

**SHORT TERM DISABILITY
Income Continuation Policy**

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Original Issue Date: 3/29/2019	Rev. Date: July 2019 Rev. Letter:

1.0 Purpose: From time to time, serious health conditions may impact an employee's ability to perform the material responsibilities of his/her job. The U.S. Short Term Disability Income Continuation ("STD") is designed to provide financial assistance to employees during the diagnosis and treatment of a documented physical or mental disability that is non-work related. STD does not include care of the Employee's family members (see FMLA policy HR-023 & Attendance Policy for your location).

2.0 Scope: All full-time, salaried employees of BorgWarner's US locations are eligible for STD. ReedGroup handles administration of both STD and FMLA. STD is applicable for a salaried employee's serious health condition that may require more than 5 consecutive days of absence from work. Time taken before the 5th consecutive absence is considered the qualifying period.

NOTE: Michigan employees see Attendance Policy – Michigan Salaried Non-Exempt Employees

- a) Intermittent Time: STD is payable during intermittent periods of disability provided the insurer certifies that the employee is disabled on the day in question, the qualifying period has been satisfied, and the employee performs no work for BorgWarner on that day.
- b) Successive Periods of STD for Different Conditions: If the subsequent period of incapacity described above occurs for a condition that is not related to the preceding incapacity, regardless of how long the employee has been back to work since the last period of incapacity, a new period of Salary Continuation Benefits apply, allowing a new 26-week limit.
- c) Successive Periods of STD for the Same or Related Condition: STD time that is separated by fewer than 26 weeks of continuous employment with BorgWarner is treated as one continuous period of incapacity with a 26-week total maximum limit unless the cause of successive incapacity is not related to the preceding incapacity.

Absences from work that are inconsistent with this STD procedure, or any other leave of absence approved by BorgWarner, are considered unapproved absences and may result in discipline, up to and including termination. You will only be paid for days that are approved by ReedGroup. Your pay and benefit deductions will continue to be processed by BorgWarner's payroll while on approved leave. After 5 consecutive days of absence, your pay will be stopped until HR receives an approval notice from ReedGroup. Following approval by ReedGroup, any payment owed to you for previously unpaid days will be paid retroactively on the next feasible payroll.

3.0 Policy:

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Approved STD runs concurrent Family & Medical Leave Act (FMLA) Policy [Legal Policies - LEG-042 Family & Medical Leave](#). and with any other State, County, or Municipal time. Payment under this policy is also offset by payment available through State, County, or Municipal policies.

The following describes the STD income continuation benefit provided:

Eligibility by Length of Service	STD Benefit as a % of Salary
Date of Hire < 6 months	100% not to exceed length of service with BW
Date of Hire > or = 6 months	100% of salary, not to exceed 26 weeks

STD benefits are effective on the date ReedGroup indicates the approved condition began provided the date is a scheduled workday.

STD benefits are not payable for any day or portion of a day that the employee receives regular, non-disability earnings from the Company. Employees receiving STD will not be permitted to work from home or telecommute.

Duration of Salary Continuation – The duration of benefits will be limited to a maximum of 26-weeks, or the amount of time the employee remains disabled, whichever is less.

Effect on Other Paid Time Off

If the employee is out for his/her health condition and is on STD, there is no effect on the employee's paid vacation time during the leave.

4.0 Human Resource & Manager Responsibilities:

Human Resources is responsible for:

- 4.1 Fair and consistent administration of this procedure
- 4.2 Keeping accurate records of the time missed from work
- 4.3 Protecting the rights of employees under the Health Insurance Portability and Accountability Act of 1996 (HIPAA)
- 4.4 Timely responses to ReedGroup requests for the employee's last day worked, job title, wages and monitoring of disability/FML on-line reports from ReedGroup.

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Department Managers/Supervisors are responsible for:

- 4.5 Following these guidelines and providing accurate information to HR.
- 4.6 Notifying HR if an employee misses at least 3 days of work and the manager has not received notice of employee application for STD or FMLA.

5.0 Employee Responsibilities:

5.1 You are responsible to make every effort to communicate your need for a leave to your supervisor and/or HR as soon as you become aware of a potential need for a leave.

5.2 You are responsible for calling the ReedGroup to file your claim within 2 days of an absence or up to 30 days in advance of a scheduled absence.

- Phone: 1-800-441-9628, M – F, 8 am – 8 pm EST
- Fax: 518-880-6895
- Web: <https://BorgWarner.myleaveproservice.com> available 24/7

Have the following information for ReedGroup	
Employee ID	Absence start date
Birth date	Anticipated return-to-work date
Work schedule	Medical condition details
Treating physicians and contact information	

5.3 ReedGroup evaluates medical leaves based upon information provided from the treating physician. You are responsible to ensure that your doctor responds to the ReedGroup with all relevant medical documentation as soon as practicable. STD information is due 20 days after a formal request. FMLA job-protection, which may run concurrent with STD, is due to ReedGroup 15 days after the employee receives the FMLA certification form from ReedGroup (see HR-023 FMLA Policy). Failure to respond within the information submission deadlines can result in a suspension or denial of benefits, and/or disciplinary action up to and including termination related to unapproved absences.

5.4 You and your HR representative will be notified by ReedGroup of the approval, or denial, of STD and/or FMLA benefits. If ReedGroup denies a claim, the leave of absence will be unpaid, and the Employee will be required to return to work within 2 working days. Failure to return to work as requested may subject the Employee to disciplinary action, up to and including, termination of employment.

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5.5 Before returning to work, you must provide HR and ReedGroup with a Return to Work Authorization from the treating physician.

5.6 If after 18 weeks, the Employee has not returned to work, application for Long Term Disability benefits will commence from Cigna.

6.0 Returning to Work: An employee may return to work when the treating physician certifies that the employee can perform the essential functions of his/her job, with or without accommodation. The certification must list all work restrictions that the physician is imposing on the Employee and detail how long the restrictions will be in place.

The Employee must submit the completed doctor's note to his/her local HR department for review before the employee may return to work. HR should consult with the employee's supervisor to determine whether all restrictions may be accommodated.

7.0 Conclusion of STD Period: If the employee is unable to resume the essential functions of his/her job, with or without reasonable accommodation, and in a reasonable amount of time, separation from BorgWarner will occur. Upon separation from employment, other benefits provided by BorgWarner will end. See a description of benefits at www.borgwarner.com/benefits. Separation from employment does not impact the insurer's evaluation of the employee's condition and subsequent approval or denial of Long-Term Disability.

8.0 Reservation of Rights. The Company reserves the right to amend, modify, or terminate this policy at any time and without notice, subject to the requirements of applicable law. This policy does not constitute of contract of employment with the Company and does not give you the right to retain your employment by the Company.

APPROVALS

Policy Committee

Corporate

REVISION HISTORY

Date	Revision Change
10-29-2018	4.1; 5.4.2; 5.4.3; 5.4.3.1.2
11/30/2018	5.1.5, 5.1.1, 5.4.2, 5.4.3
03/29/2019	Revision to paid time off in compliance with MI Paid Sick Act
7/1/2019	Revision for Leave vendor change and resulting process changes