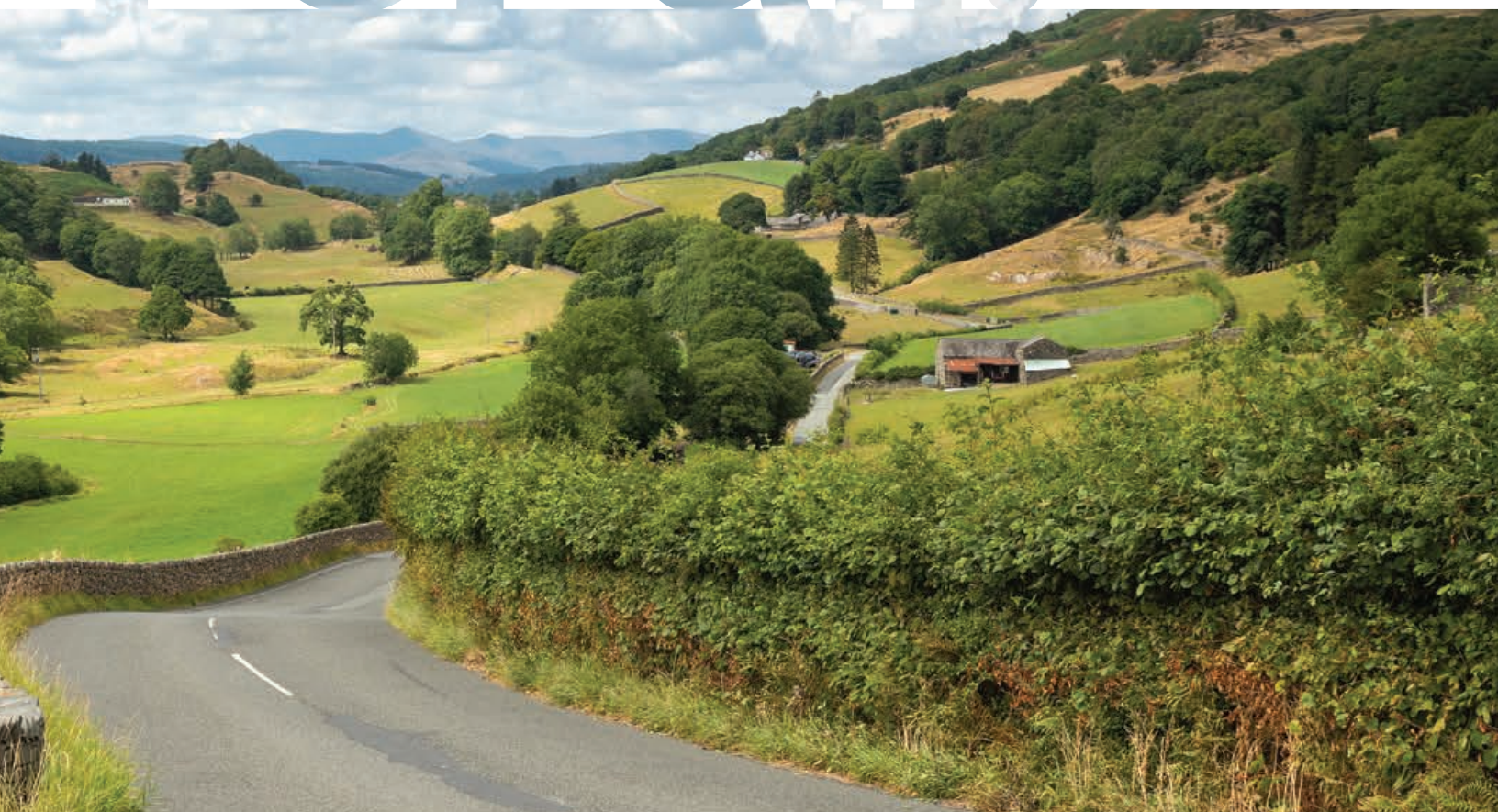
MAGNA

2020 Sustainability Report
Magna International Inc.

Forward.
For all.



Our Sustainability Vision

By doing the right things today to ensure a better planet for current and future generations, Magna embraces its ongoing commitment to sustainability.

With innovative products and energy-conscious manufacturing, we are fighting climate change and reducing our global carbon footprint. Through teamwork and perseverance, we are making a difference for our company, our communities and our planet.

Committed to Making a Difference

PRODUCT
delivering solutions
for a better tomorrow

PROCESS
minimizing our
environmental impact

PEOPLE
benefiting our teams
and communities

CONTENTS

Summary
Sustainability Metrics

TOPIC	SASB CODE	METRICS	UNIT OF MEASURE	MAGNA 2020 DATA[1]
GHG Emissions	–	Scope 1 & 2 emissions	Metric Tons (t) CO_2e	**1,620,090 t**
Energy Management	**TR-AP-130a.1**	Aggregate amount of energy consumed	Gigajoules (GJ) MegaWatt hours (MWh)	**18,169,048 GJ** **5,046,958 MWh**
		% of energy consumed supplied from electrical grid	Percentage (%)	**59.0%**
		% of energy consumed that is renewable energy	Percentage (%)	**11.9%**
	–	Energy intensity	MegaWatt hours (MWh) / Sales (USDm)	**155 MWh / USDm**
		Energy intensity reduction target	MegaWatt hours (MWh) / Sales (USDm)	**≥2% p.a.**
Waste Management	**TR-AP-150a.1**	Aggregate amount of waste generated from manufacturing operations	Metric Tons (t)	**965,677 t**
		% of waste generated that is hazardous	Percentage (%)	**4.9%**
		% of waste generated that was recycled	Percentage (%)	**91.5%**
		% hazardous waste diverted from landfill	Percentage (%)	**84.0%**
	–	Waste diversion from landfill target	Percentage (%)	**≥95% p.a.**
Water Management	–	Annual water withdrawals	Megalitres (ML)	**6,351 ML**
		Water reduction target	Percentage (%)	**1.5% p.a.** **15% by 2030 (vs. 2019)**
Environmental Management	–	Annual remediation expenses	Reporting Currency (USD)	**<$1.0m**
		Aggregate remediation balance for known events	Reporting Currency (USD)	**$10.8m**
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 5,000 employees working 1 million hours	**0.42**
		Accident severity rate	10.0 = 50 lost work days over the course of 1 million hours	**5.11**
Gender Diversity	–	% of employees who are women[2]	Percentage (%)	**26%**
		% women in Critical Positions	Percentage (%)	**15%**
		% Women on the Board of Magna	Percentage (%)	**36% (2020)** **42% (2021)**

Notes:

[1] 2020 data with respect to Water Withdrawals, Emissions, Energy Management, and Waste Management is preliminary.

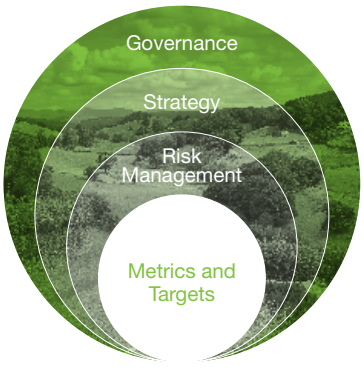
[2] Wholly-owned operations only.

Introduction

At Magna, we recognize the reality of climate change and its impact on our 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.

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 to reduce Scope 1 greenhouse gas emissions;
- developing our roadmap for the transition to 100% renewable energy to reduce our Scope 2 emissions;
- engaging with our supply chain regarding Scope 3 emissions;
- treating our employees fairly and looking out for their health, safety and general well-being; and
- serving as a good community partner, particularly in the communities in which our employees live and work.



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 Task Force on Climate-related Financial Disclosures ("TCFD") framework, as well as the Sustainability Accounting Standards Board's ("SASB") Auto Parts accounting standard, where possible. While this report may not currently provide stakeholders with all of the information sought through the TCFD and SASB frameworks; we continue to evolve and enhance our disclosure as our collection and validation of the applicable data improves. While the TCFD 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 initiatives that define our approach to sustainable value creation.

1. 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 on SEDAR, 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.

Climate-related and other sustainability issues are typically considered by the Board at least annually through the Board's strategic planning process. Sustainability issues may also arise before the Board in connection with its oversight of fundamental corporate actions such as review/approval of material acquisitions and divestitures, as well as three-year business plans and capital expenditures. Additionally, the Board reviews and approves the company's material public disclosures, including our Annual Information Form / Annual Report on Form 40-F incorporating this Sustainability Report. We are still in the process of developing climate-related goals and targets and expect to report such items together with progress achieving them to the Board in the future.

1.1.1 CGCNC Role

The Board carries out its duties in part through standing committees composed solely of independent directors. One such committee, the Corporate Governance, Compensation and Nominating Committee ("CGCNC"), supports the Board's oversight of the company's approach to sustainability, including by assessing Magna's overall approach, environmental compliance, occupational health and safety, as well as Magna's actions to identify, monitor and mitigate any material risk exposures relating to such areas.

Like the Board, the CGCNC maintains a written charter which outlines its specific roles and responsibilities. The CGCNC Charter has been filed on SEDAR and is available in the Leadership & Governance section of Magna's website (www.magna.com). Matters under the CGCNC's responsibility include: corporate governance, sustainability, talent management and other matters. The scope of the CGCNC'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 CGCNC's role also extends to matters such as occupational health and safety, diversity and inclusion, as well as corporate social responsibility. The CGCNC periodically reviews Magna's policies, practices and public disclosures relating to sustainability topics, including this Sustainability Report.

1.1.2 Other Board Committees

In addition to the CGCNC, 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.

The Technology Committee supports the Board by advising it on technology trends, related opportunities and risks, R&D and innovation, 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.

1.2 MANAGEMENT

Magna has designated one of its Operating Group presidents as an executive "champion" for climate-related sustainability matters. The executive champion reports directly to Magna's Chief Executive Officer on sustainability matters and helps coordinate and align sustainability priorities across the company's other Operating Groups. Operating Group management is responsible for development of product strategies to address megatrends, industry trends, business opportunities and risks, including those which arise due to climate-related challenges.

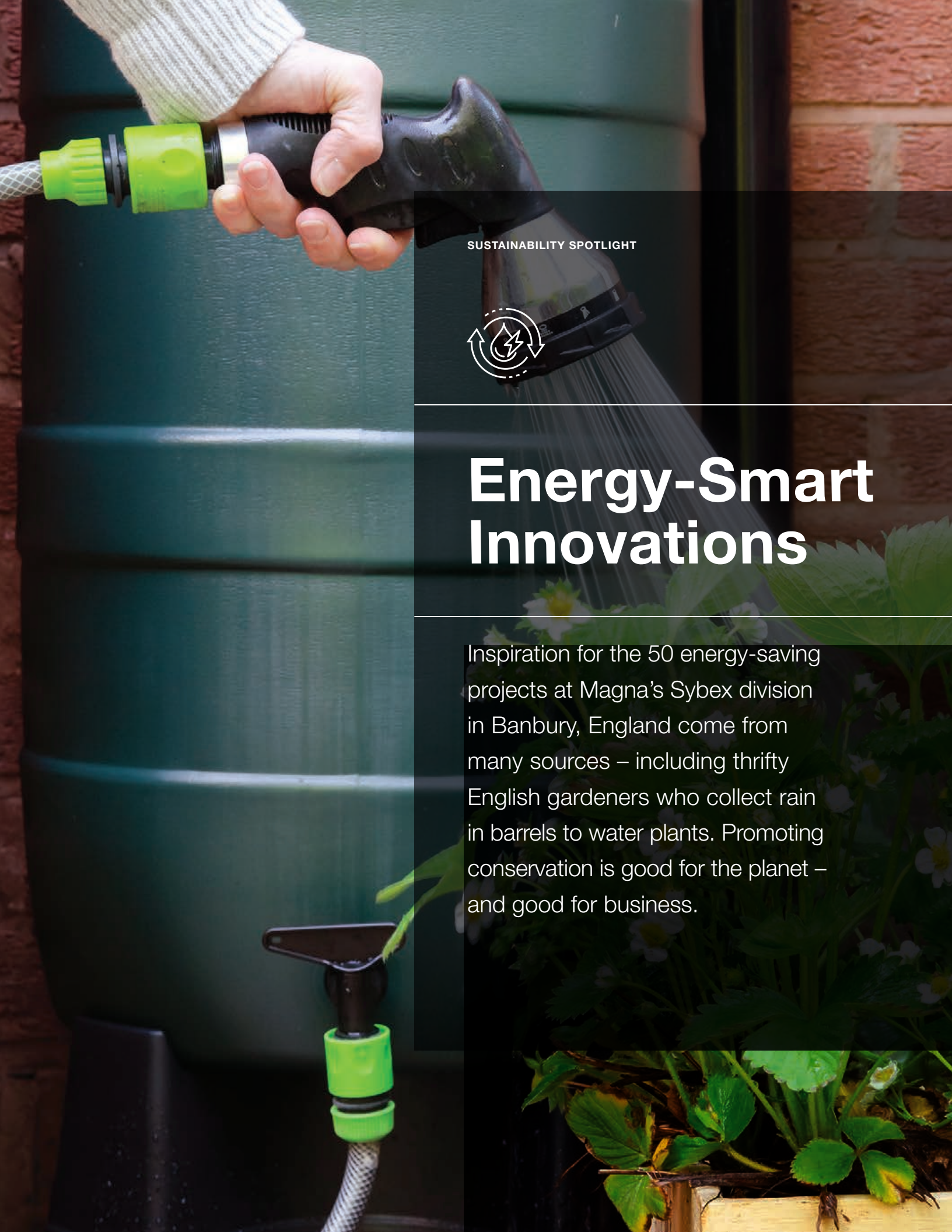
We also have a bottom-up sustainability structure with representatives at each of our three main management levels. Approximately 80% of our manufacturing Divisions have an energy management champion who works with members of our Global Energy Team to identify and implement high-priority energy management 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 has a sustainability team comprised of a range of product, process and functional skillsets, coordinated through a Group "lead". Operating Group sustainability leads participate in a sustainability steering committee headed by the executive champion, which consists of cross-functional corporate leaders representing operational improvement, environmental, purchasing, energy, real estate, R&D, legal/corporate secretarial and finance, with other functions as needed.

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; cybersecurity; data privacy; as well as supply chain.

SUSTAINABILITY SPOTLIGHT

Energy-Smart Innovations

Inspiration for the 50 energy-saving projects at Magna's Sybex division in Banbury, England come from many sources – including thrifty English gardeners who collect rain in barrels to water plants. Promoting conservation is good for the planet – and good for business.



Responding to rising energy costs and the need to protect the environment, Magna's Sybex division in Banbury, England launched 50 energy-saving projects in the last 10 years – with even more ambitious initiatives on the horizon.

The facility's energy champions believe environmental stewardship is not only the practice of a good corporate citizen – it is good for business. Promoting energy conservation at Sybex saves resources and costs.

Initial projects included relatively simple ones, such as installing timers on air conditioners to save energy, switching off equipment during plant shutdowns, and installing LED lights with smart sensors that automatically adjust based on movement in a room.

The energy-savings team here also eliminated compressed air leaks during assembly operations and converted electric water heaters to energy-efficient gas boilers.

Starting in 2021, the division intends to further ramp up sustainability efforts. It plans to harvest 21,000 gallons of rainwater from its paint-building roof and use it in the restrooms, an idea inspired by England's rainy climate and English gardeners who collect rain in barrels to water plants.

In the biggest eco-friendly project yet, Sybex is setting up a Combined Heat and Power or CHP system designed with sustainability in mind, where heat used in manufacturing is recovered, energy isn't wasted, and pollution doesn't go into the atmosphere.

Paul Howard, Sybex energy improvement coordinator, credits the 14-person Sybex energy team, made up of senior managers and people from every department, with building awareness and leading the division's commitment to sustainability.

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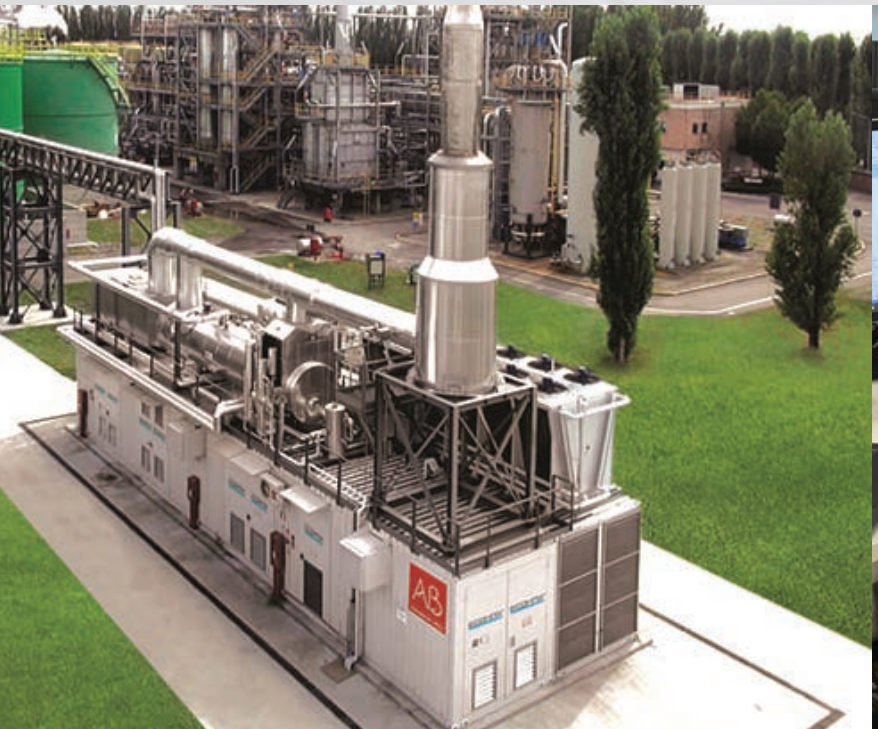
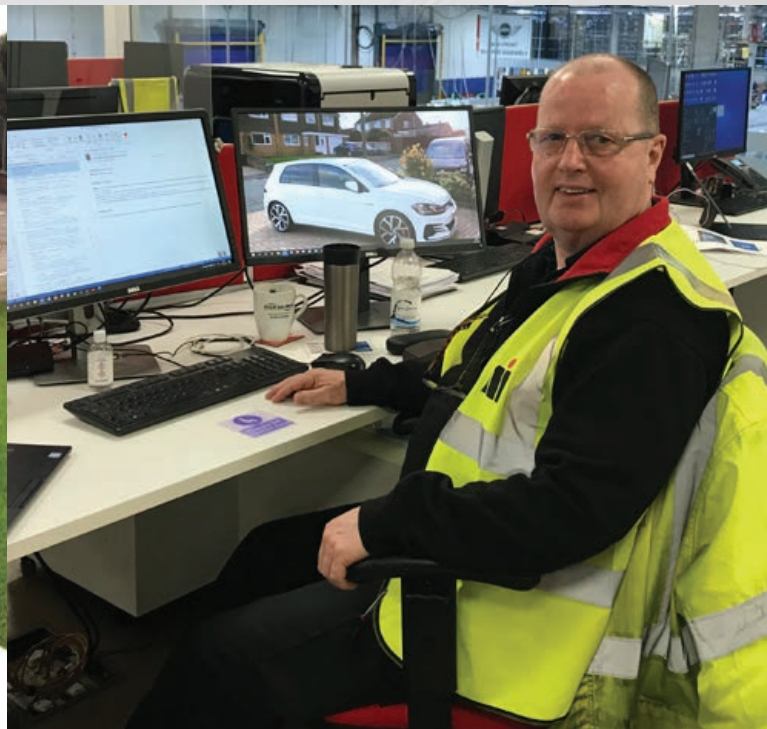




2. Climate-Related Opportunities

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
Society	Demographic Change & Individualism	Product design will be influenced by aging population and growing individualization.
	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.
	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 electric vehicle adoption and new transport modalities.
	New Mobility	Emerging new mobility eco-system offers a range of potential opportunities for new products and services.
Economy	Natural Resources, Energy & Environmental	Increased focus on the environment will drive growth rates for electrification.

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

Increasing capital deployment toward 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. We seek to grow our business and capabilities in areas which are positively impacted by the megatrends discussed earlier. Examples of such areas include powertrain electrification, ADAS systems and battery enclosures. A number of our other product areas are not adversely impacted by the global megatrends, including our body, chassis, exteriors 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 fast-growing 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 elevating our approach to manufacturing by implementing factory of the future applications including 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 are our focus on World Class Manufacturing and our 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 focus on operational excellence, due to the focus on energy optimization and minimization of both 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 electric vehicle ADAS platforms, provide us with an advantage in pursuing such opportunities.

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 PRODUCTS AND SERVICES

Consistent with the above long-term strategy, key climate change-relevant themes in our product portfolio include:

Optimizing Vehicle Weight, Powertrain Efficiency and Aerodynamics

We continue to support our OEM customers by offering solutions which enable them to deliver lighter vehicles, improved/optimized powertrain efficiency and enhanced aerodynamics, including:

- *Lightweight Products & Materials:* OEMs are focused on reducing vehicle mass in order to: downsize engines, thereby reducing fuel consumption and tailpipe emissions for vehicles powered by internal combustion engines; and minimize power consumption/maximize driving range for EVs. We believe that the breadth of our engineering capabilities across all major sections of the vehicle, together with our full vehicle capabilities, provide us a competitive advantage in addressing OEMs' lightweighting needs "holistically". Moreover, our financial strength has enabled us to fund continuous innovation related to advanced materials, multi-material joining processes, manufacturing processes and lightweight products.
- *Efficient Transmissions/e-Drive Systems:* Irrespective of a vehicle's power source – gas or diesel, hybrid or fully electric (battery or hydrogen fuel cell) – power needs to be transferred to the wheels through a transmission or e-drive system. Through our powertrain business, we offer customers a range of efficient dual-clutch transmissions ("DCTs"), including traditional DCTs for vehicles with an Internal Combustion Engine ("ICE"), hybrid DCTs featuring an integrated electric motor for start/stop or plug-in hybrid applications and dedicated hybrid transmissions used in applications with an electric motor. Additionally, we offer e-drive systems for fully electrified powertrains.
- *Pure EVs*: Pure EVs share many components with vehicles powered by an ICE. At the same time, there are many elements which are new or which need to be engineered differently for EVs. Multiple Magna Operating Groups are pursuing opportunities related to pure EVs, including:
  - e-Drive systems, as discussed above.
  - Lightweight seat structures optimized to accommodate EV chassis.
  - Battery enclosures.
  - EV complete vehicle engineering, including integration, validation and testing, as well as assembly.
- *Active Aerodynamics:* Redirecting airflow to reduce air drag on vehicles assists in reducing fuel consumption and thus CO_2 emissions. Magna offers a growing range of active aerodynamics innovations, including active grille shutters, active air dams, active front deflectors, active liftgate spoilers and active tailgate, as well as underbody panels.
- *Innovative, Lightweight, Energy-efficient Lighting:* OEMs continue to seek innovative forward and rear-lighting solutions that allow increased styling flexibility, reduced weight compared to traditional lighting systems and energy efficiency. We continue to grow our lighting business – organically, as well as through joint ventures and acquisitions.

Incorporating Full Breadth of Magna Capabilities into New Mobility Solutions

New mobility solutions involve the convergence of electrification and vehicle autonomy trends. Over the medium- to long-term, new mobility solutions are expected to be lightweight zero/low emission ("ZLEV") vehicles with leading-edge ADAS features. We possess broad capabilities to support new mobility, including through:

- Magna's Powertrain and Complete Vehicles Operating Groups, which have significant expertise in alternative energy propulsion and storage systems, respectively;
- electronics/ADAS features;
- our complete EV engineering, integration and testing capabilities;
- our ability to offer new mobility OEM customers such as Fisker an EV platform, electrical/electronic architecture, complete vehicle engineering and manufacturing, as well as a complete ADAS system and other products; and
- our ability to offer customers a versatile test environment for highly automated vehicles, including the entire test "chain" from virtual simulation to test rigs to trial runs on public roads.

New mobility solutions may enable us to take advantage of our complete systems knowledge and draw-in expertise from across our entire product range, including:

Body Exteriors & Structures:

- chassis architectures requiring leading-edge materials know-how;
- battery enclosures for EVs and hybrid-EVs;
- lightweight thermoplastic body panels and liftgates; and
- seamless sensor integration into the vehicle body.

Power & Vision Systems:

- highly integrated e-drive systems; and
- full suite of sensing technologies, together with domain controllers.

Seating Systems:

- reconfigurable seating solutions that address automated, connected, electric and shared vehicle solutions.

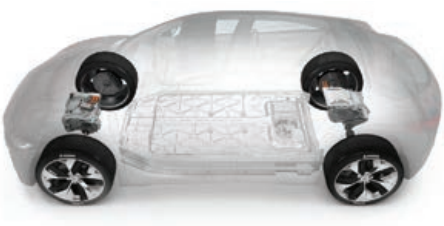
Complete Vehicles:

- non-OEM branded ("white-label") vehicles, engineered and assembled by Magna.

For a complete discussion of our product portfolio, including the ways in which it addresses these areas, see "Section 6—Description of the Business" in our AIF.

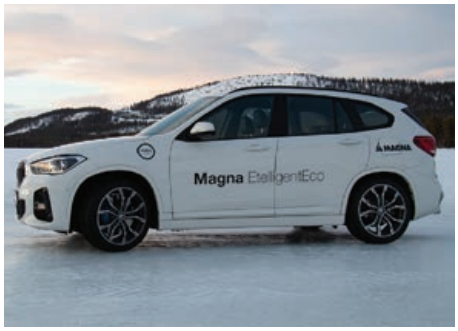
SECTION 2.3 MARKETS

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:



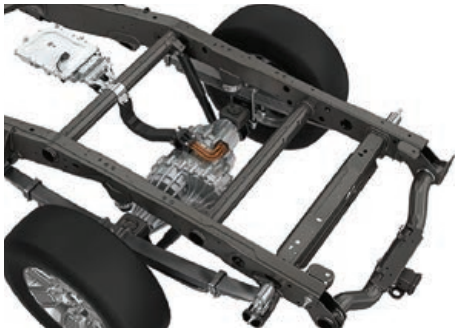
EtelligentReach™

EtelligentReach™ advances eMobility, with its innovative electric all-wheel drive system based on our latest generation of eDrive technologies. Advancements in eDrive technology result in 'Best-in-Class' efficiency, dynamics, safety, and convenience, and when combined with Magna's intelligent operating strategy and full-vehicle expertise in areas such as active aero and lightweighting, it achieves an astounding 145 km increase in range while delivering improved driving dynamics.



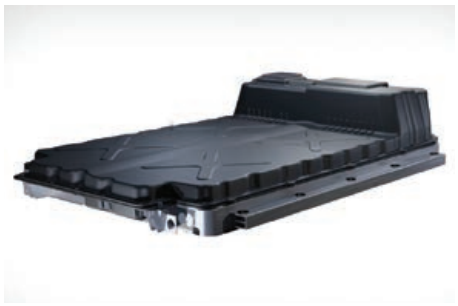
EtelligentEco™

The EtelligentEco™ is an efficient plug-in hybrid EV system, with an intelligent connected powertrain that can reduce greenhouse gas by up to 38% in real world daily driving compared to current plug-in hybrid production vehicles. This powertrain solution combines a new dedicated hybrid transmission with a predictive operating strategy, cloud connectivity, ADAS, Smart Cruise Control and Eco Routing. Due to its 120 kW e-motor, the EtelligentEco is able to combine high efficiency with and class-leading driving performance in all-electric mode.



eBeam™

eBeam™ allows automakers to electrify existing pickup truck and light commercial vehicle platforms without compromising utility, towing or payload. Its innovative design allows eBeam to easily replace traditional beam axles, reusing existing suspension, chassis, and brake systems. The result is a truck that can perform like a traditional truck but with a greener, sustainable electric drivetrain. This technology works with Magna's next-gen eDrive systems and software enhancements to provide a complete electric truck architecture.



Battery Enclosure

Magna has developed a battery enclosure that contributes to the structural and safety aspects of a vehicle's frame and protects high-voltage batteries from damage and water. Production on the battery enclosure, which will be featured on GM's new Hummer EV, will begin in early 2022. Magna has the ability to produce the battery enclosures in steel, aluminum, and multi-material configurations, including lightweight composites, to meet the individual needs of its customers.

2.4 RESOURCE EFFICIENCY

2.4.1 Energy

Our aggregate global energy spend in 2020 amounted to approximately $361 million broken down by type as follows:

- Electricity – $314 million
- Natural Gas – $40 million
- Other fuels (Propane; Liquid Petrol; Diesel) – $7 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, we have developed energy reduction targets for each of our Operating Groups, which aggregate to approximately 2% of our annual energy purchase. The energy reduction target is an interim measure pending determination of emissions reduction targets that are aligned with climate-science principles.

Approximately 80% of our Divisions have active energy teams pursuing energy efficiency measures in their respective Divisions. These teams are supported at the corporate level by a Global Energy Management 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;
- 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;
- 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;
- Recovery of waste heat from certain 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.

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 World Class Manufacturing initiative. The MAFACT system establishes World Class 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.

We are developing a renewable energy strategy as part of our broader Sustainability strategy. In 2020, 100% of our energy purchase in Austria was from renewable energy sources and evidenced by renewable energy certificates ("RECs"). Based on availability, pricing and other considerations, we are targeting a phased-approach to adoption of renewable energy in other markets, with a focus on Europe first, followed by the U.S., China and other markets. 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 have a few examples of renewable energy self-generation at certain of our facilities, self-generation is not a significant opportunity for us primarily since the vast majority of our facilities are leased.

2.4.2 Water

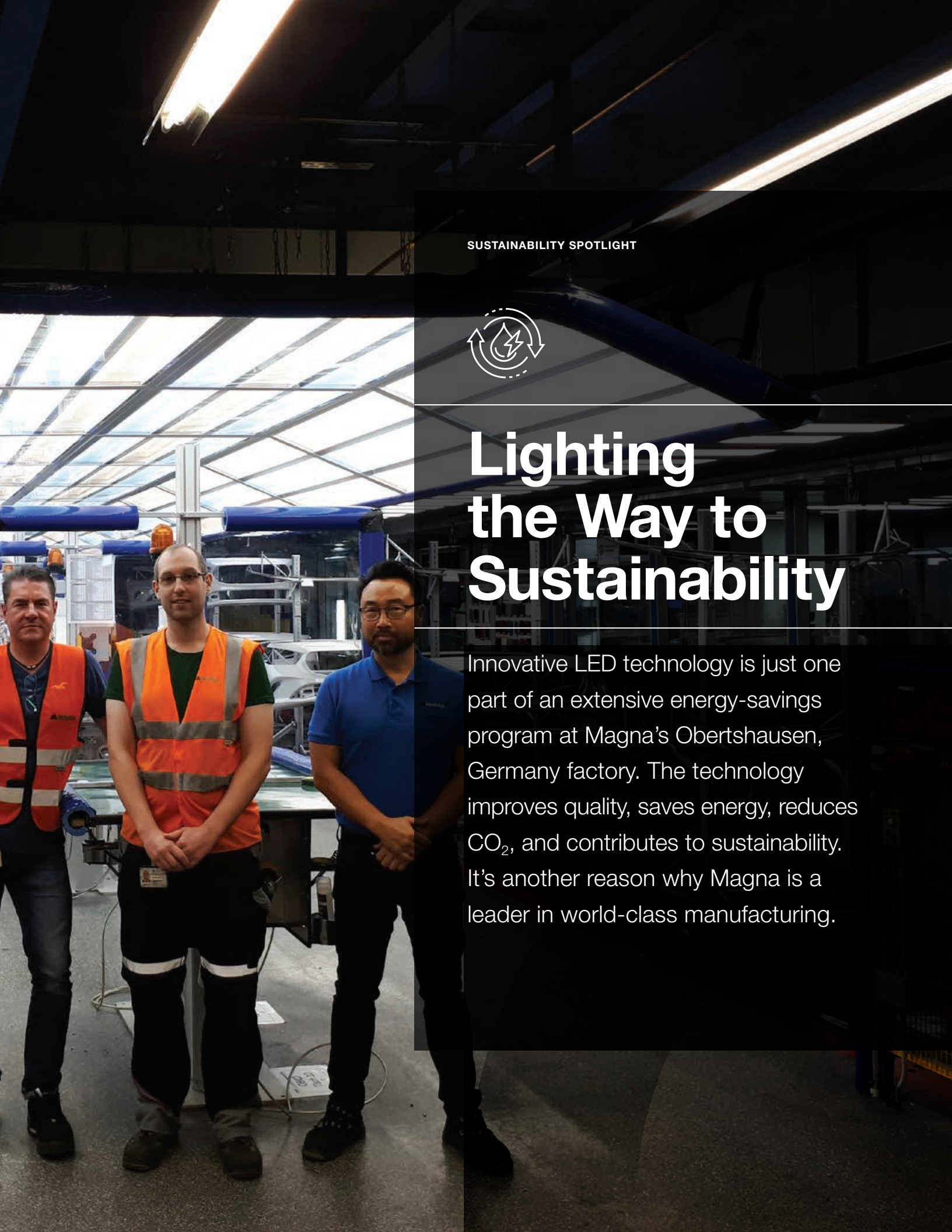
We have implemented a 1.5% per year water reduction target, with the aim of reducing water use 15% by 2030, in each case referencing 2019 as the baseline year. While we are not a significant water user, achievement of water reductions would be expected to result in cost savings, potentially by offsetting (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.

2.4.3 Waste

We have also implemented a zero waste to landfill ("ZWTL") target, with the aim of eliminating landfill-bound waste by 2022. Waste sent to landfill bears both an economic cost borne by us 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.

2.5 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 below 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

Lighting the Way to Sustainability

Innovative LED technology is just one part of an extensive energy-savings program at Magna's Obertshausen, Germany factory. The technology improves quality, saves energy, reduces CO_2, and contributes to sustainability. It's another reason why Magna is a leader in world-class manufacturing.

A dramatic tunnel of lights at Magna's Obertshausen, Germany factory reveals how innovative LED technology has become a game-changer for the company's world-class manufacturing.

The LED tunnel is the final step in the paint process at the Magna Exteriors facility, where employees in 2020 conducted quality checks on approximately 1.1 million bumpers for premium vehicles, including the Audi A8, BMW 1 Series, Mercedes-Benz A- and B-Class, and Opel Insignia.

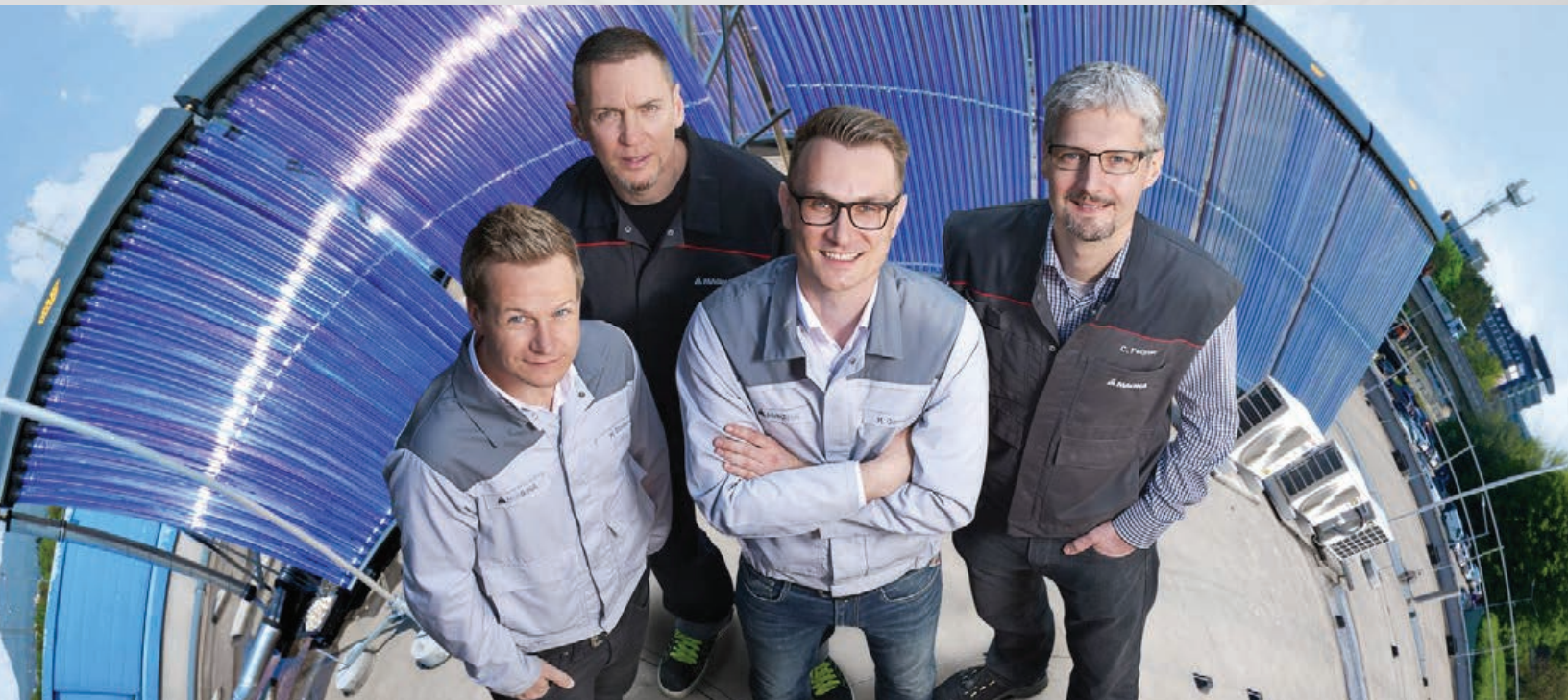
"Our innovative lighting technology makes it easier for employees to find errors in the paint," explained Dieter Grunewald, the manager for energy and facility at Obertshausen. "You can see any flaw in the pinpoint reflection of the light. The technology improves quality, saves energy, reduces CO_2, and contributes to sustainability."

Since the implementation of the lighting technology in 2019, Magna Obertshausen has reduced CO_2 emissions in this part of the manufacturing process by 4.21 tons per year, with a resulting savings of 4,876 Euros per month. In addition, the LED tunnel has led to a 10-20 percent reduction in the reworking of parts and scrap at the plant.

Innovative LED lighting is just one part of an extensive energy-savings program at Obertshausen. Other initiatives include a special project to lower the "room air systems" during the COVID-19 lockdown and production-free period, and an energy-monitoring program that found and eliminated errors in the runtime of the plant's injection-molding machine.

"The sustainability mindset is one of the cornerstones for our 1,150 employees," said Andreas Spannenberger, the energy manager at Obertshausen.

> The light-emitting diode (LED) is one of today's most energy-efficient lighting technologies, compared to conventional incandescent lights. LEDs last longer than traditional light bulbs, use energy more efficiently and dramatically cut energy usage.



3. 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 at Magna" 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, both 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. Examples include strict CO_2 emissions targets for new vehicles, such as in the E.U., as well as CO_2 and particulate emissions regulations in China. A recent executive order from the new U.S. administration places climate considerations as an essential element of U.S. policy, which could result in new emissions or fuel efficiency regulations in the U.S.

  E.U. regulations generally require OEMs to achieve E.U. fleet-wide average emissions of 95g CO_2/km by 2021, 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. commencing in 2021. 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. 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 emissions 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 15% from 2025 onwards, and 35% from 2030 onwards.

In China, the implementation of the stringent China VI emissions regulations commencing July 1, 2020, has affected consumer demand for vehicles, or powertrain options for vehicles, which will not 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.

The tightening emissions standards in the European Union and China are intended to promote the transition to ZLEVs. OEMs have been spending significant sums in R&D in order to meet the higher regulatory standards. Although production of ZLEVs is accelerating due to regulatory requirements, risks exist with respect to factors such as consumer acceptance of such vehicles and supply of critical materials needed for EV battery production.

- *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 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, combined with investment strategies in technological 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 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
- Consumer Take Rate Shifts
- Impairments
- Changes in Laws
- Market Shifts
- Customer Purchase Orders
- Customer Pricing Pressure
- Environmental Compliance

Over the medium-to long-term, carbon pricing initiatives may present a risk to our profitability. According to the World Bank, in 2020 there were 64 carbon pricing initiatives implemented or scheduled for implementation in 46 countries and 35 sub-national jurisdictions, which would cover emissions representing 22.3% of global GHG emissions. We are pursuing energy reduction measures and developing carbon neutrality strategies for our manufacturing facilities. 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-neutrality targets and are challenging Tier 1 suppliers like us to adopt carbon neutrality objectives that support the OEMs' own goals. In some cases, we are expected to quote the supply of future programs based on 100% renewable energy use for production. Although we are developing our own renewable energy objectives and carbon-neutrality strategy and 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 automotive suppliers like Magna could face additional pricing pressure. Readers are encouraged to review the "Customer Pricing Pressure" 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 were recently awarded our first battery enclosure program 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 could 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. However, 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. For example, the substantial majority of our products remain relevant to ZLEVs. 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, combined with investment strategies in technological 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
- Emergence of potentially-disruptive EV OEMs
- Customer Purchase Orders
- Restructuring Costs
- Technology and Innovation
- Changes in Laws
- Market Shifts
- Dependence on Outsourcing
- Impairments
- Customer Pricing Pressure
- Investments in Technology Companies

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 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 carbon-neutrality 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 required for vehicle battery systems, which we do not supply. 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
- Supply Disruptions
- Quote/Pricing Assumptions
- Commodity Price Volatility
- Technology and Innovation
- Market Shifts
- Dependence on Outsourcing
- Customer Pricing Pressure
- Investments in Technology Companies

3.1.6 Reputation

While passenger vehicles are contributors to climate change, we do not believe that the automotive industry as a whole carries a negative reputation. 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. 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 the major North American and European OEMs, as well as a number of the Chinese 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 serve to mitigate potential reputational risks.

3.2 PHYSICAL RISKS AND RISK MITIGATION

3.2.1 Acute

Climate change is associated with increased frequency and severity of extreme weather events. Such events could significantly disrupt supply chains and/or cause significant damage to our or our sub-suppliers' facilities. While the potential for property damage and business interruption would be a concern in such an acute climate event, our primary concern would be for the safety and well-being of our employees.

Extreme climate events could disrupt supply chains for the entire industry over the near-, medium- and long-term. For example, a rare and extreme storm impacted the U.S. state of Texas in February 2021 disrupting oil production and thus supplies of resins and materials required for automotive seating. 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 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, including hurricanes, tornadoes, flooding and earthquakes. 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. 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 disrupt business operations. 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 market risks, readers are encouraged to review the following risk factors in “Section 5 – Risk Factors” in our AIF:

- Supply Disruptions
- Legal and Regulatory Proceedings
- Climate Change 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 significant or catastrophic damage to one or more of our facilities.

3.2.2 Chronic

As part of our property risk control program, we have retained an advisor to map our global footprint against identified earthquake zones, wind exposed/hurricane zones and flood exposed zones 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 provides the following conclusions:

- *Property Risk Concentrations:* There are twelve geographic regions (in Austria, Canada, Czech Republic, Germany, Italy, Mexico and the U.S.) in which we have concentrations of property/asset risk, meaning multiple locations within a 35 km radius, and comprising 50.3% 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 Turkey, Japan, Italy, U.S., Romania, China and Mexico comprising 3.3% 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 “Extreme”.
- *Tropical Cyclone Zones:* Operations in certain parts of Mexico, Japan, China, India, Korea and the U.S. comprising 7.0% 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	<0.01%
Zone 3: 213-251 km/h	0.48%
Zone 2: 185-212 km/h	1.28%
Zone 1: 142-184 km/h	5.23%
Zone 0: 76-141 km/h	12.45%
No hazard	80.57%

- *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 and the proportion by TIV of our facilities that fall within a five kilometre radius for each category are as follows:

CATEGORY	FLOOD PROBABILITY	PROPORTION OF TIV WITHIN 5 KM RADIUS
50 year	1 in 50 (2%) chance of occurring in a year	0.01%
100 year	1 in 100 (1%) chance of occurring in a year	0.38%
200 year	1 in 200 (0.5%) chance of occurring in a year	<0.01%
500 year	1 in 500 (0.2%) chance of occurring in a year	1.8%

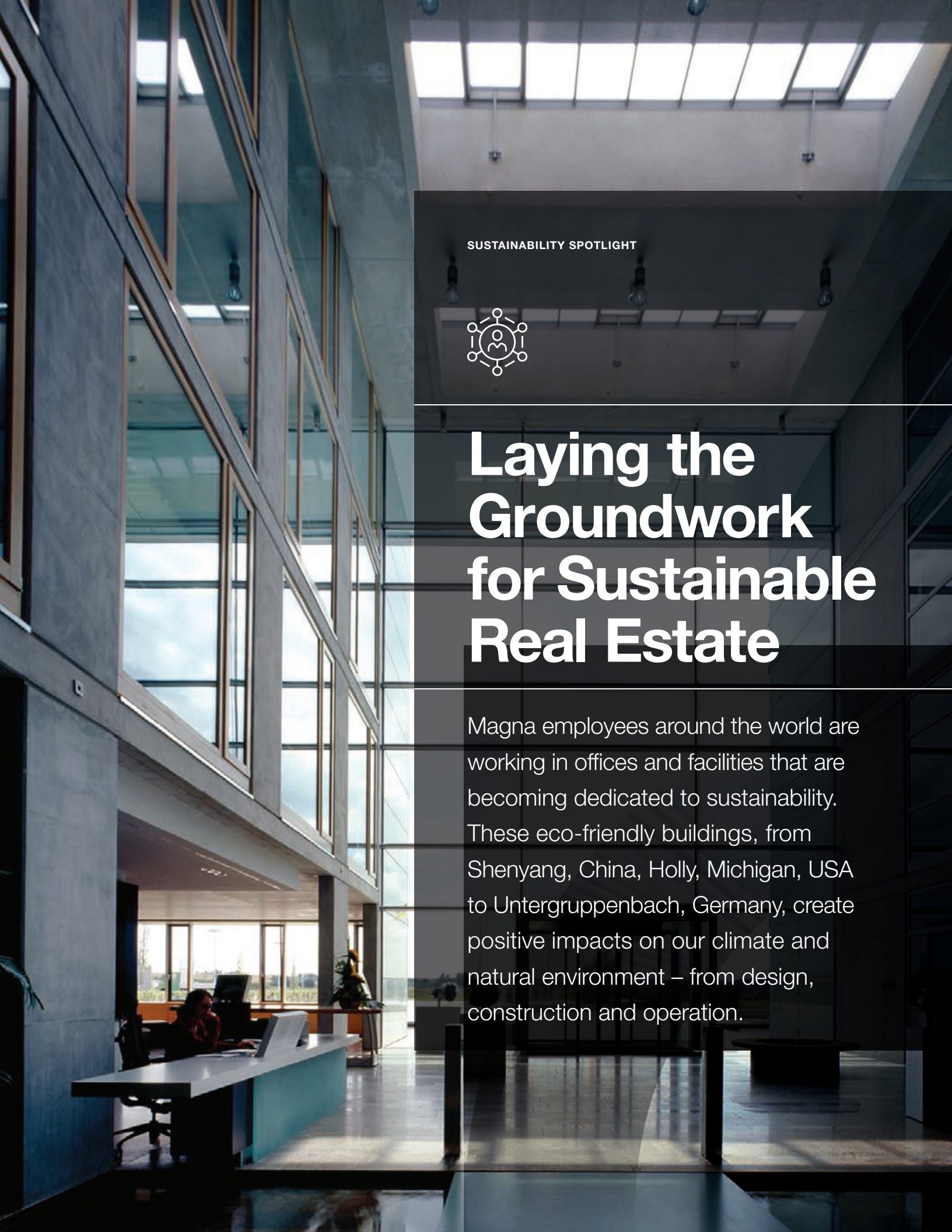
Climate change is associated with a rise in sea levels, which places properties located within a five kilometre radius of the current coastline at risk of coastal flooding. A total of 13 of our Divisions are located five kilometres or closer to a coastline and thus may be at higher risk from the effects 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	Ontario, Canada	Lake Ontario
1	Liverpool, U.K.	River Mersey
1	Bordeaux, France	Garonne River
1	Livorno, Italy	Ligurian Sea
1	Bari, Italy	Adriatic Sea
1	Barcelona, Spain	Balearic Sea
1	Golcuk Izmit, Turkey	Lake Sapanca
1	Tangier, Morocco	Atlantic Ocean
1	Hangzhou, China	East China Sea
1	Taizhou, China	East China Sea

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:

- Supply Disruptions
- Climate Change Risks

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. Some of our manufacturing Divisions, particularly in Mexico are located in water scarce regions. We seek to mitigate the impact of water scarcity through water reduction and re-use activities, including the use of treated wastewater for irrigation of green areas on site.



SUSTAINABILITY SPOTLIGHT

Laying the Groundwork for Sustainable Real Estate

Magna employees around the world are working in offices and facilities that are becoming dedicated to sustainability. These eco-friendly buildings, from Shenyang, China, Holly, Michigan, USA to Untergruppenbach, Germany, create positive impacts on our climate and natural environment – from design, construction and operation.

The grounds around Magna's office building in Untergruppenbach, Germany are so scenic they've become a destination for local residents, who come to admire the waterfalls, Japanese koi pond, and flowers. Children from the company kindergarten even swim with the fish in the summer. Grass and plants grow on the roof, making the Magna facility blend into the landscape when viewed from the air.

The building was one of the first in the world to use rainwater to an extraordinary extent. Approximately 1.3 million gallons are used to run toilet facilities, and reserved in the event of a fire. Thermally activated building components mean all ceilings in the building are cooled or heated as needed by internal water pipes.

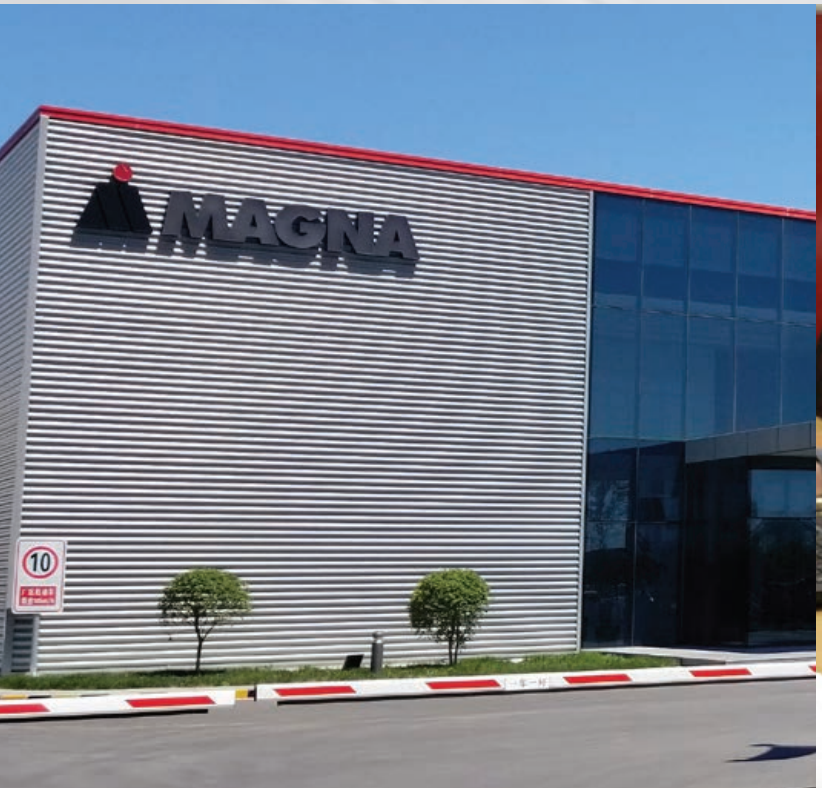
The concepts implemented here are the basis for future Magna building projects.

This is just one example of Magna's commitment to sustainability from a real-estate perspective.

"Sustainable initiatives can lead to savings at the divisional, group and corporate level, whether it's a new facility, expansion or building improvements," said Rosalyn Wallace, Magna vice president of real estate and construction, who oversees the day-to-day management of a portfolio of over 600 properties in 27 countries.

Other examples of Magna's "green" buildings include Cosma Shenyang, the first Magna China property to use Building Information Modeling or 3D modeling throughout the project stages. This approach is considered to be a best practice because it is a sustainable way to manage new facility design and construction.

> "Sustainable initiatives can lead to savings at the divisional, group and corporate level, whether it's a new facility, expansion or building improvements."
>
> Rosalyn Wallace, Magna Vice President of Real Estate and Construction



4. Non-Climate Elements of Sustainability

4.1 Environmental Stewardship

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 to, among other things:

- complying with, and exceeding where reasonably possible, all applicable health, safety and environmental laws, 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;
- 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
- 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 presents periodic environmental compliance updates to the CGCNC

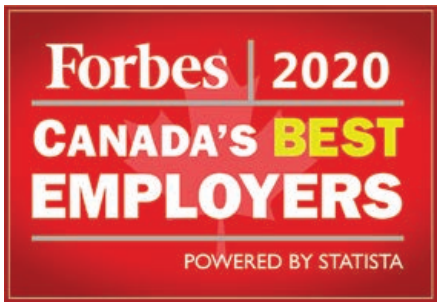
General environmental awareness training is provided to employees by Division management as well as Magna's Environmental Department as part of ISO 14001 certification compliance. In addition, Magna's Environmental Department holds regular conferences for representatives of our manufacturing facilities in order to:

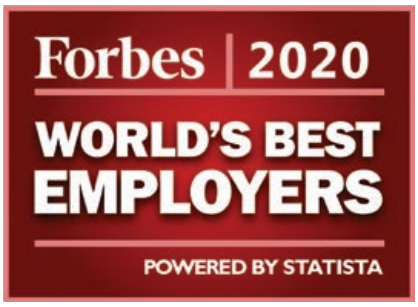
- reinforce Magna's commitment to environmental responsibility;
- communicate changes in local and regional regulations; and
- share best practices with respect to environmental protection, compliance and sustainability initiatives.

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 4.9% of the aggregate waste generated by Magna in 2020 was hazardous. We attempt to reduce the amount of hazardous waste that ends up in secure landfills through: recycling, reuse or energy recovery initiatives. Approximately 84% of the hazardous waste generated by Magna in 2020 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 part of our "Fair Enterprise" culture 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. We are committed to working together with our employees to help protect their job security, including through job counselling, training and employee assistance programs;
- A Safe and Healthful Workplace – We strive to provide our employees with a working environment that is safe and healthful;
- Fair Treatment – We offer equal opportunities based on an individual's qualifications and performance, free from discrimination or favouritism;
- Competitive Wages and Benefits – We provide our employees with information which enables them to compare their total compensation, including wages and benefits, with those earned by employees of direct competitors and local companies with which an employee's Division competes for labour. If total compensation is not competitive, it will be adjusted;
- Employee Equity and Profit Participation – We believe that our employees should share in the financial success of the company. Accordingly, a portion of profits are shared among participating employees in eligible divisions in the form of cash and/or Magna equity, helping to create an 'owner's mindset' among employees and aligning them with shareholders;

- Communication and 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; and
- Magna Hotline – Should any of our employees have a problem, or feel the foregoing principles are not being met, we encourage them to contact our confidential and anonymous (except where local law requires disclosure of a reporter's identity) employee hotline to register their complaint ("Magna Hotline"). We are committed to investigating and resolving all concerns or complaints received through the Magna Hotline and must report the outcome of all HR-related submissions to our Global Human Resources Department. As part of the Magna Hotline, 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 labour relations. In particular, the Global Labour Standards Policy sets out key commitments with regard to:

- maintaining respectful work environments where our employees feel safe and welcome, with opportunities for personal and professional growth;
- 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.

4.2.2 Actions to Protect Employee Economic Well-Being in response to COVID-19

Despite inevitable temporary layoffs of employees in light of the suspension of production during the first half of 2020, we took a number of steps to minimize the impact felt by our employees, including:

- maintaining employee benefits coverages through the temporary layoff period;
- maximizing the number of days at full compensation during the layoff period through utilization of vacation days, where possible;
- providing on-site rapid COVID testing; and
- providing regular communication to employees, including with respect to company programs to support their physical and mental health needs.

We also engaged emergency government support programs primarily for employees to maintain compensation levels and/or benefits for a certain period, where applicable. The countries in which Magna engaged such programs included Canada, the United States, the United Kingdom, Germany, Austria and China. These programs allowed participating employees to remain on our payroll while inactive or furloughed due to mandatory stay at home orders, with Magna receiving full or partial reimbursement for such inactive labour. Our participation in the foregoing government support programs enabled employees to maximize their income and benefits during layoff or furlough periods, while at the same time avoiding the administrative burden of applying for, and the potential lag in receiving, government unemployment support.

4.2.3 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. Employees at: four of our Canadian Divisions are covered by collective agreements between Magna and Unifor; seven of our Divisions in the United States are represented by the International Union, United Automobile, Aerospace and Agricultural Implement Workers of America (UAW); a number of our Divisions in China, India, Mexico and the United Kingdom are currently covered by collective bargaining agreements with various unions in these jurisdictions; and employees in a number of our Divisions across continental Europe are covered by national industry-wide tariff agreements relating to compensation and employment conditions and are also members of in-house employee associations, works councils and/or trade unions.

4.2.4 Fairness Committees and Employee Advocates

As a further example of our Employee's Charter principle of fair treatment, 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 at such facilities 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.

4.2.5 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.

4.3 DIVERSITY AND INCLUSION IN OUR WORKPLACES

4.3.1 Inclusive Workplaces

Our employees are critical stakeholders in our business. We believe 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.

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 initiated "listening sessions" to understand racial barriers and issues faced by diverse employees. Our Executive Management continues to reinforce the importance of an inclusive and diverse organization, reviews the identified strategic pillars for success with the Chairs of our Diversity and Inclusion (DI) Council, and provides periodic updates to the Board of Directors about how the company is progressing the D&I strategy.

4.3.2 Promoting Diversity and Inclusion

We promote and embed diversity through our talent attraction and management processes. 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 also 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: Build a Dream; Centre for Automotive Diversity, Inclusion & Advancement (CADIA); Catalyst; Engineers Canada; FIRST Robotics – Girls in STEM; Gartner, Inc.; her Career; Institute of Electrical and Electronic Engineers (IEEE); Inforum; KnowledgeStart; Ontario Society of Professional Engineers; Society of Automotive Engineers (SAE) International; The Art of Leadership for Women; The Knowledge Society; Women in Automotive; Women in Manufacturing; and Women's Executive Network (WXN).

We also participate in various automotive advisory groups to ensure the focus on Diversity and Inclusion in the industry remains strong. We are continuing to progress our agenda to increase the number of women in Magna. On a global basis, approximately 26% of the employees in our wholly-owned operations are women. A total of approximately 3,600 employees in our wholly-owned operations occupy critical roles with 550 of such employees, or 15%, being women. Underrepresentation of women in our workforce is most pronounced in engineering, 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.

Our 2020 succession planning process included approximately 5,000 positions of which approximately 1,500 were critical roles. 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 and other diversity in leadership and other critical roles, as well as STEM career streams. The female directors of the Board, currently representing one third 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 has adopted a Board Diversity Policy (located in the Board Charter) which targets gender parity defined as a gender balance of 40-60% (either way), assessed over a three-year time period.

4.4 OCCUPATIONAL HEALTH AND SAFETY

4.4.1 Actions to Protect Employee Health and Safety in Response to COVID-19

Early in 2020, we developed and implemented COVID-19 protocols, assessment tools and guidance documents to support our objective of responsibly managing the health and safety of our employees. Our current best understanding regarding management of COVID-related health risks to our employees is reflected in our dynamic "Smart Start Playbook", a guide which includes a streamlined set of checklists and practical recommendations based on guidelines from the Centers for Disease Control and Prevention, as well as the World Health Organization. Our medical and health and safety staff continue to comply with applicable legal requirements and coordinate with public health authorities, as well as the medical directors of our OEM customers. Lessons learned, insights gained and best practices developed throughout 2020 continue to assist us in preparing for the current and future phases of the pandemic.

In addition to the protocols in the Smart Start Playbook, another significant element of our approach to protecting employee health and safety throughout the pandemic has involved workplace modifications and personal protective equipment ("PPE") to minimize the risk of workplace spread of COVID-19. During 2020, we spent approximately $50 million on such workplace modifications and PPE.

4.4.2 Health and Safety Standards and Compliance

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, covering health, safety, industrial-hygiene, industrial ergonomics and emergency preparedness policies and action plans. 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 which is reviewed by senior Operating Group management quarterly.

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	OVERSIGHT, PERFORMANCE TRACKING & REPORTING
• 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	• 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 presents periodic health and safety compliance updates to the CGCNC

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.

4.4.3 Ergonomics Program

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 performance against a set of established criteria.

4.5 CORPORATE ETHICS AND COMPLIANCE

4.5.1 Code of Conduct and Ethics

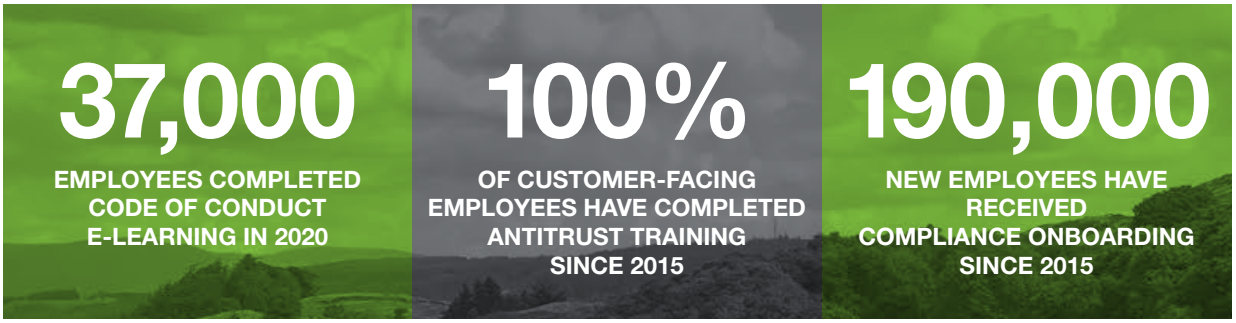
We are committed to conducting business in a legal and ethical manner globally. Our Code, which applies equally to all of our directors, executive officers and employees, articulates our compliance-oriented values and expectations. The principles of the Code have been and continue to be reinforced by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

- 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;
- environmental responsibility;
- occupational health and safety;
- managing conflicts of interest;
- careful communication, and protecting confidential and personal information;
- compliance with related corporate policies; and
- reporting suspected violations, and prohibiting retaliation against employees who report such violations in good faith.

The Code, which is disclosed on the corporate governance section of our website (www.magna.com) and posted on our employee intranet in 25 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 and antitrust and competition (all of which are also available on our website (www.magna.com)).

4.5.2 Ethics and Legal Compliance Program



In order to help our employees understand the values, standards and principles underlying our Code, we have implemented an ethics and legal compliance program ("ELC Program") overseen by the Audit Committee, which includes training of employees (both web-based training and live through an online classroom platform). We have also developed specialized compliance training modules which target specific functional audiences and high-risk regions. In addition to providing training on legal compliance and ethics topics generally, these specialized programs are designed to be interactive and incorporate real-life scenarios and exercises, which we believe amplify our compliance expectations and resonate more powerfully with participants.

The global implementation of the ELC 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, IT and ethics & compliance functions. The Compliance Council is tasked with, among other things, providing overall direction for our compliance program, approving key initiatives and ensuring that the required elements of our compliance program are being carried out globally by our cross-functional Operating Group Compliance Committees.

4.5.3 Magna Hotline

The Magna Hotline is a whistle-blower hotline which is overseen by our Audit Committee. The Hotline is confidential and 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 to make submissions by phone or online at any time in 28 languages. Submissions are received and tracked by an independent third party service provider. Non-HR submissions to the Magna Hotline are reviewed by our Internal Audit Department and, when appropriate, an investigation is conducted. 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 reviews such investigations on a quarterly basis to ensure consistency of discipline. The Audit Committee receives quarterly presentations from the Vice-President, Internal Audit regarding Magna Hotline activity and details of fraud, financial reporting and other non-HR-related reports.

4.6 DATA AND CYBERSECURITY/PRIVACY

4.6.1 Enterprise Cybersecurity

Our enterprise cybersecurity strategy was developed by our Information Security, Risk and Compliance Department ("ISRC") which ultimately reports to our Chief Financial 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; and
- 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.

4.6.2 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.

4.6.3 Privacy

Magna is committed to preserving the privacy of our stakeholders in accordance with applicable law. Our Code articulates 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.

In addition to our general privacy and confidentiality commitments, a couple of region specific policies and practices apply including our Data Privacy Policy (the "Privacy Policy"), which is designed to guide our compliance with, among other things, the EU General Data Protection Regulation ("GDPR"), and Brazilian Data Protection Regulation.

The Privacy Policy sets out 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. A training program has been implemented to address data privacy awareness for all EU employees and those employees outside of the EU who are handling personal data of EU residents. 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. The Privacy Policy is accompanied by a variety of formal and comprehensive procedures, developed and overseen by our Compliance Council.

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

4.7 SUPPLY CHAIN RESPONSIBILITY

4.7.1 Supplier Code of Conduct

We have introduced a Supplier Code of Conduct and Ethics ("Supplier Code") which 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.

4.7.2 Global Working Conditions in our Supply Chain

We expect that our supply chain will adhere to our Global Working Conditions and our Supplier Code, which prohibit 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.

4.7.3 Supply Chain Management

4.7.3.1 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: common global key performance indicators (KPIs); specific roles and responsibilities; processes and standards; global training; and risk management. The global KPIs we use are focused on purchasing savings, supplier ratings, supplier quality measurements and supplier diversity. All four of these KPIs are standardized globally. We use cross-functional sourcing teams 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 a global training program 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.

4.7.3.2 Supplier Reviews

We review production suppliers in order to assess their overall quality, 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. No suppliers were terminated in 2020 as a result of a violation of working conditions or human rights.

4.7.3.3 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.

4.7.3.4 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 suppler diversity organizations, including the Michigan Minority Supplier Development Council (MMSDC), Great Lakes Women's Business Council (GL-WBC), the Canadian Aboriginal and Minority Supplier Council (CAMSC), National Veteran Business Development Council (NVBDC), Women's Business Enterprise National Council, Women Business Enterprises Canada Council (WBE Canada), the National LGBT Chamber of Commerce (NGLCC), Disability: IN, and WEConnect International. 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 Connections, FCA MatchMaker, BMW Supplier Diversity Conference, Toyota Opportunity Exchange and Honda Network Partnership. We are proud to have received customer awards for our supplier diversity efforts from GM and Toyota in past years.

4.7.3.5 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. In 2020, we expanded our conflict minerals reporting to some of our OEM customers to include reporting with respect to Cobalt.

4.8 CONTRIBUTING TO COMMUNITIES IN WHICH WE OPERATE

4.8.1 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, as follows:

In addition, 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 2020, the program helped 19 employees in China, Mexico, Poland, India, Canada and the United States.

4.8.2 COVID-related Relief Efforts

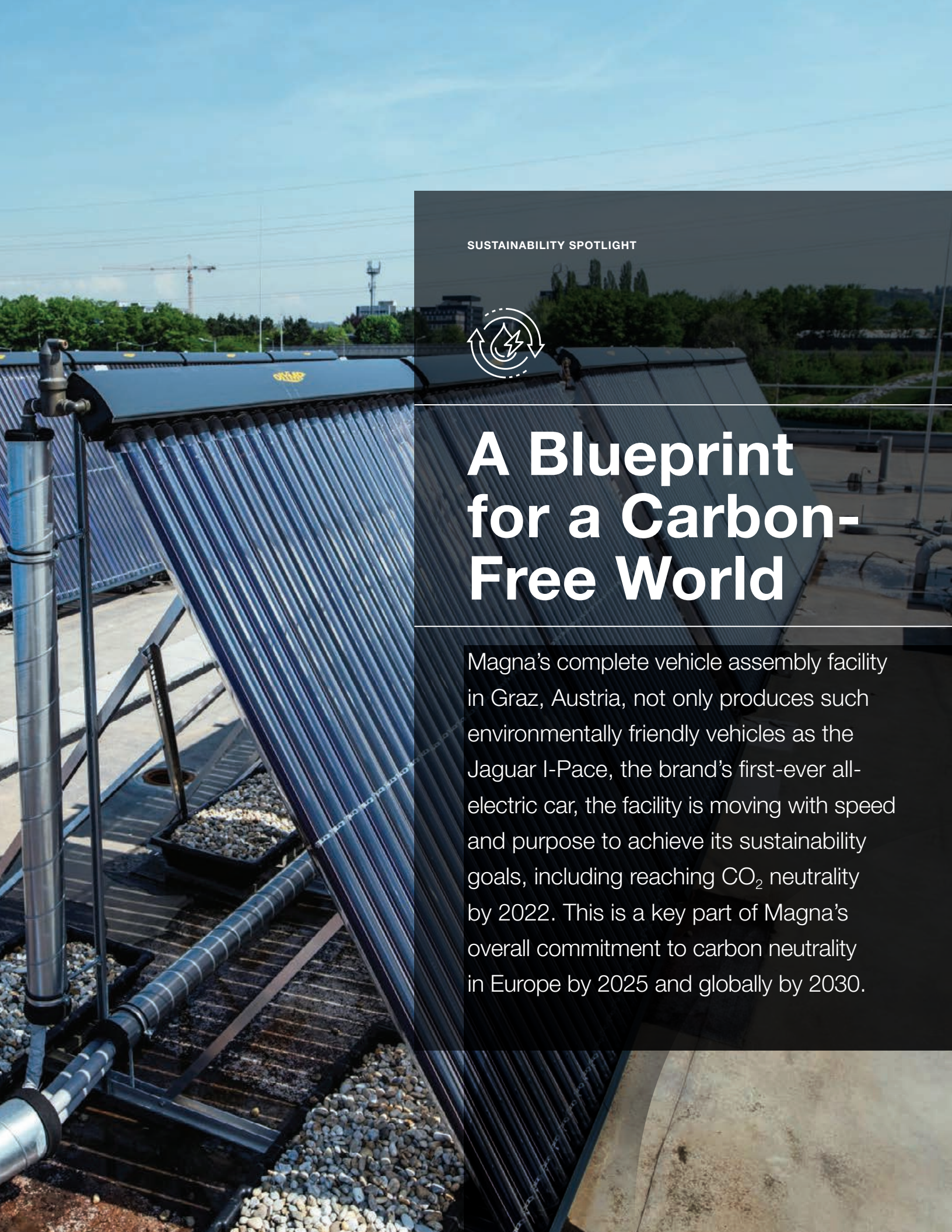
During 2020, Magna and its employees around the world demonstrated their commitment to assisting their communities in times of need through tremendous efforts in the fight against COVID-19. Many manufacturing sites quickly pivoted to produce much-needed PPE, such as face masks, face shields and medical gowns. Others contributed parts for ventilator carts and one plant in China fulfilled an emergency request to build 1,700 ambulance transmissions in just eight days. In all, nearly half a million items of PPE were produced and distributed by Magna to governments, medical facilities and communities impacted by COVID-19.

4.8.3 Support for Employee-Led Efforts

We encourage and support our employees who devote their time, energy and passion to making a positive contribution to their workplace and communities through direct giving, special events, fundraising and volunteer work.

In order to further support and enhance employee fundraising efforts, we maintain a Magna Matching Program, which matches donations by Magna employees to qualified, non-profit initiatives, up to specified amounts. Since the beginning of the program in 2017, Magna has matched over $1 million in funds raised by Magna employees for more than 300 projects globally.

We are also a leading sponsor and supporter of FIRST, an international organization which supports students with an interest in engineering and technology fields. FIRST organizes mentor-based programs that help participants build science, engineering and technology skills while also fostering self-confidence, communication skills and leadership. For more than a decade, Magna has volunteered with, provided mentorship to and led various FIRST teams and programs, including its robotics competition, that have engaged thousands of students globally.



SUSTAINABILITY SPOTLIGHT

A Blueprint for a Carbon-Free World

Magna's complete vehicle assembly facility in Graz, Austria, not only produces such environmentally friendly vehicles as the Jaguar I-Pace, the brand's first-ever all-electric car, the facility is moving with speed and purpose to achieve its sustainability goals, including reaching CO_2 neutrality by 2022. This is a key part of Magna's overall commitment to carbon neutrality in Europe by 2025 and globally by 2030.

Across Magna's facilities, climate change presents opportunities for leadership, and delivering environmental and economic value to our customers and other stakeholders.

"The traditional definition of sustainability is using resources in a way that meets our needs without compromising the ability of future generations to meet their needs," said Roman Pöltner, Magna Steyr director of infrastructure management and group health, safety and environmental. "That means the responsibility to act begins with us."

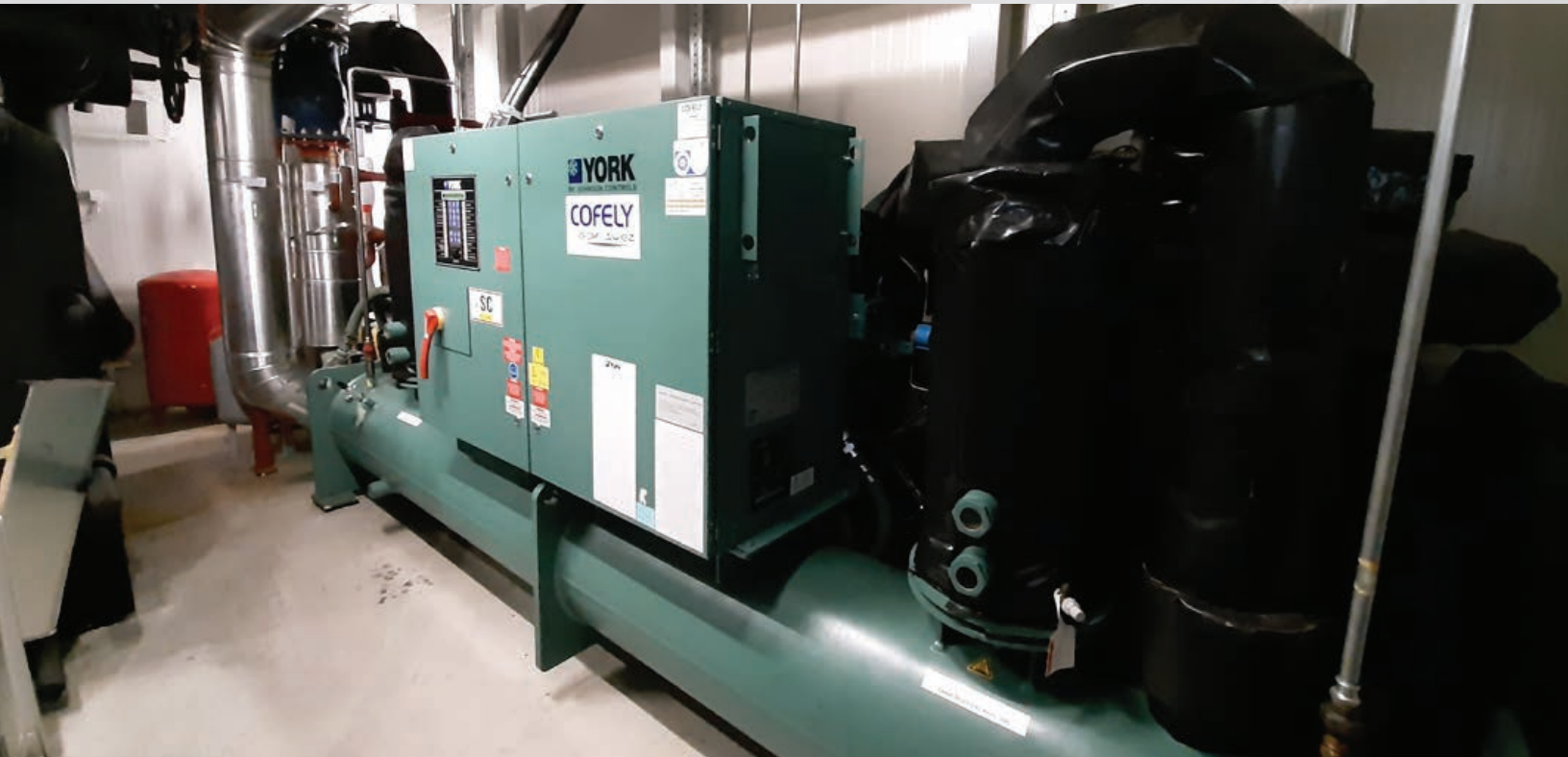
One overarching target: reach CO_2 neutrality by 2022, as we further improve our competitiveness and align the interests of Magna, our customers and the environment.

The strategy to achieve Steyr's environmental goals means examining every element in the life cycle of a manufacturing plant, from production lines to business processes. This includes a variety of approaches that have already resulted in the facility reducing its CO_2 emissions by 12,000 tons over the past eight years.

An award-winning initiative: using geothermal heating and cooling with energy from ground water to bring a building in harmony with the planet by taking advantage of groundwater to provide heating in the winter and cooling in the summer, a process that is promoted by the Austrian government.

As part of a global automotive supplier, Magna Steyr is able to tap into the company's "energy network" and Global Energy Team to share best practices as it puts together its blueprint for a carbon-free world.

> "The responsibility to act begins with us."
>
> Roman Pöltner, Magna Steyr Director of Infrastructure Management and Group Health, Safety and Environmental.



5. Sustainability Metrics

In this Sustainability Report we report according to the SASB framework. 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 caution readers that our processes to collect and validate the energy, emissions and water data shown below are not as mature as those related to financial data, but we are committed to enhancing both the data collection/validation processes and thus the quality of the data, in the coming years.

Readers are cautioned that COVID-19 significantly impacted our operations during 2020, including temporary suspension of production at our manufacturing facilities at different times during 2020 and implementation of work-from-home arrangements for employees globally. As a result, many of the 2020 metrics that follow are not reflective of a typical operational year for Magna and the extent of any improvement in such metrics from prior years is not necessarily indicative of expected performance in such metrics in future 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)	2020[1]	2019	2018
Aggregate amount of energy consumed by Magna	18,169,048 GJ 5,045,958 MWhv	23,020,389 GJ 6,394,553 MWh	22,604,666 GJ 6,279,074 MWh
Percentage of energy consumed by Magna that was supplied from grid electricity	59%	55%	56%
Percentage of energy consumed by Magna that is renewable energy	11.9%	NT[2]	NT[2]

Notes:

[1] Preliminary data. Data for 2020 may not be indicative of current energy levels due to COVID-19-related production shutdowns impacting our facilities in 2020.

[2] Not tracked prior to 2020.

Energy intensity relative to Sales is as follows:

	2020	2019	2018
Energy Intensity (MWh/Sales (USDm))	155 MWh/USDm	162 MWh/USDm	154 MWh/USDm

In connection with our efforts to promote energy efficiency, each of our Operating Groups have developed energy intensity reduction targets. On an consolidated basis, such targets amount to approximately 2% of our energy intensity (MWh/Sales) per year.

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.

	2020	2019	2018
Scope 1 & 2 emissions (metric tons)	1,620,090[1]	2,126,678	2,120,298
Sales (USD, millions)	32,647	39,431	40,827
Sales Intensity (CO_2 metric tons/$ Sales)	0.0000496	0.0000539	0.0000519
Employees	158,000	165,000	174,000
Employee Intensity (metric tons/employee)	10.25	12.89	12.19
Square Footage (million sq. ft)	83.8	86.6	86.5
Square Footage Intensity (metric tons/sq. ft.)	0.0193	0.0246	0.0245

Note:

(1) Preliminary data. Data for 2020 may not be indicative of current emissions levels due to COVID-19-related production shutdowns impacting our facilities in 2020.

5.2 WATER AND WASTE MANAGEMENT

5.2.1 Water

Water use data is set out below:

DESCRIPTION	2020[1] (ML)	2019 (ML)	2018 (ML)
Water withdrawals	6,351	7,621	8,101

Note:

[1] Preliminary data. Data for 2020 may not be indicative of current water usage levels due to COVID-19-related production shutdowns impacting our facilities in 2020.

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.

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 World Class Manufacturing objectives in our facilities globally. We have implemented a zero waste to landfill target, with the aim of eliminating landfill-bound waste by 2022.

Waste data is set out below:

SASB ACCOUNTING METRIC (TR-AP-150a.1)	2020[1]
Aggregate amount of waste generated from manufacturing by Magna	965,677 t
Percentage of waste generated by Magna that is hazardous	4.9%[2]
Percentage of waste generated by Magna that was recycled	91.5%[3]

Notes:

[1] Preliminary data. Data for 2020 may not be indicative of current waste generation levels due to COVID-19-related production shutdowns impacting our facilities in 2020.

[2] Approximately 84% of such hazardous waste was diverted from secure landfills through recycling, reuse, or energy recovery initiatives.

[3] For 2020, this figure would be 94.8% if energy recovery was also included as a category of recycled waste.

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	2020	2019	2018
Annual remediation expenses	<$1.0m	<$1.0m	$1.1m
Aggregate remediation balance for known events	$10.8m	$13.4m	$14.3m

5.4 PRODUCT SAFETY

Magna is at risk for product warranty costs, which include product liability and recall costs, and is currently experiencing increased customer pressure to assume greater warranty responsibility. 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 2020, our warranty accrual increased by $32 million compared to 2019. See Note 14 of our consolidated financial statements for the year ended December 31, 2020, which have been filed on SEDAR 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 Commodities 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. Current shortages of semiconductors and resin, as well as constraints on certain types of steel are discussed in greater detail in "Section 4 – Our Business & Strategy – Macroeconomic, Political and Other Trends" and "Section 5 – Risk Factors" of our AIF.

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. In 2020, we expanded our conflict minerals reporting to some of our OEM customers to include reporting with respect to Cobalt.

5.7 COMPETITIVE BEHAVIOUR

Magna's policy is to comply with all applicable laws, including antitrust and competition laws. 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 this AIF with respect to our anti-trust investigation being conducted by the Brazilian Federal Competition Authority.

SASB ACCOUNTING METRIC (TR-AP-520a.1)	2020	2019	2018
Total amount of monetary losses incurred as a result of legal proceedings associated with anti-competitive behaviour regulations	NIL	NIL	NIL

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.

DESCRIPTION	2020[4]	2019	2018
Accident Frequency Rate [1][3]	0.42	1.04	1.01
Accident Severity Rate [2][3]	5.11	12.35	11.57

Notes:

[1] Frequency 1.0 translates to 1 injury or illness per 5,000 employees working 1,000,000 hours.

[2] Severity 10.0 translates to 50 lost work days over the course of 1,000,000 hours.

[3] Global production facilities and certain engineering locations.

[4] Data for 2020 may not be indicative of current accident frequency and severity rates due to COVID-19-related production shutdowns impacting our facilities in 2020.

The occurrence of injuries and fatalities is a matter of significant concern for both management and the Board. The CGCNC reviews the circumstances related to significant injuries and all fatalities of employees or third parties on Magna properties and reports same to the Board. Unfortunately, one member of the Magna family lost his life in an industrial accident at one of our U.S. facilities in 2020. There were no employee fatalities at Magna's facilities during 2019 or 2018.

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	2020
Percentage of global employees who are women (wholly-owned operations)	26%
Women in critical roles	15%[1]
Women on the Board of Magna	36%[2]

Notes:

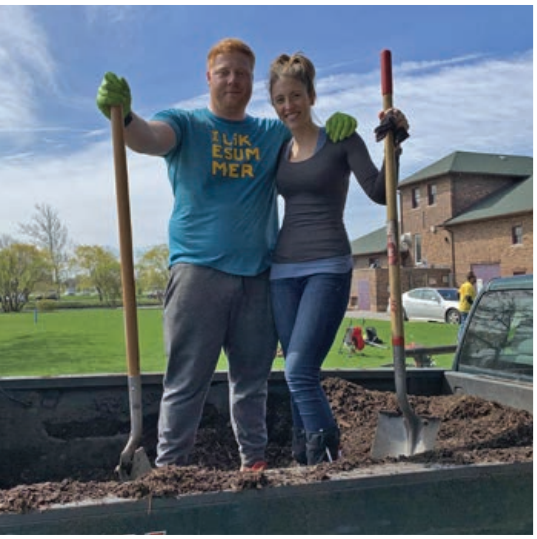
[1] 550 women in critical roles out of 3,600.

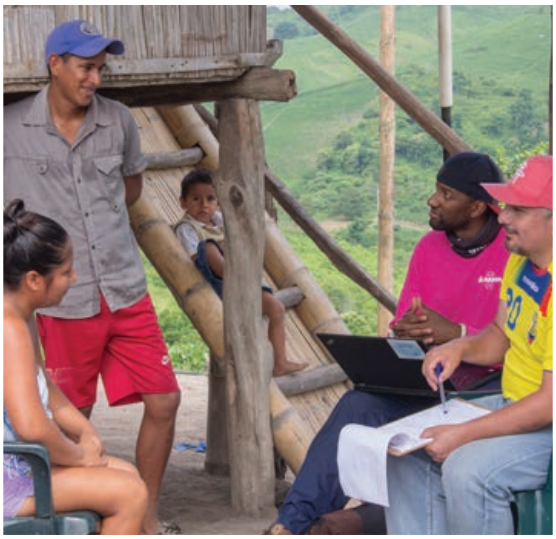
[2] This figure will rise to 42% if the current nominees are elected to our Board at our Annual Meeting of Shareholders to be held on Thursday, May 6, 2021.

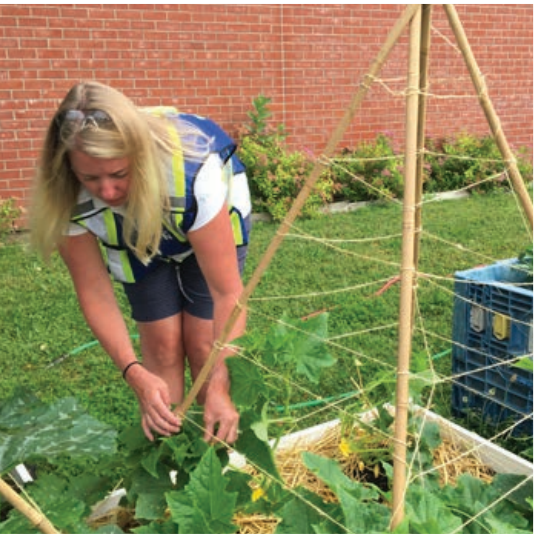
5.10 REPORTING

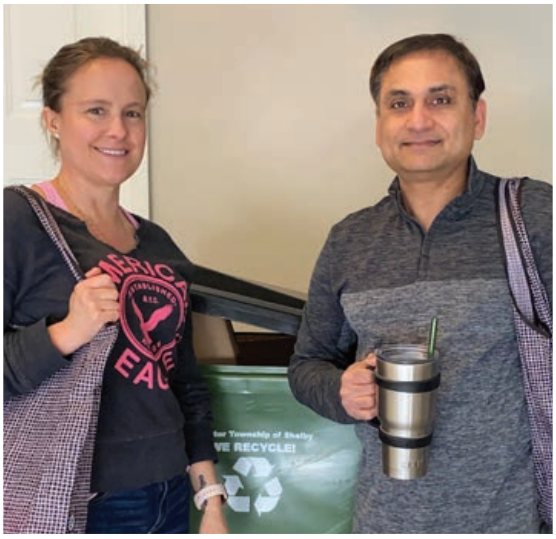
In addition to this Sustainability Report, we participate in CDP (formerly Carbon Disclosure Project), a not-for-profit project designed to provide investors with information relating to corporate GHG emissions, water use and perceived corporate risk due to climate change. For 2021, Magna will also participate for the first time in the CDP Supply Chain Program for Climate Change, engaging key suppliers to report on their energy usage and emissions. 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). In order to enhance transparency into our supply chain, in 2021, we will be sending self-assessment questionnaires to key suppliers (across all our Operating Groups) through NQC, a third party supply chain management organization. The self-assessment questionnaires will survey key suppliers on issues related to health and safety, human rights, and conflict minerals.

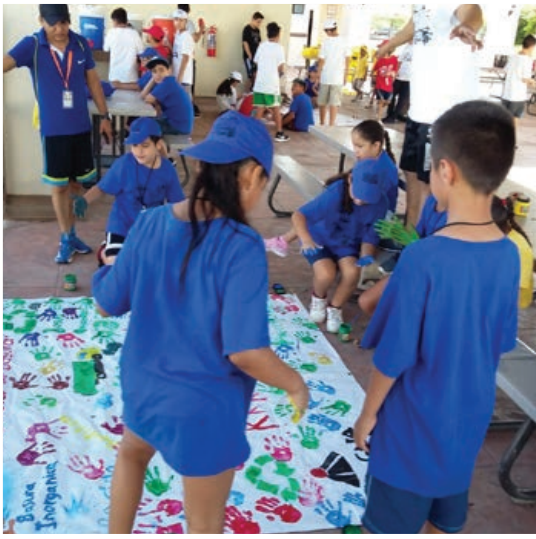
Committed to Making a Difference

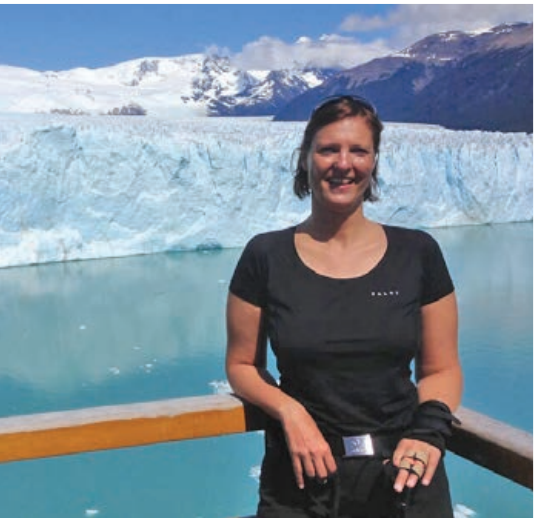


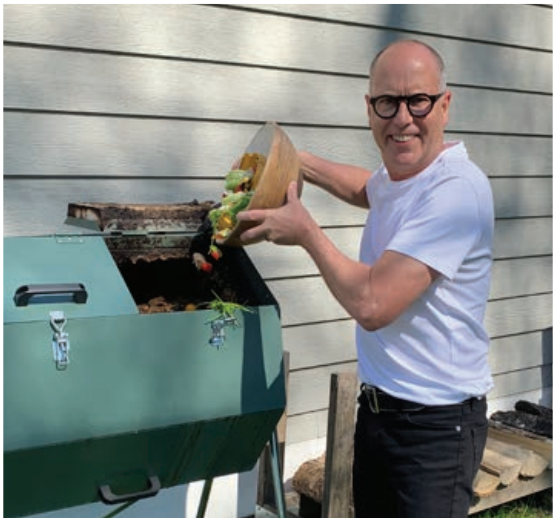


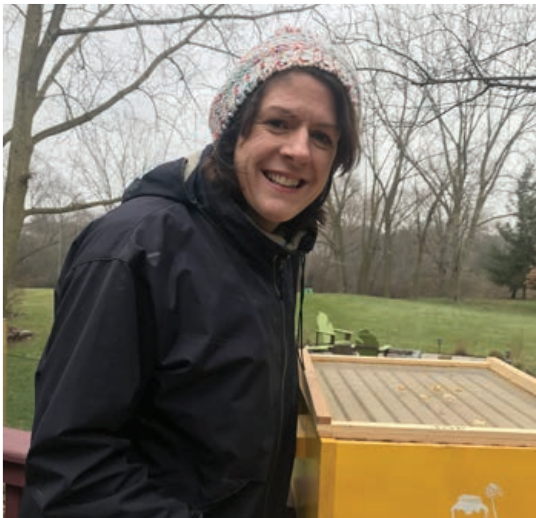












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