration are prohibited. Reasonable payments for normal business courtesies and not for the purpose of influencing judgement are permissible. Questions should be directed to your **Compliance Coordinator**.
- **Political Contributions.** Contributions of money, goods, services or anything of value by the Company to any candidates for office, office holders or party officials are generally prohibited. Some U.S. states allow corporate contributions to be made under specific circumstances. Consult with the Law Department if any contribution is to be made before making it.

Employees may make personal contributions. Reimbursement of such political contributions by the Company is prohibited.

- **Dealing with Government Officials.** Payments, loans or offers of money, services or anything of value to or for a government employee or official for the purpose of influencing any decision of that person are prohibited. Payments made indirectly or through an intermediary are also prohibited.

Actions taken by BorgWarner, its subsidiaries and their employees outside the U.S. on behalf of the Company are strictly regulated by anti-corruption laws in every country BorgWarner is located and by U.S. laws and regulations, including the Foreign Corrupt Practices Act and antiboycott and international trade laws. Offering gifts and entertainment beyond good business practice in ordinary commercial transactions is not permitted. If you are involved in transactions outside the U.S., you should be familiar with and observe the provisions of local anti-corruption laws and the U.S. Foreign Corrupt Practices Act and international trade regulations. This instruction is particularly directed to non-U.S. subsidiaries' employees, because locally lawful conduct might trigger legal action against BorgWarner in the U.S. under certain circumstances. Please contact the Law Department with any questions and for additional information.

## **ASSETS**

Employees are expected to protect the Company's assets and to use them for proper business purposes.

You have a responsibility to protect BorgWarner property and property of others in the care of BorgWarner against theft, loss, and improper and unauthorized use. Property includes all types of assets including, but not limited to, cash, land, buildings, machinery, tools, supplies, computers and accessories, and intellectual property, including proprietary and confidential information, trademarks, patents, and Company logos.

## **CONFIDENTIAL INFORMATION AND "INSIDE" INFORMATION**

Non-public information related to BorgWarner, its operations, products, plans or personnel may be considered inside information and is confidential. Inside and confidential information is to be held in confidence and is not to be shared or used in any way that would give anyone an unfair advantage. No employee may trade BorgWarner stock or direct others to trade BorgWarner stock if the employee has material information that has not been publicly disclosed. If you have any questions as to whether a piece of information has been made public, contact BorgWarner's Communications Department.

## **PERSONAL INFORMATION**

We are entrusted with personal information by our employees, directors, business partners and others. We must protect this sensitive data, keep it confidential and secure it in accordance with all laws, our policies, and applicable agreements. You must never use personal information for any purpose for which it was not intended. If you believe personal information has been improperly gathered, used or disclosed, contact your data protection officer, the Compliance Office or Law Department promptly.

## **COMPETITIVE INFORMATION**

Effective competition requires an understanding of the Company's competitors. BorgWarner uses only legitimate information sources to gather information concerning its competitors. Illegal and unethical practices may not be used to obtain competitive information. If you have reason to believe that the receipt or release of any information is unauthorized or if other questions arise in this area, contact the Law Department.

## **ACCOUNTING STANDARDS**

All Company funds and assets must be properly disclosed or accounted for in the regular books and records of BorgWarner, and financial statements published by BorgWarner must accurately reflect the Company's financial position. Improper or fraudulent accounting, documentation and reporting violate Company policy and may also violate applicable laws. All internal records that support financial reporting must be prepared accurately, completely and properly. These records include, but are not limited to, expense reports, time cards, production and inventory counts, quality reports, sales records, attendance statements, supplier documents, consolidating entries, and disclosure support.

## **REPORTING CONCERNS**

Employees are urged to read the Company's **Complaint Submission and Handling Policy**, which describes the Company's procedures for the receipt, retention, and treatment of complaints received by the Company or its audit committee regarding accounting, financial, internal accounting controls, or auditing matters. In the U.S., any employee may call the Company's Action Report Line anonymously at 1-800-461-9330 or otherwise submit a good faith concern regarding questionable accounting or auditing matters without fear of dismissal or retaliation of any kind. From outside the U.S. you may call 001-800-1777-9999 toll free (using your country's appropriate country code) or 001-720-514-4400 collect.

## **ENVIRONMENT**

BorgWarner and its subsidiaries comply with all applicable laws and regulations governing the use, emission, storage and disposal of potentially hazardous materials and seek to conduct operations in a manner which minimizes the risk of injury to people and the environment. Observe all posted warnings and regulations. Use resources efficiently, minimize waste and reuse or recycle whenever possible. If you have reason to believe that potentially hazardous materials are not being properly handled by BorgWarner, contact your Compliance Coordinator or BorgWarner's Director of Environmental Programs.

## **SAFETY**

Safety is the responsibility of every BorgWarner employee. BorgWarner will provide a safe workplace to its employees and you must work in a safe manner that does not endanger yourself or others by following safety and health rules and practices and reporting any accidents, injuries and any unsafe equipment, practices or conditions.

## **U.S. CORPORATE SENTENCING GUIDELINES**

To minimize BorgWarner's exposure to criminal penalties for violation of federal laws under the U.S. Corporate Sentencing Guidelines, BorgWarner established the BorgWarner Ethics and Compliance with Laws and Policies Program. The BorgWarner Code of Ethical Conduct and the guidelines it describes constitute an integral part of the Program. BorgWarner's Compliance Policies reflect BorgWarner's Beliefs and core values of personal integrity.

## **APPLICABILITY**

This Code applies to all employees, directors, agents, representatives, contractors and consultants of BorgWarner and all its subsidiaries worldwide when they are representing or acting for the Company.

Violations of the BorgWarner Code of Ethical Conduct, or any BorgWarner policy may result in disciplinary action up to and including termination and, if warranted, legal proceedings. BorgWarner reserves the right to amend, interpret and construe the Code. Nothing contained in the Code shall constitute a contract of employment with any employee or conflict with BorgWarner's right to terminate employment relationships at will.

## **MORE INFORMATION**

This Code summarizes the more detailed policies that are included in the BorgWarner Ethics and Compliance with Laws and Policies Program. The policies are available from

your Compliance Coordinator, and from Human Resources and are on the intranet under the Legal Matters tab, "Policies".

If you have questions about the Compliance Policies, this Code or about what is "the right thing to do" in a particular situation, contact the Compliance Coordinator or Officer at your location, or call BorgWarner's Compliance Office at +1-248-754-0656 or via e-mail at [hqCompliance@borgwarner.com](mailto:hqCompliance@borgwarner.com). In addition, in the U.S., you may report any conduct which may be in violation of this Code by calling 1-800-461-9330. From outside the U.S. you may call 001-800-1777-9999 toll free (using your country's appropriate country code) or 001-720-514-4400 collect.

Comments?

Please provide your comments about this Code to the Compliance Office via e-mail ([hqCompliance@BorgWarner.com](mailto:hqCompliance@BorgWarner.com)) or by calling 001-248-754-0656.