CODE OF CONDUCT AND ETHICS
POLICY ON BRIBERY & IMPROPER PAYMENTS
POLICY ON BRIBERY & IMPROPER PAYMENTS

Magna prohibits bribery and improper payments in all of its business dealings in every country. This policy applies to Magna International Inc. and all of its operating Groups, Divisions, joint ventures and other operations globally (collectively, “Magna”). This policy also applies to all persons who act on Magna's behalf, including employees, officers, directors, consultants and agents.

Magna has spent years developing a reputation for winning business on the basis of “a better product for a better price”. This means that business has to be pursued with integrity and won fairly on the basis of product and price, not through offer, payment or receipt of bribes and other improper payments. Magna’s Code of Conduct and Ethics expressly prohibits bribes and other improper payments. Any employee participating in such activities will be subject to disciplinary action up to and including termination of employment.

Many countries have laws that make bribery and other improper payments illegal even when occurring in another country. A breach of these laws is a serious offence that can result in fines against the company and any employees or others who are involved (including managers who authorized such conduct). Individuals who are directly involved risk being sent to jail. Even the appearance of a breach of these laws can have a serious reputational impact on Magna.

What is an “Improper Payment”?

An “Improper Payment” is a bribe, kickback or facilitation payment.

A “Bribe” is anything of value – including money, gifts, favours, entertainment, advantage or benefit of any kind – that has been given or offered to someone for his or her personal benefit and that may be seen as an attempt to influence an action or decision to be made or not made by that person to (i) obtain or retain business from the organization that person represents; or (ii) acquire any sort of improper advantage from that person or the organization he or she represents.

A “Kickback” is a form of Bribe. It is the return or accepting the return of a sum already paid (or due to be paid) as a personal reward for making or fostering business arrangements.

“Facilitation Payments” are payments involving small sums to low-level government officials to obtain routine services to which Magna would otherwise be legally entitled. An example would be a payment to expedite a telephone or utilities connection.

Magna policy regarding Improper Payments

Magna prohibits the offering or making of Improper Payments, whether directly or indirectly through a third party or payments made by an employee out of his or her own pocket. Magna also prohibits the creation of false documents or records in connection with any Improper Payment. It is equally improper to seek or receive an Improper Payment (for example from a supplier to Magna or a Magna employee). An offer or promise to pay is sufficient to attract liability, even if an Improper Payment is never actually made.

In certain circumstances, a gift given or entertainment expenses incurred on behalf of a government official to obtain or maintain business can be considered a bribe, particularly if the gift value is significant or the entertainment is lavish (for example, travel expenses). Consult Magna’s Policy on Gifts and Entertainment for a better understanding of the potential overlap between gifts and entertainment and bribery. You should consult your Regional or Group Legal Counsel or a Magna Compliance Officer if you have any questions about whether a gift is improper. Any gift or entertainment expenses incurred on behalf of a government official must be approved in accordance with the Compliance Control Procedure – Expenditures on Government Officials.
International Application of Anti-Bribery Laws

Magna is subject to many local and international anti-bribery laws. Some of these laws specifically target the bribery of foreign government officials. Examples include the United States’ Foreign Corrupt Practices Act and Canada’s Corruption of Foreign Public Officials Act. Some anti-bribery statutes – such as the United Kingdom’s Bribery Act – also prohibit Improper Payments to individuals in the private sector and other forms of commercial bribery. Because of the breadth of Magna’s operations worldwide, this policy cannot address all of the issues raised by international and local requirements. It is the responsibility of each Magna employee to understand and comply with applicable international and local laws. If you are unsure whether a particular course of conduct is illegal or otherwise harmful to Magna’s reputation, you should consult with management or your Regional or Group Legal Counsel or a Magna Compliance Officer.

Facilitation Payments

Magna prohibits Facilitation Payments as they are illegal in many countries where Magna carries on business.

Third Parties: Agents, Contractors and Other Intermediaries

Magna expressly prohibits Improper Payments offered or made through third parties like agents, contractors or other intermediaries. The fact that an Improper Payment is made by a third party does not eliminate the potential for criminal or civil liability against Magna or a Magna employee for illegal actions taken by a third party intermediary. Anti-corruption laws do not differentiate between acts made by Magna or by someone acting on Magna’s behalf. For that reason, you must ensure that any agents or other third parties apply Magna’s standards of business conduct. In all cases where an agent, contractor or other intermediary is retained by Magna, you must:

- Have a documented basis for trusting the integrity of the third party;
- Take reasonable steps to monitor for and prevent misconduct; and
- Respond appropriately to indications of possible misconduct.

You should consult your Regional or Group Legal Counsel or a Magna Compliance Officer if you have any questions about hiring an agent or renewing an existing agreement. Check for danger signs or “red flags” that might indicate a risky third party relationship. These would include situations where the third party:

- Appears unqualified or understaffed;
- Is specified or recommended by a government official;
- Requests that their identity be kept secret;
- Request payment in cash or upfront or through offshore accounts;
- Requests payment in a country NOT where the service was provided;
- Requests the falsification of documents;
- Requests unusually large compensation in relation to the services provided; or
- Seeks reimbursement for unusually high or undocumented expenses.

When any of these red flags exist, additional investigation and consultation with management and/or the Legal Department is required.

Violations

Magna has no tolerance for compliance violations. Any violation will be treated as a serious matter and will be sanctioned with disciplinary action up to and including termination of employment.

If you are aware of or suspect that anyone is in violation of the Magna Code of Conduct and Ethics or this policy, you should report your concern by informing (i) your manager, (ii) a Division or Group Finance Officer, (iii) a Group or Regional Legal Counsel, (iv) a Magna Compliance Officer or (v) through the Magna Hotline.
Magna will ensure that an employee will not be penalized, discharged, demoted, suspended or discriminated against for reporting in good faith any violation of Magna’s Code of Conduct and Ethics or this policy.

**Helpful Tips**

**ALWAYS…**

- Make sure you fully understand applicable legal requirements and Magna’s approach to offering or accepting gifts and entertainment (see also Magna’s Policy on Gifts and Entertainment).
- Conduct appropriate due diligence in selecting and engaging third parties (including independent contractors, sales agents and lobbyists).
- Communicate our anti-bribery requirements to third parties via a formal contract and ensure that third party activities are monitored and audited over the life of their contract.
- Ensure that all expenditures are accurately recorded, including those that are processed through petty cash.
- Ensure that all payment requests made to Finance staff are properly supported by legitimate invoices, authorized by the required employees with applicable signing limits, made to legitimate payees and for a proper business purpose. Appropriate due diligence should be performed on any suspicious payment requests.
- Anticipate and plan in advance for new or potential circumstances where bribery or corruption may potentially occur.

**NEVER…**

- Offer anything of value to a government official or other person to obtain an actual or perceived improper advantage.
- Allow secret commissions or similar corrupt payments to be made. This includes arrangements made with politically influential individuals, companies or organizations where the fees are disproportionate to the legitimate services offered.
- Make a Facilitation Payment or a payment to any person (in cash or in-kind) for a service for which Magna is not normally entitled. Examples include paying a government official to work overtime, to work during local holidays or to undertake duties beyond the scope of his or her normal job description.
- Do anything to encourage or facilitate someone else, including an agent or representative of Magna, to make an Improper Payment.
- Establish an unrecorded “slush” fund.
- Request or accept a Bribe or Kickback.
- Make a payment personally in order to avoid complying with Magna’s Code of Conduct and Ethics or this Policy.
BE CAUTIOUS OF...

! Any request for a commission that is disproportionate to the services provided.

! Any request to make a payment that appears suspicious or to a name or in a jurisdiction not related to a transaction, including but not limited to a charity or foundation or political party.

! Background information about existing or potential third-party representatives that suggest they may be undertaking activities that could be considered improper.

! Giving or receiving business gifts or entertainment while in the midst of a quoting or tendering process.

FOR FURTHER INFORMATION:

For further information or advice, please contact your Group or Regional Legal Counsel, a Magna Compliance Officer or Magna’s Vice-President Ethics and Chief Compliance Officer.

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Driving Integrity
Know it.
Speak it.
Live it.