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Magna International Inc.  
Report on Fighting Against Forced Labour  
and Child Labour in Supply Chains  
May 2024

**About this Report**

This joint report (the “Report”) is made pursuant to subsection 11(2) of the Fighting Against Forced Labour and Child Labour Supply Chains Act, S.C. 2023 c.9 (the “Act”) and has been prepared by Magna International Inc. for itself and the subsidiaries listed in Appendix “A” (collectively, “Magna”).

This Report summarizes the steps that Magna has taken in the financial year ended December 31, 2023 to prevent and reduce the risk of forced labour or child labour within our operations and supply chain. The terms “we,” “our,” “us,” “Company,” and “Magna” used in this Report refer collectively to Magna International Inc. and the applicable controlled entities, unless otherwise noted.

**Contact Us:**

If you have any inquiries concerning this Report, please contact [sustainability@magna.com](mailto:sustainability@magna.com)

# 1. About Magna International Inc.

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## a. Our Structure & Activities

Magna International Inc. is a company incorporated under the laws of the Province of Ontario, Canada. Our registered and head office is located at 337 Magna Drive, Aurora, Ontario, Canada L4G 7K1. Our Common Shares trade on the Toronto Stock Exchange under the trading symbol “MG”, and the New York Stock Exchange under the trading symbol “MGA”.

We are a mobility technology company and one of the world’s largest suppliers in the automotive space. As of the date of this Report, our global network includes 343 manufacturing and assembly operations and 105 product development, engineering, and sales (“PDE&S”) centres in 28 countries.<sup>1</sup> We have a global, entrepreneurial-minded team of over 179,000 employees.<sup>2</sup>

We have complete vehicle engineering and contract manufacturing expertise, as well as product capabilities which include body, chassis, exterior, seating, powertrain, active driver assistance, electronics, mechatronics, mirrors, lighting, and roof systems. Magna also has electronic and software capabilities across many of these areas.

Our business is managed under four operating segments which have been determined on the basis of technological opportunities, product similarities, as well as market and operating factors, as follows:

- Body Exteriors & Structures
- Seating Systems
- Power & Vision
- Complete Vehicles

A more detailed description of our company, products and activities can be found in our Annual Information Form, which is available on Magna’s website [www.magna.com](http://www.magna.com).

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<sup>1</sup> Manufacturing operations and PDES centres include certain operations accounted for under the equity method.

<sup>2</sup> Number of employees includes over 168,000 employees at our wholly owned or controlled entities and over 11,000 employees at certain operations accounted for under the equity method.

## **b. Our Supply Chain**

Magna designs, engineers and manufacture components, assemblies, systems, subsystems, and modules for original equipment manufacturers (“OEMs” or “automobile manufacturers”) of vehicles and light trucks. As a Tier 1 supplier, we source subcomponents from Tier 2 and other sub-suppliers, which are integrated into the products sold by us directly to OEMs. Due to the number and complexity of the products we manufacture, Magna’s supply chains consists of a substantial number of suppliers globally, the composition of which changes within each calendar year and from year to year.

In 2023, we had approximately 10,000 direct materials/goods suppliers (representing approximately 7,000 supplier parent entities), with approximately 1,300 such suppliers providing goods/commodities directly to Canada. Our top categories of materials/goods purchased in Canada for the fiscal year ended 2023 were: steel (approximately 22%); stampings (approximately 22%); electronics (approximately 10%); resins/plastics (approximately 11%); and aluminum (approximately 5%).

## **2. Our Policies and Processes to Combat Forced/Child Labour**

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### **a. Magna’s Values and Commitment to Respecting Human Rights**

Respect for human rights is a part of our core company values and we recognize our responsibility with respect to preventing forced/child labour and promoting socially responsible business practices. We are committed to conducting business in a legal and ethical manner globally and we seek to fully comply with all applicable labor and other laws in all jurisdictions in which we operate.

We hold our own employees to high ethical standards and expect the same commitment of our suppliers, vendors, consultants, independent contractors, agents, or any third party engaged on our behalf (collectively, “suppliers”). We expect that Magna personnel and suppliers will always act with integrity by obeying the letter and spirit of laws, regulations, standards and Magna policies that apply to them, wherever they do business. A failure by any of our suppliers to comply with its terms can result in the termination by Magna of the supply relationship.

### **b. Governance**

Several of Magna’s Corporate functions centrally manage policies and, in some cases, implementation of activities aimed at social risks generally, and forced/child labour risk in particular. These include:

- Magna’s global Human Resources function (including Magna’s Health, Safety and Environmental department), is responsible for ensuring respect for working conditions and employment standards compliance, human rights, safety and employee wellness, as well as environmental standards, within our own business, as well as managing various due diligence and audit processes;

- Magna’s global Purchasing function (including its Supplier Management function), is responsible for directing due diligence processes within the supplier base. The Supplier Management team leads a cross-functional working group that includes representation from legal, ethics and compliance, human resources, sustainability and other functions that determines Magna’s standards for its suppliers and oversees global implementation of key due diligence and other supply chain activities;
- our Ethics and Compliance function oversees our ethics and compliance program, updates to key policies such as our Code of Conduct, and Supplier Code, and Ethics and Compliance training, as well as related investigations and remedial action;
- other specialist functions provide regular and *ad-hoc* reports to their function leadership; and
- overall support for ESG policy, practices and initiatives is also provided by our global Sustainability team.

Magna’s Compliance Council (“Compliance Council”), a body that includes key corporate officers representing our finance, legal, human resources, operations, internal audit, sales and marketing, technology, information, research and development, and compliance functions, supervises our ethics and compliance program. The Compliance Council also ensures that the required elements of our Program are being carried out globally by our cross-functional Operating Group Compliance Committees.

Day-to-day responsibility for effective implementation and execution of compliance activities relating to human rights are managed by each of Magna's Operating Groups and their respective business divisions and partners within our overall policy framework and with the support of the Magna Corporate functions referred to above.

Board-level oversight is provided by the Governance, Nominating and Sustainability Committee of Magna’s Board of Directors (with respect to supply chain risks) and the Talent Oversight and Compensation Committee (with respect to health and safety risks and social risks related to our own workforce). Our Audit Committee oversees our global compliance program.

### **c. Key Policies Supporting Our Commitment**

Magna maintains a policy framework that clearly and unequivocally prohibits forced/child labour, promotes socially responsible business practices, and is designed to protect and recognize the fundamental rights of workers as key stakeholders in our business. While we operate in a number of jurisdictions with a range of different laws, Magna’s policy framework applies equally to all our operations across the globe to establish a common and consistent baseline for the fair treatment of our own employees, as well as those in our supply chain. The key policies supporting our commitment to human rights are Magna’s:

<p><b>Employee’s Charter:</b></p>	<p>Our Employee’s Charter sets out our philosophy of fairness and concern for people including through the following principles: Job Security; a Safe &amp; Healthful Workplace; and Fair Treatment with equal opportunities based on an individual’s qualifications and performance, free from discrimination or favouritism.</p>
<p><b>Code of Conduct and Ethics</b> <b>(“Code of Conduct”):</b></p>	<p>Our Code of Conduct, which applies equally to all our directors, executive officers and employees, articulates our compliance-oriented values and expectations. The Code addresses standards of conduct in a number of specific areas, including: conducting business with integrity; fairness and respect; complying with all laws and regulations; diversity and inclusion; and respect for human rights, including fair working conditions and prohibitions against slavery and forced/child labour. It also addresses how to report suspected violations of the Code, and prohibits retaliation against persons who report such violations in good faith.</p>
<p><b>Supplier Code of Conduct</b> <b>(“Supplier Code”):</b></p>	<p>Our Supplier Code is a foundational document in our business relationships with suppliers. It outlines the human rights, labour and other standards we require every entity that supplies goods or services to Magna to adhere to, even in jurisdictions where meeting such standards may not be considered part of the usual business culture. Such standards include similar requirements as our internally applied Code of Conduct, including the prohibition against using forced/child labour. A failure to comply with our Supplier Code can result in the termination by Magna of the supply relationship.</p>
<p><b>Global Labour Standards:</b></p>	<p>All Magna employees and suppliers are required to abide by our Global Labour Standards, which articulate our commitment to various internationally recognized frameworks that govern workers’ rights, including the UN Universal Declaration of Human Rights, ILO Fundamental Conventions (which include conventions prohibiting forced and child labour-related practices), and ILO Declaration on Fundamental Principles and Rights at Work. The Global Labour Standards have been incorporated into our Supplier Code.</p>
<p><b>Global Company Statement Regarding Human Rights &amp; Environmental Standards</b> <b>(“Human Rights Statement”):</b></p>	<p>Our Human Rights Statement is a comprehensive summary of Magna’s values and commitment regarding human rights and environmental standards, and internal and supply chain requirements. The Statement also outlines our risk assessment and risk management process with respect to human rights and environmental risks.</p>
<p><b>Global Policy regarding use of Temporary Staffing &amp; Employment Agencies, Recruiting Firms and Labour Brokers (“Staffing Agency Policy”):</b></p>	<p>The Staffing Agency Policy sets out requirements and best practices when doing business with third party vendors supplying labour-related services to Magna, including: due diligence requirements; prohibition on the use of all forms of debt bondage arrangements; transparency in employment terms; and verification processes related to contract workers’ employment conditions.</p>

We also maintain a number of other comprehensive human rights related policies that prohibit discrimination and harassment and country specific Employee Policy Manuals & Contract Terms that are aimed at compliance with applicable laws. Local employee policy manuals consistently reflect local hiring policies and practices that prohibit both forced and child labour, and contain operational procedures that include robust worker identification requirements, minimum working age policies, policies on the legal and ethical employment of young workers in educational programs, and provide oversight for hours of work and overtime practices to ensure that employment is free and voluntary in nature. Such manuals also have substantive human rights policies addressing the prohibition of harassment, discrimination and/or workplace violence/bullying, together with proactive complaint and investigation procedures, reinforced with guarantees of no retaliation against whistleblowers.

Our key policies can be found at: <https://www.magna.com/company/company-information/leadership-and-governance/corporate-governance-documents>

#### **d. Risk of Forced/Child Labour Being Used and Steps Taken to Prevent and Reduce such Risk**

We believe that the risk of forced/child labour is generally lower in our own operations due to our: robust policy framework and practices; well-established Human Resources program, including HR due diligence/audit programs; and compliance-oriented values, including our long-standing philosophy of fairness and concern for our people and respect for the inherent rights of workers.

We have identified certain areas of our supply chain that carry the potential risk of forced/child labour, based on a range of sources, including:

- regulatory guidance or legislation (e.g. The Uyghur Forced Labor Prevention Act (UFLPA) in the United States);
- publicly available non-governmental external data sources;
- information learned through our participation in industry associations; and
- third-party supplier risk assessment tools.

While we monitor all our suppliers using a third-party live-monitoring platform, our Supplier Management function has identified certain categories of goods requiring enhanced due diligence, including aluminum, electronics, polysilicon, and steel. We cross-check categories we have identified against the U.S. Department of Labor List of Goods Produced by Child Labor or Forced Labor and its List of Products Produced by Forced or Indentured Child Labor, as well as the high-priority sectors identified by the U.S. Department of Homeland Security's Forced Labor Enforcement Task Force.

Knowledge gained from these risk assessment measures and through other sources such as our global whistleblower Hotline (described below) are continuously incorporated into our risk identification process to improve our due diligence processes.

#### **e. Due Diligence Processes and Steps Taken to Prevent Forced/Child Labour Risk**

In 2023 and to date in 2024, Magna has taken the following steps to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by Magna or of goods imported into Canada by Magna:

**Policy Enhancements:**

- We reviewed key policies addressing human rights including our Supplier Code and implemented new policies including the Human Rights Statement and Staffing Agency Policy

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**Employee Training:**

- We conduct mandatory annual Code of Conduct training for our employees (described below)
- We have developed the mandatory human rights training modules (discussed below)

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**HR-Related Audits/Due Diligence:**

- We have implemented a number of HR audit and/or due diligence programs aimed at the protection of the rights of workers and compliance with applicable laws, including:
  - Employee Opinion Surveys - designed to assess overall employee engagement and satisfaction, identify workplace complaints and issues, and assess employee opinions on a variety of workplace issues ranging from fair treatment, working conditions, diversity and inclusion, and health & well-being
  - Wage & Benefits survey process - designed to benchmark industry competitive wage and benefit levels for all job classifications, help ensure that objective and non-discriminatory compensation structures are in place, and to implement remedial compensation adjustments where necessary to ensure both competitive and legally compliant compensation levels are maintained
  - Health, Safety & Environmental Audits and Inspections - designed to help ensure the maintenance of legally compliant health, safety and environmental programs, using a coordinated systems of world class audits, inspections and remedial action plan processes;
  - Payroll & Compensation Audits - conducted through Magna's Internal Audit (IA) teams that review location specific payroll processes to verify that employee compensation meets applicable employment standards, while aligning to hours of work, overtime and payroll record keeping requirements
  - Labour & Employment Audits - designed to assess HR compliance-related issues, policies, and practices at the local Divisional level and adherence to both Magna policy and local laws, in a variety of areas, including fair working conditions and prevention of forced and child labour
  - Magna Hotline – which allows employee's and other stakeholders to report concerns or suspected violations of Magna's policies or practices

**Third Party  
Labour/Staffing  
Management:**

- We maintain oversight and due diligence practices with respect to third party labour/staffing agencies including service agreement templates for use with third party labour suppliers to ensure that contingent workers are subject to the same ethical standards applicable to Magna’s regular full-time employees. The service agreement templates include, among other things, requirements to adhere to ethical labour standards, express prohibition on forced or child labour related practices, and robust audit and investigation provisions
- We implemented a system for reporting non-compliant third-party labour suppliers which is designed to help ensure that we do not conduct business with prohibited suppliers. As a result, we terminated business relationships with a number of temporary staffing/labour agencies that did not meet the requirements of our Staffing Agency Policy
- Globally, we conducted over 2600 ‘manpower’ audits of labour related suppliers
- We took the remedial actions discussed under Remediation Measures below

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**Supplier  
Engagement:**

- We routinely communicate and reinforce our expectations and requirements to suppliers through a variety of means, including: dedicated supplier ESG roundtables; direct buyer interactions; live “all supplier” communications; and information on our Corporate website and supplier information portal

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**Supply Chain  
Management:**

- Our Supplier Management function uses a third-party supply chain risk monitoring and mapping tool, which monitors and provides real-time alerts regarding a number of ESG-related categories, including forced/child labour and poor working conditions
- We monitor updates to the UFLPA entity list of entities suspected of using Uyghur forced labor and integrate such updates into our third-party monitoring tool.
- We require selected suppliers to complete ESG self-assessment questionnaires (SAQs) that cover, among other things: working conditions, human rights and health and safety. In certain circumstances we require suppliers to undergo more comprehensive on-site audits. The SAQs and audits generate corrective action plans for suppliers to complete
- We use a scorecard process to provide ongoing monitoring and assessment of suppliers and have developed an ESG component to this process which includes forced/child labour as a critical flag. No production suppliers needed to be terminated in 2023 as a result of a violation of working conditions or human rights
- The Supplier Management function maintains an investigation and case management system to gather information and execute control and oversight of any necessary mitigating activities



- Reporting Mechanism:**
- We enhanced our Hotline to create a dedicated reporting tier for suppliers
  - Continuously monitored reports received by our Hotline for matters relating to social/human rights risks. None of the reports submitted to our Hotline have involved forced or child labour related allegations

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- Transparency & Reporting:**
- We publicly report on our efforts to combat forced/child labour in our annual Sustainability Report and a number of regulatory reports, including this Report which increases transparency and further amplifies the importance of our activities to stakeholders
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#### **f. Mechanisms for Reporting Concerns**

We have established a robust and comprehensive complaints management process as an integral part of our due diligence procedures. Our own employees can take advantage of several reporting/resolution mechanisms, including our Open-Door Process whereby employees are empowered to bring issues and concerns forward to leadership at all levels of the organization, without fear of retaliation. Our Open Door Process includes Fairness Committees and an Employee Advocates program in certain of our operations. In addition to these internal mechanisms, if any stakeholder experiences prohibited treatment or becomes aware of violations of Magna requirements or expectations outlined in our policy framework, they are able to use our whistleblower line, the Magna Hotline; which provides an additional avenue for employees and third parties (including our suppliers) to report suspected violations of Magna's Employee's Charter, the Code of Conduct and Ethics, and the Supplier Code. In a number of our operations globally, our facilities have third party employee representative bodies such as unions and/or works councils, together with formal concern resolution and grievance procedures designed to address workplace related issues. Where third party representation exists, we work constructively with employee representatives and are jointly committed to the protection and enhancement of workplace rights.

Magna strictly prohibits any form of retaliation against individuals who report legal and ethical concerns in a truthful and good-faith manner, as outlined in our Policy on Anti-Retaliation. All communications made through the complaints management process are treated confidentially, in accordance with relevant local data protection laws. Anonymity is possible when reporting through the Magna Hotline (if local law permits). Should an individual voluntarily choose to reveal their identity, Magna will make diligent attempts to preserve confidentiality throughout the investigative procedures. We conduct comprehensive investigations into all reports and reasonable suspicions that are brought to our attention.

#### **g. Employee Awareness and Training**

In order to help our employees understand the values, standards and principles underlying our Code, we have implemented a global compliance program overseen by the Audit Committee, which includes training of employees through different modalities (e-learning live in-person, and virtual instructor-led) on various topics relating to compliance and ethics. Office-based employees complete annual Code of Conduct training, as well as specific training covering subtopics addressed by the Code.

In addition, we have developed and will be rolling out during the first half of 2024, mandatory enhanced compliance training for employees on responsible sourcing and global supply chain laws, covering such issues such as child labour, human trafficking, forced labour, and the responsible use of third party labour brokers. The training will be mandatory for employees across various functional areas with responsibility for hiring and supplier/vendor selection and oversight, such as Human Resources, Purchasing, Legal, and Quality, as well as other functional leadership. These modules are expected to be rolled out in the first half of 2024.

### 3. Assessing the Effectiveness of Our Actions

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We are committed to continuously improving our approach to human rights and continue to assess ways to refine our program and enhance the operationalization of our commitment. We regularly evaluate our activities to confirm that they remain current and aligned with regulations, industry standards and best practices.

We assess the effectiveness of our activities with respect to forced/child labour in a number of ways, including:

- Effectiveness assessments conducted at least annually by a cross-functional internal working group;
- Participation in a number of industry associations that allows us to benchmark best practices regarding activities to prevent forced/labour and identify opportunities for continuous improvement. For example, we are a founding member of the Responsible Supply Chain Initiative (RSCI), an association of automotive OEMs, Tier 1 Suppliers and industry associations, which has established an assessment program for due diligence in the automotive supply chain relating to social compliance, occupational safety and environmental protection;
- Engagement with key stakeholders, such as investors and customers, as well as suppliers through mechanisms such as our Supplier Roundtables;
- Feedback from our risk-based audits described in this Report, such as our Employee Opinion Surveys and other HR audit programs;
- Feedback received from our Board of Directors and its standing committees;
- Interactive tests included in our employee training modules which give us indicative feedback on the effectiveness of our training activities;
- Monitoring and analysis of existing and emerging regulatory requirements globally;
- Monitoring of non-governmental and other public reports related to forced/child labour;
- Assessments of Magna and/or its Divisions from third-party ESG rankings and customer-required self-assessments or audits;
- Assessments of the extent to which our suppliers are improving in self-assessment questionnaires or on-site audits or implementing corrective actions; and
- Ongoing monitoring of reports received through the reporting mechanisms described in this Report, including the Magna Hotline.

### 4. Remediation Measures

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We identified one reportable matter in the reporting year. A description of the matter and our remediation activities is as follows:

During 2023, an Ontario Ministry of Labour (MOL) inspection at a division of one of our Ontario subsidiaries alerted Magna to potential concerns related to abusive and/or illegal practices by temporary staffing agencies operating in Simcoe County area. We determined that the Magna Division had no relationship with either of the staffing agencies, and as a result the MOL inspection triggered no findings of concern.

Nonetheless, we proactively launched our own internal investigation centered on a third-party staffing agency that was occasionally contracted by the same Magna Division to help provide temporary worker placements. Through the internal investigation Magna learned of the possibility that workers ineligible to be in Canada, and potentially vulnerable to exploitation, were illegally presented for temporary placements, in clear violation of the agency's contractual obligations to the Magna Division.

As a result, Magna took a number of remedial steps, including:

- proactively contacting Ontario Victims Services to offer our support for the temporary workers involved;
- self-reported immediately to the MOL to ensure the Ministry was fully aware of the facts uncovered by Magna's investigation;
- self-reported and provided investigative material of assistance to both the York Regional Police (YRP) and the Canada Border Services Agency (CBSA) to help support their criminal investigation of those parties seeking to take advantage of vulnerable workers;
- terminated our services agreement with third party agency in question;
- took steps to confirm this was an isolated incident and that no other examples of such non-compliance existed in any of our operations elsewhere, particularly where staffing agencies might have been used;
- introduced additional compliance measures to strengthen our existing internal controls and oversight, particularly concerning protocols for contracted staffing agencies; and
- made proactive contact with YRP and the CBSA to share the results of our internal investigation with a view to ensuring that anyone acting wrongly might be held to account. This information helped to alert the YRP and CBSA to possible bad actors apart from those they had already identified.

We also maintain the oversight and due diligence practices with respect to third-party staffing/temporary labour agencies, discussed in this elsewhere in this Report.

At all times, the Magna division in question paid the temporary agency involved fees that met or exceeded all requirements under the Ontario's Employment Standards legislation for purposes of properly compensating the temporary workers placed at the Magna Division those wages required to be compliance with local laws. Any shortfall in wages suffered by the affected workers at the hands of the non-compliant agency was unknown to Magna or its division. Nonetheless, Magna, on a good faith and compassionate basis, proceeded to fully compensate those workers confirmed to have been temporarily placed at the division, who had been taken advantage of as a result of unethical employment practices of their hiring agency.

## 5. Approval and Attestation

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This Report was approved by Magna's Board of Directors on May 2, 2024. In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.



Seetarama (Swamy) Kotagiri  
Chief Executive Officer and Board Member  
Magna International Inc.  
On behalf of the Board of Directors of Magna International Inc.  
May 2, 2024

**Appendix A**  
**Reporting Entities Covered By this Joint Report**

**Parent Company**

- Magna International Inc.

**Controlled Subsidiaries**

- Magna Closures Inc.
- Magna Exteriors Inc.
- Magna Powertrain Inc.
- Magna Seating Inc.
- Magna Seating of America, Inc.

Forward.  
For all.