FY 2023

Sustainability Report

Magna International Inc.

MAGNA

Forward. For all.

Swamy Kotagiri
Chief Executive Officer

Ahmed Elganzouri
Global Director,
Sustainability and Energy

Our Evolving Sustainability Strategy

The automotive industry is undergoing a significant transformation as we transition to a net-zero world. This transformation affects how people and goods move, as well as how we develop and manufacture our products.

At Magna, we are navigating complexities of this evolving sustainability landscape by focusing our efforts on areas where we can make the greatest positive impact. I am proud that our efforts are producing tangible results and reflect our consistent company purpose: advancing mobility for everyone and everything, responsibly.

Our commitment to a sustainable enterprise began more than 65 years ago and is the foundation on which we build today. Our pledge to support the planet is deeply rooted in our culture. Magna has always been a company that is well respected in the industry and world for doing what is right – not because we have to, but because we want to.

This report provides a comprehensive overview of our achievements in 2023, but I am most inspired by what comes next. The groundwork we have laid in recent years will allow us to build on our momentum and further yield significant competitive advantage. Being a sustainable company benefits every Magna stakeholder, touches every part of our business, and is the key to making this world a better place for current and future generations.

Moving the Needle on Sustainability

Since its inception, Magna has been committed to safeguarding our people, products and processes. We have taken a proactive approach, constantly evolving our products, technologies, and operations to lead by example to create a more sustainable future.

As a mobility technology company and one of the world's largest auto suppliers, Magna has a unique vantage point. With our presence in many segments of mobility and across the vehicle, our progress in sustainability has the potential to catalyze advancements throughout the industry. It is our dedication to sustainability and our willingness to evolve that sets us apart. By setting ambitious goals and adopting a science based approach, we are gaining momentum and empowering our employees across the world to help make significant progress.

In 2023, we embraced the spirit of evolution in our sustainability strategy, driving positive change across our business and beyond. We partnered with our customers and communities to navigate the transition to electric vehicles and implement more efficient manufacturing processes. We are upholding Magna's core values and helping to build a more sustainable, equitable, and inclusive transportation future.

As we accelerate change within our company and the automotive industry, we are optimistic that even greater opportunities to make a difference lie ahead.

Evolving Our Commitment to a Sustainable Future

The fight against climate change is leading to significant transformation in the mobility sector. As a global leader within the industry, Magna has set itself ambitious net-zero targets. Magna has approved near- and long-term science based emission reduction targets with the Science Based Targets initiative (SBTi), and the SBTi has verified Magna's net-zero science-based target by 2050.

Magna's Decarbonization Targets

Target	Target Year	Status
1-year 5% energy savings in implemented energy projects (From 2022 absolute energy usage)	2023	**Achieved**
1-year 5% energy intensity reduction (Compared to 2022)	2023	**Exceeded**
1-Year 10% energy intensity reduction (Stretch goal) (Compared to 2022)	2023	**Exceeded**
2-Year 10% energy intensity reduction (Compared to 2022)	2024	On Track
Environmental, Social and Governance (ESG) scoring for 90% of supplier spend	2025	In Progress
100% renewable electricity in European operations	2025	On Track
5-year 20% energy intensity reduction (Compared to 2022)	2027	On Track
100% renewable electricity in global operations	2030	On Track
25% reduction in value chain (Scope 3) emissions from 2021 baseline (Near-term science-based target)	2030	In Progress
42% reduction in global operational (Scope 1 & 2) emissions from 2021 baseline (Near-term science-based target)	2030	On Track
Net-zero emissions reduction (90% absolute reduction in Scopes 1, 2 & 3) (Long-term science-based target)	2050	In Progress

	Where We Are	Year Over Year Progress	Where We Are Going
% of global electricity used that is renewable electricity	22%	+500 bps	**39%** Expected by 2025
Divisions using renewable electricity	103	+42	**>170** Expected by 2025
Divisions with 100% renewable electricity	75	+14	**>150** Expected by 2025
Divisions with on-site solar generation	18	+12	**19** In progress or currently investigating

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Sustainability: Significant Steps Forward

At Magna, we are not only building a strong, sustainable business, but one that makes a positive impact on the planet for current and future generations. We are committed to minimizing the environmental impact of our activities – partnering with our customers and communities, as well as operating efficient manufacturing processes and recycling programs.

2023 Highlights:

- Announced our most ambitious environmental commitment to date: to achieve net-zero emissions by 2050, an important step in fighting climate change. This latest effort is part of the Science Based Targets initiative, the benchmark for decarbonization targets in line with the Paris Climate Agreement.
- Targeted a 20% reduction in corporate energy intensity in all manufacturing facilities by 2027. We are already halfway towards our 2027 target, having achieved a 10% reduction over the last 12 months.
- Pledged to transition to 100% renewable electricity use in our European operations by 2025 and globally by 2030.
- Targeted a 90% reduction in Scopes 1, 2 and 3 by 2050, with near-term commitments to reduce approximately 42% in Scopes 1 and 2, and 25% in Scope 3 by 2030.
- Dedicated to addressing not only the emissions we produce within our own facilities but also those of our entire supply chain. We are working with our customers and partners, along side more than 10,000 supplier companies, to conserve our natural resources.

Topic	ISSB Code	Metric	Unit of Measure	Magna 2023 Data[2]	Change from 2021 Baseline[3]
Emissions	ISSB S2, 29(a)(i)	Scope 1 emissions	Metric Tons (t) CO_2e	424,561 t	↓ 2.7%
	ISSB S2, 29(a)(i)	Scope 2 emissions[1]	Metric Tons (t) CO_2e	1,150,656 t	↑ 5.6%
	ISSB S2, 29(a)(i)	Scope 3 emissions[3]	Metric Tons (t) CO_2e	58,655,441 t[4]	—

Topic	SASB Code	Metric	Unit of Measure	Magna 2023 Data[2]	Change from 2019 Baseline[3]
Energy Management	TR-AP-130a.1	Aggregate amount of energy consumed	Gigajoules (GJ) MegaWatt hours (MWh)	20,077,657 GJ / 5,577,127 MWh	↓ 11.0%
		% of energy consumed supplied from electrical grid	Percentage (%)	59.2%	↑ 240 bps
		% of energy consumed that is renewable energy	Percentage (%)	12.9%	—
	—	Energy intensity	MegaWatt hours (MWh) / Sales (USDm)	130 MWh / USDm	↓ 19.8%
		Energy intensity reduction	MegaWatt hours (MWh) / Sales (USDm)	Target: ≥5% p.a. / Actual: 10.6% (2023)	—
Waste Management	TR-AP-150a.1	Aggregate amount of waste generated from manufacturing operations	Metric Tons (t)	1,365,712 t	—
		% of waste generated that is hazardous	Percentage (%)	3.9%	—
		% of waste generated that was recycled	Percentage (%)	91.8%	—
	—	% hazardous waste diverted from landfill	Percentage (%)	91.8%	—
		Waste diversion from landfill	Percentage (%)	Target: ≥95% p.a. / Actual: 96.2% (2023)	—
Water Management	—	Annual water withdrawals	Megalitres (ML)	6,571 ML	↓ 15.1%
		Water reduction	Percentage (%)	Target: 1.5% p.a. / 15% by 2030 (vs. 2019) / Actual: 15% (2023)	—

Topic	SASB Code	Metric	Unit of Measure	Magna 2023 Data[2]	Change from 2019 Baseline[3]
Environmental Management	—	Annual remediation expenses	Reporting Currency (USD)	<$1.0m	No Change
		Aggregate remediation balance for known events	Reporting Currency (USD)	$18.8m	↑ 40.3%
		Environmental violations > $10,000 USD	Number	1	—
		Amount paid as a result of such environmental violations	Reporting Currency (USD)	$30,000	—
Competitive Behaviour	TR-AP-520a.1	Total amount of monetary losses incurred as a result of legal proceedings associated with anti-competitive behaviour regulations	Reporting Currency (USD)	NIL	—
Health and Safety	—	Accident frequency rate	1.0 = 1 injury / illness per 100 employees working 40 hours/week, 50 weeks/year	0.50	↓ 51.9%
		Accident severity rate	10.0 = 10 lost work days / 100 employees working 40 hours/week, 50 weeks/year	10.22	↓ 17.3%
Gender Diversity	—	% of employees who are women[5]	Percentage (%)	28.0%	—
		% Women in Critical Positions	Percentage (%)	18.0%	—
		% Women on the Board of Magna	Percentage (%)	38.0%[6]	↑ 200 bps

Notes:

(1) Market-based emissions calculation method.
(2) 2023 data with respect to emissions, and water withdrawals have been verified by an independent third-party verification firm. Energy management, waste management, and health and safety data is preliminary.
(3) Items indicated by a dash were not tracked in applicable baseline year. We have used a 2021 baseline for our emissions reporting in line with our science-based near-term and net zero targets. We have used a 2019 baseline for other metrics consistent with our previous sustainability reports. Our 2023 Scope 1 and 2 emissions represent reductions of 17.8% and 28.5%, respectively against our original 2019 baseline.
(4) Scope 3 emissions data reported is based on 2021 and represents our baseline Scope 3 emissions calculated in connection with our science-based near-term and net-zero targets submission in 2023. We performed an inventory covering all 15 Scope 3 emissions categories. Our Scope 3 emissions data includes all relevant categories. Categories 8, 13, and 15 are not relevant to Magna.
(5) Wholly owned operations only.
(6) As of May 9, 2024, the percentage of women on the Board will be 42%, assuming election of all nominees for Magna's annual meeting of shareholders.

Introduction

Introduction

At Magna we are committed to making a difference through our products and processes, as well as continuing to demonstrate care and concern for our people and the communities in which they live.

PRODUCT
delivering solutions for a better tomorrow

PROCESS
minimizing our environmental impact

PEOPLE
benefiting our teams and communities

Magna's Climate Change Commitment

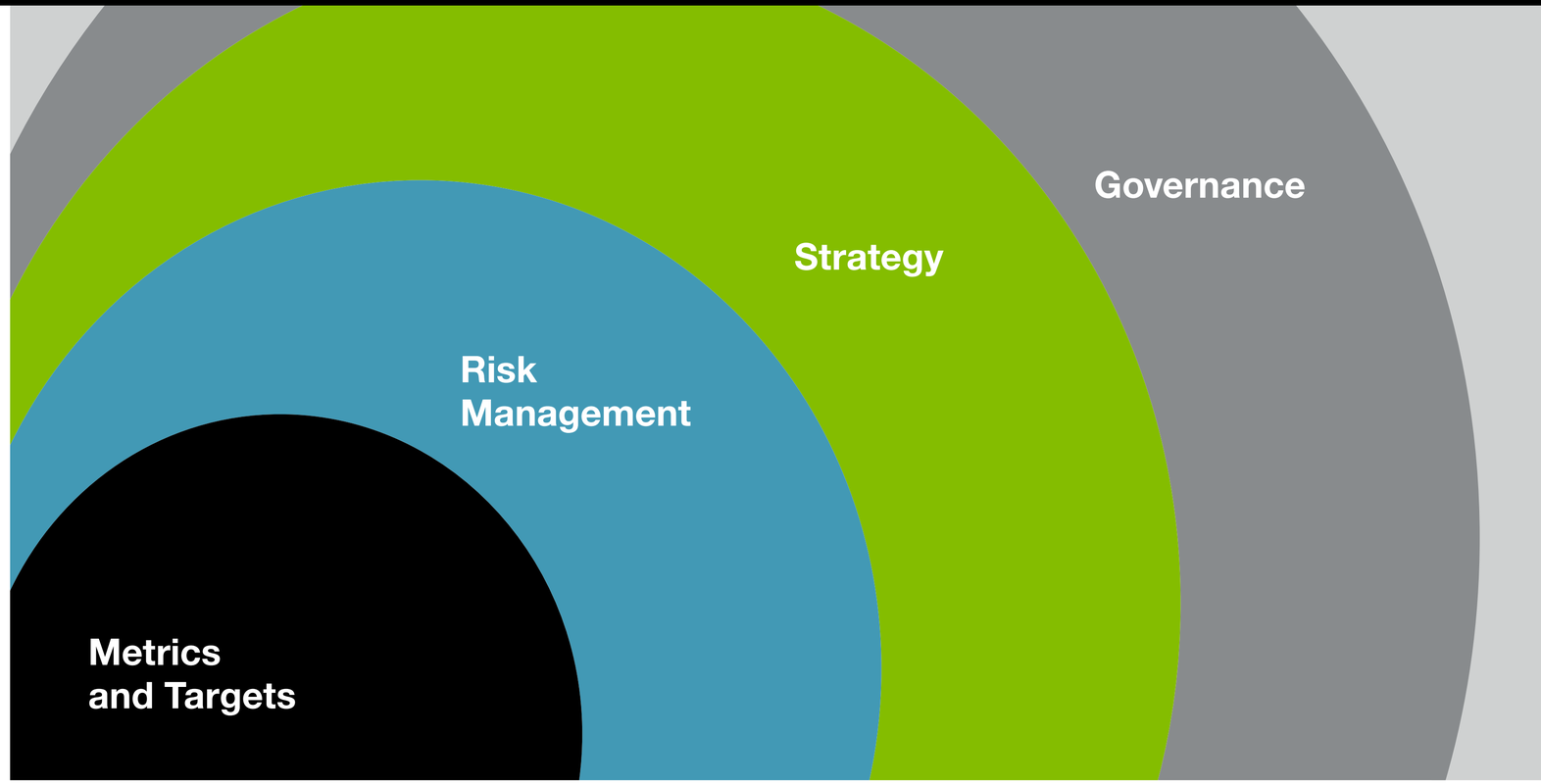
We recognize the reality of climate change and its impact on the planet. As a result, we are focused on doing the right things today so that our corporate interests do not come at the expense of the viability of life for the generations that follow. Although combating climate change requires a collective global response, Magna is determined to play its part in addressing this existential threat to our planet. We took a significant step in 2023 when we submitted our near-term and net-zero emission reduction targets for validation by the Science Based Targets initiative ("SBTi"). Magna has approved near- and long-term science-based emission reduction targets with the SBTi, and the SBTi has verified Magna's net-zero science-based target by 2050.

The details of Magna's net-zero commitment are outlined in Section 1.4 this Sustainability Report.

Approach to Sustainable Value Creation

Overall, our approach to sustainable value creation involves:

- designing, engineering, manufacturing and delivering innovative product solutions for our customers, which achieve shared goals of reduced weight, lower fuel consumption and reduced carbon emissions;
- optimizing and innovating our manufacturing processes for resource and input efficiency, as well as product quality;
- enhancing the energy efficiency of our plants and transitioning to 100% renewable energy by 2030 to achieve our SBT requirement to reduce Scope 1 and 2 emissions by 42% from a 2021 baseline;
- engaging our supply chain to reduce Scope 3 emissions 25% by 2030 from a 2021 baseline;
- staying focused on our net-zero commitment to reduce Scope 1, 2 and 3 emissions 90% by 2050 from a 2021 baseline;
- treating our employees fairly and looking out for their health, safety and general well-being;
- serving as a good community partner, particularly in the communities in which our employees live and work; and
- enhancing the sustainability of our supply chain with respect to human rights and working conditions through communication, monitoring, and where necessary, corrective action.



This Sustainability Report aims to provide our stakeholders with a better understanding of how we approach the creation of sustainable, long-term value and our management of sustainability-related risks. The report has been structured to align with the International Sustainability Standards Board (ISSB) IFRS S1 and S2 Climate Related Disclosures Standards, as well as the Sustainability Accounting Standards Board's ("SASB") Auto Parts accounting standard, where possible. This includes, for the first time, reporting of our (2021 baseline) Scope 3 emissions. While this report may not currently provide stakeholders with all the information sought through the ISSB and SASB frameworks; we continue to evolve and enhance our disclosure as our collection and validation of the applicable data improves. While the ISSB and SASB Auto Parts frameworks primarily address climate-related factors, this Sustainability Report aims to go beyond such items to give stakeholders a better understanding of the broad range of environmental, social and governance initiatives that define our approach to sustainable value creation.

SUSTAINABILITY SPOTLIGHT

Producing Parts, Peppers, and Wildflower Honey

Garden-grown teamwork transforms sustainability and community

Magna gives generously to the communities where we operate.

Magna's exteriors division in Brampton, Ontario embarked on a mission to make a positive impact on the world through sustainability. Led by their Health, Safety, and Environmental Manager, the team believed that collective effort was the key to success.

Since 2016, this facility has achieved zero waste-to-landfill, diverting 269 metric tons of waste. They recycled half of this waste, while the rest was converted into energy for the Ontario grid. Their commitment to sustainability was not just about numbers, but about real-time resource monitoring through the WAGES (Water, Air, Gas, Electricity, Silos) program, allowing them to react instantly to concerns.

But their sustainability journey was not just about operational changes. This commitment extended beyond the factory walls, with the creation of the "Farm" where vegetables were grown, and a beehive was housed. The first harvest raised funding for SickKids, a Toronto hospital, and plans were in place to donate directly to the local food bank next year.

Sustainability Governance

1.1 Board Oversight

Magna's Board of Directors is the company's highest decision-making body, except to the extent certain rights have been reserved for shareholders under applicable law or Magna's articles of incorporation or by-laws. As such, the Board is responsible for the overall stewardship of the company by: supervising the management of the business and affairs of Magna in accordance with the legal requirements set out in applicable company law (Business Corporations Act (Ontario)), as well as other applicable law; and, jointly with Management, seeking to create long-term shareholder value. The Board operates under a written Board Charter, in addition to applicable law, our articles of incorporation and by-laws. The Board Charter, which has been filed with securities regulatory authorities on SEDAR+ (www.sedarplus.ca), and is available in the Leadership & Governance section of Magna's website (www.magna.com), delineates Board oversight responsibilities including with respect to a number of areas relevant to sustainability such as: corporate culture; corporate governance; strategy; risk; shareholder engagement; and fundamental corporate actions.

The Board takes an integrated and coordinated approach to oversight (including climate-related issues). This includes oversight of:

- the Company's corporate culture, including its commitment to innovation/R&D, as well as its overall approach to corporate governance;
- long-term strategy, including sustainability strategy and near-term business plans;
- fundamental corporate actions, including acquisitions/divestitures and capital allocation;
- major corporate policies;
- enterprise risk management, including sustainability risks;
- our overall system of compensation of Executive Management, rooted in profitability and which drives desired management behaviours that are central to our climate strategy, including operational efficiency and acceleration of electrification activities.
- material public disclosures (including this Sustainability Report);
- preparedness of the Company to comply with emerging sustainability/ESG related legislation; and
- shareholder engagement, including on sustainability/ESG topics.

Climate-related and other sustainability issues are typically considered by the Board at least annually through the Board's strategic planning process. Typically, Magna's most senior corporate R&D executive identifies and analyses material "megatrends" impacting the automotive industry, including automotive and mobility trends arising from climate-related issues. Significant opportunities and risks are then addressed at the annual Board strategy meeting, while Operating Group Presidents address the opportunities and risks applicable to their respective business units at the annual business planning meeting. Guidance, feedback and other outputs from the strategy meeting are incorporated and integrated into business unit business plans for the next business planning meeting. Sustainability issues may also arise before the Board in connection with its oversight of fundamental corporate actions such as review/approval of material acquisitions/divestitures, three-year business plans and capital expenditures. Additionally, the Board annually monitors our progress in reducing our carbon footprint and reviews/approves the company's material public disclosures, including our Annual Information Form (AIF) / Annual Report on Form 40-F incorporating this Sustainability Report.

1.1.1 GNSC and TOCC Roles

The Board carries out its duties in part through standing committees composed solely of independent directors. One such committee, the GNSC, supports the Board's oversight of the company's approach to sustainability and climate change issues to ensure alignment with Magna's overall strategy, including by assessing Magna's overall approach to decarbonization of its operations, environmental compliance, the Company's approach to human rights and supply chain due diligence, the continued effectiveness of the Company's ESG management programs, as well as Magna's actions to identify, monitor and mitigate any material risk exposures relating to such areas. The Board's TOCC also supports the Board's sustainability oversight activities by assessing Magna's approach to certain non-climate elements of sustainability, including its approach to advancing diversity and inclusion in our workplace, and occupational health and safety compliance, as well as Magna's actions to identify, monitor and mitigate any material risk exposures relating to such areas.

Like the Board, the GNSC and TOCC maintain a written charter which outlines its specific roles and responsibilities. The GNSC and TOCC Charters have been filed on SEDAR+ and is available in the Leadership & Governance section of Magna's website (www.magna.com). Matters under the GNSC's responsibility include: corporate governance, sustainability, and other matters. The scope of the GNSC's oversight role with respect to sustainability includes climate-related issues generally, as well as related elements such as environmental management and compliance. As Magna defines "sustainability" in a broad and inclusive manner to include areas that go beyond climate-related issues, the GNSC's role also extends to matters such as supply chain sustainability. The GNSC periodically reviews Magna's policies, practices and public disclosures relating to sustainability topics, and makes recommendations to the Board regarding such items. During 2023, the GNSC received updates on Magna's evolving sustainability strategy, its development of science-based near-term and net-zero targets, progress towards its decarbonization and renewable electricity targets, and its activities in relation to supply chain monitoring. The GNSC also reviewed, provided input into, and approved the organization's Sustainability Report and presented its recommendations to the Board regarding the Board's approval of the Sustainability Report. Additionally, the GNSC received reporting relating to the performance of Magna's environmental compliance and management program. The TOCC's responsibility include: talent management and succession planning, executive and incentive compensation, employee health and safety, and other matters. During 2023, the TOCC received updates on Magna's occupational health and safety management program, leadership development and succession planning, culture and employee engagement, and diversity and inclusion activities.

1.1.2 Other Board Committees

In addition to the GNSC and TOCC, the Board maintains two other standing committees – the Audit Committee and the Technology Committee. While neither of these committees have specific sustainability responsibilities, each may have a role with respect to sustainability risks and opportunities that arise indirectly out of the committee's primary role and responsibilities.

Magna's Audit Committee supports the Board through its oversight of financial and audit-related matters, including financial risks and disclosures. To the extent that climate-related or other sustainability risks are or could be financially material, the Audit Committee would be involved through its consideration of the financial statement or other disclosure of the nature and scale of the risk. During 2023, the Audit Committee received updates on financial

reporting of sustainability matters, and Magna's Ethics and Legal Compliance Program, including administration of our Code of Conduct and Ethics, compliance training initiatives, and activities of the Company's Compliance Council.

The Technology Committee supports the Board's oversight duties by advising it on technology trends, related opportunities and risks, R&D and innovation, and technology-focused acquisitions, as well as the alignment between the company's technology and its strategic priorities. As such, the scope of the Technology Committee's role includes products and processes that seek to realize opportunities created by climate-related challenges. In this regard, the Technology Committee engaged in "deep dive" reviews of technology trends, opportunities and risks, including battery enclosures technology landscape, integrated systems, digital transformation and automation and Factory of the Future. In addition, the Technology Committee reviewed Magna's R&D/innovation initiatives in relation to Magna's overall strategy.

1.2 Management

Climate-related issues are part of the CEO's responsibility. As Magna's highest-ranking member of management, the CEO guides and directs Executive Management and Operating Group Presidents with respect to product portfolio and strategic planning, business planning, capital expenditures, innovation/R&D, manufacturing productivity and efficiency, as well as other critical areas, including the setting of the near-term and net-zero commitments announced by Magna in 2023. The CEO is also the highest executive responsible for customer management, shareholder engagement/investor relations, as well as talent management. The criticality of climate sustainability to the future of the automotive industry generally means that climate-related issues are interwoven through all of the foregoing areas of the CEO's responsibilities. At the same time, the importance of making demonstrable progress with climate sustainability goals requires CEO-level engagement and direction to ensure organizational alignment.

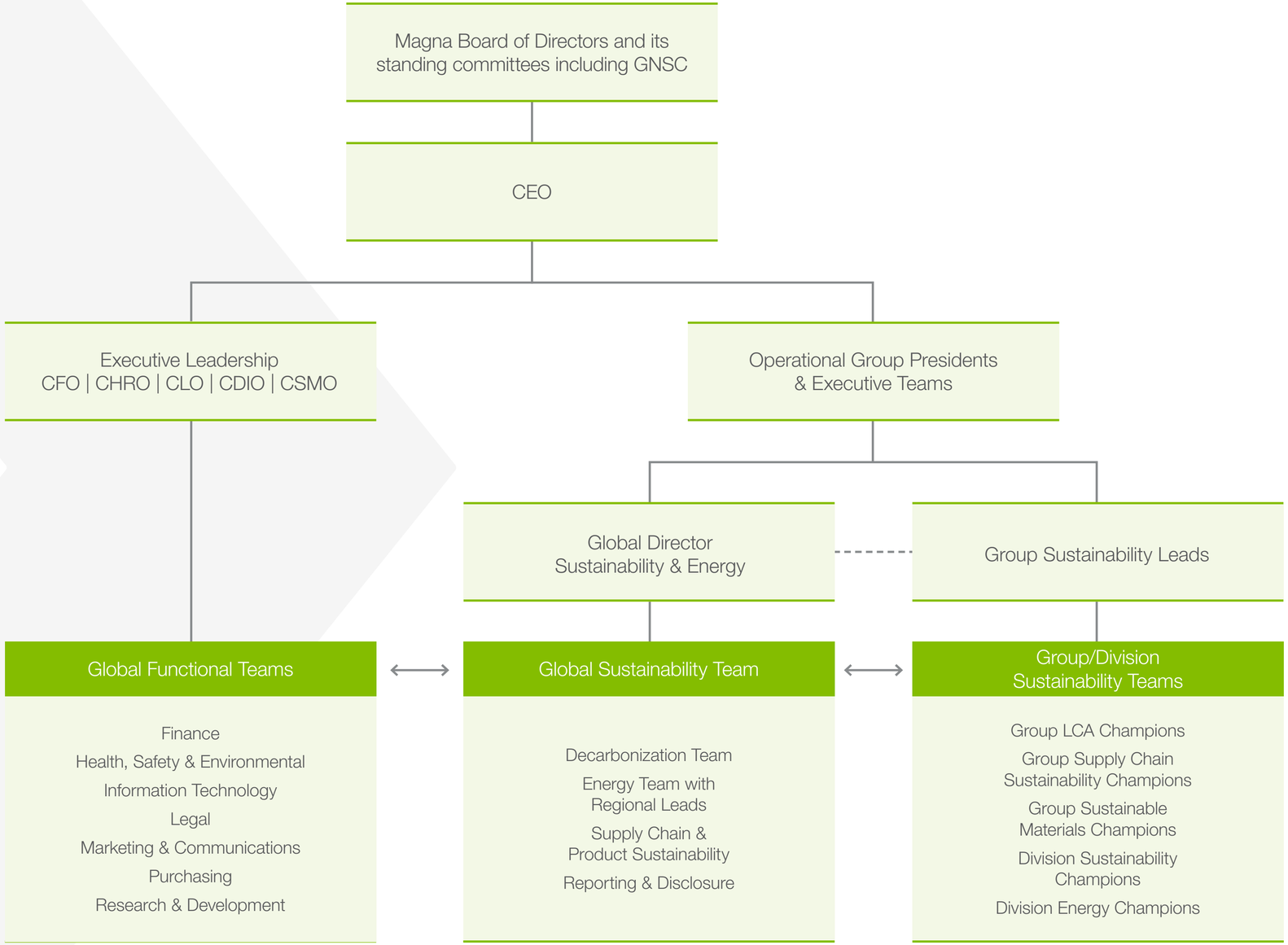
To assist our CEO, one of Magna's Presidents functions as an executive "champion" for climate-related sustainability matters (the "Sustainability Champion"). The Sustainability Champion reports directly to Magna's CEO on sustainability matters and helps coordinate and align sustainability priorities across the company's Operating Groups. Operating Group management is responsible for development of product strategies to address megatrends, industry trends, and business opportunities and risks, including those which arise due to climate-related challenges.

We also have a bottom-up sustainability structure (See Magna's Decarbonization Organizational Structure below) with representatives at each of our three main management levels (Divisional, Operating Group and Corporate). Approximately 95% of our manufacturing Divisions have an energy management champion who works with members of our Global Energy Team to identify and implement high-priority energy management projects. The Global Energy Team functions across all of our Divisions and Operating Groups to share energy efficiency/management case studies and best practices. Each Operating Group's day-to-day sustainability activities are coordinated through a Group sustainability "lead". Operating Group sustainability leads routinely interact with our Global Director, Sustainability & Energy who oversees and tracks key sustainability metrics and KPIs, such as the energy reduction goals. The Global Director, who reports to the Sustainability Champion, collaborates with Operating Group sustainability leads and cross-functional corporate leaders, including operational improvement, environmental, purchasing, legal, finance, real estate, to develop Magna's long-term sustainability and decarbonization strategy and near-term goals. In connection with our evolving sustainability strategy and our commitment to reaching our near-term and net-zero targets, our energy reduction progress and initiatives are reported to our Sustainability Champion, helping to increase the visibility of these initiatives across our Operating Groups through the Sustainability Champion's regular interaction with Operating Group Presidents.

A number of initiatives intended to help us achieve our near-term and net-zero targets are underway, including energy optimization initiatives at most of our operating Divisions and a phased in transition to renewable electricity globally. In 2023, we launched new initiatives within our Operating Groups focused on Life Cycle Assessments (LCA), Sustainable Materials and Supply Chain Decarbonization. Each initiative is led by an Operating Group-level champion in their respective subject matter that directly supports the execution of our decarbonization strategy. LCA Champions oversee Operating Group LCA processes and requirements, including understanding frameworks governing LCAs and customer requirements. Sustainable Materials Champions assist in the development of sustainable materials sourcing plans, identify potential sustainable materials relevant to current and future products, identify and oversee participation in sustainable materials certification schemes, and support our purchasing team in communicating with OEM customers and suppliers on relevant sustainable materials topics. Supply Chain Sustainability Champions assist on all ESG related supply chain topics for their Operating Groups and support supplier ESG monitoring and corrective action. They will also oversee Operating Group compliance with ESG nomination criteria being developed.

Aspects of sustainability beyond climate change concerns are typically managed through a matrix structure in which corporate-wide functions support initiatives implemented or managed by Operating Groups and Divisions. Examples of functional areas managed in this manner include: environmental management and compliance; occupational health and safety; quality and operational improvement; talent management, including diversity and inclusion; ethics and legal compliance; lobbying and political engagement; cybersecurity; data privacy; and supply chain management.

Magna's Decarbonization Organizational Structure



Net-Zero Guiding Principles

Operational Emissions

Magna's operational decarbonization strategy is focused on energy conservation and renewable electricity procurement. We are working with our partners and stakeholders to identify emerging technology that will tackle energy-intensive processes.

3 Renewable Energy

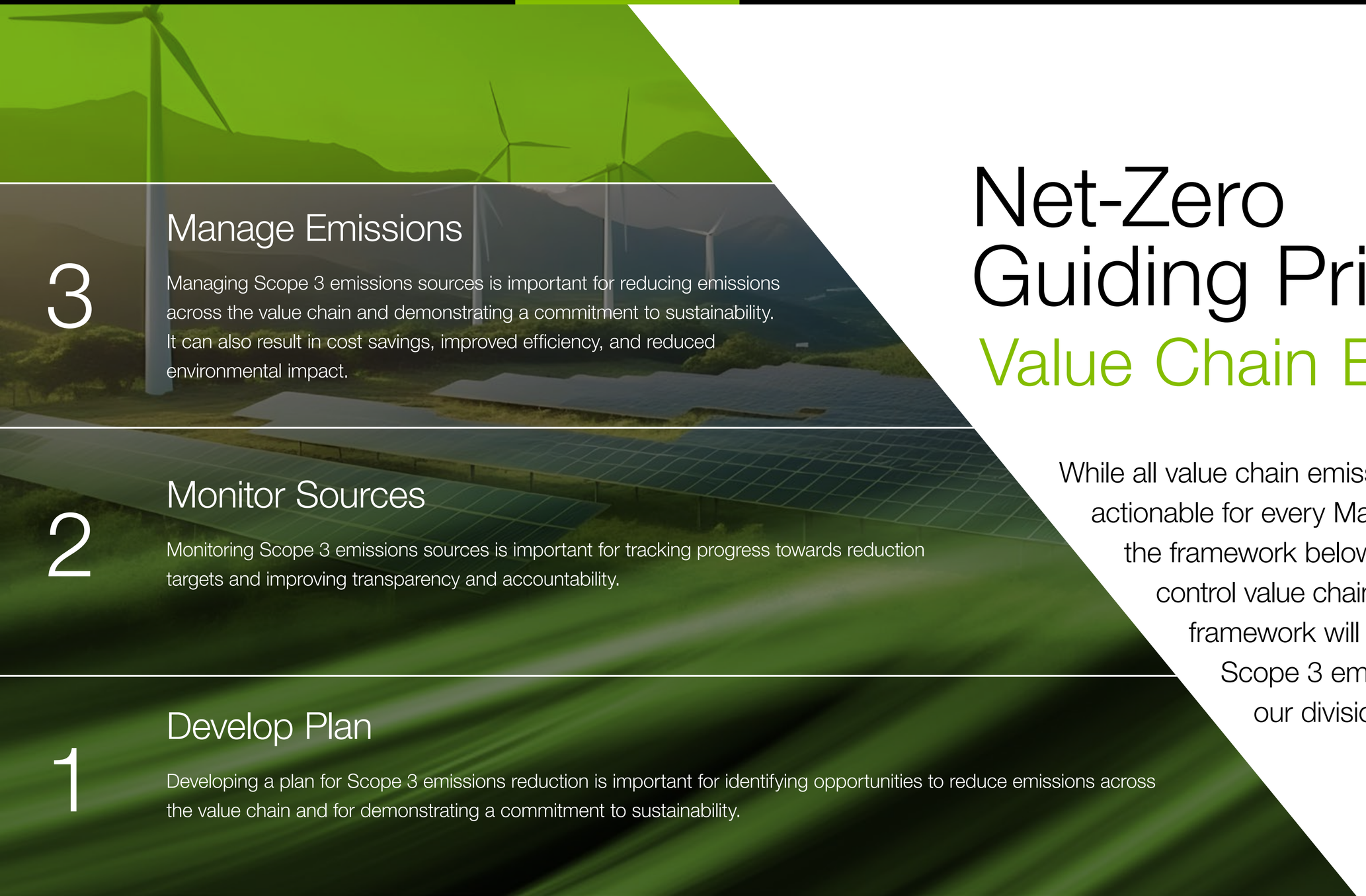
A regional portfolio approach to renewable energy, including: Power Purchase Agreements (PPAs), Energy Attribute Certificates (EACs) and self-generation, where feasible

2 Energy Efficiency

Through energy efficiency measures, machinery and equipment can be optimized and specific energy consumption improved. The aim is to reduce energy consumption to a necessary minimum.

1 Energy Transparency

Energy transparency refers to the openness and accessibility of information and data regarding energy consumption at all levels of use within a division. This is critical to the development of strategies and projects that minimize energy use and is the foundation of energy management.



Net-Zero Guiding Principles

Value Chain Emissions

While all value chain emissions may not be actionable for every Magna location at this time, the framework below is used to quantify and control value chain emissions globally. This framework will also be applicable for Scope 3 emissions projects at our divisions.

3 Manage Emissions

Managing Scope 3 emissions sources is important for reducing emissions across the value chain and demonstrating a commitment to sustainability. It can also result in cost savings, improved efficiency, and reduced environmental impact.

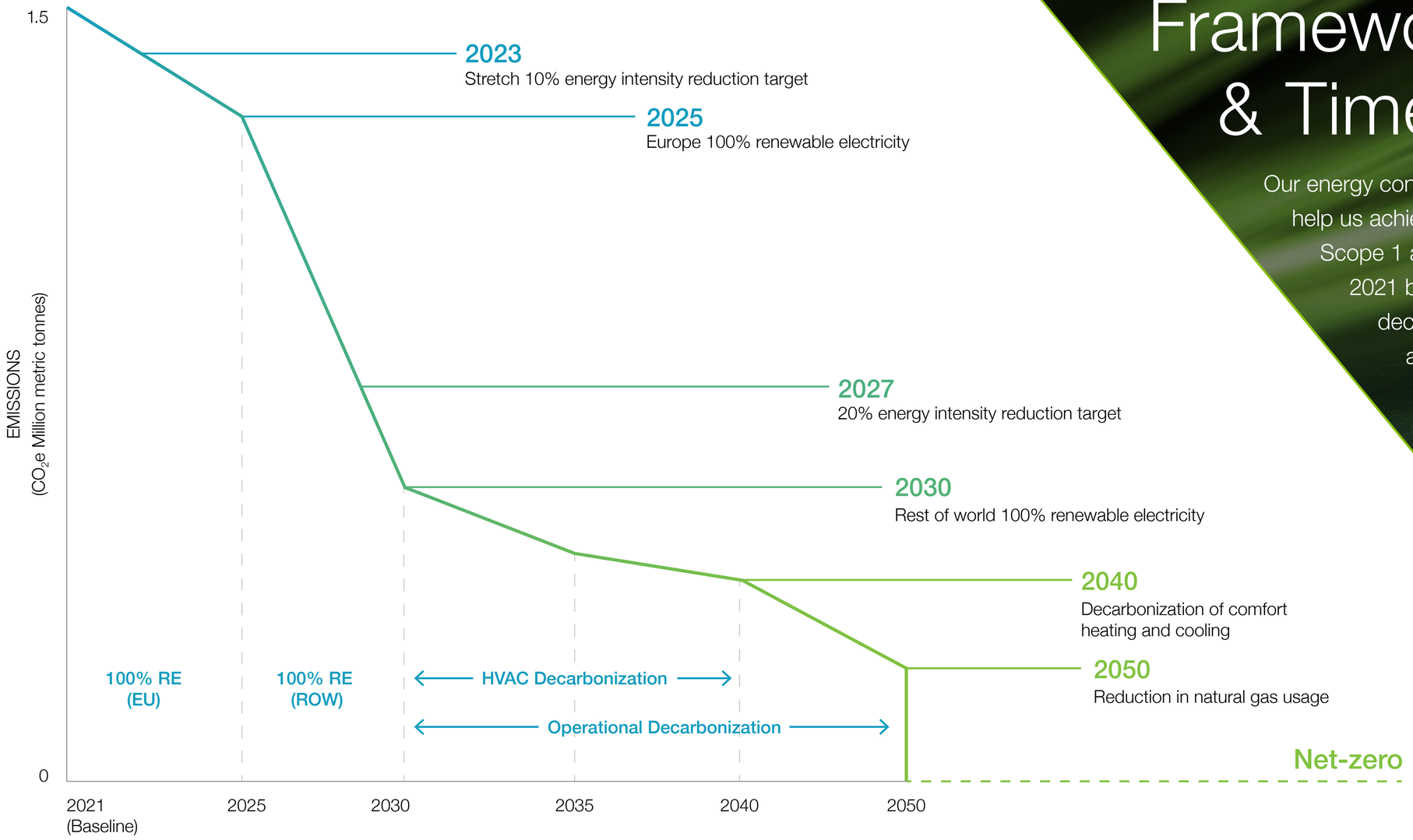
2 Monitor Sources

Monitoring Scope 3 emissions sources is important for tracking progress towards reduction targets and improving transparency and accountability.

1 Develop Plan

Developing a plan for Scope 3 emissions reduction is important for identifying opportunities to reduce emissions across the value chain and for demonstrating a commitment to sustainability.

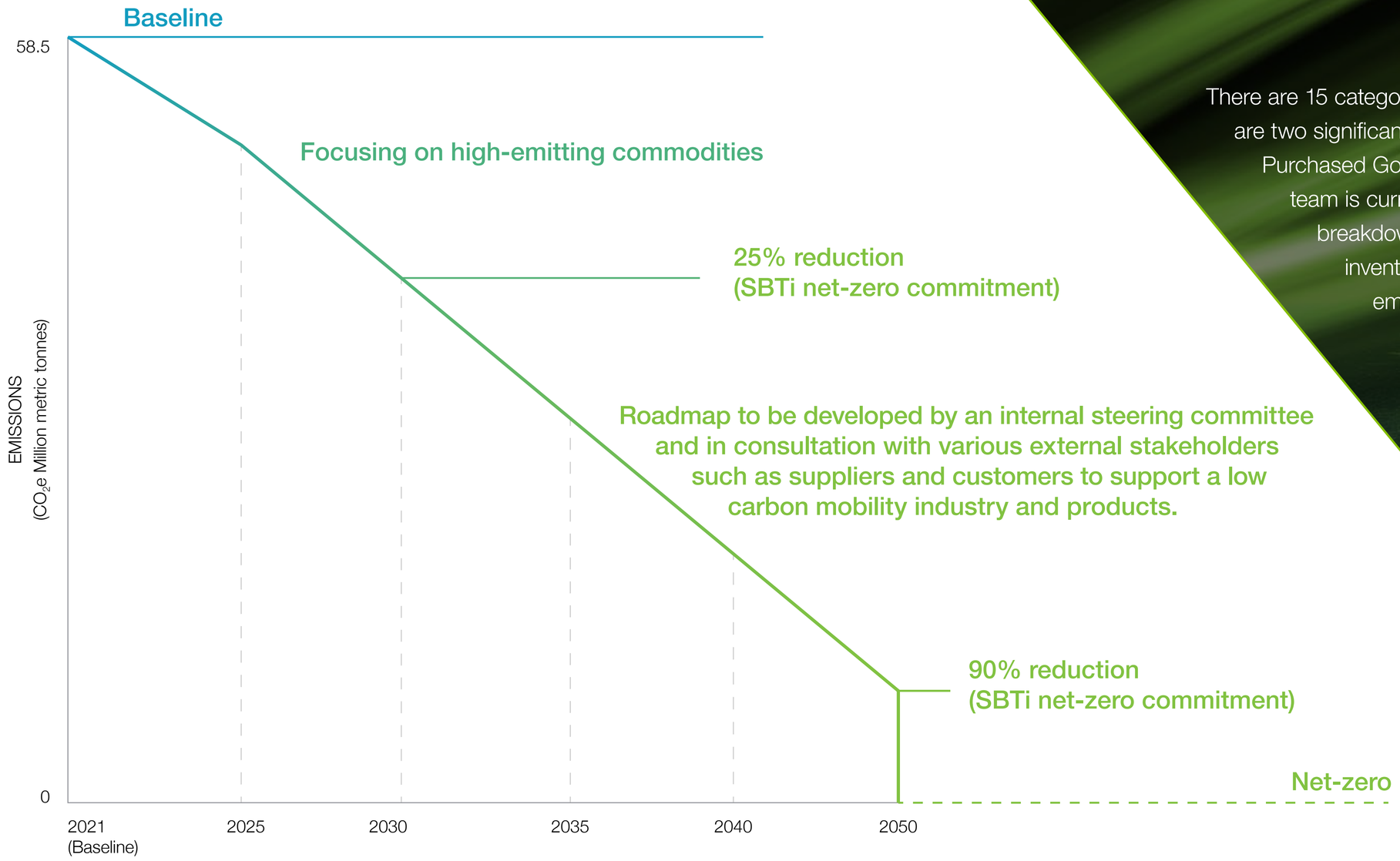
Operational Emissions



Framework & Timeline

Our energy consumption and renewable energy goals should help us achieve our SBTi near-term commitment of reducing Scope 1 and 2 emissions by 42% by 2030, against a 2021 baseline. Beyond that, we are prioritizing HVAC decarbonization and focusing on researching and implementing emerging technologies in HVAC, comfort heating and cooling, and manufacturing operations to achieve net-zero by 2050.

Value Chain Emissions



There are 15 categories of Scope 3 emissions. We know there are two significant categories for Magna: Use of Product and Purchased Goods and Services. Magna's Sustainability team is currently conducting an assessment to create a breakdown by supply chain category/material and an inventory of Magna products that impact our Scope 3 emissions. A Supply Chain Sustainability Steering Committee is developing the tools and will be reaching out to each group for consultation and rollout. While a detailed roadmap similar to the one made Scope 1 and 2 cannot be created at this time, our current commitments can show the scale of change required to hit our near-term SBTi targets and long-term net-zero goals.

1.3 Evolution of Our Sustainability Program

In 2023, our Sustainability program evolved in a number of ways, including:

- Establishing global near-term (to 2030) and net-zero (to 2050) science-based targets (discussed in detail in Section 1.4 of this Sustainability Report).
- Our near-term science-based target aims to achieve a 42% reduction in Scopes 1 and 2 emissions, and a 25% reduction in Scope 3 emissions by 2030, from a 2021 baseline. In support of our near-term commitment, we are targeting 100% renewable energy in our European operations (by 2025) and globally (by 2030).
- Our net-zero science-based commitment requires a 90% reduction in Scope 1, 2 and 3 emissions by 2050 from a 2021 baseline.
- Introducing a net-zero module to Magna's global Fundamentals of Sustainability Training, which was rolled out in 11 languages and completed by approximately 66,000 employees since the training was introduced in 2022. The training provides a review of sustainability basics and their relation to our business, and helps our organization continue to cultivate interest, ideas and opportunities for improving our operations, products and our world in general.
- Launching new initiatives within our Operating Groups focused on Life Cycle Assessments (LCA), Sustainable Materials and Supply Chain Decarbonization. Each initiative is led by an Operating Group-level champion in the respective subject matter that directly supports the execution of our decarbonization strategy. These initiatives will help Magna continue to integrate sustainability within our operations and make progress on our near- and long-term decarbonization goals.
- Rolling out a new supplier roundtable program. The objective of this round table program is to initiate a dialogue and collaboration between Magna and our suppliers to promote sustainability practices across the supply chain. The focus is on sharing best practices, discussing challenges, and identifying opportunities for improvement in sustainability initiatives.
- Continuing to grow our annual Commitment to Sustainability Awards that recognize how sustainable activities benefit our Divisions, our environment, and all stakeholders. In 2023 we received approximately 300 submissions, an increase of over 60%, year-over-year. Our Sustainability awards winners are detailed on pages 81 and 82 of this Sustainability Report.
- Aligning the sustainability module in our MAFACT system to our net-zero commitment. The module includes five scoring levels that assess a Divison's performance on sustainability, including: carbon/air emissions, water usage, waste, and support for United Nations Sustainable Development Goals. Scoring is based on development of a strong foundation for data collection (level 1) through to achieving 100% Renewable Energy (level 5).
- Implementing a Sustainability Ambassador program that aims to educate, inspire and create relationships across Magna from senior management to Divisional employees. The inaugural meeting took place in December 2023, and included the participation of nearly 150 employees from across the world.

1.4 Magna's Net-Zero Commitment

1.4.1 Science Based Targets

The fight against climate change is leading to major transformation in the mobility sector. As a global leader within the industry, Magna has set ambitious targets as discussed under Magna's Climate Change Commitment on page 9.

Magna prides itself on continuous improvement and innovation. For over 65 years, we have showcased our commitment to design and deliver some of the most sophisticated mobility solutions; and we continue to leverage this ingenuity and entrepreneurial spirit to tackle one of our world's most pressing challenges: climate change. Focus is needed on true decarbonization and elimination of carbon to keep global warming below 1.5 degrees according to the latest Intergovernmental Panel on Climate Change (IPCC) 2023 Climate Change Report. To meet our communities', customers', and stakeholder expectations, Magna has evolved its previous carbon neutrality commitment to the science based near-term and 2050 net-zero commitments.

Magna's pursuit of net-zero begins with our near-term commitment of 42% reduction in Scopes 1 and 2 emissions, and 25% reduction in Scope 3 emissions by 2030, each from a 2021 baseline. Our near-term commitments are the launch point towards our net-zero by 2050 commitment which requires 90% reduction in Scope 1, 2 and 3 emissions from a 2021 baseline, as required by the SBTi Net-Zero Standard.

1.4.2 Roadmap for Fulfilling Our Commitment

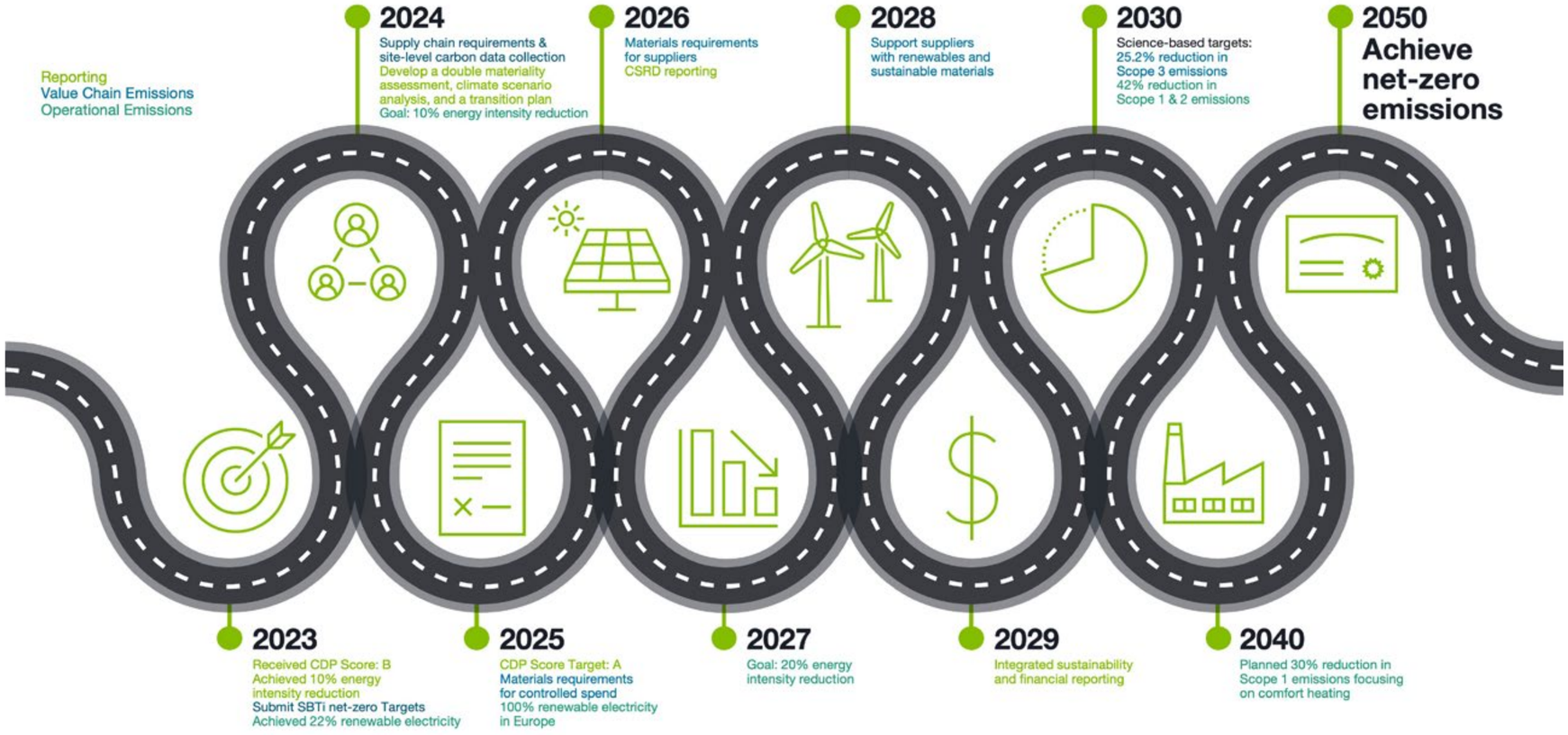
Achieving net-zero is an ambitious and complex challenge. We have taken the first step to indicate our commitment and outline our net-zero emissions strategy. We have also developed a framework through collaboration with internal and external stakeholders. By leveraging experts across all Operating Groups and Divisions to identify the most appropriate technical solutions, while monitoring for emerging technologies, we will continue to progress towards our net-zero goal. Our strategy and roadmap will continue to evolve, including through the development of climate scenario analysis and a formal climate transition plan as discussed in Section 1.4.3 below.

We are focused on the following four pillars as we continue to evolve our net-zero roadmap:

Awareness + Engagement	Data Collection	Strategy + Roadmap	Execution
Training and dialogue to understand and build needed tools	Develop data platforms & rollout internal policies and requirements	Identify feasible cost-viable technologies and solutions	Implementation of decarbonization initiatives

As Magna carries out activities within each pillar, with support from Operating Groups and Divisions, our focus will continue to be on energy conservation and reduction. In the near-term, our net-zero commitment is supported by our goal of achieving 100% renewable electricity in Europe by 2025 and globally by 2030. To support this effort, Magna's Global Energy Leads have been integrated directly into our global sustainability organization. Each Division's Energy Champion is critical to achieving our net-zero commitments working to deliver emission reductions, as well as cost savings and risk minimization. Progress is already being made in our manufacturing operations which implemented approximately 280,000 MWh of energy saving projects in 2023. Magna also successfully achieved its 2023 stretch goal of a 10% energy intensity reduction (compared to the prior year).

Magna's Road to Net-Zero



1.4.3 Evolution of our Roadmap

Over the next 12 months, Magna expects to complete a double materiality assessment, scenario analysis and develop a climate transition plan to further evolve our commitment to sustainability and transparency. A double materiality assessment is a tool we will use to evaluate environmental and social risks and opportunities through the lens of financial and impact materiality. Scenario analysis enables us to support our net-zero strategy by exploring various future pathways based on different climate scenarios. A climate transition plan will act as a blueprint for achieving net-zero.

1.4.4 Addressing Scope 3 Emissions

Magna has established near term energy saving goals (details on page 34) and renewable electricity goals (details on page 24) to tackle our Scope 1 and 2 emissions. For Scope 3 emissions, our near-term and net-zero targets are reductions of 25% by 2030 and reductions of 90% by 2050, respectively, taking into account all 15 emissions categories (12 of which are relevant to Magna). While Magna intends to work on reducing the impact in all relevant categories; there will be a significant focus on category 1 (Purchased Goods and Services) and category 11 (Use of Sold Product) which account for the vast majority (approximately 90%) of our Scope 3 emissions based on our current Scope 3 emissions inventory. Two working groups (discussed above): Sustainable Materials, and Supply Chain Sustainability, have been created with a champion from each Operating Group and led by the Magna's Global Sustainability Team. These cross-functional groups contribute in-depth knowledge on commodities and technologies that will be instrumental in executing our net-zero strategy.

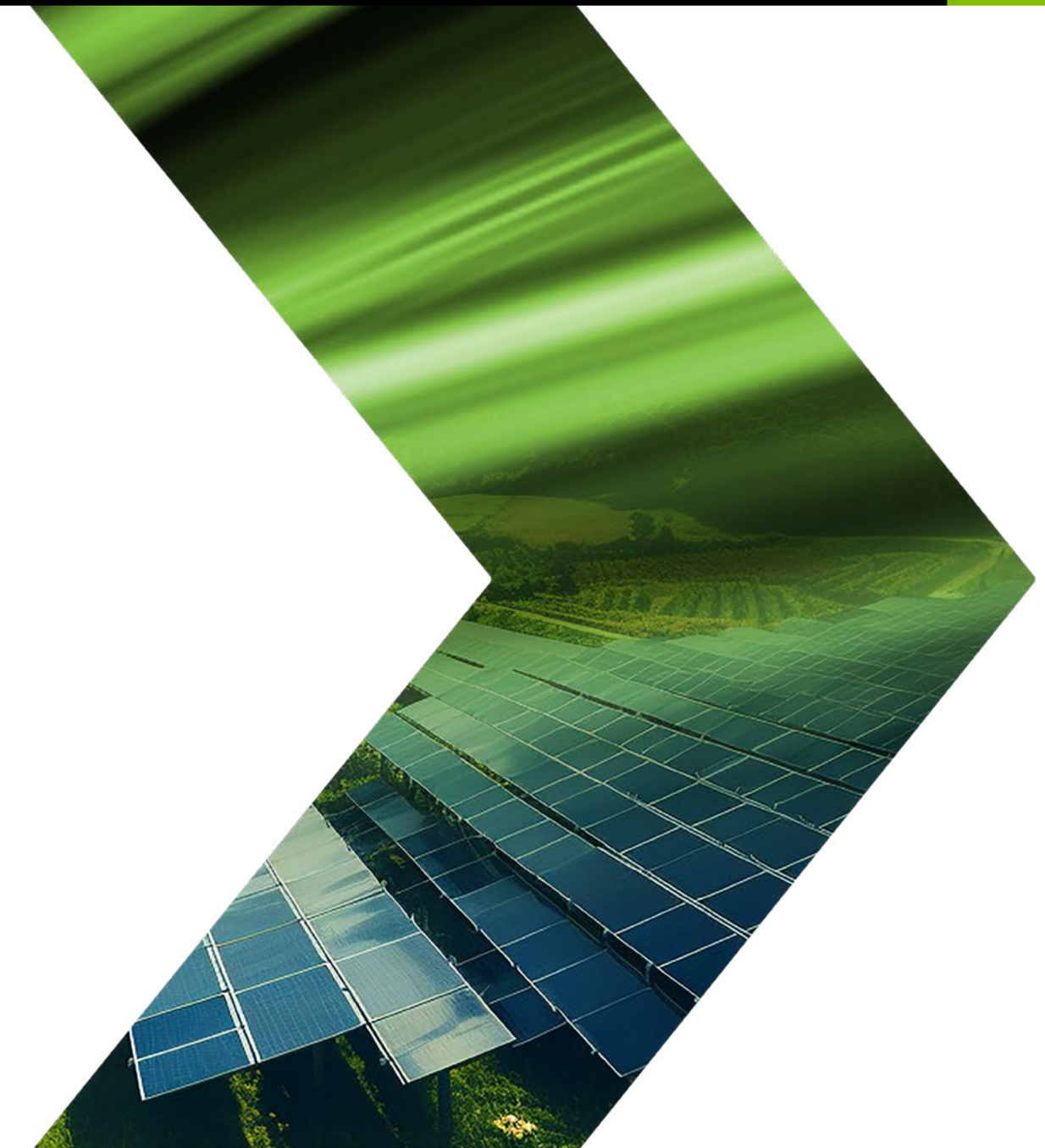
SUSTAINABILITY SPOTLIGHT

What You Do Matters

It’s more than just a motto for a Poznań seating plant

With the support of the 18 Shift Leaders, Magna’s seating division in Poznań, Poland launched an annual Energy Saving Week and “Do What Matters” campaign. Throughout the week, Shift Leaders lead daily 15-minute meetings where all employees are invited to actively participate in discussions about energy waste within the division.

The inclusive approach yielded significant results. Following Energy Saving Week, the number of ideas related to energy reduction increased by 300%. A follow-up audit conducted in February 2023 showed a 53,000 kWh decrease in energy consumption.



Climate-Related Opportunities

2.1 Corporate Strategy

The automotive industry is being defined by a number of global megatrends that have shaped our long-term strategy, including:

	Megatrend	Impact on Automotive
Economy	Globalization	Industry built through globalization appears to be undergoing regionalization
	Environmental Impact	Concern for environment/climate change driving vehicle electrification, including through acceleration of sustainability-related legislation
	Natural Resources & Energy	Access to critical battery minerals and availability of sufficient renewable energy may define success of drive to vehicle electrification
Society	Demographic Change	Product design will be influenced by aging population
	Digital Transformation	Connectivity and digitization impact both product and process. New vehicle architectures that connect the subsystems along with software functionality creates additional value to products. Process is also impacted due to increased digitization, driven by increased requirements for productivity and quality
	Individualism	Product design will be influenced by growing individualism, including desire for greater personalized experiences
	Health & Well-Being	ADAS and autonomy take rates will be driven both by consumer preferences as well as regulatory requirements tied to increased safety
Mobility	Urbanization	Continued growth in urban population will lead to changes in mobility as a result of increased density and congestion with an increase in EV adoption and new transport modalities
	New Mobility	Emerging new mobility eco-system offers a range of potential opportunities for new products and services, including automated delivery and mobility solutions

We have distilled the impacts of the global megatrends into four long-term strategic factors which we see defining the “Car of the Future” – electrification, autonomy, new mobility, and connectivity. We believe we are well-positioned to capitalize on opportunities in each area:

Electrification | We possess an enhanced e-Powertrain portfolio with a range of products that addresses the roadmap for the transition to EVs. We continue to win new EV business.

Autonomy | We possess full ADAS capability and complete ADAS system expertise. We take a systems level approach in developing ADAS building blocks for OEM customers with a focus up to level 2+/3 ADAS capabilities.

New Mobility | We have expanded our collaboration ecosystem and continue to look for opportunities to leverage new business models. The breadth of our capabilities make us a key enabler of OEM customers and new entrants in the New Mobility space.

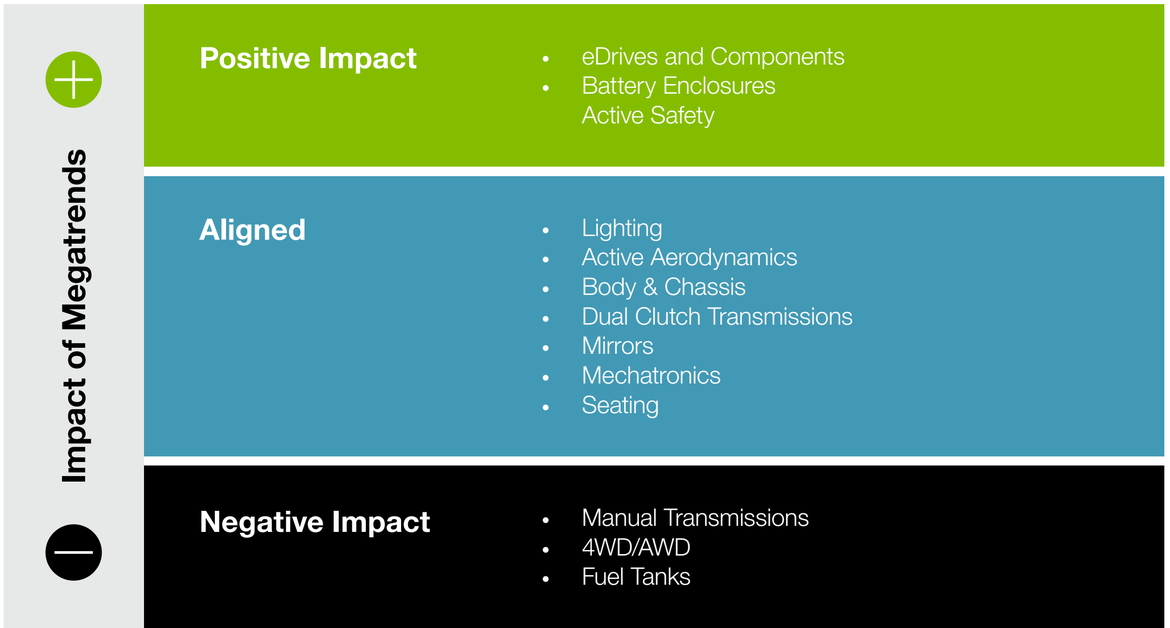
Connectivity | We possess software-enabled functionality in our electronic control unit-related products. This functionality could help optimize performance and efficiency in connected products, such as our connected powertrains.

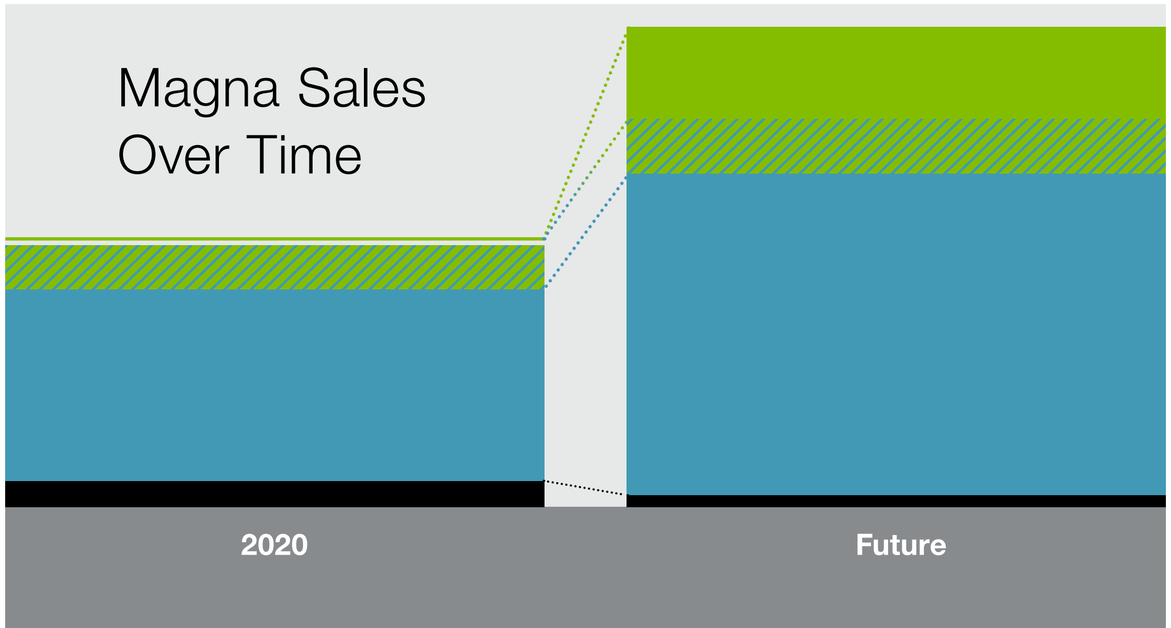
We have developed our corporate strategy to realize the opportunities from these trends. Key elements of such strategy include:

Increasing capital deployment toward high-growth areas aligned with the "Car of the Future"

We are proactively managing our portfolio and evolving our product mix based on alignment with the Car of the Future, which we see as electrified, connected, assisted/autonomous, personalized and sustainable. We seek to grow our business and capabilities in areas which are positively impacted by the megatrends discussed earlier through an approach that emphasizes functionally integrated solutions, systems development, and cross-group collaboration. Examples of such areas include powertrain electrification, ADAS and battery enclosures, as well as our contract vehicle manufacturing operations. As illustrated below, we believe that a substantial proportion of our product areas are not adversely impacted by the global megatrends, including our body, chassis, lighting, active aerodynamics, dual clutch transmissions, mirrors, mechatronics, and seating products. The strong returns and cash flow from these product areas enable us to fund the R&D and capital investments required to realize the opportunities in high-growth products which are benefiting directly from the global megatrends.

Lastly, there are elements of our product portfolio which are negatively impacted by the global megatrends and are expected to be less directly relevant to the Car of the Future. Examples of such products include manual transmissions, mechanical AWD/4WD systems and fuel tank systems. Despite their declining long-term strategic importance, our assets and expertise associated with these products remain relevant to, and can be redeployed for, growing product areas aligned with the Car of the Future.





Driving Operational Excellence

We are committed to manufacturing excellence. We continue to elevate our approach to manufacturing by implementing “factory of the future” initiatives including: enhanced use of big data and analytics; advanced robotics, additive manufacturing and augmented reality. The ultimate goal is to achieve greater profitability through further enhanced quality, production efficiency, reduction of floor space and improved return on investments. Critical elements of our approach to operational excellence include our operational excellence initiatives and MAFACT operating system, which are discussed in “Section 6 – Description of the Business – Manufacturing & Engineering” in our AIF. Additionally, our sustainability strategy dovetails with our efforts around operational excellence, due to the focus on energy optimization and minimization of water withdrawals, as well as waste streams to landfill.

Unlocking New Business Models and Markets

The new mobility landscape, which is generally urban, electrified, autonomous and connected, is creating new business models and markets. We believe that our systems and complete vehicle knowledge, including elements of our portfolio such as EV and ADAS platforms, provide us with an advantage in pursuing such opportunities. In addition, our ability to use capital efficiently, launch programs reliably and help speed products to market, makes Magna a key enabler of new entrants. Additionally, we are using our capabilities and platform technologies to enter the micromobility market. For example, we invested in the Yulu electrified two-wheeler shared mobility business in India and related battery-swapping business and have a number of activities underway involving Magna-developed and third party-developed robots for potential industrial and last-mile delivery applications.

Our long-term strategy is well-aligned with climate change-related trends impacting the automotive industry, including vehicle electrification, operational efficiency to minimize manufacturing inputs and waste outputs, as well as the pursuit of new mobility business models. We cannot determine for certain how quickly the market for the declining products in our portfolio may deteriorate, but products such as AWD/4WD systems appear to have continuing relevance for the next decade. However, we believe that our physical assets, human capital and know-how related to the mechanical solutions can be repurposed as vehicle development plans migrate toward electrified AWD/4WD solutions. We currently offer multiple alternatives to manual transmissions, including efficient dual-clutch, hybrid dual-clutch and dedicated hybrid transmissions, as well as complete e-drive systems, and expect to be able to continue growing our market share in the drivetrain market. Fuel tank systems are not a material part of our business, but also have continuing relevance for a number of years to come. The physical assets, human capital and know-how related to fuel tank systems could be repurposed for adjacent product areas such as vehicle hydrogen storage tank systems.

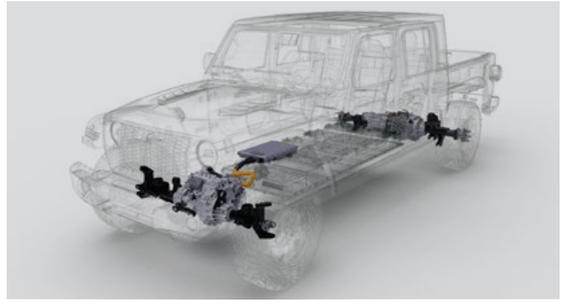
2.2 Markets & Products

The transition to a lower-carbon economy has provided, and is expected to continue to provide, opportunities to enter new product and service markets. Some recent new products developed to take advantage of opportunities from such transition include:

Recent new products developed to take advantage of opportunities from such transition include:

Next Generation 800v eDrive

Magna's next generation 800v eDrive solution is a drop-in solution that incorporates several advanced technologies, resulting in significant reductions in weight and size, enhanced performance, extended driving range and greater sustainability. The innovation offers enhanced flexibility due to its lightweight (75 kg) design and 20% reduction in height from Magna's prior generation eDrive. A key technology and a supplier industry-first advancement is the ability to rotate the eDrive 90 degrees around the drive axis, which allows improved system integration in the front and rear vehicle space. Delivering peak power of 250 kW and a peak axle torque of 5,000 Nm, the system also achieves up to 93% efficiency in real-world driving (including Worldwide harmonized Light vehicles Test Cycles (WLTC) and highway driving), which significantly improves efficiency across a wide range of vehicle speeds. The eDrive system requires less aluminum and heavy rare earth materials, resulting in a significant reduction of CO_2 emissions during production by approximately 20% compared to previous generation eDrives.

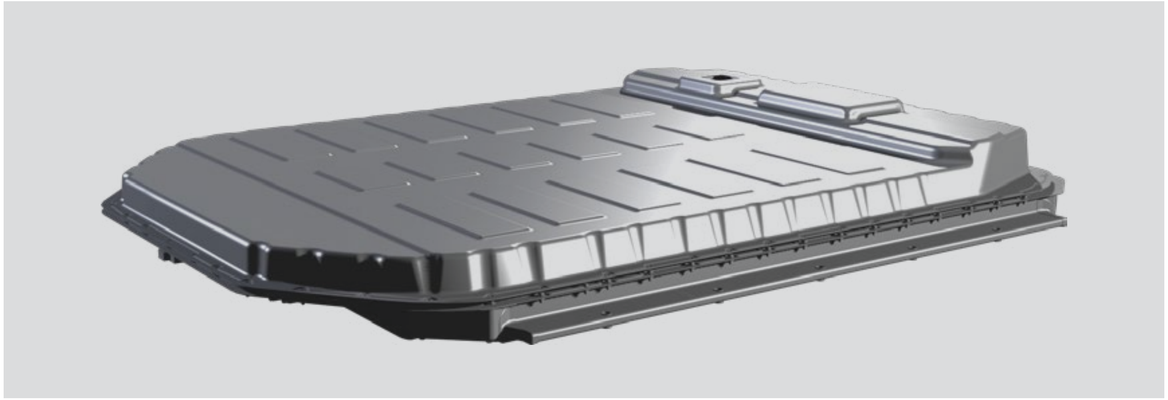


Etelligent Terrain with Ebeam™

The EtelligentTerrain is a battery electric 4WD powertrain system designed to maintain full on- and off-road capabilities with no compromise of payload and towing capabilities. The system is powered by Magna's steerable eBeam™ Mid at the front and an eBeam™ High at the rear, with a combined output of 426 kW of peak power. The eBeam™ drops into the place of traditional beam axles, reusing existing suspension and brake systems, and avoiding the need for expensive restructuring of existing truck platforms. These benefits help automakers simplify the transition toward electrification of these vehicle segments. Seamless decoupling capability of the front axle means more efficient operation. Magna's sophisticated Energy and Motion Control software controls the two eBeams™ which provides off-road specific drive modes (selectable crawl, auto hill ascent/descent) and torque distribution capabilities (high range, e-selectable low range). The scalable design is applicable to passenger sport utility, pickup trucks, and light commercial vehicles.

Battery Enclosures

Magna has been awarded nine global customer programs for its battery enclosures, including the all-electric Ford F-150 Lightning, GMC Hummer EV, and Chevrolet Silverado EV. The product illustrates our ability to expand structural product opportunities as electrification grows. The enclosures, which all EVs require, house high-voltage batteries, electrical



components, sensors, and connectors, contributing to the structural and safety aspects of a vehicle's frame and protecting critical components from potential impact, heat, and water intrusion. These complex assemblies are available in steel, aluminum, and multi-material configurations including lightweight composites.

Modular eDecoupling Unit

Magna has started production of a first-to-market, modular eDecoupling unit to support multiple battery electric vehicle programs for a German premium OEM. A bolt-on, stand-alone solution for BEVs, Magna's electro-magnetic eDecoupling is a robust product technology that is integrated as a complete module. The eDecoupling is an

electromechanical device that disconnects the e-motor from the driveshaft in EVs when propulsion power is not needed, reducing energy consumption, and increasing efficiency. It contributes to increased electric driving range of up to nine percent, a significant benefit for all EVs. This is achieved by reducing drag torque losses of the e-motor and gearbox while its eDecoupling controls software smoothly operates all shifting sequences. The unit which has an activation time of less than 100 milliseconds, features a compact design to minimize added package space and weight in both axial and radial direction.

In addition to Magna's highlighted product innovations above, we continue to seek out ways to support decarbonization initiatives in the industry. To this end, Greentown Go Move 2022 a startup-corporate partnerships accelerator program led by Greentown Labs from 2022-2023 united BASF and Magna with five climatetech startups to drive solutions that decarbonize the automotive industry's life-cycle impact. Beyond electrification, transforming the transportation sector necessitates sweeping changes. This Greentown Go program, is focused on material innovations across three critical areas: (i) automotive efficiency (ii) shared and future mobility (iii) recycling processes. The five participating startups – Carbonova, Endeavor Composites, FibreCoat, Heartland Industries, and MITO Material Solutions – were meticulously selected from nearly 100 applicants spanning 27 countries. Throughout the accelerator program, the startups collaborated with BASF and Magna to de-risk their technologies, explore potential industrial applications, and devise go-to-market strategies.

2.3 Resource Efficiency

2.3.1 Energy

Our aggregate global energy spend in 2023 amounted to approximately $537 million broken down by type as follows:

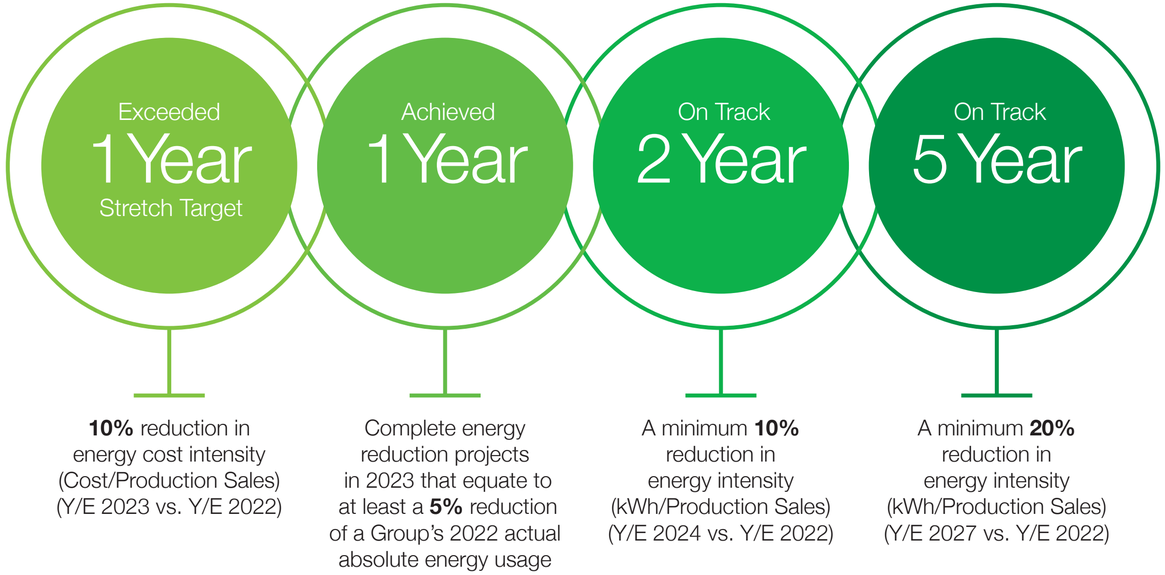
Electricity: approximately $432 million

Natural Gas: approximately $85 million

Other (Propane; Liquid Petrol; Diesel; District Heat; Steam; Coal Gas): $23 million

As part of our sustainability and operational efficiency efforts, we are focused on optimizing energy use, which may result in savings in overall energy costs. However, as we continue to forecast growth in Sales and number of facilities over the medium-term, we anticipate that our aggregate energy consumption may increase. Accordingly, we are focused on becoming more energy efficient (measured by energy consumption relative to Sales) so that, at minimum, our rate of increase in energy consumption slows.

In connection with our efforts to promote energy efficiency, in 2023 we established one-, two- and five-year energy reduction targets for each of our Operating Groups, as illustrated below. We achieved our 1 year target in 2023 (completing energy projects that amounted to a 5% reduction of each Operating Group's 2022 absolute energy usage). We also exceeded our 1-year stretch target aimed at reducing energy cost intensity by 10% (achieving approximately 11%) in 2023 (compared to 2022). Our remaining 2-year and 5-year energy intensity reduction targets remain on track.



Approximately 95% of our Divisions have active energy teams pursuing energy efficiency measures in their respective Divisions (100% when excluding our acquisition of the Veoneer Active Safety Business midway through 2023). These teams are supported at the corporate level by a Global Energy Team which helps identify and promote energy reduction initiatives, including through: training courses designed to promote strategies for reduced energy use; regional benchmarking sessions; regular communication through newsletters; an internal energy savings collaboration site; and best practice sharing.

Some of the incremental changes made by our Divisions to their facilities and processes to reduce our energy consumption and improve energy efficiency include:

- Installation of LED lighting and installation of lighting controls into the building management system (BMS);
- Equipment start-up/shut-down/idling procedures to achieve energy-savings during production downtimes;
- Compressed air leak identification and repair initiatives;
- Use of ceiling fans to blend air temperatures evenly within our operations;
- Computer-controlled utility and HVAC systems to allow for improved performance and energy reduction;
- Installation of energy metering and monitoring systems, a requirement for all our manufacturing facilities;
- Door and dock seal repairs to reduce heat loss;
- High efficiency chiller and compressor upgrades;
- Integration of air economizers and heat recovery units into HVAC systems;
- Software-managed and occupancy-sensor-controlled lighting and energy efficient lighting retrofits;
- Use of solar panels at certain facilities;
- Installation of insulation mattresses on equipment and heating units;
- Recovery of waste heat from certain high heat processes for use in other areas;
- Installation of variable frequency drives on motors and pumps; and
- Participation in energy savings and incentives programs offered by utilities providers in some jurisdictions in which we operate.

In 2023, our Global Energy Team implemented an Energy Transformation Program to further evolve our energy efficiency activities and contribute to achieving our net-zero commitment. The holistic Program creates a more standardized globa approach that aims to minimize consumption, maximize efficiency, and use renewable energy sources to reduce

the CO_2 footprint through four phases aimed at detailed investigation of areas for improvement: Identification; Development; Implementation; and Evidence Phase.

Our efforts to reduce energy consumption and operate facilities on a more energy efficient basis forms part of our formal MAFACT system – the primary operational assessment audit tool used to support our operational excellence. The MAFACT system establishes standards for achieving operational efficiencies, identifies benchmarks and promotes best practice sharing among Divisions in Magna. The integration of energy management elements into a core operational assessment tool such as MAFACT is intended to reinforce the importance of energy management throughout the organization and help realize potential cost savings. In 2023, we implemented over 1,400 energy projects across all of our Operating Groups which resulted in approximately 76,000 tons of CO_2 equivalent in annual savings using the location-based method and approximately 62,000 tons of CO_2 equivalent in annual savings using the market-based method. Given the importance of energy optimization in meeting our net-zero targets and to further incentivize our Divisions, we have established a separate approval category for energy efficiency and sustainability-related capital improvements. We have also developed a phased-in renewable energy strategy focused on Europe and the U.S. first, followed by the other markets in which we operate. In 2023, 22% of our global electricity purchase was from renewable energy sources evidenced by renewable Energy Attribute Certificates (EACs) or from on-site generation from photovoltaic (solar panel) or solar thermal systems. 103 of our Divisions currently use renewable electricity, with 75 Divisions currently using 100% renewable electricity. In the near- and medium-terms, adoption of renewable energy may increase our energy costs, but we are working to offset the impact of such increases through energy use reductions. While we currently have a few examples of renewable energy self-generation at certain facilities, self-generation is not a significant opportunity for us primarily since the vast majority of our facilities are leased, as well as other factors such as footprint constraints for solar panels at certain owned facilities, and/or facilities in locations with relatively clean electrical grids that make self-generation economically unfeasible.

2.3.2 Water

We have implemented a 1.5% per year water reduction target, with the aim of reducing water use 15% by 2030, in each case referencing 2019 as the baseline year. To date, we have met this target, having achieved a reduction of 15% at the end of 2023. While we are not a significant water user, achievement of water reductions would be expected to result in cost savings, potentially by offsetting (in whole or in part) any increase in the rates charged by applicable water utilities. Overall, we do not anticipate that any savings will be material.

2.3.3 Waste

We have also implemented a zero waste to landfill (“ZWTL”) target. Waste sent to landfill bears both an economic cost borne by Magna, and an environmental cost borne by society as a whole. Although achievement of our ZWTL target will help reduce or eliminate the economic cost, we do not anticipate any such savings will be material. In 2023 we diverted 96.2% of waste generated away from landfill.

2.4 Resilience

The automotive industry as a whole is investing in innovations aimed at adapting mobility products and service solutions to a lower carbon economy.

The risk mitigation factors in “Section 3 – Climate-Related Risks and Risk Mitigation” and initiatives to realize opportunities discussed in this Section of the Sustainability Report, together with factors addressed in “Section 4 – Our Business & Strategy” of our AIF, are expected to promote our ability to adapt and succeed in a lower carbon economy.

SUSTAINABILITY SPOTLIGHT

Advancing Circular Manufacturing

Making any (and every) Magna part for reuse

Magna's transmission plant in Bari, Italy, is a leader in circular manufacturing. With 900 employees, the division produces around 500,000 new transmissions annually. Their Magna Commitment to Sustainability award-winning project explored the possibility of converting sludge from grinding machines into reusable materials using biological solvents.

The remanufacturing program began with approximately 5,000 transmissions stored by dealerships across Europe. Through meticulous dismantling, inspection, and cleaning, the division successfully recovered and reused around 60% of core transmission components, including gearsets, housings, and electronic parts.

Today, these remanufactured transmissions are easily identifiable by their yellow labels, cost about 40% less than new aftermarket transmissions, and save approximately 45,500 kilowatt hours of electricity, reducing CO_2 emissions. The remanufacturing process is faster, maintains the same level of quality, and eliminates the need for machining new transmission parts.

Climate-Related Risks and Risk Mitigation

Magna maintains both top-down and bottom-up processes for identifying and assessing sustainability-related risks within the governance structure described in “Section 1 – Sustainability Governance” of this Sustainability Report. In order to fully understand the risks set out below, you should also carefully consider the risk factors set out in “Section 5 – Risk Factors” in our AIF.

3.1 Transition Risks and Risk Mitigation

3.1.1 Regulatory Policy Actions

Applicable near-term policy actions related to climate change generally fall into one of the following categories, each of which may have an indirect effect on Magna:

Average Fleet Emissions or Fuel Efficiency Regulations: Governments in key auto producing regions have set challenging average vehicle fleet emissions or fuel efficiency targets which OEMs must meet, including the European Union ("E.U."), China, and the U.S., as detailed below. We regularly monitor changes in regulation relating to emissions and fuel efficiency as part of our strategic planning processes:

European Union: E.U. regulations generally require OEMs to have achieved E.U. fleet-wide average emissions of 95g CO_2/km from 2021 through to 2024, which corresponds to 4.1 litres/100 km of gas or 3.6 litres/100 km of diesel. Vehicle manufacturers with an average fleet economy in excess of the target must pay an excess emissions penalty for each vehicle registered within the E.U. The 2021 average emissions level forms the baseline for a further 15% fleet-wide average emissions reduction from 2025 onwards; and 37.5% from 2030 onwards. In addition, in 2023, the E.U. approved its "Fit for 55" legislation to aggressively increase such targets to a 55% reduction by 2030 and a 100% reduction by 2035 (as discussed below). Penalties levied on non-compliant OEMs may be passed on to vehicle-buying consumers, which could impact demand for such vehicles and thus demand for Magna products supplied for such programs. Additionally, E.U. regulations contain incentives aimed at promoting the development of Zero- and low-emission vehicles ("ZLEVs"). The CO_2 emissions targets applying to any particular OEM will be relaxed if its share of ZLEVs registered within the E.U. in any year exceeds 25% from 2025 to 2029; however, such incentives will be eliminated under the Fit for 55 legislation from 2030 onwards. The Fit for 55 legislation will be integrated into the E.U. member states through domestic legislation.

China: In China, effective July 1, 2021, stringent China VI emissions regulations addressing particulate emissions were implemented, which could affect consumer demand for vehicles, or powertrain options for vehicles, that do meet the new emissions standard. For example, in 2019, one of our equity-accounted joint ventures in China experienced a significant drop in demand for one transmission model supplied to a Chinese OEM. One of the factors underlying the drop in demand was the fact that the transmission would not have met the China VI standard, had it been in effect at that time. In 2023, a new phase of China's emission standards was implemented whereby non-compliant vehicles are no longer allowed to be produced, imported, or sold in China (subject to a 6-month grace period that ended December 31, 2023).

United States: In the U.S., the current administration issued an executive order with a non-binding target of 50% of all new vehicles sold in 2030 to be zero-emission vehicles ("ZEVs"),

including battery electric, plug-in hybrid electric, or fuel cell EVs. Subsequently, the EPA finalized new vehicle emissions standards for passenger cars and light-duty trucks with model years 2023-2026 which increase in stringency through that period, and would result in a fleetwide average fuel economy of approximately 40 mpg in 2026. In March 2024, the EPA issued its new emissions standards that would increase in stringency each year from model year 2027 to model year 2032. The new standards would result in an industry-wide average target of:

- 85 grams/mile of CO_2 for light-duty vehicles by 2032, representing a 50% reduction in projected fleet average GHG emissions compared to 2026 model year standards, and
- 274 grams/mile of CO_2 for medium-duty vehicles by 2032, representing a 44% reduction in projected fleet average GHG emissions compared to 2026 model year standards.

In addition, the U.S. National Highway Traffic Safety Administration (NHTSA) issued new corporate Average Fuel Economy (CAFE) standards – regulating how far our vehicles must travel on a gallon of fuel. The new CAFE standards for passenger cars and light trucks manufactured in model years 2024-2026, would increase fuel efficiency requirements by 8% annually (compared to 1.5% annually under previous standards) for model years 2024-2026 and increase the estimated fleetwide average fuel economy by 12 miles per gallon for model year 2026 vehicles, relative to model year 2021. In 2022, the U.S. also announced stricter standards on smog-forming emissions from trucks, vans and buses starting in the 2027 model year. The new EPA rules are more than 80% stronger than current rules and represent the first update to clean air standards for heavy-duty vehicles in over 20 years.

The tightening emissions standards in the E.U., China and the U.S. are intended to promote the transition to ZEVs. OEMs have been spending significant sums in R&D in order to meet the higher regulatory standards. Although production of ZLEVs/ZEVs is accelerating due to regulatory requirements, to the extent that ZLEVs/ZEVs do not sell at the levels expected, production volumes may need to be reduced. Lower than forecast production poses a risk to our ability to recover pre-production expenses amortized in the piece-price of our product, as discussed above.

Phase-Out of New ICE Vehicles: In addition to more stringent fleet emissions and fuel efficiency standards, the number of national and subnational jurisdictions committing to, or accelerating existing commitments to, phase-out of the sale or registration of new ICE engines is growing. As part of its Fit for 55 legislation, the E.U. will require 100% reduction in CO_2 emissions by 2035 effectively banning the sale of new gasoline and diesel fueled vehicles in E.U. member countries by that date, with an interim reduction of 55% by 2030.

The United Kingdom introduced new regulations (the Zero Emission Vehicle (ZEV) Mandate) in January 2024 requiring 22% of all new cars and vans sold by OEMs in the UK to be zero emission, with the percentage rising to 80% by 2030, and culminating in the complete ban on the sale of new ICE vehicles by 2035.

In North America, Canada has accelerated its mandatory phase out of ICE and diesel powered vehicles through a newly adopted regulation (the Electric Vehicle Availability Standard) that requires all new sales of light-duty vehicles to be ZEVs by 2035; with interim targets requiring 20% ZEVs from 2026, and at least 60% by 2030. Companies offering vehicles for sale in Canada will be required to offer a growing percentage of their fleet as ZEVs starting in 2026 and increasing to 100 per cent by 2035.

In the US, the State of California's, California Air Resources Board (CARB) has adopted the Advanced Clean Cars II regulations. The regulations ban ICE-powered vehicles in California by 2035, and include progressive targets for ZLEVs in the intervening years. Several US States and the District of Columbia have existing laws that require state emissions policies to mirror those of California. Currently 17 US states have adopted all or part of California's low-emissions or zero-emission vehicle regulations. In addition, the following US states have

adopted California's Advanced Clean Cars II regulations: Colorado; Delaware; Maryland; Massachusetts; New Jersey; New Mexico; New York; Oregon; Rhode Island; Vermont; Virginia; Washington and the District of Columbia.

Given the long lead times for vehicle development such regulation and proposed regulation are expected to increasingly impact OEM and automotive supplier product planning and development this decade, and have led to several OEM establishing EV targets for specific brands or their complete vehicle offerings. Each of our top six customers plan to reach 50% EV production within the next 10 years. EVs accounted for approximately 13% of total of global light vehicle production in 2023, and are projected to reach 43% by 2029 based on current IHS Light Vehicle Production Forecasts.

Vehicle Restrictions in Congested Urban Centres: Municipal governments in a number of cities around the world have introduced restrictions on personal-use vehicles in congested urban centres, in an effort to reduce CO_2 emissions and improve urban air quality. Examples of the types of restrictions include: car-free zones; toll charges; and use restrictions by license plate. Continued expansion of such initiatives could reduce the demand for personal-use vehicles, which could affect our profitability. As a result of measurable air quality improvements in many cities during COVID-19-related mandatory lockdowns/stay-at-home orders, an expansion of restrictions on personal-use vehicles in urban centres is likely.

We attempt to mitigate applicable policy risks relating to climate change-related regulation in a number of ways, including:

- monitoring and evaluating global regulatory developments;
- early-stage interaction with our OEM customers to understand their product priorities and regulatory compliance requirements;
- in-house R&D, including our ongoing analysis of megatrends and the "Car of the Future", combined with investment strategies in mobility and technology start-ups; and
- strategic planning processes at both Operating Group and Corporate levels, including Board oversight of strategic plans.

In terms of direct policy actions affecting our operations, we anticipate continued strengthening of environmental regulations related to industrial emissions and discharge of pollutants to air, water and ground. We currently face strict environmental regulations in the countries where we operate and have developed a global environmental management program in order to comply with or exceed regulatory standards. Our environmental management program is regularly updated to address changing environmental laws and regulations. Refer to "Section 4.1 – Environmental Stewardship" in this Sustainability Report for a description of the program.

In considering the potential impact of the above or other climate-related policy actions, readers are encouraged to review the following risk factors in "Section 5 – Risk Factors" in our AIF:

- Regional Volume Declines
- Deteriorating Vehicle Affordability
- Consumer Take Rate Shifts
- Misalignment Between EV Production and Sales
- Alignment with the "Car of the Future"
- Growth of EV-focused OEMs
- Risks of Conducting Business with Newer EV-Focused OEMs
- Fisker's Ability to Continue as a Going Concern
- Impairments
- Changes in Laws
- Market Shifts
- Customer Purchase Orders
- Customer Pricing Pressure/ Contractual Arrangements
- Environmental Compliance

Over the medium- to long-term, carbon pricing initiatives may present a risk to our profitability. According to the World Bank, in 2023 there were 73 carbon pricing initiatives implemented or scheduled for implementation in 39 countries and 33 sub-national jurisdictions, which would cover emissions representing 23% of global GHG emissions.

Currently, certain of our operations are impacted by two emissions trading schemes:

- E.U. Emissions Trading Scheme (ETS): Our Magna Steyr complete vehicle assembly operations participate in the E.U. Emissions Trading Scheme which works on the 'cap and trade' principle. A cap is set on the total amount of certain GHG that can be emitted by the operators covered by the system. The cap is reduced over time so that total emissions fall. Within the cap, operators purchases or receive emissions allowances, which they can trade with one another as needed. The limit on the total number of allowances available ensures that they have a value. The price signal incentivizes emission reductions and promotes investment in innovative, low-carbon technologies, while trading brings flexibility that ensures emissions are cut where it costs least to do so. After each year, an operator must surrender enough allowances to cover fully its emissions, otherwise heavy fines are imposed. If an installation reduces its emissions, it can keep the spare allowances to cover its future needs or else sell them to another operator that is short of allowances.
- Ontario Emission Performance Standards (EPS) Program: While none of our facilities are currently mandated to join the EPS Program, one of our Exterior Operating Group facilities in Ontario voluntarily joined the Program in 2022 and several other of our Ontario facilities are in the process of voluntarily opting in. The Province of Ontario Emissions Performance Standards Regulation is used to determine an emissions limit that industrial facilities must meet each year, with the intent of, among other things, encouraging Ontario's industrial sector to reduce greenhouse gas emissions. Facilities registered under the Ontario EPS must quantify and report their GHG emissions data to the authorities, have such emissions data verified and must comply with their emissions limits. The compliance obligation for a facility under the Ontario EPS program is the difference between its verified total emissions and its verified total annual emissions limit imposed by the Ontario EPS program. A facility can satisfy its compliance obligation either by reducing its GHG emissions or submitting a compliance instrument. The two compliance instruments available are (i) excess emissions units (EEUs) where the facility pays a carbon price per tonne of CO_2e for exceeding the annual emissions limit; and (ii) emissions performance units (EPUs), which are credits earned by a facility for emitting less GHG that its annual emissions limit under the Program. The Program aligns carbon prices for future years with Canada's federal benchmark, which will result in the price of EEUs to increase annually.

The carbon pricing schemes discussed above have not significantly impacted our profitability to date. We are pursuing energy reduction measures and developing decarbonization strategies for our manufacturing facilities as detailed in this Sustainability Report. However, over the medium- to long-term, carbon pricing initiatives could affect our profitability to the extent we are unable to implement cost-saving or energy reduction measures within a timeframe and/or at a cost which enables us to offset or avoid the cost of carbon pricing initiatives.

3.1.2 Customer-Driven Policy Actions

A number of our OEM customers have set carbon reduction targets and are challenging Tier 1 Suppliers to support such targets. Some such OEM targets and expectations are more aggressive than our own decarbonization targets. In some cases, we are being asked to quote the supply of future programs based on 100% renewable energy use for production. Although we expect to meet or exceed our customers' expectations, the inability to do so within the timeframes expected could result in the loss of some future business.

3.1.3 Climate-Related Litigation

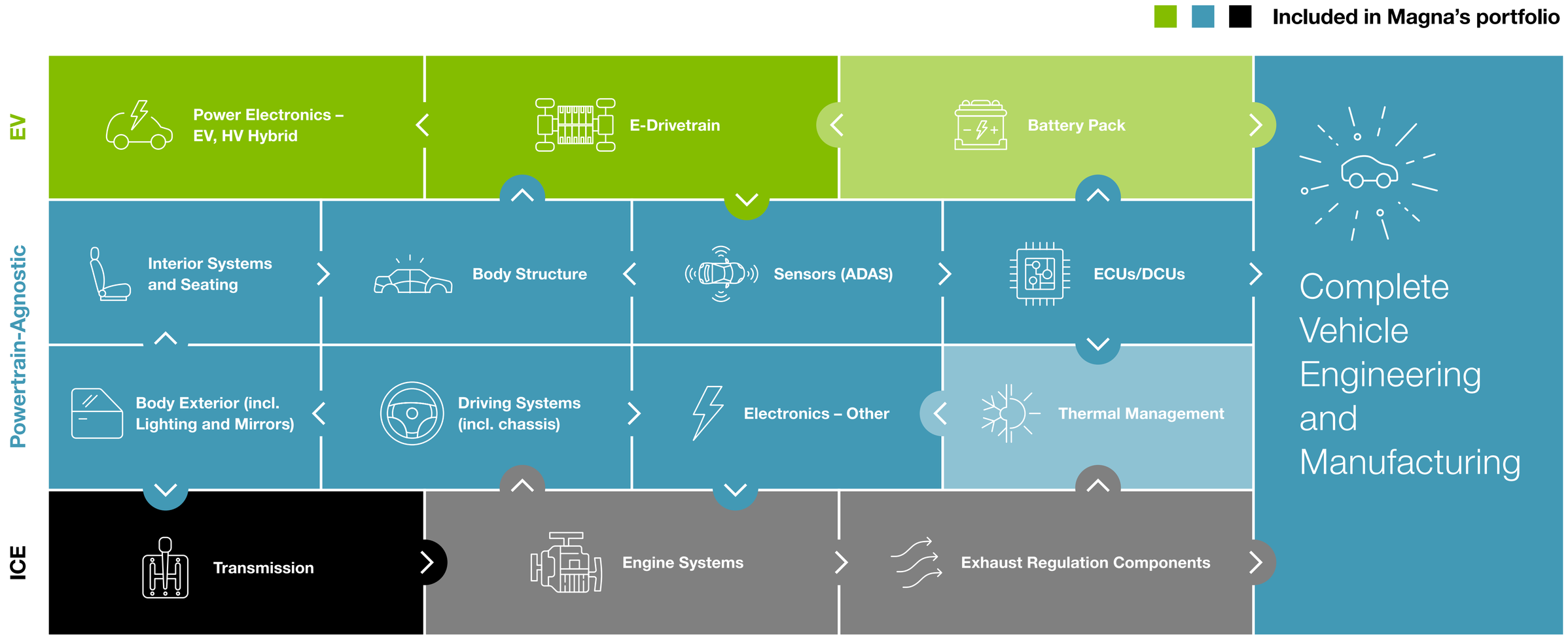
We do not currently believe that climate-change related litigation represents a significant legal risk for us. However, if OEMs are adversely impacted by climate-change litigation, there is a possibility that Tier 1 Suppliers like Magna could face additional pricing pressure. Readers are encouraged to review the "Customer Pricing Pressure/Contractual Arrangements" risk factor in "Section 5 – Risk Factors" in our AIF.

3.1.4 Technology

Investments in automotive technologies that support the transition to ZLEVs can be significant, particularly in product areas such as battery systems for hybrid and EVs. While our product strategy does not currently include battery systems or other components which generate or store energy for ZLEVs, we have been awarded several battery enclosure programs and currently offer a range of electrified drivetrain products, hybrid dual-clutch transmissions ("HDTs"), dedicated hybrid transmissions ("DHTs"), as well as complete electric-drive ("e-Drive") systems. We have also expanded our product offering into other areas relevant to ZLEVs – for example, in conjunction with a joint venture partner, we can offer customers a complete EV platform. Our R&D spending for electrification solutions has been significant over the last few years and is expected to continue to be in coming years as electrification-related technologies continue to evolve. Additionally, our OEM customers are making significant investments in the development of ZLEVs, which is impacting their profitability and could lead to increased pricing pressure on us.

As ZLEVs increase their proportion of the overall vehicle market over the medium- to long-term, we expect our sales of manual transmissions and traditional DCTs to decline, and sales of HDTs, DHTs and e-Drive systems to increase. The increasing adoption of electrified drivetrain solutions adversely impacts our AWD and 4WD businesses over the long term, since it is possible to achieve AWD through the use of electric motors in hybrid or fully-electrified drivetrains. However, OEM product plans show mechanical AWD and 4WD programs extending out for approximately the next decade. We seek to offset displacement of mechanical AWD and 4WD systems through increased sales of electrified product offerings such as e-Drive systems.

Overall, we believe that the range of products we offer our OEM customers provides us with a competitive advantage and an effective hedge against the market uncertainties associated with the transition to ZLEVs. As illustrated below, a substantial majority of our products are "agnostic" with respect to the type of vehicle propulsion system used, and therefore remain relevant to ZLEVs:


Included in Magna's portfolio
EV
Power Electronics – EV, HV Hybrid
E-Drivetrain
Battery Pack
Powertrain-Agnostic
Interior Systems and Seating
Body Structure
Sensors (ADAS)
ECUs/DCUs
Body Exterior (incl. Lighting and Mirrors)
Driving Systems (incl. chassis)
Electronics – Other
Thermal Management
ICE
Transmission
Engine Systems
Exhaust Regulation Components
Complete Vehicle Engineering and Manufacturing

In the case of drivetrain products, we view the know-how gained from our mechanical drivetrain expertise as being critical to our ability to deliver innovative electrified solutions that meet our customers' needs. In addition to continuing to offer a range of mechanical and electrified drivetrain products, we aim to mitigate technology transition risks through:

- early-stage interaction with our OEM customers to understand their product priorities and regulatory compliance requirements;
- in-house R&D including our ongoing analysis of megatrends and the "Car of the Future", combined with investment strategies in mobility and technology start-ups; and
- strategic planning processes at both Operating Group and Corporate levels, including Board oversight of strategic plans.

In considering the potential impact of the above or other climate-related policy actions, readers are encouraged to review the following risk factors in "Section 5 – Risk Factors" in our AIF:

- Intense Competition
- Consumer "Take Rate" Shifts
- Growth of EV-Focused OEMs
- Risks of Conducting Business with Newer EV-Focused OEMs
- Fisker's Ability to Continue as a Going Concern
- Deteriorating Vehicle Affordability
- Misalignment Between EV Production and Sales
- Alignment with the "Car of the Future"
- Customer Purchase Orders
- Restructuring Costs
- Technology and Innovation
- Changes in Laws
- Market Shifts
- Dependence on Outsourcing
- Impairments
- Customer Pricing Pressure/Contractual Arrangements
- Investments in Mobility and Technology Companies
- Intellectual Property

3.1.5 Market

Some of the risks impacting the market for our products in the transition to a lower carbon economy are described above under "Section 3.1.1 – Regulatory Policy Actions" and "Section 3.1.4 – Technology". Additionally, there are potential risks to the demand for personal mobility vehicles, and thus for our products, from technology-driven shared mobility solutions such as ride hailing and ride sharing.

To date, such shared mobility solutions have not had a material impact on the demand for new vehicles and no such adverse effect is expected in the near- to medium-term. In any event, our own strategy related to new mobility seeks to mitigate risks to our business and realize opportunities based on the breadth of capabilities we can offer new mobility customers.

Additionally, in order to enhance our understanding of potential shifts in consumer behaviour, we conduct our own analysis of various factors that are expected to drive future personal and shared mobility trends, including through:

- monitoring and analysis of social, digital, demographic, regulatory, industry, geopolitical and other trends which may create demand for and drive development of new automotive and mobility technologies;
- review of academic research;
- collection and screening of ideas submitted through innovation programs; and
- early-stage interaction with our OEM customers and new mobility market entrants to understand their product priorities.

We do not currently anticipate long-term supply constraints on key commodities required by us in our business, including steel, aluminum or resin. However, production processes for steel and aluminum are carbon intensive, with relatively scarce supply of low-carbon alternatives.

As the entire industry's decarbonization and net-zero efforts increase, the price of low-carbon steel and aluminum may increase in the near- and medium-terms until the supply of low-carbon product is sufficient to meet growing demand. In the near- and medium-term, the increasing production of ZLEVs may also strain supplies of the rare earth minerals and other metals required for vehicle battery systems, which we do not supply, including nickel, cobalt and lithium used in EV batteries, copper for EV charging infrastructure and rare earth metals for EV motor magnets. However, such supply constraints could help spur the development of alternative battery technologies or low carbon fuels and/or promote technological breakthroughs that could facilitate market penetration of hydrogen fuel cell or other technologies. We intend to continue developing and offering solutions such as e-Drive systems which are neutral as to electric power source (battery or hydrogen fuel cell stack) in order to mitigate potential risks related to supply constraints of rare earth minerals or other commodities needed for current ZLEV power source technologies.

In considering the potential impact of market risks, readers are encouraged to review the following risk factors in "Section 5 – Risk Factors" in our AIF:

- Intense Competition
- Consumer "Take Rate" Shifts
- Deteriorating Vehicle Affordability
- Misalignment Between EV Production and Sales
- Alignment with the "Car of the Future"
- Growth of EV-Focused OEMs
- Risks of Conducting Business with Newer EV-Focused OEMs
- Fisker's Ability to Continue as a Going Concern
- Supply Chain Disruptions
- Quote/Pricing Assumptions
- Commodity Price Volatility
- Technology and Innovation
- Market Shifts
- Dependence on Outsourcing
- Customer Pricing Pressure/Contractual Arrangements
- Investments in Mobility and Technology Companies

3.1.6 Reputation

Since light vehicles are contributors to global GHG emissions, Tier 1 suppliers like Magna may face reputational risks from participation in the automotive industry. Examples of such risk types include potential loss of business from sustainability-focused customers, reduced investor demand for our shares, and challenges attracting talent. A number of our OEM customers are embedding sustainability criteria in their sourcing decisions and could reduce purchases from us if they perceive Magna to lag other suppliers with respect to sustainability. Stakeholders, including investors and employees, as well as prospective employees are increasingly focused on companies' sustainability efforts. Investors may sell shares of investee companies perceived to be less sustainable. In addition, millennial and other components of the workforce want to work in companies they perceive as sustainable, making it difficult for companies to attract such talent if the company is perceived as lagging in sustainability. However, OEMs and Tier 1 Suppliers have been proactively adapting to climate change and transitioning to a lower carbon economy, as evidenced by the significant spending on R&D and technological innovation to reduce CO_2 emissions, particularly through electrification and powertrain efficiency, as well as the setting of decarbonization targets in their own operations. At the same time, particular OEMs may be viewed as more or less sustainable based on their sustainability strategies and commitment to transitioning to a lower-carbon economy. Equally, particular vehicle models or even entire vehicle segments may be perceived to be more or less sustainable. As a supplier of a broad range of systems to all major OEMs, we do not anticipate any consequences to our reputation by virtue of the fact that we may supply to any particular OEM, vehicle or vehicle segment. In any event, we believe that our R&D and technological innovation, which is focused on lightweighting, improved fuel economy and lower emissions, together with our sustainability strategy, including our net-zero commitments, serve to mitigate potential reputational risks.

3.2 Physical Risks and Risk Mitigation

3.2.1 Acute

With the increased frequency and severity of extreme weather events associated with Climate change, including floods, windstorms, wildfires, tornados, tsunamis, hailstorms and other natural weather hazards, we face the risk that such an event could cause significant damage to one or more of our facilities or those of our customers and/or sub-suppliers. While our primary concern in an acute climate event affecting one of our facilities would be the safety and well-being of our employees, property damage and business interruption would represent the primary financial risk.

An acute climate event that significantly damages one of our facilities, could disrupt our production and/or prevent us from supplying products to our customers. Such an event could lead to us incurring a number of costs, many of which may be unrecoverable, including: costs related to the physical repair of any damage to our facility; costs related to premium freight or re-sourcing of supply; penalties or business interruption claims by our customers; loss of future business and reputational damage; and higher insurance costs going forward.

Extreme climate events could also disrupt supply chains for the entire industry over the near-, medium- and long-term. The National Centers for Environmental Information, a U.S. federal agency, estimates that the number of billion-dollar weather and climate disasters in the United States has risen significantly to an annual average of over 20 in the last five years, from an annual average of three per year in the 1980s. In recent years, a number of supply disruptions resulting from extreme weather have occurred around the world, including:

- a rare and extreme storm impacted the U.S. state of Texas that disrupted oil production and thus supplies of resins and materials required for automotive seating. The storm also forced three major semiconductor facilities clustered in the Austin, Texas area to temporarily shut down, which exacerbated the global semiconductor shortage;
- flooding in central China that disrupted supply chains for commodities and forced the closure of several automotive OEM plants;
- a typhoon in Malaysia that damaged Southeast Asia's second-largest port, causing a disruption in the semiconductor supply chain and causing some U.S.-based automotive OEMs to temporarily suspend operations; and
- the Rhine river, Europe's most important commercial waterway, experienced both bursting from heavy rainfall and snowmelt, as well as, low water levels from drought conditions. The conditions halted shipping for extended periods, forced reduced cargo loads, and disrupted both inbound raw material and outbound product deliveries, which impacted the German automotive industry, in particular.

Such events can cause shortages of critical materials, which in turn drives prices higher. Efforts to mitigate the impact of such events often result in higher near-term costs until disruption of the affected material has been resolved, due to factors such as premium freight

costs for substitute materials. As the frequency of such events increases, we may be forced to maintain higher inventories of various materials and components required for production, to minimize potential disruptions.

We maintain a global property risk control (PRC) program to support our efforts to mitigate risks to our employees' safety, physical property risks and potential for business interruption due to extreme weather events. The program, which includes risk engineering with support from a third party property risk engineering consulting firm, includes the following elements to promote the physical resiliency of our facilities and minimize the risk of disruption to our operations: pre-screening of facility site selection; acquisition risk assessments; periodic facility inspections; facility construction design review and recommendations; and training and education. Our third party risk engineering consultant typically engages in over 200 physical on-site assessments annually to evaluate various risks, including those relating to natural hazards and also conducts targeted analysis of areas of concern. Using the Swiss Re NatCat database, the advisor has analyzed over 400 unique Magna locations to assess climate related exposures, including: flood, wind, storm surge, wildfire, tornado, tsunami, hailstorm, lightning, temperature change, precipitation, sea level rise risk and water security. The results of the analysis form the basis of discussions with our PRC group regarding potential risk control recommendations to be implemented in our facilities.

In certain circumstances, the program extends the risk assessment to our direct suppliers by identifying and evaluating potential exposures to our direct supply chain (including natural hazards) which could potentially disrupt business operations. To augment our monitoring capabilities, we use a third party software platform that, among other things, includes live monitoring of supply chain risks, including weather events such as drought, floods, earthquakes, landslides, and tropical storms. Where such supply chain exposures are identified, a more detailed assessment may be performed to better understand the supply chain risk, including further on-site assessment, where practicable.

In considering the potential impact of acute physical risks, readers are encouraged to review the following risk factors in "Section 5 – Risk Factors" in our AIF:

- Supply Chain Disruptions
- Semiconductor chip supply disruptions and price increases
- Regional Energy Supply and Pricing
- Legal and Regulatory Proceedings
- Climate Change Risks – Transition and Physical Risks

An extreme weather event that damages any of our manufacturing Divisions and results in injuries or fatalities among employees at such Division could have a material adverse effect on our reputation and could result in legal claims being brought against us.

Climate change considerations may impact the availability of and premiums for insurance coverage in general, and in particular, for properties in high-risk locations. Additionally, we may need to self-insure a higher level of risk, which could result in a material adverse effect on profitability in the event of an extreme weather event which causes damage to one or more of our facilities.

3.2.2 Chronic

As part of our PRC program, we have retained an advisor to map our global footprint against identified earthquake, wind exposed/hurricane, flood exposed and wildfire zones, as well as areas with low water security, in order to assist us with footprint planning, as well as our understanding of, and efforts to address, potential risks associated with such types of natural catastrophes.

This footprint mapping exercise provided the following conclusions:

Property Risk Concentrations: There are ten geographic regions (in Austria, Canada, Germany, Mexico and the U.S.) in which we have concentrations of property/asset risk, meaning multiple locations within a 35 km radius, and comprising approximately 46% of the total insured value ("TIV") under our property risk program. All of the regions of concentrated property/asset value are considered to be "Low" seismic hazard zones and are not exposed to tropical cyclones.

Seismic Zones: We have operations in Austria, Germany, Slovenia, Slovak Republic, Morocco, Portugal, India, Turkey, Japan, Italy, Romania, North Macedonia, China, the U.S., and Mexico comprising approximately 19% of the TIV under our property risk program, which are located in regions of "Moderately High" or greater seismic hazard. None of our operations are in regions where the seismic hazard is considered "Very High" or "Extreme".

Tropical Cyclone Zones: Operations in certain parts of Mexico, Japan, China, India, Korea and the U.S. comprising approximately 4% of the TIV under our property risk program are located in hurricane risk Zone 1 to Zone 5, as per Munich Re's Natural Hazards Assessment Network (NATHAN) categorization. TIV by Tropical Cyclone Zones are as follows:

Munich Re (NATHAN) Tropical Cyclone Zone	Proportion of TIV
Zone 5: > 300 km/h	NIL
Zone 4: 252-300 km/h	NIL
Zone 3: 213-251 km/h	0.6%
Zone 2: 185-212 km/h	0.4%
Zone 1: 142-184 km/h	3.2%
Zone 0: 76-141 km/h	24.2%
No hazard: < 76 km/h	71.6%

Flood Zones: Flood risk is typically categorized as 50-year, 100-year, 200-year and 500-year flood risks. Definitions of these categories based on Swiss Re's CatNet Global Flood Zone (GFZ) categorization showing the number of our locations and the proportion by TIV for each category are as follows:

Category	Flood Probability	Number of Locations	Proportion of TIV within 5 km Radius
50 year	1 in 50 (2%) chance of occurring in a year	22	1.5%
100 year	1 in 100 (1%) chance of occurring in a year	68	10.8%
200 year	1 in 200 (0.5%) chance of occurring in a year	103	12.1%
500 year	1 in 500 (0.2%) chance of occurring in a year	36	2.7%
Outside	Outside recognized flood zones	522	73.0%

Climate change is associated with a rise in sea levels, which places properties located within a five kilometre radius of the current coastline at greater risk of coastal flooding. A total of 13 of our Divisions are located five kilometres or closer to a coastline and thus may be at higher risk from the effects of climate-change related sea rise:

No. of Divisions	Location(s)	Body of Water
2	Michigan, U.S.	Lake Michigan
1	Ohio, U.S.	Lake Erie
1	California, U.S.	San Pedro Creek
1	Ontario, Canada	Lake Ontario
1	Liverpool, U.K.	River Mersey
1	Bari, Italy	Adriatic Sea
1	Kocaeli, Turkey	Lake Sapanca
1	Tangier, Morocco	Atlantic Ocean
1	Santa Catarina, Brazil	Rio Piral
1	Hangzhou, China	East China Sea
1	Taizhou, China	East China Sea
1	Kanagawa, Japan	Onda River

Two of such Divisions (Kocaeli, Turkey and Taizhou, China) representing less than 0.5% of TIV are located within one kilometre of a coastline.

Wildfires

One of our Divisions located in Brazil, representing less than ≤1% of TIV, is considered as being exposed to significant wildfire risk. All other wildfire risk is considered moderate to negligible. Wildfire risk is reviewed based on proximity to forests and grasslands with consideration of topography and climate conditions.

Water Security

Water scarcity is a chronic condition in a number of regions of the world, and it is expected to be amplified due to the effects of climate change.

As part of our PRM program we conducted an assessment of water security risk in 2022. Water security suggests the reliability/security of an acceptable quantity and quality of water, since water is a critical input in many production processes as well as the lifeblood of sprinkler protection systems. A reduction or failure of water supply could cause a significant impact on operations in the affected region. The methodology for determining water security exposure was based on the “Baseline Water Stress” 4 of the World Resources Institute (WRI) Aqueduct Global Maps 3.0, that measures the ratio of water withdrawals to available renewable surface and groundwater at the catchment scale. Water withdrawals include domestic, industrial, irrigation, and livestock consumptive and non-consumptive uses. Available renewable water supplies include the impact of upstream consumptive water users and large dams on downstream water availability. The indicator used is

calculated by inverting the “Baseline Water Stress” scores and converted to a 0-100 scale to represent “Water Availability” as a percentage. Low values represent water stressed areas, due to either high water withdrawals or low water supplies.

Our assessment showed 61 locations in regions deemed to have “low” water security, comprising approximately 14% of 2022 TIV at the time. The assessment indicated exposure locations in China, Germany, India, Italy, Mexico, Spain and the United States. However, Mexico represented the most significant region for us in terms of exposure to water security risks as approximately 50% of the affected locations were in Mexico. While we currently attempt to mitigate the impact of water scarcity risks through water reduction and re-use activities, including the use of treated waste water for irrigation of green areas on a site, the water security analysis is used for additional discussions with our risk engineering consultant, including potential additional recommendations for action plans to mitigate water security risks in the affected regions.

In considering the potential impact of chronic physical risks, readers are encouraged to review the following risk factors in “Section 5 – Risk Factors” in our AIF:

- Supply Chain Disruptions
- Regional Energy Shortages and Pricing
- Climate Change Risks – Transition and Physical Risks

SUSTAINABILITY SPOTLIGHT

Smart Energy Savings

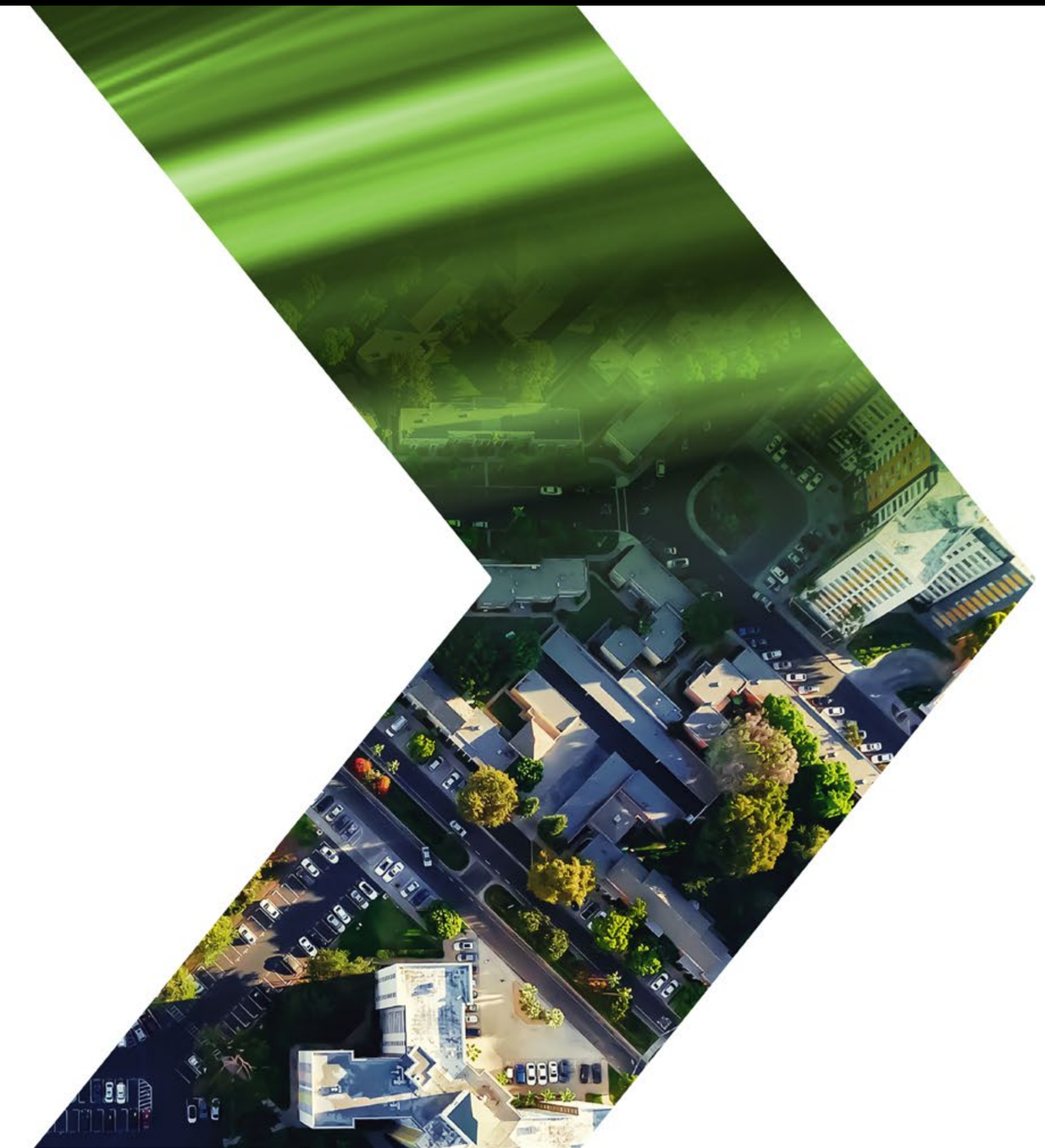
Positive effects going beyond the division

Consumers who want to reduce their household energy bills often install smart temperature sensors that automatically adjust the heating and cooling system to save money and keep everyone comfortable.

The maintenance team Magna's structures division in Ramos Arizpe, Mexico, envisioned doing the same thing – but on a much bigger scale.

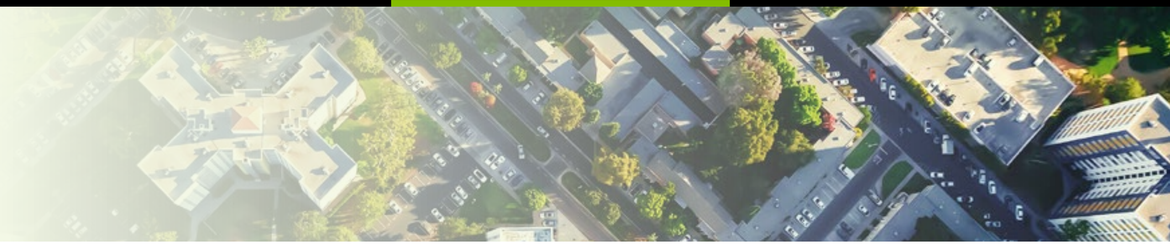
Today, the 130 temperature sensors throughout the facility's offices and manufacturing operations are controlled by a smart plant-wide HVAC system that keeps everything at a pleasant 73 degrees.

This energy-conscious pilot project has conserved seven million kilowatt hours of electricity at the division that makes chassis components for several automakers. That same amount of electricity would power approximately 1,600 electric vehicles for a year or be the emissions equivalent of removing 1,100 gas-powered vehicles from the road.



Non-Climate Elements of Sustainability

4.1 Environmental Stewardship



270+

Facilities ISO 14001 Certified

25+

Facilities ISO 50001 Certified

Magna strives to be an industry leader in health, safety and environmental practices in all operations through technological innovation and process efficiencies to minimize the impact of our operations on the environment and to provide safe and healthful working conditions. In furtherance of this objective, Magna's Health, Safety and Environmental Policy ("HSE Policy") commits Magna to, among other things:

- complying with, and exceeding where reasonably possible, all applicable health, safety and environmental laws and regulations and conforming with our internal standards based on generally accepted environmental practices and industry codes of practice;
- regularly evaluating and monitoring past and present business activities impacting on health, safety and environmental matters;
- improving the efficient use of natural resources, including energy and water;
- minimizing waste streams and emissions, including CO_2e;
- implementing environmental sustainability targets as defined in the Magna Environmental Principles;
- utilizing innovative design and engineering to reduce the environmental impact of our products during vehicle operation and at end of life;
- ensuring that a systematic review program is implemented and monitored at all times for each of our operations, with a goal of continuous improvement in health, safety and environmental matters and zero accidents or environmental incidents; and
- reporting to the Board at least annually.

The full text of the HSE Policy is located on Magna's website (www.magna.com).

4.1.1 Environmental Compliance

Magna is subject to a wide range of environmental laws and regulations relating to emissions, soil and ground water quality, wastewater discharge, waste management and storage of hazardous substances. Magna maintains a global environmental program which consists of both internal and third party audits and inspections of our facilities for compliance with local regulations, internal corporate environmental requirements and industry best practices as detailed below:

Audits & Inspections

Risk Assessment & Action Plan

- Each finding identified in an audit or inspection is assigned a risk score, with the risk scores of all findings combined to establish an overall environmental performance rating for the Division
- The Division is provided a report containing recommendations which are prioritized based on the level of risk identified in the risk assessment
- The Division is required to develop a corrective action plan to address the identified risk

Oversight, Performance Tracking & Reporting

- Magna's Environmental Department provides ongoing assistance to Division personnel in resolving action plan items, including by reviewing and approving action plans that have been submitted to close-out identified risks
- Audit/Inspection findings are also communicated to our Operating Group management to enhance oversight and commitment to resolving action items
- A performance review takes place quarterly with Operating Group management
- An escalation process is in place to deal with findings that are not being resolved on a timely basis, with additional environmental risk awareness training provided to the relevant Division, where necessary
- Magna's Environmental Department provides periodic environmental compliance updates to the GNSC

General environmental awareness training is provided to employees by Division management as well as Magna's Environmental Department as part of ISO 14001 certification compliance.

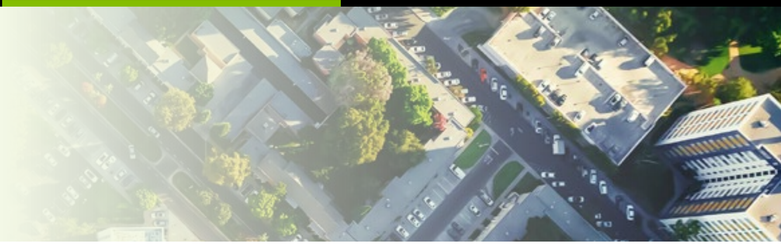
In addition, Magna's Environmental Department holds regular conferences for representatives of our manufacturing facilities in order to:

- reinforce Magna's commitment to environmental responsibility;
- communicate changes in local and regional regulations; and
- share best practices with respect to environmental protection, compliance and sustainability initiatives.

4.1.2 Hazardous Waste and Industrial Emissions

We operate a number of manufacturing facilities that use environmentally-sensitive processes and hazardous materials. We believe that all of these operations meet, in all material respects, applicable governmental standards for management of hazardous waste and industrial emissions. Occasionally our operations may receive a notice of violation or similar communication from local regulators during routine reviews. We have in the past and will continue in the future to address any such notices promptly. Based on our preliminary data, approximately 4% of the aggregate waste generated by Magna in 2023 was hazardous, similar to 2022. We attempt to reduce the amount of hazardous waste that ends up in secure landfills through: recycling, reuse or energy recovery initiatives. Approximately 91% of the hazardous waste generated by Magna in 2023 was diverted from secure landfills through such initiatives.

4.2 Fairness and Concern for Employees



4.2.1 Our Commitment to Magna Employees

We are committed to an operating philosophy based on fairness and concern for people. This philosophy is one in which employees and management share in the responsibility of ensuring our company's success. Our Employee's Charter, a foundational document in our business, sets out this philosophy through the following principles:

- Job Security – Being competitive by making a better product for a better price is the best way to enhance job security. Magna is committed to working together with employees to help protect their job security. To assist employees Magna will provide job counselling and training, as well as employee and family assistance programs.
- Safe & Healthful Workplace – Magna is committed to providing employees with a working environment which is safe and healthful.
- Fair Treatment – Magna offers equal opportunities based on an individual's qualifications and performance, free from discrimination or favouritism.
- Competitive Wages & Benefits – Magna provides employees with information which enables them to compare their total compensation, including wages and benefits, with those earned by employees of their direct competitors and local companies their Division competes with for people. If total compensation is found not to be competitive, it will be adjusted.
- Employee Equity & Profit Participation – Magna believes that every employee should share in the financial success of the company.
- Communication & Information – Through regular monthly meetings between management and employees, continuous improvement meetings and through various publications and videos, we keep our employees informed about company and industry developments. We also conduct regular employee opinion surveys to help facilitate employee engagement and to receive valuable feedback from employees to help drive continuous improvement.
- The Hotline – Should an employee have a problem, or feel the above principles are not being met, we encourage them to contact the Hotline to register their complaint(s). Those using the Hotline do not have to give their name, but if they choose to do so, it will be held in strict confidence. Hotline Investigators will respond to those using the Hotline. The Hotline is committed to investigating and resolving all concerns or complaints and must report the outcome to Magna's Global Human Resources Department. We also maintain a confidential and anonymous whistle-blower hotline for employees and other stakeholders that is overseen by our Audit Committee. See Section 4.5 – "Corporate Ethics and Compliance" below for further details.

We also maintain a Global Labour Standards Policy, which codifies our existing practices consistent with our Fair Enterprise culture. This Policy provides a framework for our commitment to fundamental human rights and international standards that help support positive employee relations, including:

- promoting the importance of diversity, inclusion, and respect for one another, regardless of personal differences;
- not tolerating harassment of any kind, including physical, sexual, psychological or verbal abuse;
- ensuring employees do not face discrimination in accordance with the protections afforded by applicable law, including discrimination based on race, nationality or social origin, colour, sex, religion, gender identity, disability or sexual orientation;
- condemning child labour;
- rejecting forced or compulsory labour;
- maintaining safe and healthy workplaces; and
- providing employees with appropriate rest and leisure time.

We publish a Slavery and Human Trafficking Statement setting out the steps Magna has taken to address the risk of slavery and human trafficking in our operations and supply chain. The statement can be found in the “Financial Reports & Public Filings” section of our website, at www.magna.com. Our commitment to our business and our employees garnered recognition as one of Fortunes World’s Most Admired Companies in 2023 & 2024 in addition to the below:

Forbes: World’s Best Employers (2023) – Our 7th consecutive year receiving this accolade

Forbes: America’s Best Large Employers (2023)

Forbes: Canada’s Best Employers (2023 & 2024)

Built in: Best Places to Work (2023 & 2024)

Open Company: Certification from Glassdoor

Great Place To Work®: Turkey (2022 & 2023)

Mercier China: Healthiest Workplace Awards (2022 & 2023)

Zhaopin: China Best Employer Award (2023)

Universum: Most Attractive Employer Award – Austria, Canada & Mexico (2023)

51job: 100 Excellence Employer of China of 2023; Excellence in Women’s Leadership Development (2023)

4.2.2 Collective Rights

We are committed to providing workplace environments that promote the dignified, ethical, and respectful treatment of our employees, as reflected in the standards contained in our Global Labour Standards Policy and our Code of Conduct and Ethics ("Code").

Our Global Labour Standards Policy articulates our respect for employees' right to associate freely and to choose for themselves whether or not they wish to be represented by a third party in accordance with local laws. We operate both unionized and non-unionized facilities across multiple regions, as well as having facilities where other forms of representative structures exist, such as works councils, and/or where industry-wide tariff agreements apply. In our core regions such as the Americas, Europe and Asia, we have a number of locations formally represented by trade unions, where local collective bargaining agreements are in place. Where such arrangements exist, we strive to maintain positive and productive business relationships with these organizations, resulting in competitive industry agreements.

Employees in our unrepresented facilities benefit from a system of progressive and people-focused human resources policies, coupled with consultative concern resolution programs which include our Fairness Committee, Employee Advocates, Employee Opinion Survey, Open-Door Process and our Hotline, all designed to proactively address individual and workplace issues in a constructive and respectful manner.

4.2.3 Magna's Open-Door Process

Magna maintains a comprehensive Open-Door Process, whereby employees are empowered to bring issues and concerns forward to leadership at all levels of the organization, without fear of retaliation. This process enables management and employees to collaborate on resolving workplace issues together. This process includes regular use of Employee Opinion Surveys, focus groups, and local continuous improvement action plans, focused on maintaining a positive workplace environment.

As a part of our Open-Door Process, we maintain Fairness Committees in many of our North American and European manufacturing facilities, as well as at various manufacturing facilities in India and China. These Fairness Committees enable employees to have many of their concerns resolved by a peer review committee comprised of both management and fellow employees. Most of our North American manufacturing facilities also have an Employee Advocate who works with our employees and management to help ensure that any concerns that arise in the workplace are addressed quickly and in accordance with our Employee's Charter, Global Labour Standards Policy and Operational Principles.

4.2.4 Leadership Development / Talent Management

We have implemented, and continue to enhance, our Leadership Development System to help identify, train and develop future leaders with the skills and expertise needed to manage a complex, global business. We have also based our talent management strategy on our current business objectives and strategy and our understanding of the transformation taking place in the automotive industry. Given that an effective workforce will increasingly be required to be lean and digitally adept, we are focused on building such a workforce through attraction and recruitment, professional development, succession planning, promoting diversity and inclusion and preservation of our Fair Enterprise culture.

4.2.5 Employee Training

To support our talent management programs and employee career development we provide numerous learning opportunities to our employees. These include:

- Required training for designated employees, including:
- Global Compliance, Legal and Ethics training (discussed in section 4.5 of this Sustainability Report), including with respect to our Code and supplementary policies;
- Information Security/Cybersecurity and data classification;
- Sustainability objectives and priorities, including gender equality, industry innovation and infrastructure, safety, good health and well-being, which has been completed by almost 50,000 employees to date;
- Continuous learning opportunities supported by a global team, with localized resources in our major footprint locations in the following areas for employees on the shop floor to senior management:
- Manufacturing operations, technical skills, and apprenticeships;
- Business and functional knowledge and skills;
- Interpersonal skills, mentoring , and coaching.

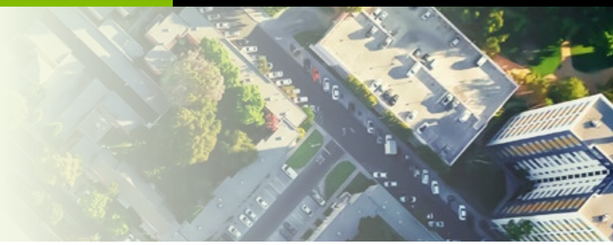
Magna's Leadership Development Framework is built on best practices in the business and manufacturing environment that includes multiple levels of incumbent programs. All new employees are required to receive compliance on-boarding training on Code and related topics as part of their on-boarding process when joining the company. Finally, all new people managers receive advanced ethics training; and all customer facing employees receive advanced anti-trust training upon hiring.

In order to support our talent management programs and employee career development, we provide numerous training resources and opportunities for our employees. These include:

- required training for designated employees with regard to global compliance topics (discussed in Section 4.5 of this Sustainability Report), including our Code and supplementary policies;
- required training for designated employees with respect to various topics, including: information security/ cybersecurity and data classification;
- training with regard to sustainability objectives and priorities, including gender equality, industry innovation and infrastructure, and good health and well-being, which has been completed by approximately 33,000 of our employees to date;
- providing a Leadership Excellence Program (LE), built on best practices in the business and manufacturing environment;
- online Magna Training Centres (MTCs) for Canada/USA, Mexico, Austria, Germany, Czech Republic, Slovakia, Poland, China and India. The MTCs offer programs to develop technical, leadership and business skills to support the learning and development needs of Magna employees from the shop floor to senior management; and
- maintaining an online Learning Hub to provide employees with the ability to enhance and future proof their technical and other skills.

Approximately 25% of our total workforce (i.e. all of our white collar employees) receives e-learning training each year, consisting of one course on the Code (including the topics of bribery, corruption, antitrust, and competition) and a second course on one ethics-related topic selected for that year. All new employees are required to receive compliance on-boarding training on Code and related topics as part of their on-boarding process when joining the company. Finally, all new people managers receive advanced ethics training; and all customer-facing employees receive advanced antitrust training upon hiring.

4.3 Diversity and Inclusion in our Workplaces



Magna is committed to attracting, retaining and developing under-represented talent across the globe. In order to pursue this commitment, Magna's identified strategic pillars for Diversity and Inclusion ("D&I") success are reviewed by our Executive Management with the Chairs of our Diversity and Inclusion Council. Periodic updates are provided to the Board of Directors about how the company is progressing the D&I strategy.

Our key D&I priorities are to create expand inclusion programs; cultivate an inclusive culture; and to further strategic partnerships, as discussed below:

4.3.1 Expanding Inclusion Programs

Our employees are critical stakeholders in our business. The principle of Fair Treatment, outlined in our Employee's Charter – one which we reinforce through employee meetings, training and communications – has been a key element in fostering an inclusive workplace at Magna. Any employee who feels that we are not living up to the principles of the Charter can seek redress through the Magna Hotline.

We seek to abide by all applicable labour and employment laws, including those prohibiting discrimination and harassment and those providing for the reasonable accommodation of differences. We are committed to providing equal employment and career advancement opportunities, without discrimination based on sex, race, ethnic background, religion, disability or any other personal characteristic protected by law. This is addressed in our Code documentation and training, which all Magna employees must complete. Building on the foundation of awareness, education, and constructive dialogue established at Magna, we are prioritizing the expansion of inclusion programs to support our employees along additional dimensions of diversity.

4.3.2 Cultivating an Inclusive Culture

Our Executive Management continues to reinforce the importance of an inclusive and diverse organization. We continue to roll out facilitated workshops to all leadership levels to better equip leaders with tools and resources to drive inclusive behaviour. We also host "listening sessions" to understand racial barriers and issues faced by diverse employees. We promote and embed diversity through our talent attraction and management processes. We have provided diversity and inclusion training for certain employees and have made various D&I tools and resources available for all employees. To further advance our D&I progress, we have implemented three employee-led, volunteer resource communities: Race & Ethnicity (EDGE); LGBQT+ and Allies (PRIDE); and the Women's eXchange. These communities support the execution of Magna's D&I strategy, raise awareness and help foster a more inclusive environment. The employee resource communities provide, among other things, opportunities for mentoring and career development. Our objective is to be an organization

that enables every employee to reach their full potential. We are prioritizing ensuring consistent outcomes and experiences for our employees.

4.3.3 Strengthening Strategic Partnerships

We continue to enhance our capabilities by working with diversity and inclusion thought leaders, associations and non-profit organizations dedicated to the advancement of women, racial minorities, and employees of diverse backgrounds; promotion of inclusive work cultures; as well as strategies and actions to address the needs of a diverse workforce. These partnerships help us to benchmark our activities and progress, as well as provide insight into best practices and emerging topics for our D&I agenda. Recognizing the importance of improving gender diversity within key technical career streams and to support the development of the next generation of the talent in science, technology, engineering, and mathematics (STEM), we have formed strategic partnerships with a number of organizations that promote gender diversity in technical career streams. Our current strategic partnerships include: Automotive Women's Alliance; Build a Dream; Centre for Automotive Diversity, Inclusion & Advancement (CADIA); Catalyst; FIRST Robotics – Girls in STEM; her Career; Institute of Electrical and Electronic Engineers (IEEE); Indspire; Inforum; KnowledgeStart; National Society of Black Engineers (NSBE); Queen's University Engineering Society; Society of Hispanic Professional Engineers; Society of Women Engineers (SWE); WISE (Women in Science and Engineering); and Women in Manufacturing. We also participate in various automotive advisory groups to ensure the focus on Diversity and Inclusion in the industry remains strong. We are leveraging the experience of organizations focused on inclusion to ensure Magna continues to be positioned as an employer of choice and to enhance our partnership criteria to embed diversity and inclusion into evaluations, selections, and agreements.

4.3.4 Gender Diversity

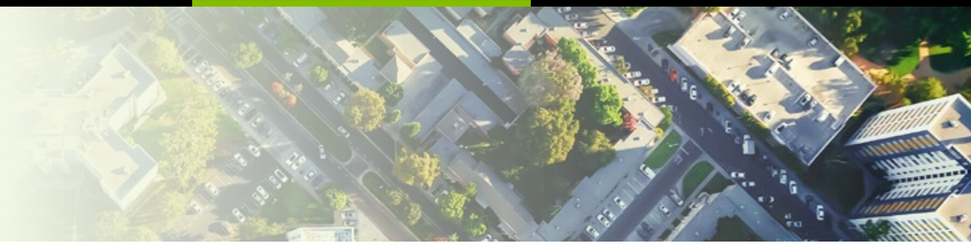
We are continuing to progress our agenda to increase the number of women in Magna. On a global basis, approximately 28% of the employees in our wholly owned operations are women. A total of approximately 4,958 employees in our wholly owned operations occupy critical roles with 885 of such employees, or 18%, being women. Both the percentage of women in our wholly owned operations, and the percentage of women in critical roles increased slightly from the previous year. Underrepresentation of women in our workforce is most pronounced in IT, operations, and product engineering career streams, which is a consistent trend throughout the automotive industry. We recognize that there are improvements to be made and we are pursuing strategies to accelerate the progression of women, in director and managerial level roles, and in our most critical operational and technical roles, where there is the greatest level of underrepresentation.

As part of our succession planning program we continue to identify high-potential, diverse talent candidates and implement accelerated development plans to support their progression to advanced roles. During talent and succession discussions, there is an increased level of focus on the number of women and diverse candidates nominated into each of our succession pools.

In addition, the Board as a whole continues to advocate for improved gender representation and other diversity in leadership and other critical roles, as well as STEM career streams. In addition to their strong advocacy, the female directors of the Board, currently representing 38% of our Board of Directors, have also sought opportunities to mentor and share their experiences with the company's high-performing female employees. Recognizing the important example set by the Board with respect to its own composition, the Board adopted a Board Diversity Policy (located in the Board Charter) targeting gender parity by

December 31, 2023, subject to a minimum of not less than 30% female director prior to that time, and successfully achieved this target. Consistent with the recommendations of the Canadian Coalition for Good Governance, gender parity will be achieved if the balance between male and female directors ranges between 40% and 60% over a rolling three-year time frame. As of May 9, 2024, the percentage of women on the Board will be 42%, assuming election of all nominees for Magna's annual meeting of shareholders. In addition to the Board gender representation discussed above, 42% of nominees for election at Magna's annual meeting of shareholders are diverse nominees (based on LGBTQ+ or being an underrepresented minority in their home country).

4.4 Occupational Health and Safety



4.4.1 Health and Safety Standards and Compliance

Our health and safety program at our Divisions must include specific areas of risk assessment and evaluation that at a minimum includes: machinery and equipment safety; incident and accident management; personal protective equipment; emergency preparedness policies and action plans; fire protection; ergonomics; mental health/stress; industrial hygiene and handling of chemical/biological substances; and working at heights and confined space.

Our commitment to providing a safe and healthful work environment is fulfilled through a regular program of health and safety audits and inspections of our global facilities. These audits and inspections cover the specific minimum topics listed above. Audits are designed to address documentation requirements, while inspections assess physical hazards. Audits and inspections are conducted on-site and followed with a report requiring the facility to develop an action plan to address deficiencies or best practices. The action plans are reviewed quarterly by senior Operating Group management.

The compliance program incorporates international and regional standards, including: ISO 45001, Canadian Standards Association (CSA), American National Standards Institute (ANSI), Conformité Européenne (CE), as well as country-specific standards. Audits and inspections are conducted by specialists with knowledge of Magna's standards and country-specific requirements. Legislative changes, accident trends and changes to industry standards are incorporated into the program as part of the annual review of the program and updates of audit requirements are conducted every three years.

The key elements of the program are detailed below:

Audits & Inspections

Risk Assessment & Action Plan

- Each action item identified in an audit or inspection is assigned a risk score, with the risk scores of all action items combined to establish an overall health and safety performance rating for the Division
- The Division is provided a report containing recommendations which are prioritized based on the level of risk identified in the risk assessment
- The Division is required to develop a corrective action plan to address the identified risk

Oversight, Performance Tracking & Reporting

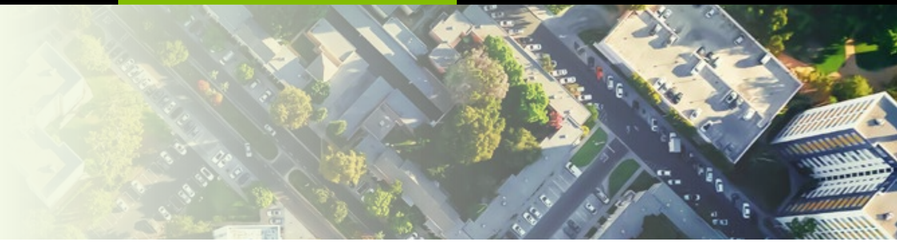
- Magna's Health and Safety Department provides ongoing assistance to Division personnel in resolving action plan items and also reviewing action items that have been submitted for closure from Divisions
- Audit/Inspection findings are also communicated to our Operating Group management to enhance oversight and commitment to resolving action items
- A performance review takes place quarterly with Operating Group management
- An escalation process is in place to deal with action items that are not being resolved on a timely basis, with additional health and safety risk awareness training provided to the relevant Division, where necessary
- Magna's Health and Safety Department provides periodic health and safety compliance updates to the TOCC

Our Health and Safety Department holds regular conferences with representatives of our Divisions to reinforce our commitment to providing a safe and healthful work environment, as well as to share best practices with respect to occupational health and safety. An employee who believes we have not fulfilled our promise to provide a safe and healthful working environment can seek redress through the Magna Hotline.

4.4.2 Ergonomics Program

Magna is committed to minimizing and eliminating ergonomics risk factors. A key program for supporting employee well-being is our ergonomics program which aims to reduce the risk of musculoskeletal injuries. Managed by each Division's ergonomic committee and with the support and guidance of corporate ergonomists, the program regularly evaluates Division ergonomics against a set of established criteria.

4.5 Corporate Ethics and Compliance



4.5.1 Code of Conduct and Ethics

We are committed to conducting business in a legal and ethical manner globally. Our Code, which applies equally to all our directors, executive officers and employees, articulates our compliance-oriented values and expectations. The principles of the Code have been and continue to be reinforced by our Chief Executive Officer, Executive Management, Operating Group management and the Board.

The Code addresses standards of conduct in a number of specific areas, including:

- how to report suspected violations of the Code, and prohibiting retaliation against persons who report such violations in good faith;
- respect for human rights, diversity and inclusion;
- conducting business with integrity, fairness and respect;
- giving and receiving gifts and entertainment;
- complying with all laws and regulations, including anti-corruption/bribery and antitrust/competition laws;
- lobbying and political contributions;
- full, accurate and timely public disclosures, including financial reporting;
- prohibiting insider trading;
- compliance with environmental, and occupational health and safety laws;
- protecting personal data;
- respect for human rights, diversity and inclusion;
- careful communication, and protecting confidential and personal information;
- managing conflicts of interest;
- giving and receiving gifts and entertainment; and
- compliance with related corporate policies.

The Code, which is disclosed on the “For Employees” section of our website (www.magna.com) and posted on our employee intranet in 26 different languages, is reviewed regularly with all amendments approved by the Board. We have also supplemented the requirements of the Code through the adoption of policies covering specific topics, including: bribery and improper payments, tooling practices, gifts and entertainment, anti-retaliation, careful communication, conflicts of interest, sanctions and trade embargoes, antitrust and competition, data privacy, and the conduct of internal ethics investigations (all of which are also available on our website (www.magna.com)).

4.5.2 Global Compliance Program

2024 WORLD'S MOST ETHICAL COMPANIES® ETHISPHERE 3-TIME HONOREE

In order to help our employees understand the values, standards and principles underlying our Code, we have implemented a global compliance program (the “Program”) overseen by the Audit Committee, which includes training of employees through different modalities (e-learning live in-person, and virtual instructor-led) on various topics relating to compliance and ethics. We also provide specialized

compliance training modules which target specific functional audiences and high-risk regions. In addition to providing training on compliance and ethics topics generally, these specialized modules are designed to be interactive and incorporate real-life scenarios and exercises, which we believe amplify our Program expectations and resonate more powerfully with participants.

The Program is supervised by the Magna Compliance Council ("Compliance Council"), a body that includes key corporate officers representing our finance, legal, human resources, operations, internal audit, sales and marketing, technology, information, research and development, and compliance functions. The Compliance Council is tasked with, among other things, providing overall direction for our Program, approving key initiatives and ensuring that the required elements of our Program are being carried out globally by our cross-functional Operating Group Compliance Committees.

For the third year in a row, in 2024 Magna was selected as a World's Most Ethical Companies Honoree® by Ethisphere, a global leader in defining and advancing standards of ethical business practice.

~40,000

employees completed annual Code of Conduct e-learning in 2023

~100%

of customer facing employees completed antitrust training since 2015

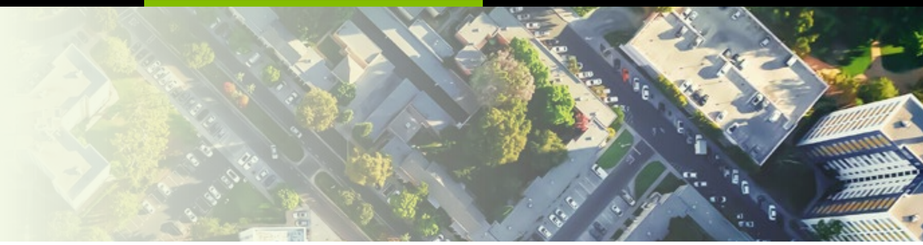
~100%

of new or recently promoted people managers completed advanced ethics training since 2015

4.5.3 Magna Hotline

The Magna Hotline is a whistle-blower hotline. The Hotline is confidential and reporters can remain anonymous (except where local law requires disclosure of a reporter's identity), and is available for employees and other stakeholders such as customers and suppliers at all levels of our supply chain to make reports by phone or online at any time in 27+ languages. Reports are received and tracked by an independent third party service provider. Reports to the Magna Hotline (other than reports of an HR nature) are reviewed by our Internal Audit Department and, when appropriate, an investigation is conducted in accordance with our Policy on Internal Ethics Investigations. Investigations are conducted by Magna's Internal Audit Department, Corporate Security team, In-House lawyers and/or external counsel (where applicable). We maintain an Investigations Oversight Committee, a sub-committee of the Compliance Council, which meets quarterly (and on an ad hoc basis, as needed) to review such investigations to ensure consistency of discipline and promote early awareness and oversight. The Audit Committee receives quarterly presentations from the Vice-President, Internal Audit regarding Magna Hotline activity and details of compliance, fraud, financial reporting, and other investigations (other than HR-related investigations).

4.6 Lobbying & Political Engagement



Magna is committed to upholding the highest standards of integrity in our lobbying activities and political engagement. Our approach to conducting such activities in accordance with applicable law and ethical norms, and in alignment with our sustainability commitments, is as follows:

4.6.1 Core Commitments

Our core commitments in this area are:

- **Lobbying:** Magna pledges to comply with applicable law and uphold the highest levels of integrity in all lobbying efforts. Our lobbying strategies and practices are designed with the best interests of our stakeholders in mind and reflect the core values of our company. We are committed to honest and ethical engagement with policymakers.
- **Political Engagement:** Magna is committed to being a responsible corporate citizen, which includes ensuring compliance with applicable law regarding political contributions and expenditures.
- **Comprehensiveness of Commitment:** Our commitment to integrity in lobbying is holistic, encompassing all areas of our business and supported by senior management. A dedicated governance structure ensures adherence to this strategy, with accountability assigned at the corporate level.

Our strategy supports Magna's interest in promoting public policies relevant to Magna and educating policymakers about our business, while complying with all relevant laws and regulations governing lobbying and political contributions or expenditures for federal, state, or local elections, including the reporting and disclosure of such amounts.

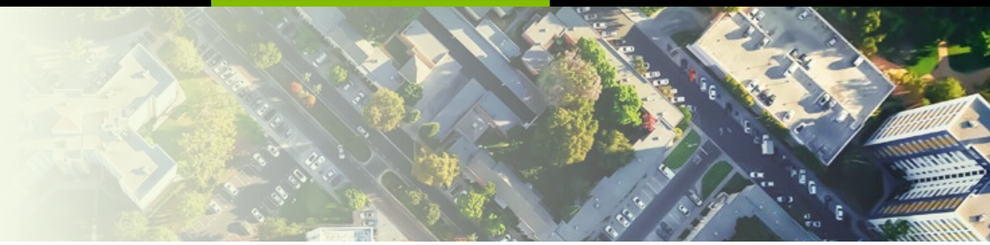
4.6.2 Implementation Measures

In order to give effect to our commitments we undertake a number of measures:

- **Disclosure:** Detailed information about our lobbying activities as required by law.
- **Approval Procedures:** Magna has established a pre-approval procedure ("Disclose It" reporting system) for expenditures or government officials.
- **Stakeholder Engagement:** While our strategy is comprehensive and supported by management, we recognize the importance of involving stakeholders in the development and discussion of our lobbying strategies at the corporate level. Efforts to enhance stakeholder involvement are ongoing.

Magna will comply with all applicable laws and regulations governing campaign finance, political contributions, or expenditures for elections and political activities, including reporting and disclosure requirements. Magna regularly consults inside and outside legal counsel to confirm its political expenditures and other political and lobbying activities are undertaken in compliance with applicable law and this strategy. Magna's lobbying strategy is subject to regular review and updates to reflect changes in legal requirements, and industry best practices.

4.7 Data and Cybersecurity/Privacy



4.7.1 Enterprise Cybersecurity

Our enterprise cybersecurity strategy was developed by our Information Security, Risk and Compliance Department ("ISRC") which ultimately reports to our EVP and Chief Digital and Information Officer. The strategy has been designed using guiding principles from our Code as well as enterprise risk considerations and aligns with industry standards including the National Institute of Standards and Technology, relevant ISO standards, and applicable customer requirements. Our Board has risk oversight responsibility for Magna's enterprise IT/information security systems and cybersecurity program and receives reports regarding the program at periodic meetings.

Our cybersecurity initiatives are based on five key considerations:

Identify

Develop an organizational understanding of cybersecurity risk to systems, people, assets, data, and capabilities.

Protect

Develop and implement appropriate safeguards to ensure against cybersecurity risk and continue to deliver critical services.

Detect

Internal and external 24 × 7 monitoring of all information traffic for cyber-attacks, including ransomware and other malware.

Respond

Our Security Operations Centre has appropriate incident response plans/processes and the necessary resources and expertise to respond to detected threats.

Recover

Our Security Operations Centre works with IT operations to recover as quickly as possible by rebuilding affected systems and restoring data back-ups.

We are committed to working with our customers and other stakeholders to ensure that appropriate cybersecurity standards and requirements are continually monitored and implemented as required. In addition, we ensure that we comply with all governmental rules and regulations regarding cybersecurity or privacy regulations (such as GDPR as defined and detailed below), which directly affect cybersecurity requirements. Our selection process for third party (e.g. Cloud-based) services includes a due diligence approach that ensures that such services are evaluated using industry standard security assurance approaches to assess and address the risks associated with third party technology services and aligns with our overall approach to cybersecurity.

We regularly evaluate and adjust our information security management strategy based on a variety of considerations including risk assessments, continuous monitoring and periodic independent cybersecurity maturity evaluations. This enables the ISRC to identify and prioritize responses to residual risk arising from changes to our business or the ever-changing threat landscape. Magna has developed and

implemented centralized enterprise cybersecurity policies, compliance measures, as well as training and awareness programs designed to ensure that our cybersecurity strategy is executed to minimize our exposure.

Governance of cybersecurity over our shared global telecommunications and computer infrastructure is centralized under the ISRC. The ISRC facilitates identification of our risk exposures and mandates the implementation of appropriate security controls. We have processes in place to ensure that our IT systems receive appropriate upgrades, including patching and other protective measures, in a timely manner.

4.7.2 Product-Embedded and Solution Software Cybersecurity

In addition to the above centralized initiatives, our decentralized operating model assigns cybersecurity accountability to our Operating Groups with respect to risk/security issues inherent in products. However, the ISRC provides various standards-based approaches to assist our Operating Groups in assessing their respective product cybersecurity risk and maturity. From this assessment, our Divisions and Operating Groups are then able to determine appropriate cyber solutions that may be required. Our Technology Committee supports the Board through the committee's risk oversight responsibility for Magna's product-embedded or solution software cybersecurity.

4.7.3 Privacy

tes our approach to the privacy of our employees and protection of their personal information. We only collect, use and disclose personal information for legitimate business or employment purposes, as required by law, or with an individual's consent. In addition, like any other asset, confidential information which includes trade secrets and proprietary information is a valuable part of our business and we aim to safeguard it.

Magna has established a data privacy organization and program in our divisions in the E.U., Morocco, Brazil, Thailand, and China. The program includes the issuance of policies and procedures, employee training, gap assessments and the implementation of a data privacy management system.

In addition to our general privacy and confidentiality commitments, our Global Data Privacy Policy (the "Privacy Policy") has been established. The Privacy Policy is designed to guide our compliance with, among others, the E.U. General Data Protection Regulation ("GDPR"), China's Personal Information Protection Law, the Brazilian General Data Protection Law and Thailand's Personal Data Protection Act.

The Privacy Policy sets out general data protection principles, responsibilities of data controllers and processors, circumstances under which personal data can be transferred, rights of data subjects and actions that must be taken in case of data breach, as well as addressing data retention periods. The Privacy Policy is accompanied by a variety of formal and comprehensive procedures, developed and overseen by our Compliance Council.

A training program has been implemented to address general data privacy awareness for all employees and provide more specific rules for those employees who are handling personal data as part of their daily work. Finally, those employees across our organization responsible for handling privacy requests by data subjects or for addressing data breaches have been provided with the tailored training and resources to carry out such responsibilities.

Furthermore, Magna continues to monitor legislative and regulatory developments in the fast-changing data privacy landscape in other regions with Magna operations.

4.8 Supply Chain Responsibility

4.8.1 Supplier Code of Conduct

We hold ourselves and our suppliers to high ethical standards. Our Supplier Code of Conduct and Ethics ("Supplier Code") is a foundational document in our business relationships with suppliers. It outlines the principles we apply internally at Magna through our Code, as well as expectations we have for every company that supplies goods or services to Magna, relating to, among other things:

- ethical business conduct, such as compliance with antitrust/competition, anti-corruption/bribery and export controls laws; conflict minerals reporting; avoidance and reporting of conflicts of interest; and protection of Magna intellectual property and confidential information;
- employee rights, including those rights set out in our Employee's Charter, Global Working Conditions and Global Labour Standards Policy; and
- environmental responsibility and compliance.

The Supplier Code forms an integral part of our overall contractual relationship with our suppliers. We expect the standards set out in the Supplier Code to be met by our suppliers, even in jurisdictions where meeting such standards may not be considered part of the usual business culture and a failure to do so can result in the termination by Magna of the supply relationship. The full text of our Supplier Code is available on our website (www.magna.com).

We continue to support and participate in industry efforts to develop common standards relating to business ethics, environmental standards, working conditions and employee rights. We will continue to engage with our suppliers to raise awareness of the importance of sustainability in our supply chain.

Human Rights and Global Working Conditions in our Supply Chain

Magna seeks to fully comply with all applicable labour and other laws in all jurisdictions in which we operate. While such jurisdictions have a range of different laws, Magna's policy framework applies equally to all our operations across the globe to establish a common and consistent baseline for the fair treatment of our own employees, as well as those in our supply chain. This policy framework, which includes our Code, Supplier Code and Global Labour Standards, articulates our fair enterprise culture and serves as a general endorsement of the human rights and international labour standards reflected in the United Nations Universal Declaration of Human Rights, International Labour Organization ("ILO") Fundamental Conventions, and ILO Declaration on Fundamental Principles and Rights at Work. Our policy framework, which is discussed in greater detail in Sections 3.2.1, 3.5.1 and 3.7.1 of this Sustainability Report, reflects an express and unequivocal prohibition on the use of forced or child labour – both internally and by suppliers. We expect that our supply chain will adhere to our Global Working Conditions and our Supplier Code, which have a strong focus on protection of human rights and working conditions, including prohibitions on the use of child, underage, slave or forced labour. Our Global Working Conditions are an integral part of our supplier package that emphasize the importance of maintaining global working conditions and standards that result in dignified and respectful treatment of all employees within all our global operating locations,

as well as those of our supply chain. A failure by any of our suppliers to comply with its terms can result in the termination by Magna of the supply relationship.

With respect to third party service providers and staffing agencies, we maintain a number of oversight and due diligence practices, including:

- a global policy on “Doing Business with Staffing Agencies and 3rd Party Service Providers” that sets out best practices when doing business with 3rd party vendors supplying labour-related services to Magna, including: due diligence requirements; prohibition on the use of fees or worker debt arrangements that might result in conditions leading to debt bondage; requirements for transparent employment terms; and conducting checks on contract workers for the purposes of verifying ethical and legally compliant employment conditions;
- service agreement templates for use with 3rd party labour suppliers to ensure that contingent workers are subject to the same ethical standards applicable to Magna’s regular full-time employees. The service agreement templates include, among other things, robust audit and investigation provisions;
- a system for reporting non-compliant suppliers and which is designed to ensure that we do not do business with prohibited suppliers; and
- a global Labour and Employment Audit program designed to assess HR compliance-related issues, policies, and practices at the local
- Divisional level and adherence to both Magna policy and local laws, in a variety of areas, including fair working conditions and prevention of forced and child labour.

In addition, during the first half of 2024, we are planning to roll out mandatory enhanced compliance training on responsible sourcing and global supply chain laws, covering such issues such as child labour, human trafficking, forced labour, and the responsible use of third party labour brokers.

4.8.3 Supply Chain Management

4.8.3.1 General

Magna’s supply chain management group focuses on a number of elements that we believe are integral to world class supply chain management, such as: standardized supplier quality and delivery performance ratings; specific roles and responsibilities; processes and standards; global training; and risk management. The supplier quality and delivery performance ratings have been established to help optimize business award decisions. We use cross-functional sourcing teams, in the majority of our sourcing decisions, to help ensure compliance with our internal standards when we place new business within our supply base. In order to promote awareness of the key elements of our supply chain risk management program, including the requirements in our Supplier Code, we provide global on-line training on an ongoing basis to internal purchasing employees.

We continue to increase digitization of our supply chain management, including focusing on spend analytics and online transportation risk tracking, as well as electronic tagging and tracing of certain assets.

As part of our strategy to improve sustainability performance across our supply chain, we are developing an ESG component for our program award criteria, as discussed under “Supplier Reviews” below.

Our governance framework and key activities with respect to supply chain ESG risk management is set forth below:

Governance

Cross-functional team led by Supply Management, a function within Procurement, with cross-functional representation from legal, ethics and compliance, human resources, sustainability and other functions, that determines Magna standards and oversees global implementation and execution of key due diligence and other supply chain activities

Policies

- Supplier Code Global Labour Standards
- Terms & Conditions Sourcing Requirements

Engagement

- Day-to-day direct interactions with suppliers
- Dedicated Supplier ESG Roundtables Communications through Supplier portal
- Integrated Supply Management with Operating Group Procurement leaders
- Live “All supplier” communications

Assessment & Monitoring

- Supplier Self-Assessment Questionnaires (“SAQs”)
- Third-party AI platform for supply chain mapping, supplier scoring, and live alert monitoring
- Supplier emissions reporting platform
- Other third party tools and databases
- RSCI on-site audits, where necessary Internal or customer initiated risk assessments
- Grievance mechanism with dedicated supplier tier
- Internal Supplier ratings to support sourcing/desourcing decisions

Investigation & Remediation

- Investigation and case management system to gather information and execute control and oversight of any necessary mitigating actions
- Corrective action plans generated through SAQs and on-site audits
- Potential desourcing of supplier, where warranted

4.8.3.2 Supply Chain ESG – Continuing to Enhance Transparency and Sustainability Performance

In order to enhance transparency into our supply chain and work towards a more sustainable supply chain, we have made several enhancements to our supply chain management program in recent years:

- We have implemented a third party supply chain risk monitoring and mapping tool, which monitors and provides real-time alerts affecting supply chains, including: human rights risks (i.e. forced/child labour), operational issues, financial or legal issues, CSR incidents (i.e., environmental incidents, poor working conditions), industrial accidents, product incidents (i.e., recalls), cyber risks, natural disasters, governance risks (i.e., corporate wrongdoing), labour unrest, and political unrest;
- We request our suppliers to report on their energy usage and emissions – a critical step in better understanding our Scope 3 emissions and executing on reductions in Scope 3 emissions in order to meet our near-term and net-zero science-based targets;
- We invite certain suppliers to respond to self-assessment questionnaires through NQC, a third party supply chain management organization who will be responsible for data collection and analysis via their SupplierAssurance platform. The self-assessment questionnaires (currently SAQ 5.0) which is a standard automotive industry sustainability questionnaire developed by global OEMs. The SAQ which Magna completes for requesting OEM customers annually, requires information, including documentation, relating to several topics, including, among other things: sustainability management; working conditions and human rights; health and safety; business ethics; environmental compliance; supplier management; and responsible sourcing of raw materials, as well as questions specifically addressed to German Act (as defined below) compliance;
- During 2023, we enhanced our complaints mechanism, the Magna Hotline, to create a separate submission tier for our supply chain;
- We have launched Supplier Roundtables to engage key suppliers on topics including energy reduction, decarbonization, sustainable materials and products, supply chain resiliency, and human rights and working conditions;
- Magna is a founding member of the Responsible Supply Chain Initiative (RSCI), an association of automotive OEMs, Tier 1 Suppliers and industry associations, which has established an assessment program for due diligence in the automotive supply chain relating to social compliance, occupational safety and environmental protection. We initiated several RSCI audits of suppliers in 2023 and are planning to grow our third-party audit program in 2024. Magna has also had several of its employee trained as RSCI auditors to support our supply chain due diligence activities; and
- We have been accepted as a member company of the German automotive industry dialogue (“Branchendialog Automobilindustrie”). The industry dialogue is a multi-stakeholder forum consisting of relevant participants from the automotive industry as well as civil society with expertise on human rights risks in automotive supply and value chains.

We continue to monitor compliance with emerging supply chain regulations that apply to our operations, including:

- the German Supply Chain Due Diligence (Lieferkettensorgfaltspflichtengesetz (LkSG)) (the “German Act”) which came into force January 1, 2023, and which imposes a duty on companies, including several Magna subsidiaries in Germany, to make reasonable due diligence efforts to determine if there are violations of human rights or environmental obligations in their own business operations or in the their supply chain. We have appointed a Human Rights Officer (HRO) to oversee our compliance with the German

Act. Senior personnel that reports directly to the HRO, coordinates implementation of activities implemented to meet obligations under the law, together with a cross-functional team that includes representatives from our compliance, legal, HR, environmental and purchasing functions. We also have a global advisory board comprised of senior Magna leadership that provides guidance and receives periodic reports on the activities of the HRO and the German Act compliance team. We are in the process of finalizing a global Company Statement focusing on Human Rights and Environmental issues as required by the German Act. Our first report for our subsidiaries under the German Act will be filed in Spring 2024;

- the U.S. Uyghur Forced Labor Prevention Act, which requires companies, starting in June 2022, to rebut the presumption that goods coming from Xinjiang, China were not made using forced labour, by meeting forced labour due diligence standards set forth in the Guidance published by U.S. Department of Homeland Security;
- Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Canadian Forced Labour Act") which came into force January 1, 2024. Magna's first reporting obligation under the Canadian Forced Labour Act will arise in May 2024;
- the E.U. Corporate Sustainability Due Diligence Directive (CSDDD) approved by the European Council in March 2024 that, once formally adopted, would mandate supply chain due diligence relating to human rights and environmental matters in E.U. member states; and
- the E.U. provisional agreement on a new forced labour regulation that, once formally adopted, would ban products made with forced labour from being sold in, or exported from, the E.U.

4.8.3.3 Supplier Reviews

We currently review production suppliers in order to assess their overall operational, performance and financial health. We use a scorecard to provide ongoing monitoring and assessment of suppliers, which tracks (among other things) whether suppliers have certain industry-recognized environmental and health and safety certifications, such as ISO 14001 and ISO 18001. We are in the process of introducing another pillar covering ESG to our supplier review scorecard process.

No production suppliers were terminated in 2023 as a result of a violation of working conditions or human rights. We have terminated business relationships with a number of temporary staffing/labour agencies that did not meet the requirements of our global staffing agency policy discussed in Section 4.8.2 above.

4.8.3.4 Phytosanitation Program

We maintain a phytosanitation program aimed at preventing the introduction and spread of plant diseases (i.e., pests and mold) through the cross-border import/export process. Our phytosanitation policy which applies to suppliers and shippers aligns with the International Plant Protection Convention (IPPC) standard for treatment of wood packaging material (e.g., wooden pallets), and includes the requirements of ISPM-15 (International Standards for Phytosanitary Measures). Our phytosanitation program includes training sessions for internal employees and suppliers, as well as reviews aimed at confirming compliance with our policy.

4.8.3.5 Supplier Diversity

To support the supplier diversity efforts which form part of our supply chain management program, we participate as a corporate member of several industry-recognized supplier diversity organizations, including:

- the National Minority Supplier Development Council (NMSDC)
- the Canadian Aboriginal and Minority Supplier Council (CAMSC)
- Women Business Enterprises Canada Council (WBE Canada)
- Michigan Minority Supplier Development Council (MMSDC)
- National Veteran Business Development Council (NVBDC)
- the National LGBT Chamber of Commerce (NGLCC)
- Great Lakes Women's Business Council (GL-WBC)
- Women's Business Enterprise National Council (WBENC)
- Disability: IN
- WEConnect International

In addition, we are supporters of the Michigan Hispanic Chamber of Commerce (MHCC), the US Hispanic Chamber of Commerce (USHCC), the Asian Pacific American Chamber of Commerce (APACC), the Detroit LGBT Chamber of Commerce, the Veteran Owned Business Roundtable (VOBRT), the Council of Supplier Diversity Professionals (CSDP), the Mid-South Minority Business Continuum (MMBC), and The National Business League. We are also involved with a number of supplier diversity advocacy events, conferences, and procurement fairs, including many organized by our OEM customers, such as GM Supplier Inclusion Board, Stellantis MatchMaker, BMW Supplier Diversity Conference, Toyota Opportunity Exchange and Honda Network Partnership.

4.7.3.6 Conflict Minerals Reporting

Consistent with the approach taken by our customers, suppliers and other fellow members of the Automotive Industry Action Group with respect to "conflict minerals", we are engaged in an annual process of determining whether any products which we make or buy contain such "conflict minerals". Our latest conflict minerals report is available on our website www.magna.com and on the SEC's EDGAR website (www.sec.gov/edgar). We continue to engage with our suppliers to increase awareness, and accuracy, of "conflict minerals" reporting requirements and, through our membership in the Responsible Minerals Initiative (RMI), support continuing cross-industry efforts to identify and validate conflict-free smelters and refiners. We also report to requesting OEM customers with respect to Cobalt and Mica.

4.9 Contributing to Communities in Which We Operate

4.9.1 Commitment to Communities and Society

Magna recognizes the importance of giving back to society. We have a long history of supporting many global social and charitable causes, primarily in the communities around the world in which our employees live and work. While much of our corporate giving is to general philanthropic causes, we have identified seven United Nations Sustainable Development Goals that most directly relate to our business. Examples of Magna's activities and accomplishments with respect to each relevant Development Goal is as follows:

Ensure healthy lives and promote well-being for all at all ages

- Since 2017, more than $1.3M has been raised from employee donations and Magna's Matching program through annual participation in the World Vision Global 6K for Water, which aims to bring life-changing clean water to communities in need. The Suppliers Partnership for the Environment (SP) – an association of global automakers and their suppliers working together to advance environmental sustainability through the automotive supply chain – previously awarded Magna SP's Community Impact Award for our support of the Global 6K for Water challenge
- Magna's corporate wellness initiatives help support the ongoing physical and mental health of employees globally
- Magna has contributed over $25M toward medical infrastructure and over $1M to the Red Cross and other organizations to aid with global disaster relief efforts. Magna's Employee Disaster Relief Fund provides financial assistance to eligible employees and their families in the event they are victims of a disaster. In 2023, the program helped 46 employees in Austria, Canada, China, Czech Republic, India, Italy, Mexico, Poland, Slovenia, Turkey, and the United States. An additional 403 employees in China were supported with humanitarian aid relief after a typhoon destroyed a local community, and Magna also made a donation to the Red Cross to assist their efforts in response to the earthquake in parts of Turkey and Syria
- Magna locations around the globe organize food drives and fundraisers to support local foodbanks and to address food security

Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all

- Magna sponsors and actively participates in FIRST Robotics globally to encourage students to consider careers in science, technology and engineering. FIRST organizes mentor-based programs that help participants build science, engineering and technology skills while also fostering self-confidence, communication skills and leadership
- Magna embraces a culture of learning, including a program that pays for employees to pursue job-related certificate programs and university degrees
- Employees can access Magna-sponsored scholarships for their children to pursue university degrees
- We have partnerships in several countries with universities and technical institutions to develop a talent pipeline and help promote skilled trades development
- Magna sponsors several regional and international skills competitions through WorldSkills to enhance technical trades development and growth opportunities for students
- We support the Canadian Institute for Advanced Research a Canadian-based global research organization that brings together teams of top researchers from around the world to address important and complex questions
- We support Skills USA and Ontario, organizations that champion and stimulate the development of world-class technological and employability skills for youth
- In 2023, we began to support Relay Education's Renewable Energy STEM (Science, Technology, Engineering, and Math) workshops which provide support for thousands of kids in communities Magna operates in, from the United States, Austria and Mexico. These workshops bring interactive STEM experiences to students who otherwise may not have access to such programming

Achieve gender equality and empower all women and girls

- Magna's Women's eXchange Employee Resource Community strives to empower, develop and recognize its female employees and encourage students to pursue STEM careers
- We hosted the Women of Inforum@CES 2023 networking event in conjunction with Inforum, a nonprofit dedicated to accelerating the careers of women and building talent initiatives at companies
- Magna's Board has adopted a Board Diversity Policy targeting gender parity (achieved if the balance between male and female directors ranges between 40% and 60%, assessed over a three-year timeframe). Currently, 38% of our Board members are women, rising to 42% on May 9, 2024, assuming election of all nominees for Magna's annual meeting of shareholders
- Since 2016, Magna has spent more than $2.1 billion with women-owned businesses/suppliers as part of its overall supplier diversity program
- Magna celebrates and honors the many contributions of women around the world, including annually celebrating International Women's Day through live global events for employees to connect with and honor outstanding women in the company

Build resilient infrastructure, promote inclusive and sustainable industrialization and foster innovation

Magna:

- completed thousands of energy/sustainability projects in recent years, resulting in significant and ongoing energy, emission, and costs savings throughout its global operations. Some examples of sustainable projects in our company are:
- a Cosma Division in Mexico installed a photovoltaic (solar) panel system which can produce approximately 825 MWh of electricity annually
- An Exteriors Division in China installed a photovoltaic (solar) panel system which can produce approximately 5,200 MWh of electricity annually
- created a Global Bold Perspective Award to showcase student vehicle designs of the future. The automotive design competition annually selects a winner from entries from students in North America, Europe and China
- Sponsored the development of The Scanlon Creek Nature Centre in Ontario. Based on universal design and net-zero carbon principles, construction of this new building will create a community hub where people of all ages and abilities can access award-winning, innovative programming that connects them to nature while building environmental knowledge and awareness
- Continued to grow our annual Commitment to Sustainability Awards, which are open to Magna's Divisions globally and focus on three categories: (i) product excellence and innovation; (ii) process improvements that advance lean and sustainability efforts; and (iii) people-programs that overcome employee and community challenges in the areas of education and training, health and safety, diversity and inclusion, and other areas of social impact

Reduce inequality within and among countries

- Magna's race and ethnicity-focused (EDGE), LGBQT+ and Allies (PRIDE) Employee, and Women's eXchange Resource Communities, support employee-led learning opportunities to foster open dialogue and understanding, as well as opportunities for mentoring and career development
- 42% of Board nominees for election at Magna's annual meeting of shareholders are diverse nominees (based on LGBTQ+ or being an underrepresented minority in their home country)
- Since 2016, Magna has spent more than $3.7 billion with Minority-owned businesses/ suppliers as part of its overall supplier diversity program
- Unconscious bias training is required for all managers and available to any Magna employee
- Magna partners with various United Way agencies in North America to support a broad number of organizations that are delivering community-based solutions to address poverty and inequalities
- Magna has partnered with other industry leaders to support a variety of poverty-reduction efforts in the Greater Detroit and Greater Toronto Areas, including support for Pope Francis Center and Inn from the Cold, organizations that provide vital services to people experiencing homelessness

Ensure sustainable consumption and production patterns

Magna:

- has implemented a zero waste to landfill target. Approximately 92% of total waste outputs from operations in 2023 were recycled or diverted from landfills, rising to approximately 96% if energy recovery is included
- purchased 22% of its global electricity from renewable electricity sources (13% of our global energy purchase was renewable)
- reduced its energy intensity by approximately 11%, exceeding the 1-year 10% stretch goal set for 2023
- met its long-term (2030) water use reduction target, having achieved a 15% reduction in water withdrawals in 2023 against our 2019 baseline
- has received Performance Standard certification from the Aluminum Stewardship Initiative (ASI) for five of its Divisions in Europe. ASI is the only voluntary sustainability standard for the aluminum value chain
- ASI's independent third-party certification focuses on material stewardship, including as it relates to product design, life cycle assessments, management of process scrap, and recycling of products at end-of-life
- recognized our Cosma Division in Mexico with a Commitment to Sustainability Award for its innovative process allowing savings in electricity consumption and automated temperature controls at the facility
- recognized its Seating Division in Poland with a Commitment to Sustainability Award for hosting education sessions on sustainability that lead to brainstorming and energy treasure hunts at the facility
- is pursuing several packaging and logistics initiatives and aligning with industry partners to limit the overall use of materials and to increase transportation efficiency across the supply chain, including publication of automotive packaging guidelines through a committee of the Suppliers' Partnership for the Environment which Magna Co-Chairs

Take urgent action to combat climate change and its impacts

Magna:

- has approved near- and long-term science-based emission reduction targets with the SBTi, and the SBTi has verified our net-zero science-based target by 2050
- is committed to achieving 100% renewable electricity usage by 2025 in its European operations and by 2030 in its global operations. 103 Divisions currently use renewable electricity, with 75 Divisions at 100% renewable electricity
- is a financial sponsor of the Technical Office of the International Sustainability Standards Board (ISSB) that is establishing a comprehensive global baseline of climate change-related disclosure standards

Sustainability Metrics

In this Sustainability Report we report according to the SASB framework, and the ISSB IFRS S2 Climate Related Disclosures Standard in relation to Scope 1, 2 and 3 emissions. SASB establishes and maintains industry-specific standards that assist companies in disclosing sustainability information to investors. SASB metrics indicated below are identified by the relevant SASB Auto Parts Sustainability Accounting Standard code. We currently obtain independent, third party validation of our Scope 1 and 2 emissions data, as well as our water withdrawal data. We are committed to continuing to enhance both the data collection/validation processes and thus the quality of the data, in the coming years.

5.1 Energy Management and Emissions

5.1.1 Energy

Energy management data is set out below.

SASB Accounting Metric (TR-AP-130a.1)	2023	2022	2021
Aggregate amount of energy consumed by Magna	20,077,657 GJ 5,577,127 MWh	19,859,666 GJ 5,516,574 MWh	19,681,540 GJ 5,467,094 MWh
Percentage of energy consumed by Magna that was supplied from grid electricity	59.0%	58.0%	57.0%
Percentage of energy consumed by Magna that is renewable energy	12.9%(1)	8.8%(2)	8.2%

Notes:
(1) The percentage of renewable electricity used in 2023 was 22% (17% in 2022).

Energy intensity relative to Sales is as follows:

	2023	2022	2021
Energy Intensity (MWh/Sales (USDm))	130 MWh/ USDm	146 MWh/ USDm	149 MWh/ USDm

In connection with our efforts to promote energy efficiency, we developed 1-year, 2-year, and 5-year energy reduction targets as detailed in Section 2.3.1 above. In 2023, we met our 1-year stretch target of reducing our energy intensity (measured in MWh/USDm sales) compared to 2022, achieving an approximately 11% reduction.

5.1.2 Emissions

Energy consumed can be converted to CO_2 emissions based on regional conversion factors. In order to help us and our stakeholders better assess trends related to the emissions we generate, we track emissions "intensity" on the basis of total sales, employee headcount and aggregate square footage of our facilities and offices. These intensity metrics assist us in determining whether we are becoming more efficient by normalizing emissions on a per dollar of sales, per employee and per square footage basis. The raw data for Scope 1 & 2 emissions, together with intensity metrics are set out below. Magna adheres to the GHG Protocol Corporate Accounting and Reporting Standard ("GHG Protocol") for its Scope 1 and 2 reporting. Magna adheres to the GHG Protocol Corporate Value Chain (Scope 3) Standard and guidance from the SBTi for its Scope 3 reporting. We use commonly accepted emission factors such as those available from the GHG Protocol, International Energy Association (IEA), United States EPA, including its eGrid database, United Kingdom Department for Energy Security and Net Zero, ecoinvent and CEDA (Comprehensive Environmental Data Archive), as well as other local or regional references. Our Scope 1 and 2 emissions data is verified annually by an independent third party verification firm.

ISSB S2, 29(a)(i)	2023	2022	2021[1]
Scope 1 Emissions (metric tons)	424,561	433,636	436,267
Scope 2 Emissions (metric tons)[1]	1,150,656	1,168,803	1,089,730
Scope 1 & 2 Emissions (metric tons)[2]	1,575,217	1,602,439	1,525,997
Sales (USD, millions)	42,797	37,840	36,242
Sales Intensity (CO_2 metric tons/$ Sales)	0.0000368	0.0000424	0.0000421
Employees	179,000	168,000	158,000
Employee Intensity (metric tons/employee)	8.8	9.5	9.7
Square Footage (million sq. ft)	83.8	84.4	83.5
Square Footage Intensity (metric tons/sq. ft.)	0.0188	0.0189	0.0183

Notes:
(1) Market-based emissions calculation method.
(2) Sales Intensity, Employee Intensity and Square Footage Intensity are calculated based on combined Scope 1 and 2 Emissions.

In connection with our net-zero commitment and submission of near-term and net-zero targets to SBTi for validation, we submitted our Scope 1, 2 and 3 baseline emissions for 2021 as per the table below:

Emission Type	2021 Baseline Year
Scope 1 (tCO_2e)	436,267
Scope 2 (tCO_2e)	1,089,730
Scope 3 (tCO_2e)	58,655,441
Total	60,181,438

5.2 Water and Waste Management

5.2.1 Water

We have implemented a 1.5% per year water reduction target, with the aim of reducing water use 15% by 2030, in each case referencing 2019 as the baseline year in which we withdrew 7,740 ML of water. Our water withdrawals in 2023 represent a 15% reduction from our 2019 baseline, meeting our overall 2030 target. Water withdrawal data is verified annually by an independent third party verification firm.

Water withdrawal data is set out below:

Description	2023	2022	2021
Water withdrawals (ML)	6,571	6,292	6,922

5.2.2 Waste Management

Waste reduction and scrap elimination are important considerations in our manufacturing activities, including as part of our efforts to achieve operational excellence in our facilities globally. We have implemented a zero waste to landfill target, with the aim of eliminating landfill-bound waste.

Waste data is set out below:

SASB Accounting Metric (TR-AP-150a.1)	2023[1]	2022	2021
Aggregate amount of waste generated from manufacturing by Magna	1,365,712 t	1,476,282 t	1,178,619 t
Percentage of waste generated by Magna that is hazardous	3.9%[2]	4.3%[2]	7.0%
Percentage of waste generated by Magna that was recycled	91.8%[3]	87.2%[3]	88.4%

Notes:
(1) Preliminary data.
(2) Approximately 92% of such hazardous waste was diverted from secure landfills through recycling, reuse, or energy recovery initiatives in 2023 (90% in 2022).
(3) For 2023, this figure would be 96.2% if energy recovery was also included as a category of recycled waste (90.9% in 2022).

5.3 Environmental Remediation

The aggregate costs incurred in complying with environmental laws and regulations, including the costs of clean-up and remediation, have not had a material adverse effect on Magna to date and are set out below.

DESCRIPTION	2023	2022	2021
Annual remediation expenses	<$1.0m	<$1.0m	<$1.0m
Aggregate remediation balance for known events	$18.8m	$16.3m	$14.1m
Environmental Violations > $10,000 USD	1	0	—
Amount paid (in USD) as a result of such Environmental Violations	$30,000	N/A	—

5.4 Product Safety

Magna is at risk for product warranty, product liability and recall costs, and is currently experiencing increased customer pressure to assume greater warranty responsibility. Certain customers seek to impose partial responsibility for warranty costs where the underlying root cause of a product or system failure cannot be determined. For most types of products, we only account for existing or probable product warranty claims. However, for certain complete vehicle assembly, powertrain systems and electronics contracts, Magna also records an estimate of future warranty-related costs based on the terms of the specific customer agreements and/or Magna's warranty experience. Product liability and recall provisions are established based on Magna's best estimate of the amounts necessary to settle existing claims, which typically take into account: the number of units that may be returned; the cost of the product being replaced; labour to remove and replace the defective part; and the customer's administrative costs relating to the recall. Where applicable, such provisions are booked net of recoveries from sub-suppliers and along with related insurance recoveries. Due to the uncertain nature of the net costs, actual product liability costs could be materially different from our best estimates of future costs. In 2023, our warranty expense (net) decreased by $16 million compared to 2022. See Note 15 of our consolidated financial statements for the year ended December 31, 2023, which have been filed on SEDAR+ www.sedarplus.ca and are on Magna's website (www.magna.com).

5.5 Fuel Efficiency

Our product strategy, which is discussed in "Section 4 – Our Business & Strategy – Our Corporate Strategy" of this AIF, includes as a core element the supply of product solutions which support our customers' objectives of increased fuel efficiency and reduced vehicle CO_2 emissions. We do not currently track total revenue from products designed to increase fuel efficiency and/or reduce emissions.

5.6 Materials Sourcing

The SASB Auto Parts Standard identifies critical materials as defined by the U.S. National Research Council (NRC) of which cobalt, magnesium, tantalum and tungsten are most relevant to our products. We do not purchase such materials in their raw form, however, they may be present in components and sub-assemblies that we purchase. Our key purchased raw materials are steel, resin and aluminum, and our key purchased components include: stampings, electronics, chips, molded parts, die casting, forging, coverstock, and wire harnesses. See the discussion in "Section 6 – Description of the Business – Manufacturing & Engineering – Key Components and Raw Materials" of our AIF.

We address strategic risks regarding critical materials with more limited supply and key commodities/raw materials in a number of ways, including: diversification of suppliers; carrying excess inventory, where appropriate; and, designing and engineering our products to minimize the use of scarce/limited materials, where not constrained by customer specifications. Risks related to continued impact from the global shortage of semiconductors that has materially affected global automotive production volumes since 2020 and may continue having some

impact in 2024 is discussed in greater detail in "Section 4 – Our Business & Strategy – Macroeconomic, Political and Other Trends" and "Section 5 – Risk Factors" of our AIF.

We are a member of the Aluminum Stewardship Initiative (ASI), and five of our Powertrain Divisions have received certification under ASI's Performance Standard, which supports responsible aluminium supply chains by among other things: providing a common standard for assessing ESG performance in the aluminium value chain, and establishing requirements that can be independently audited to provide objective evidence for meeting the criteria for certification, including product design, life cycle assessments, management of process scrap, and recycling of products at end-of-life.

With respect to reputational risk related to critical materials, we maintain a conflict minerals program, including an annual process of determining whether any of our products contain conflict minerals, and through our membership in the responsible mineral initiative (RMI) supporting continuing cross-industry efforts to identify conflict-free smelters and refiners. We also report to requesting OEM customers with respect to Cobalt and Mica.

5.7 Competitive Behaviour

Magna's policy is to comply with all applicable laws, including antitrust and competition laws, and we have implemented a robust compliance training program to mitigate against the risk of an antitrust violation. Our Corporate Ethics and Compliance Program is described in Section 4.5 – "Corporate Ethics and Compliance" of this Sustainability Report.

We previously completed a global review focused on antitrust risk and do not currently anticipate any material liabilities in connection with the review. See "Section 10 – Legal Proceedings" of our AIF.

SASB Accounting Metric (TR-AP-520a.1)	2023	2022	2021
Total amount of monetary losses incurred as a result of legal proceedings associated with anti-competitive behaviour regulations	NIL	$1.2m(1)	NIL

Note:
(1) June 2022 settlement with the Conselho Administrativo de Defesa Economica (CADE), Brazil's Federal competition authority, in connection with an administrative proceeding commenced in 2019 into alleged anticompetitive behaviour regarding the supply of automotive door latches and related products.

5.8 Health & Safety

We are committed to providing a safe and healthful workplace for our employees. This commitment is fulfilled through a regular program of health and safety audits and inspections of our global facilities. In connection with our health and safety program we track the frequency and severity of workplace accidents and conduct post-accident reviews to develop action plans to reduce/eliminate similar accidents in the future.

Description	2023(1)	2022	2021
Accident Frequency Rate(2)(4)	0.50	0.62	0.59
Accident Severity Rate(3)(4)	10.2	12.4	17.4

Notes:
(1) Preliminary data.
(2) Frequency 1.0 translates to 1 injury or illness per 100 employees working 40 hours/week, 50 weeks/year.
(3) Severity 10.0 translates to 10 lost work days per 100 employees working 40 hours/week, 50 weeks/year. Severity Rate is reported as of March 27, 2024, but could change, including as a result of employees who continue to accrue lost work days in relation to an accident.
(4) Global production facilities and certain engineering locations.

The occurrence of injuries and fatalities is a matter of significant concern for both management and the Board. The TOCC reviews the circumstances related to significant injuries and all fatalities of employees or third parties on Magna properties and reports same to the Board. In 2023, there was 1 employee fatality at Magna facilities.

5.9 Diversity

Diversity within our employee population is important to us and we strive to create an inclusive work environment throughout our company. As part of our efforts to promote an inclusive workplace, we track metrics relating to gender diversity in our workforce.

DESCRIPTION	2022	2021	2020
Percentage of global employees who are women (wholly owned operations)	28.0%	28.0%	27.0%
Women in critical roles	18.0%(1)	18.0%	16.0%
Women on the Board of Magna	38.0%(2)	42.0%	42.0%

Notes:
(1) 885 women in critical roles out of 4,958 such roles.
(2) As of May 9, 2024, the percentage of women on the Board will be 42%, assuming election of all nominees for Magna's annual meeting of shareholders.

5.10 Reporting

In addition to this Sustainability Report, we participate in CDP, a not-for-profit project designed to provide investors with information relating to corporate GHG emissions, water use, deforestation risk and perceived corporate risk due to climate change. Our current CDP submission is available on our website at www.magna.com. We also file a conflict minerals report, available on www.sec.gov/edgar, in accordance with SEC requirements, and publish a slavery and human trafficking statement on our website, at www.magna.com. Magna also provides sustainability reporting directly to our customers. These assessments are supplier requirements and typically follow common reporting templates approved by automotive industry associations in North America (Automotive Industry Action Group) and Europe (CSR Europe/Drive Sustainability).

We also continue to monitor the acceleration of climate/sustainability reporting initiatives by regulators, including:

- the European Union's European Sustainability Reporting Standards (ESRS) and Corporate Sustainability Reporting Directive (CSRD) which will first apply to certain of Magna's European subsidiaries in 2025 and will be reported on in 2026 for such subsidiaries;
- initiatives by securities law regulators to mandate climate disclosure, including the recently adopted climate disclosure rule adopted by the U.S. SEC; and
- the proposed implementation of Canadian sustainability standards through the Canadian Sustainability Standards Board (CSSB), based on the ISSB Sustainability Disclosure Standards, and any proposed rule changes from Canadian securities regulators incorporating such standards.

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