2025 Sustainability Report

MAGNA
Forward. For all.

Contents

A Message from our Chief Executive Officer

Swamy Kotagiri

Swamy Kotagiri

Chief Executive Officer

Sustainability and operational excellence remain central to Magna's long-term success. In 2025, we made meaningful progress that strengthens our competitiveness and demonstrates how deeply sustainability is embedded in our strategy.

While we're seeing tangible results, we operate in a dynamic environment. Shifts in production, geopolitical uncertainties and a bumpy EV transition mean some facilities face the challenge of operating more efficiently. Yet our teams are ready for even more stretch goals as we accelerate the shift to safer, smarter and greener mobility.

By fostering a culture of accountability and continuous improvement, we are reducing our environmental footprint, enhancing operational performance and delivering long-term value for customers, shareholders and the communities we serve.

A Message from our Global Director, Sustainability and Energy

Ahmed Elganzouri

We continue to shape a more sustainable future by tapping into the Power of One Magna by collaborating and sharing best practices among our divisions and across our vast global supply chain. This past year we:

- Achieved major 2025 sustainability milestones, including 100% renewable electricity across European operations and a sevenfold increase in on-site renewable generation since 2021.
- Surpassed Phase 1 goals of the Energy Cost Optimization initiative, delivering more than $50M in annual savings, and are now on track to reduce energy usage by 700,000 MWh by the end of 2026.
- Advanced sustainable mobility through Magna's four pillars of sustainable materials, alongside flexible powertrain and intelligent driving technologies that support cleaner transportation.
- Expanded impact across the supply chain through Transform: Auto and broad supplier engagement, with 3,358 suppliers completing our ESG scorecard.
- Continued prioritizing people by strengthening employee protection, working conditions, and respect for human rights across our operations and value chain.

The work we are doing creates value on every front, it strengthens our business for the long term. It's better for our planet, better for our employees and better for our stakeholders.

Our Commitment to a Sustainable Future

Magna's decarbonization targets are built on principles of operational excellence and innovation. As a global leader in the automotive industry, Magna has set ambitious net-zero targets. Magna has approved near- and long-term science- based emission reduction targets with the Science Based Targets Initiative ("SBTi"), and the SBTi has verified Magna's net-zero science-based target by 2050.

Magna's Decarbonization and Energy Targets

Target	Target Year	Status
5% energy savings in implemented energy projects (Compared to 2022 absolute energy usage)	2024	**Achieved**
10% energy intensity reduction (Compared to 2022)	2024	**Achieved**
4% energy savings in implemented energy projects or Low Carbon on-site technology (Compared to 2023 absolute energy usage)	2025	**Achieved**
Environmental, Social and Governance (ESG) scoring for 90% of supplier spend	2025	**Achieved**
100% renewable electricity in European operations	2025	**Achieved**
7% energy savings from implemented energy projects or Low Carbon on-site energy technology (Compared to 2024)	2026	On Track
20% energy intensity reduction (Compared to 2022)	2027	On Track
3.5% energy savings from implemented energy projects or Low Carbon on-site energy technology (Compared to 2026)	2028	On Track
100% renewable electricity in Canadian operations	2028	On Track
3.5% energy savings from implemented energy projects or Low Carbon on-site energy technology (Compared to 2027)	2029	On Track
25% energy intensity reduction (Compared to 2022)	2030	On Track
100% renewable electricity in global operations	2030	On Track
25% reduction in value chain (Scope 3) emissions from 2021 baseline (Near-term science-based target)	2030	On Track
42% reduction in global operational (Scope 1 & 2) emissions from 2021 baseline (Near-term science-based target)	2030	On Track
30% reduction in Scope 1 emissions focusing on comfort heating	2040	On Track
Net-zero emissions reduction (90% absolute reduction in Scopes 1, 2 & 3) (Long-term science-based target)	2050	On Track

Our Renewable Electricity Progress

	Where We Are	Year Over Year Progress	Where We Are Going
% of global electricity used that is renewable electricity	~39%	+1560 bps	100% Expected by end of 2030
Divisions using renewable electricity	192 (~58%)	+52	100% Expected by end of 2030
Divisions with 100% renewable electricity	132 (~40%)	+42	100% Expected by end of 2030
Divisions with on-site solar generation	40 (~12%)	+4	~49 In progress or currently investigating

Magna Sustainability 2025 Results

26%
Reduction in Carbon Intensity
from 2021 Baseline

12%
Reduction in Energy Intensity
from 2021 Baseline

39%
Renewable Electricity Buy
3X 2021 Baseline

18%
Water Reduction
from 2019 Baseline

97%
Waste Diverted from Landfill

81,595 MWh
Renewable Energy Generated Onsite

249,000 MWh
Energy Reduction Projects Implemented

SILVER | Top 15%
ecovadis
Sustainability Rating
JAN 2026

Climate
CDP
2025
B

Validated SBTI Near-Term & Net-Zero Targets

SCIENCE BASED TARGETS

4
Launch of Magna's 4 Pillars of Sustainable Materials

ECO50
2 Year Initiative to Provide $50M in Energy Savings

3,358
Suppliers Completed Magna's ESG Scorecard

100%
Renewable Electricity in Europe

Summary Sustainability Metrics

Magna GHG Emissions (Scopes 1,2& 3, Metric Tons (t) CO_2e)

Metric	2025	2024	2023	2021 Baseline	Change From 2021 Baseline[3]
Scope 1 Emissions	415,416*	418,963*	424,561*	436,267*	▼ 4.8%
Scope 2 (Market- Based) Emissions	889,810*	1,158,866*	1,150,656*	1,089,730*	▼ 18.3%
Scope 3 Emissions	Not available[1]	55,969,512[2]	57,842,606	58,655,441	▼ 4.6%[4]

Magna GHG Emissions (Scope 3, by Category, Metric Tons (t) CO_2e)

Scope 3 Emissions by Category[5]	2024	2023	2021 Baseline	Change From 2021 Baseline[4]
1 Purchased Goods & Services	28,870,543	30,165,695	22,762,020	▲ 26.8%
2 Capital Goods	577,943	533,363	372,331	▲ 55.2%
3 Fuel- and Energy-Related Activities	313,898*	319,890*	318,366	▼ 1.4%
4 Upstream Transportation & Distribution	736,426	959,848	791,049	▼ 6.9%
5 Waste Generated in Operations	358,930*	318,272*	306,063	▲ 17.3%
6 Business Travel	42,947	43,955	26,924	▲ 59.5%
7 Employee Commuting	161,552	136,815	132,015	▲ 22.4%
8 Upstream Leased Assets	Not relevant to Magna			
9 Downstream Transportation & Distribution	640,569	771,287	910,907	▼ 6.9%
10 Processing of Sold Products	707,057	759,782	1,047,424	▼ 32.5%
11 Use of Sold Products	22,830,834	23,160,992	31,362,035	▼ 27.2%
12 End-of-Life Treatment of Sold Products	591,503	585,007	529,872	▲ 11.6%
13 Downstream Leased Assets	Not relevant to Magna			
14 Franchises	Not relevant to Magna			
15 Investments	137,310	87,700	96,435	▲ 42.4%
Total	55,969,512	57,842,606	58,655,441	▼ 4.6%

*denotes that this metric has been verified by an independent third-party verification firm.

Notes:

[1] 2025 Scope 3 emissions inventory not available at time of preparation of this Sustainability Report. These emissions will be reported in our annual CDP submission.
[2] Our Scope 3 data is based on completed inventories for the applicable year. Our Scope 3 emissions data includes twelve relevant categories. Scope 3 categories 8, 13 and 14 are not relevant to Magna.
[3] We have used a 2021 baseline for our emissions reporting in the tables above, in line with our science-based near-term and net-zero targets.
[4] 2024 Scope 3 emissions compared to 2021 baseline.
[5] Improvements in data collection or changes in methodology used to calculate Scope 3 emissions (e.g., availability of primary data to replace secondary data such as industry averages) can result in fluctuations in Scope 3 inventory.

Non-Climate Metrics

Topic	Metric	Unit of Measure	2025[1]	Change From 2019 Baseline[2]
Energy Management	Aggregate amount of energy consumed	Gigajoules (GJ) MegaWatt hours (MWh)	19,854,065 GJ / 5,515,018 MWh	▼ 13.8%
	% of energy consumed supplied from electrical grid	Percentage (%)	58.2%	▲ 320 bps
	% of energy consumed that is renewable energy	Percentage (%)	23%	–
	Energy intensity	MegaWatt hours (MWh) / Sales (USDm)	131 MWh / USDm	▼ 17.9%
	Energy intensity reduction	MegaWatt hours (MWh) / Sales (USDm)	No Material Change (YoY)	–
Waste Management	Aggregate amount of waste generated from manufacturing operations	Metric Tons (t)	1,211,227 t	–
	% of waste generated that is hazardous	Percentage (%)	4.6%	–
	% of waste generated that was recycled	Percentage (%)	89.7%	–
	% hazardous waste diverted from landfill	Percentage (%)	92.4%	–
	Waste diversion from landfill	Percentage (%)	Target: ≥95% p.a. Actual: 96.7%	–
Water Management	Annual water withdrawals	Megalitres (ML)	6,236 ML*	▼ 18.2%
	Water reduction	Percentage (%)	Target: 1.5% p.a. 15% by 2030 (vs. 2019) Actual: 2.7% (YoY)	
	Annual remediation expenses	Reporting Currency (USD)	<$1.5m	No Material Change
	Aggregate remediation balance for known events	Reporting Currency (USD)	$21.2m	No Material Change
	Environmental violations > $10,000 USD	Number	0	–
	Amount paid as a result of such environmental violations	Reporting Currency (USD)	0	–

*denotes that this metric has been verified by an independent third-party verification firm.

Notes:

[1] Energy Management, Waste Management, and Health and Safety Data is preliminary.
[2] Items indicated by a dash were not tracked in baseline year. We have used a 2019 baseline for other metrics consistent with our previous sustainability reports.
[3] Percentage of Magna facilities with the applicable certification is: ISO 14001 (~71%), ISO 50001 (~7%), and ISO 45001 (~51%).
[4] In order to avoid the additional expense and disruption of litigation, in July 2025, Magna elected to settle a Canadian class action lawsuit alleging anticompetitive conduct in the market for door latches and closure systems. Magna made no admissions of guilt or wrongdoing through the settlement.
[5] Wholly owned operations only.
[6] Assuming the election of all Board nominees at Magna's annual meeting of shareholders on May 4, 2026, the percentage of women on the Board will be 33% (40% three-year gender parity average as of 2025).

Topic	Metric	Unit of Measure	2025[1]	Change From 2019 Baseline[2]
Health and Safety	Accident frequency rate	1.0 = 1 lost time injury / illness per 100 employees working 40 hours/week, 50 weeks/year	0.40	▼61.5%
	Accident severity rate	10.0 = 10 lost work days / 100 employees working 40 hours/week, 50 weeks/year	8.82	▼28.6%
Environmental & Health and Safety Certifications	ISO 14001 Certified Divisions	Number	280[3]	—
	ISO 50001 Certified Divisions	Number	26[3]	—
	ISO 45001 Certified Divisions	Number	201[3]	—
Competitive Behaviour	Total amount of monetary losses incurred as a result of legal proceedings associated with anti-competitive behaviour regulations	Reporting Currency (USD)	100,000[4]	—
Gender Diversity	% of employees who are women[4]	Percentage (%)	29.4%[5]	—
	% Women in Critical Positions	Percentage (%)	21.5%	—
	% Women on the Board of Magna	Percentage (%)	38%[6]	▼400 bps

*denotes that this metric has been verified by an independent third-party verification firm.

Notes:

[1] Energy Management, Waste Management, and Health and Safety Data is preliminary.
[2] Items indicated by a dash were not tracked in baseline year. We have used a 2019 baseline for other metrics consistent with our previous sustainability reports.
[3] Percentage of Magna facilities with the applicable certification is: ISO 14001 (~71%), ISO 50001 (~7%), and ISO 45001 (~51%).
[4] In order to avoid the additional expense and disruption of litigation, in July 2025, Magna elected to settle a Canadian class action lawsuit alleging anticompetitive conduct in the market for door latches and closure systems. Magna made no admissions of guilt or wrongdoing through the settlement.
[5] Wholly owned operations only.
[6] Assuming the election of all Board nominees at Magna's annual meeting of shareholders on May 4, 2026, the percentage of women on the Board will be 33% (40% three-year gender parity average as of 2025).

2025 Key ESG Ratings & Recognition

Key ESG Ratings

Climate CDP 2025 B

SILVER | Top 15% ecovadis Sustainability Rating JAN 2026

78/100

94th Percentile

109 Awards focused on quality received from customers in 2025.

2025 Industry & Customer Recognition

CANADA'S MOST RESPONSIBLE COMPANIES 2025 Newsweek statista

2026 WORLD'S MOST ETHICAL COMPANIES® ETHISPHERE 5-TIME HONOREE

Forbes AMERICA'S BEST LARGE EMPLOYERS POWERED BY statista 2025

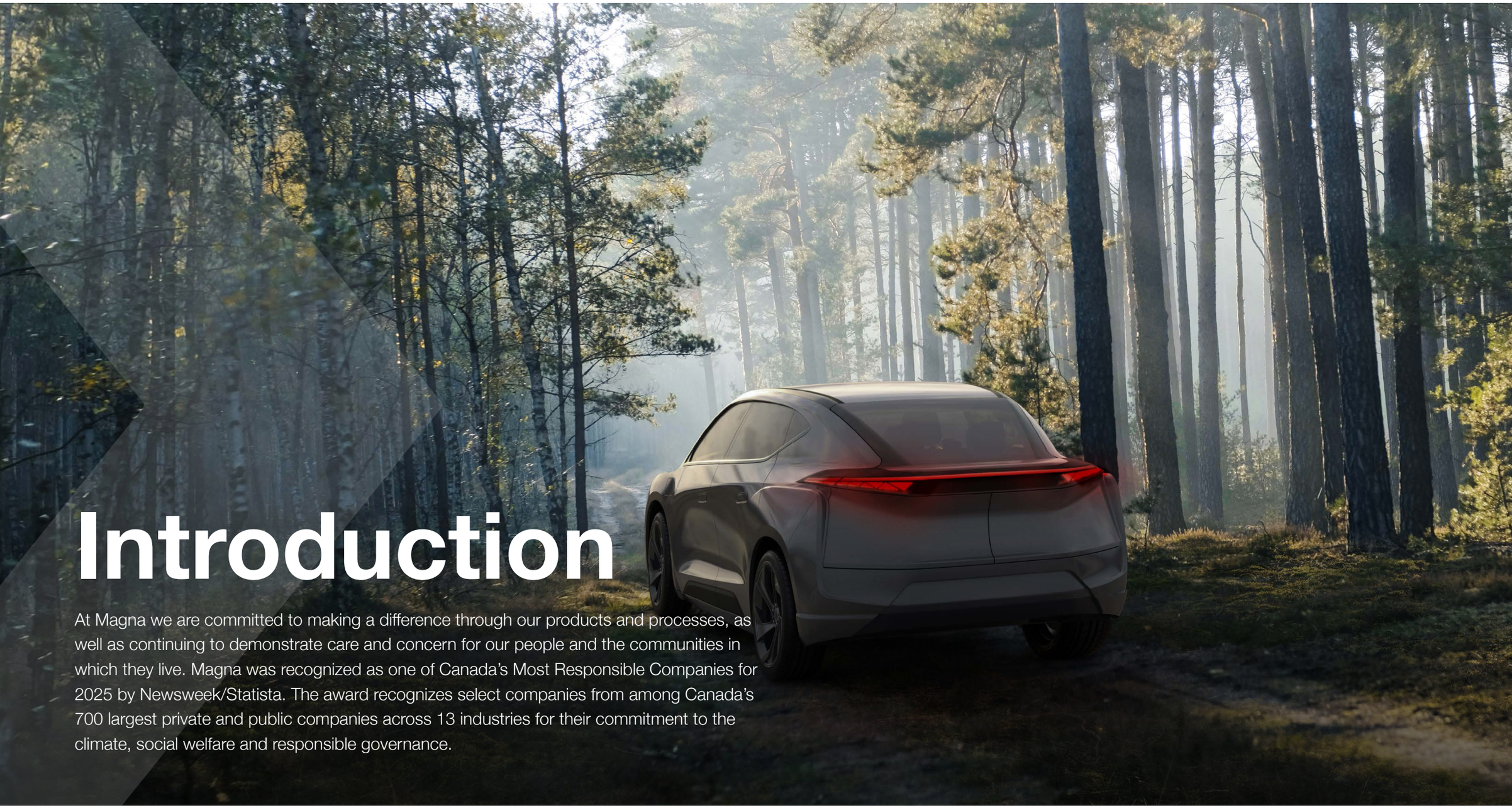
builtin 2026 BEST PLACES TO WORK

美世 中国卓越健康雇主 CHINA HEALTHIEST WORKPLACE MercerMarsh Benefits

EMPLOYER EXCELLENCE 2025 典范雇主 Awarded by 51JOB.COM

BEST CHINA BEST EMPLOYER AWARD 中国年度最佳雇主 | 智联招聘 2025 中国年度最佳雇主 BEST CHINA EMPLOYER AWARD 2025

2025 Best ESG Employer 中国最佳ESG雇主 Released by Aon China



Introduction

At Magna we are committed to making a difference through our products and processes, as well as continuing to demonstrate care and concern for our people and the communities in which they live. Magna was recognized as one of Canada's Most Responsible Companies for 2025 by Newsweek/Statista. The award recognizes select companies from among Canada's 700 largest private and public companies across 13 industries for their commitment to the climate, social welfare and responsible governance.

Magna's Climate Change Commitment

We recognize the reality of climate change and its impact on the planet. As a result, we are focused on doing the right things today so that our corporate interests do not come at the expense of the viability of life for the generations that follow. Although combating climate change requires a collective global response, Magna is determined to play its part in addressing this existential threat to our planet. In 2024, we received approval by the SBTi of Magna's near-term and net-zero emission reduction targets and the verification by SBTi of Magna's net-zero science-based target by 2050.

The details of Magna's net-zero commitment are outlined in Section 2.1.1 of this Sustainability Report.

PRODUCT

Delivering Solutions for a Better Tomorrow

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.

PROCESS

Minimizing Our Environmental Impact

Optimizing and innovating our manufacturing processes for resource and input efficiency, as well as product quality;

Enhancing the energy efficiency of our plants and transitioning our operations to 100% renewable energy by 2030 to achieve our SBT requirement to reduce scope 1 and 2 emissions by 42% from a 2021 SBT baseline;

Engaging our supply chain to reduce Scope 3 emissions 25% by 2030 from a 2021 SBT baseline;

Staying focused on our net-zero commitment to reduce Scope 1, 2 and 3 emissions 90% by 2050 from a 2021 SBT baseline.

PEOPLE

Benefitting Our Teams and Communities

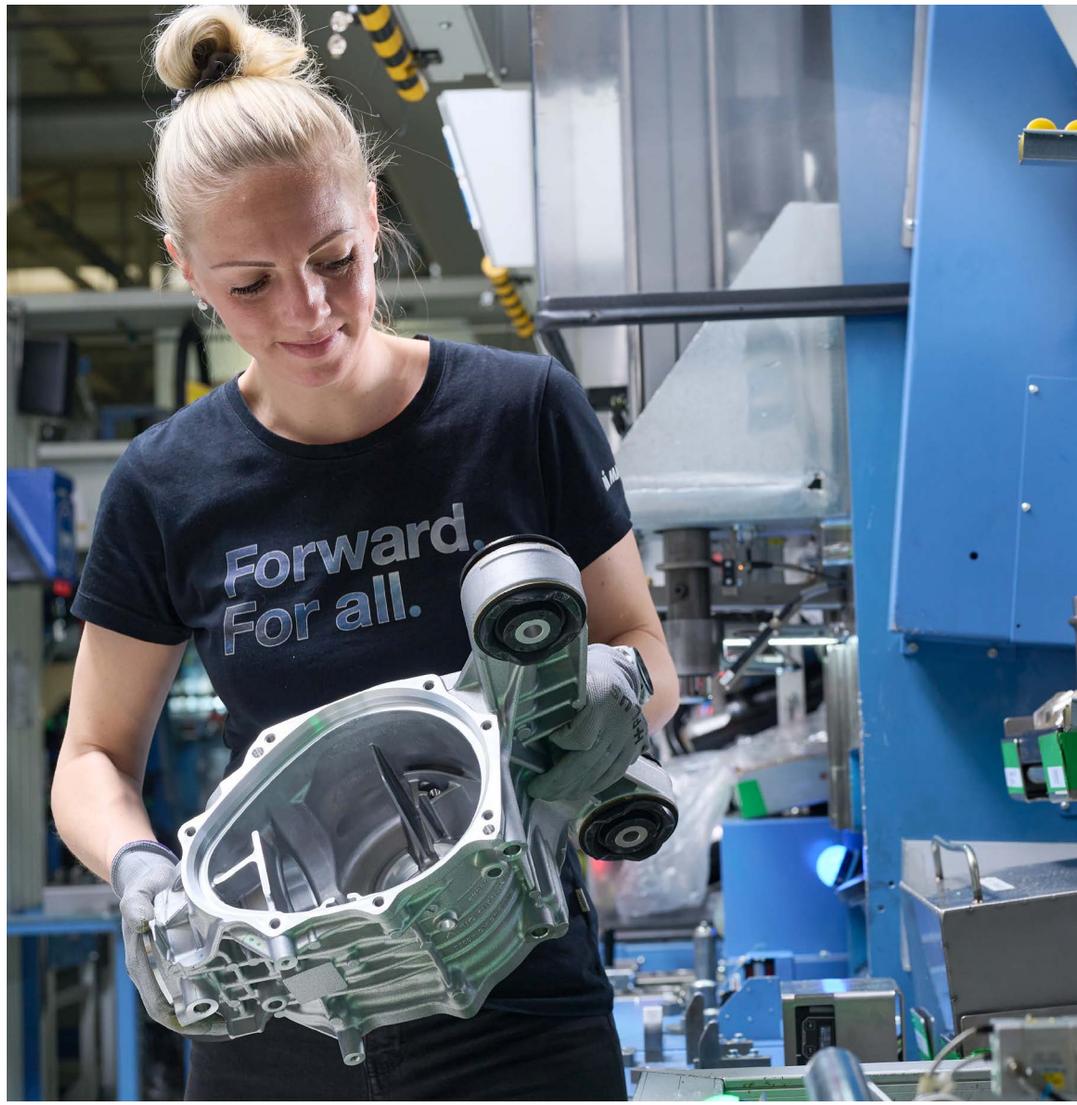
Treating our employees fairly and looking out for their health, safety and general well-being;

Serving as a good community partner, particularly in the communities in which our employees live and work; and

Enhancing the sustainability of our supply chain with respect to human rights and working conditions through communication, monitoring, and where necessary, corrective action.

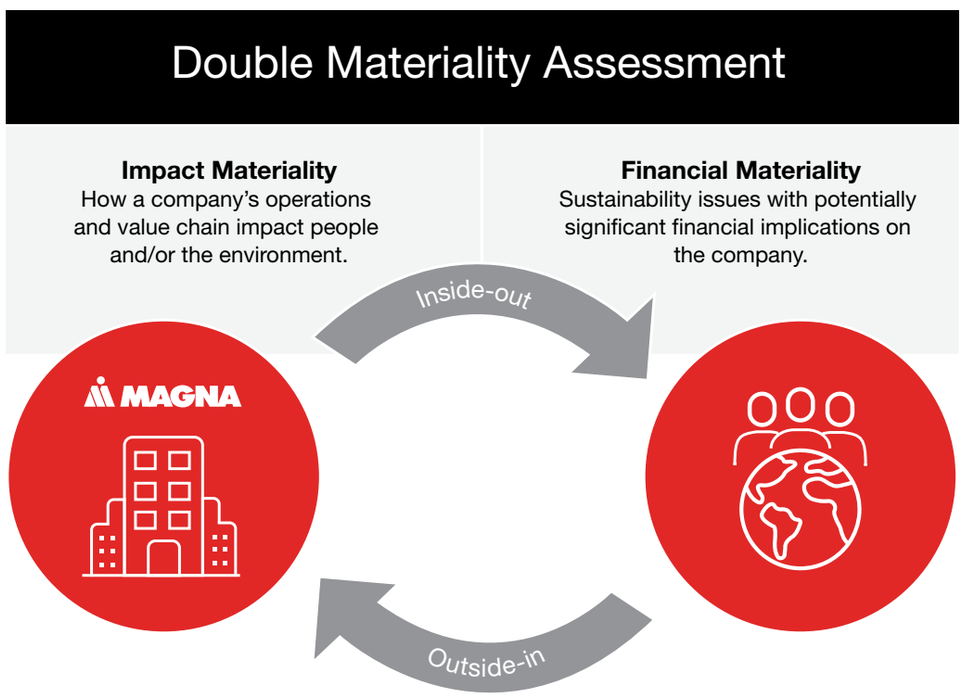
Report Structure & Boundary

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") and its replacement standard the International Sustainability Standards Board ("ISSB") IFRS S1 and S2 Climate Related Disclosures Standards. We also align with the Sustainability Accounting Standards Board's ("SASB") Auto Parts accounting standard, where possible; and include key disclosures initially completed in 2024, and reassessed in 2025, that are aligned with the European Sustainability Reporting Standard ("ESRS"). This includes, an outline of the results of our ESRS-aligned double materiality assessment ("DMA"), and disclosure of the scenarios utilized to complete qualitative and quantitative climate scenario analysis. While this report may not currently provide stakeholders with all the information sought through the ISSB, SASB, and ESRS frameworks; we continue to evolve and enhance our disclosure as our collection and validation of the applicable data improves. While the ISSB and SASB Auto Parts frameworks primarily address climate-related factors, this Sustainability Report aims to go beyond such items to give stakeholders a better understanding of the broad range of environmental, social and governance ("ESG") initiatives that define our approach to sustainable value creation. The boundary of this disclosure reflects activities from Magna's 2025 reporting year which is January 1, 2025 to December 31, 2025 and includes all 330 operating divisions, unless otherwise indicated.



Double Materiality Assessment

Magna has conducted a comprehensive DMA in alignment with the European Union's ("E.U.") Corporate Sustainability Reporting Directive ("CSRD") and the ESRS. The DMA evaluates how our operations and value chain could impact people and the environment (impact materiality) and identifies sustainability issues with potentially significant financial implications for the Company (financial materiality). This process helps identify impacts, risks, and opportunities ("IROs"), and assess their materiality.



Double Materiality Assessment – Material Topics[1]

Environment

- Climate change adaptation
- Climate change mitigation
- Energy
- Fuel efficiency
- Water
- Direct impact drivers of biodiversity loss[2]
- Resource inflows, including resource use
- Resource outflows related to products and services

Social

- Working conditions (own workforce and value chain)
- Equal treatment and opportunities for all (own workforce)
- Other work-related rights (own workforce and value chain)
- Personal safety of consumers and/or end-users

Governance

- Corporate culture

[1]Certain topics, such as cybersecurity and anti-competitive practices, did not meet applicable threshholds under our DMA methodology. Nonetheless, they remain significant priorities for Magna and our activities in these areas are disclosed in this Sustainability Report.

[2]This category addresses biodiversity, including deforestation as well as phytosanitation.

Magna's DMA aligns with the CSRD and enhances transparency and accountability in our sustainability reporting. The DMA will also help further focus our sustainability risk management activities and inform relevant strategic priority areas.

We reviewed the structure of our business and the outcome of the 2024 double materiality assessment in 2025. It was determined that there were no material changes that would warrant completing an in depth DMA in the current reporting year.

Our DMA was led by an internal team in collaboration with a third-party consulting firm and followed four steps:

Define the Assessment Landscape

- The first step in the DMA was to establish a landscape of topics — a list of sustainability-related topics, sub-topics and sub-sub-topics (i.e., sustainability matters) that are used to identify IROs in the subsequent stages of the assessment. The universe of topics consists of ESRS matters and entity- specific topics related to Magna's own operations, the regions in which we operate and an assessment of our upstream and downstream value chain. The output of this step was identification of ESG- related topics and the corresponding actual and potential IROs, and a high-level map of our value chain.

Initial Plan Assessment

- To assess the IROs, a scoring framework that considered qualitative and quantitative criteria was established.
- The framework was used to assess the severity and likelihood of the identified IROs.
  - Severity: Considers scale, scope and irremediability (When an impact is negative)
  - Likelihood: Considers the odds of the impact occurring
- The initial assessment was completed by Subject Matter Experts and Leaders at the corporate level. After the initial scores were established, a stakeholder engagement plan was created to engage with affected stakeholders.

Assess Identified Topics

- The scoring methodology was used to assess the IROs statements for financial materiality, based on size and likelihood. Those that met or exceeded the threshold were identified as material. Engaging with affected stakeholders is central to the materiality assessment, to help inform the identification and assessment of material IROs. Our internal project team engaged stakeholder groups to provide insight and input into each ESRS and entity- specific sub-topics to refine and assess the IROs.
- Stakeholders were provided with detailed material and documentation outlining the scoring methodology prior to in person and virtual workshops. They were also trained on documentation and methodology, and given the opportunity to ask questions at the start of each workshop. Internal stakeholders who maintain consistent relationships with external stakeholders were interviewed and given the opportunity to provide input and insight on each ESRS and entity-specific sub-topics to refine and assess the IROs.

Consolidate and Validate

- Once the assessment was complete, the results were consolidated. The results of the initial assessment were adjusted based on the feedback received from the impacted stakeholder groups. The materiality scoring threshold was set after the IRO assessments had been consolidated. The outcome of this analysis set the current universe of material topics and will steer the future of ESRS aligned reporting at Magna subject to the reperformance of the DMA process, if and as necessary.

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 with securities regulatory authorities on SEDAR+ (www.sedarplus.ca), and is available in the Leadership & Governance section of Magna's website (www.magna.com), delineates Board oversight responsibilities including with respect to a number of areas relevant to sustainability such as: corporate culture; corporate governance; strategy; risk; shareholder engagement; and fundamental corporate actions.

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

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

Climate-related and other sustainability issues are typically considered by the Board at least annually through the Board's strategic planning process. Typically, Magna's most senior corporate R&D executive identifies and analyses material trends impacting the automotive industry, including automotive and mobility trends arising from climate-related issues. Significant opportunities and risks are then addressed at the annual Board strategy meeting. Guidance, feedback and other outputs from the strategy meeting are incorporated and integrated into Operating Group business plans for the next business planning meeting. Climate and other sustainability issues may also arise before the Board in connection with its oversight of fundamental corporate actions such as review/approval of material acquisitions/divestitures, three-year business plans and capital expenditures.

Additionally, the Board annually monitors our progress in reducing our carbon footprint and reviews/approves the company's material public disclosures, such as our Annual Information Form / Annual Report on Form 40-F incorporating this Sustainability Report. The Board also reviews/approves other public disclosures such as our Fighting Against Forced Labour and Child Labour in Supply Chains Report ("Fighting Modern Slavery Report"), and reviews the Corporation's progress in preparing for emerging sustainability reporting, most notably the CSRD.

1.1.1 GNSC and TOCC Roles

The Board carries out its duties in part through standing committees composed solely of independent directors. One such committee, the Governance, Nominating and Sustainability Committee ("GNSC"), supports the Board's oversight of the company's approach to sustainability and climate change issues, including alignment with Magna's overall strategy, stakeholder expectations, regulatory and voluntary frameworks, market norms and best practices. The GNSC assesses Magna's overall approach to reducing its carbon footprint, the effectiveness of our environmental compliance program, the Company's approach to human rights and supply chain due diligence, the continued effectiveness of the climate elements of the Company's ESG program, as well as Magna's actions to identify, monitor and mitigate any material risk exposures relating to such areas. The Board's Talent Oversight and Compensation Committee ("TOCC") also supports the Board's sustainability oversight activities by assessing Magna's approach to certain non-climate elements of sustainability, including its approach to advancing diversity and inclusion in our workplace, and occupational health and safety compliance, as well as Magna's actions to identify, monitor and mitigate any material risk exposures relating to such areas.

Like the Board, each of the GNSC and TOCC maintains a written charter which outlines its specific roles and responsibilities. The GNSC and TOCC Charters have been filed on SEDAR+ and are available in the Leadership & Governance section of Magna's website (www.magna.com). Matters under the GNSC's responsibility include: corporate governance, sustainability, and other matters. The scope of the GNSC's oversight role with respect to sustainability includes climate-related issues generally, as well as related elements such as environmental management and compliance. As Magna defines "sustainability" in a broad and inclusive manner to include areas that go beyond climate-related issues, the GNSC's role also extends to matters such as supply chain sustainability. The GNSC periodically reviews Magna's policies, practices and public disclosures relating to sustainability topics, and makes recommendations to the Board regarding such items.

During 2025, the GNSC received updates, among other things, on Magna's enterprise risk management program, Magna's evolving sustainability and ESG strategy, including the ESG Reporting Overview, ESG regulatory developments, ESG ratings and rankings performance, and the Fighting Modern Slavery Report.

In addition, the GNSC reviewed, provided input into, and approved the organization's Sustainability Report and other governance-related disclosures, including Board and Committee Charters and Proxy Circular segments. The Committee also received reporting relating to Magna's environmental compliance through the Annual Environmental Report and engaged in discussions on the future of ESG at Magna.

The TOCC's responsibilities include: talent management and succession planning, executive and incentive compensation, employee health and safety, and other matters.

During 2025, the TOCC received updates on, among other things, Magna's occupational health and safety program through the Annual Health & Safety Update, ongoing leadership development initiatives, and the company's human resources and talent management strategy, including HR strategy and priorities, culture and employee engagement, and HR complaints and investigations.

1.1.2 Other Board Committees

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

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

During 2025, the Audit Committee received updates on, among other things, Magna's Ethics and Legal Compliance Program, and the annual review of the Ethics & Legal Compliance Charter.

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

1.2 Management

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

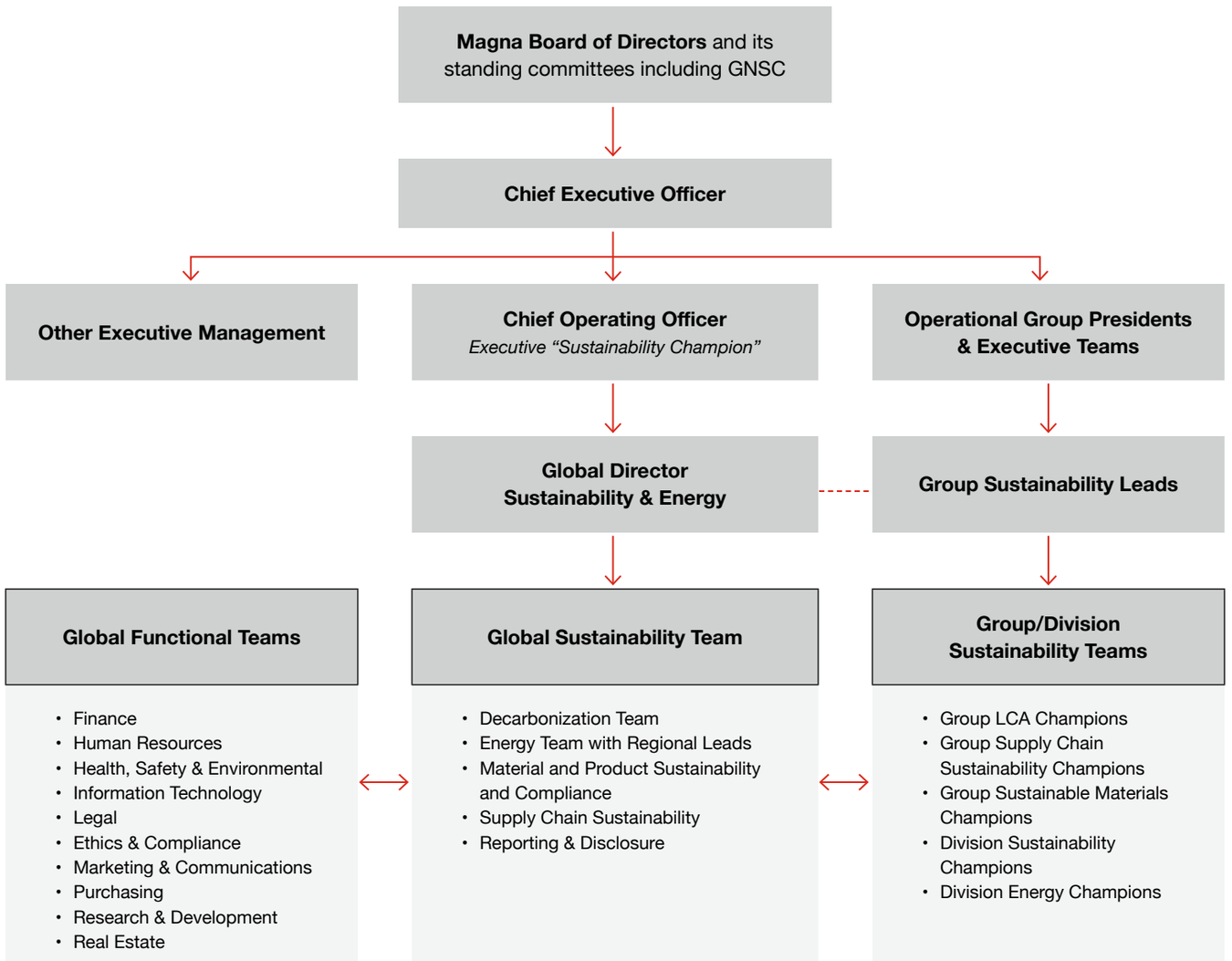
To assist our CEO, Magna's Chief Operating Officer functions as an executive "champion" for climate-related and other sustainability matters (the "Sustainability Champion"). The Sustainability Champion reports directly to Magna's CEO on sustainability matters and helps coordinate and align sustainability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

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

A number of initiatives intended to help us achieve our near-term and net-zero targets are underway, including energy optimization initiatives at most of our operating Divisions and a phased in transition to renewable electricity globally. We previously launched new initiatives within our Operating Groups focused on Life Cycle Assessments ("LCA"), Sustainable Materials and Supply Chain Decarbonization. Each initiative is led by an Operating Group-level champion in their respective subject matter that directly supports the execution of our decarbonization strategy. LCA Champions oversee Operating Group LCA processes and requirements, including understanding frameworks governing LCAs and customer requirements. Sustainable Materials Champions assist in the development of sustainable materials sourcing plans, identify potential sustainable materials relevant to current and future products, identify and oversee participation in sustainable materials certification schemes, and support our purchasing team in communicating with OEM customers and suppliers on relevant sustainable materials topics. Supply Chain Sustainability Champions assist on all ESG related supply chain topics for their Operating Groups and support supplier ESG monitoring, including through third-party audits and, where necessary, corrective action. They will also oversee Operating Group compliance with our ESG nomination criteria (discussed in Section 3.5.1).

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

Magna's Sustainability Group organizational structure is as follows:



1.3 Key Updates to Our Sustainability Program

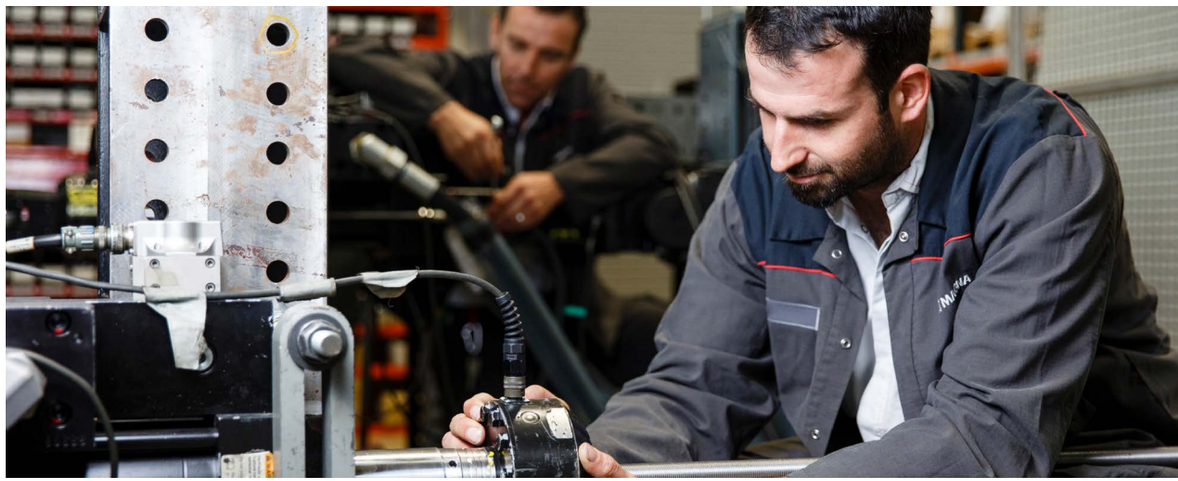
In 2025 and to date in 2026, our Sustainability program evolved in a number of ways, including:

Energy Efficiency and Decarbonization

- Successfully completed Energy Cost Optimization ("ECO50") Phase 1 with $50m annual energy cost savings as at the end of 2025
- Rolled out ECO50 Phase 2 with the goal to save an additional $50m in energy costs by the end of 2026
- Launched a Downtime Challenge to focus on energy reduction during non-production times
- Launched three AI Energy Management pilot projects to analyze opportunities to reduce the energy consumption of HVAC systems
- Rolled out a ZERO Cost Case Study Campaign to share best practices between plants and implement projects without any capital investment

Training and Capacity Building

- Implemented a new training and certification program to train our energy champions in five different modules covering different aspects of energy management. 422 Energy Champions have completed this training to date
- Conducted dedicated Scope 3 emissions accounting training for Magna Divisions globally to better understand how Scope 3 emissions are quantified and calculated and strategies for reducing such emissions
- Developed new tools to track sustainability events, biodiversity projects, circularity & recycling projects and other UN SDG-relevant sustainability projects completed at Magna Divisions to highlight Divisional efforts that extend beyond energy reduction and renewable electricity
- Continued our collaboration with the automotive industry as a founding member of Transform: Auto which aims to educate participants through introductory webinars, learning pathways and courses



Responsible Supply Chain Initiatives

- Expanded supply chain activities, including launching a new Supplier ESG ("S-ESG") pillar in our supplier scorecard process and mandatory Magna Minimum Requirements ("MMR") for our suppliers (discussed in Section 3.5.1)
- Introduced a Supplier Environmental Performance ("S-EP") disclosure program for suppliers to support our science-based targets. This S-EP program will contribute to our decarbonization activities and enhance our transparency into our supply chain's Scope 3 emissions, as discussed in Section 2.1.5
- We worked with Suppliers Partnership for the Environment ("SP") to launch Transform: Auto, a program to support the automotive supply chain procure renewable energy across North America. In 2025, its second year of activity, Transform: Auto has reached 800+ supplier participants and counting. The program is set to be expanded to all 27 countries in the E.U., as well as in the United Kingdom, Türkiye, and Morocco
- Material Compliance: We developed and launched our approach to material compliance which is built on the following four pillars:
  - Circular Materials & Recycled Content in Products
  - Renewable Materials
  - End of Life Recyclability
  - Products/Design Supporting Vehicle Efficiency

Sustainability Spotlight

ECO50: Boosting Cost Savings and Competitiveness

Our ECO50 initiative is a cornerstone of our sustainability strategy, integrating environmental responsibility with operational excellence and data-driven insights. Phase 1 of Magna's ECO50—or Energy Cost Optimization—challenge exceeded its target of $50 million in annual savings by 2025 through energy-reduction projects and on-site renewable energy generation, ultimately delivering $61 million in savings and creating a wave of awareness and impact across our global operations. The 2,568 projects initiated by Magna divisions in this first phase not only helped lower day-to-day operating expenses but also strengthened our competitiveness and resiliency amid fluctuating energy prices.

Sharing best practices among our 337 divisions is a highlight of ECO50. The campaign includes 25 zero-cost projects in six categories, from reducing downtime to infrastructure improvements. Cross-group collaboration includes access to an online library of 100 energy-conservation case studies from our divisions.

In 2025, energy-saving initiatives across our divisions reduced megawatt-hour consumption by four percent equivalent to the annual energy use of 60,000 households or four typical automotive supplier plants. This marks the third consecutive year we've met our reduction target, due to a range of projects.

Spurred by the Magna Core Values "never settle" and "think big," we're targeting even more ambitious goals for 2026.

The next milestone for ECO50 Phase 2: generate another $50 million in savings by the end of 2026. We've also doubled our company-wide energy-saving target from 3.5% to 7% for 2026. Harnessing AI for real-time analysis of manufacturing equipment is the focus of a 2026 pilot program that launches in three Magna divisions in Austria. This new program is expected to result in 30% savings in annual energy consumption.

By prioritizing energy efficiency and cost savings, we're reducing our Greenhouse Gas (GHG) emissions and promoting environmental stewardship across all operations.

2. Environmental Stewardship & Climate Action

2.1 Climate Action & Magna's Net-Zero Committment

2.1.1 Science-Based Targets

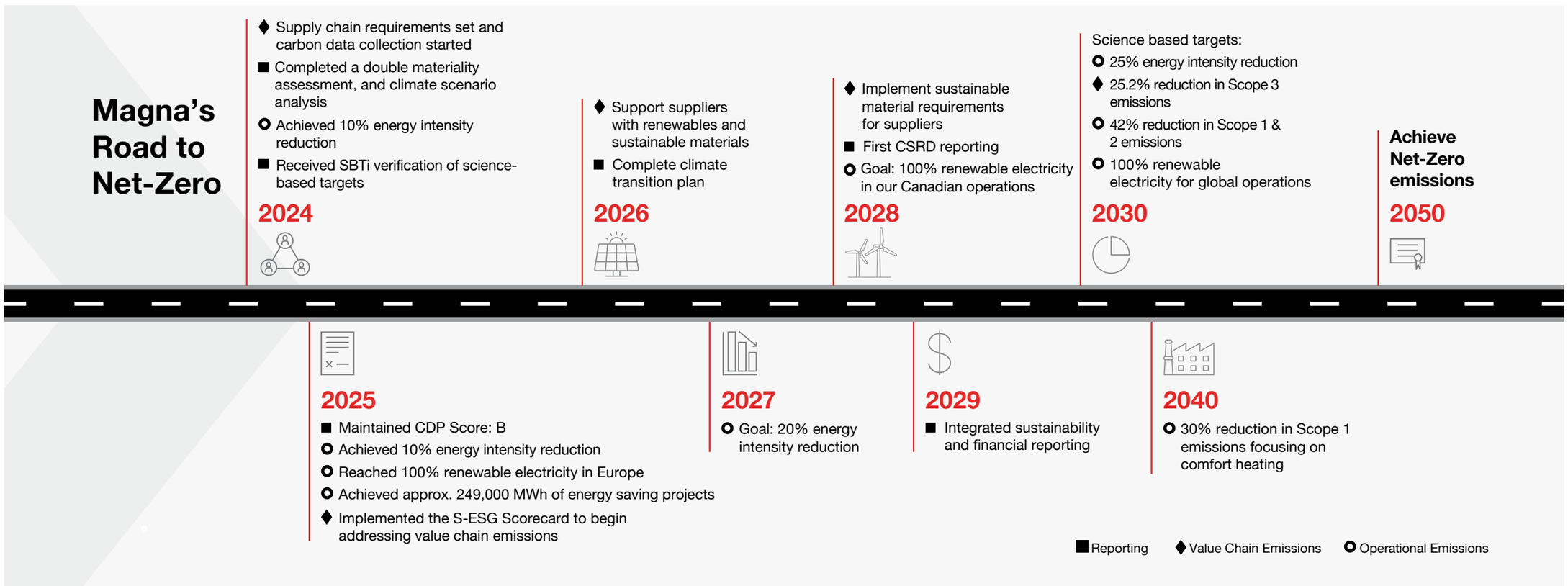
As a global leader within the industry, Magna has set ambitious targets as discussed under Magna's Climate Change Commitment on page 14.

Magna prides itself on continuous improvement and innovation. For almost 70 years, we have showcased our commitment to design by delivering some of the most sophisticated mobility solutions; and we continue to leverage this ingenuity and entrepreneurial spirit to tackle one of our world's most pressing challenges: climate change. Focus is needed on true decarbonization and elimination of carbon to keep global warming below 1.5 degrees according to the latest Intergovernmental Panel on Climate Change ("IPCC") Sixth Assessment Report (2023). To meet our communities', customers', and stakeholder expectations, Magna has made science-based near-term and 2050 net-zero commitments.

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

2.1.2 Roadmap for Fulfilling Our Commitment

Achieving net-zero is an ambitious and complex challenge. We have taken the first step to indicate our commitment and outline our net-zero emissions strategy. We have also developed a framework through collaboration with internal and external stakeholders. By leveraging experts across all Operating Groups and Divisions to identify the most appropriate technical solutions, while monitoring emerging technologies, we will continue to progress towards our net-zero goal. Our strategy and roadmap will continue to evolve, including through our climate scenario analysis, development of a formal climate transition plan, and our growing LCA activities, as discussed in Section 2.1.4.



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

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

As Magna carries out activities within each pillar, with support from Operating Groups and Divisions, our focus will continue to be on energy conservation and reduction. In the near-term, our net-zero commitment is supported by our goal of achieving 100% renewable electricity in Canada by 2028, and globally by 2030. In 2025 we met a key milestone by achieving 100% renewable electricity in Europe, including Türkiye and the UK. To support this effort, Magna's Global Energy Leads have been integrated directly into our global sustainability organization. Each Division's Energy Champion is critical to achieving our net-zero commitments by working to deliver emission reductions, as well as cost savings and risk minimization. Progress is already being made in our manufacturing operations which implemented approximately 249,000 MWh of energy saving projects in 2025.

2025 Emissions and Energy Performance

In 2025, our absolute Scope 1 and Scope 2 (market based) emissions decreased by 1% and 23%, respectively. Over the last 2 years, our Divisions have implemented energy reduction projects providing over 513,000 MWh of annual energy savings. Having achieved our 100% renewable electricity goal in our European operations, approximately 39% of our global electricity procurement in 2025 was renewable and we remain on track for 100% by 2030. Our onsite renewable energy generation also increased to 81,595 MWh—a tenfold increase compared to 2023. We remain confident in achieving our SBTi near-term 2030 commitment — 42% reduction in scope 1 and 2 by 2030 — through continued energy reduction efforts combined with increases in renewable electricity usage in jurisdictions beyond Europe.

Net Zero Guiding Principles

Operational Emissions

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

Energy Transparency

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

Energy Efficiency

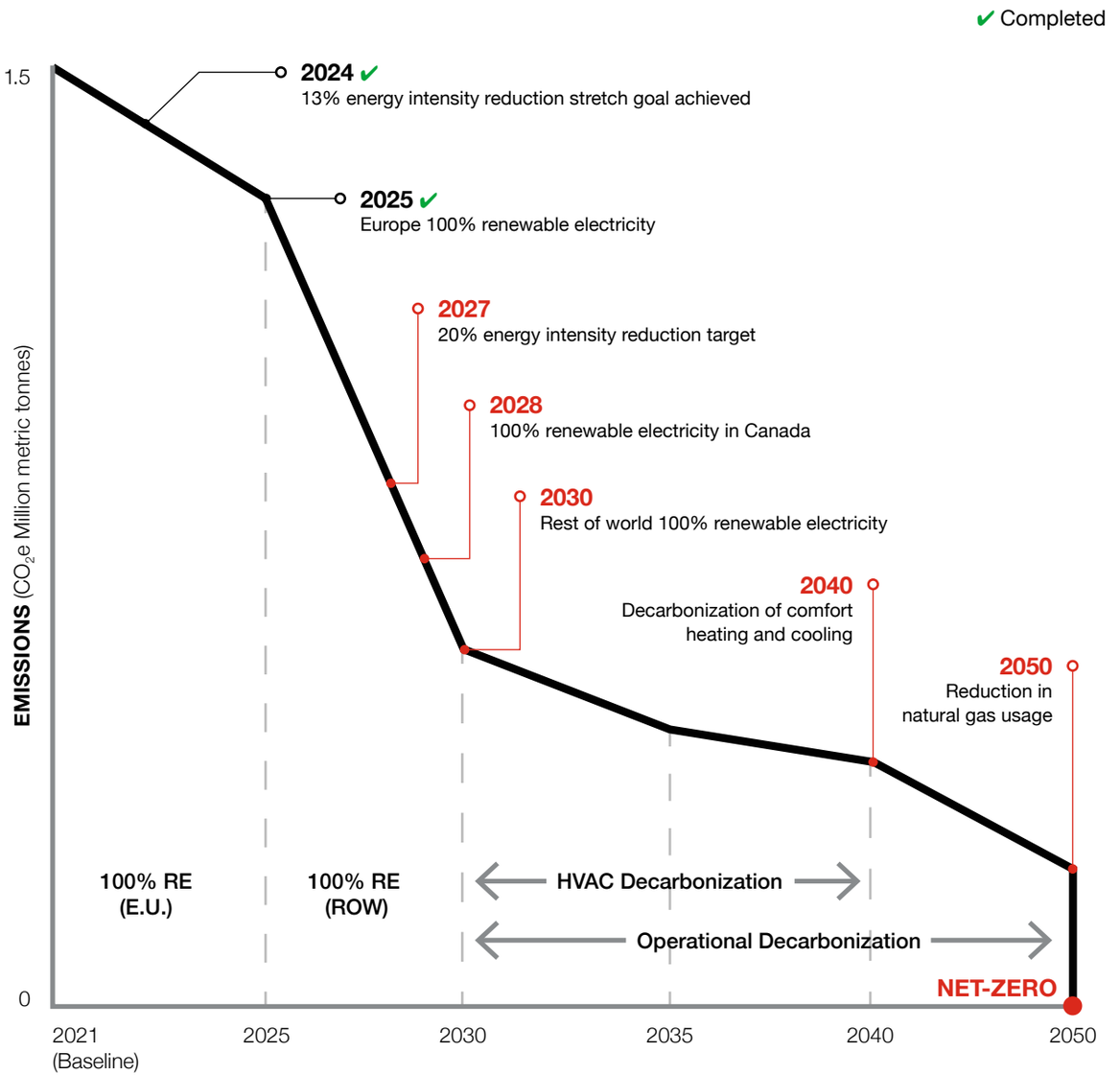
Through energy effciency measures, machinery and equipment can be optimized and specifc energy consumption improved. The aim is to reduce energy consumption to a necessary minimum.

Renewable Energy

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

Operational Emissions

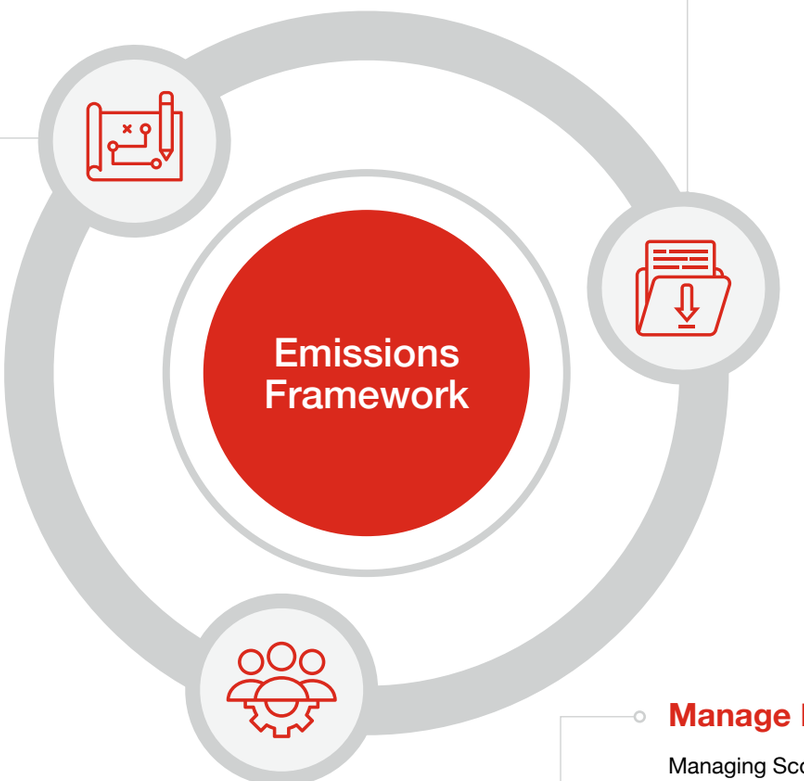
Our energy consumption and renewable energy goals should help us achieve our SBTi near-term commitment of reducing Scope 1 and 2 emissions by 42% by 2030, against a 2021 baseline. Beyond that, we are prioritizing HVAC decarbonization and focusing on researching and implementing emerging technologies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



Net Zero Guiding Principles

Value Chain Emissions

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



Develop Plan

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

Collect Data

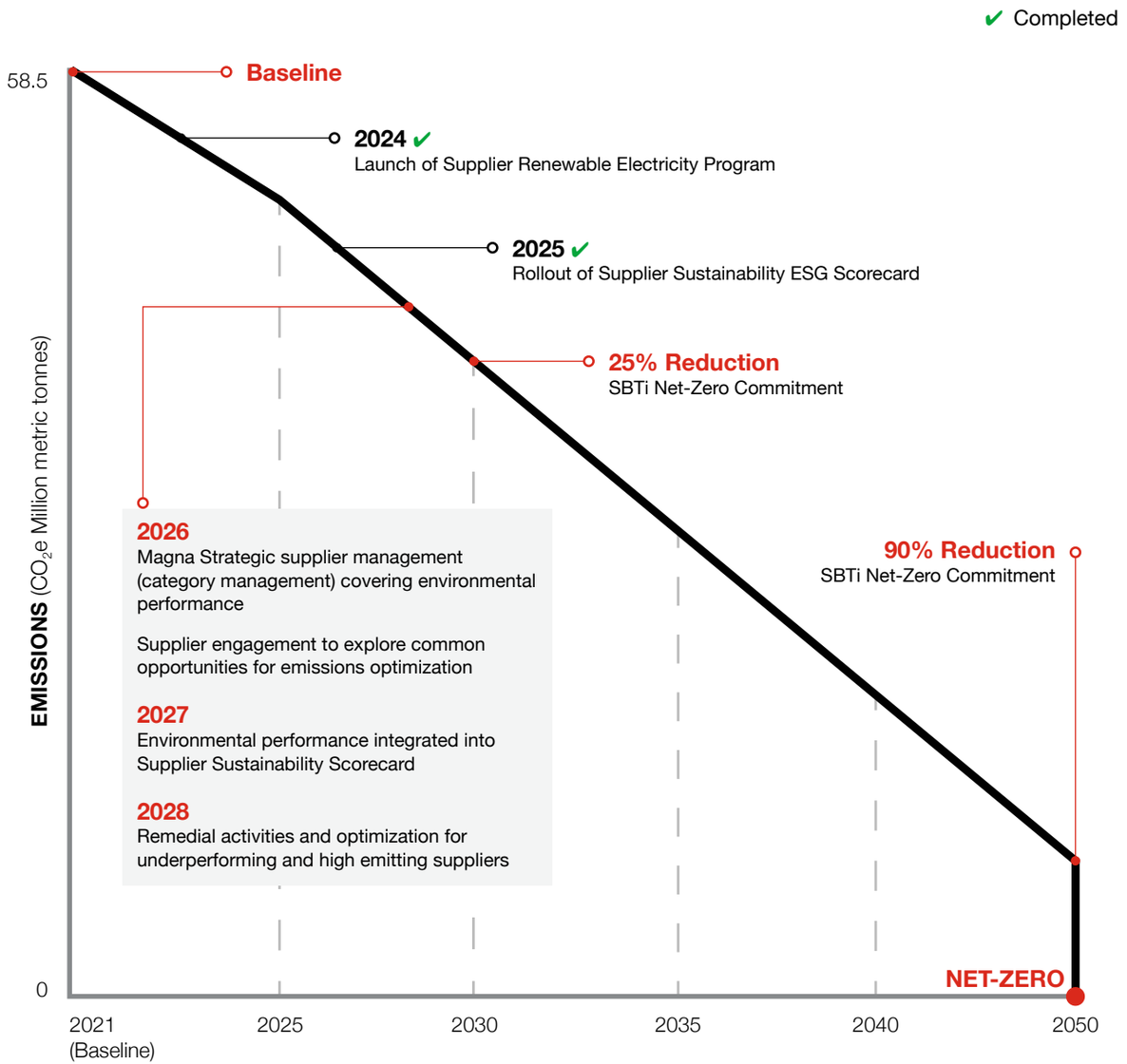
Monitoring Scope 3 emissions sources is important for tracking progress towards reduction targets and improving transparency and accountability.

Manage Emissions

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

Value Chain Emissions

There are 15 categories of Scope 3 Emissions. We know there are two significant categories for Magna. Use of Product and Purchased Goods and Services. While a detailed roadmap similar to the one made for Scope 1 and 2 emissions cannot be created at this time, our current commitments can show the scale of change required to hit our near-term SBTi targets and long-term net-zero goals.



Participation in Supply Chain Carbon Footprint Reduction

Magna expects all supply chain partners to participate in efforts to reduce their carbon footprint. As part of this commitment, our partners play a crucial role in supporting broader sustainability goals by taking concrete steps toward decarbonization across the value chain

Annual Data Sharing Requirements

All supply chain partners will be required to provide data relevant to their carbon emissions, as well as those of their own value chain, on an annual basis. This information is essential for tracking collective progress and will be collected either directly by Magna or by a third party acting on Magna's behalf. The data collection process will follow the standards outlined in the GHG Protocol to ensure consistency and accuracy.

Emission Reduction Goals and Decarbonization Planning

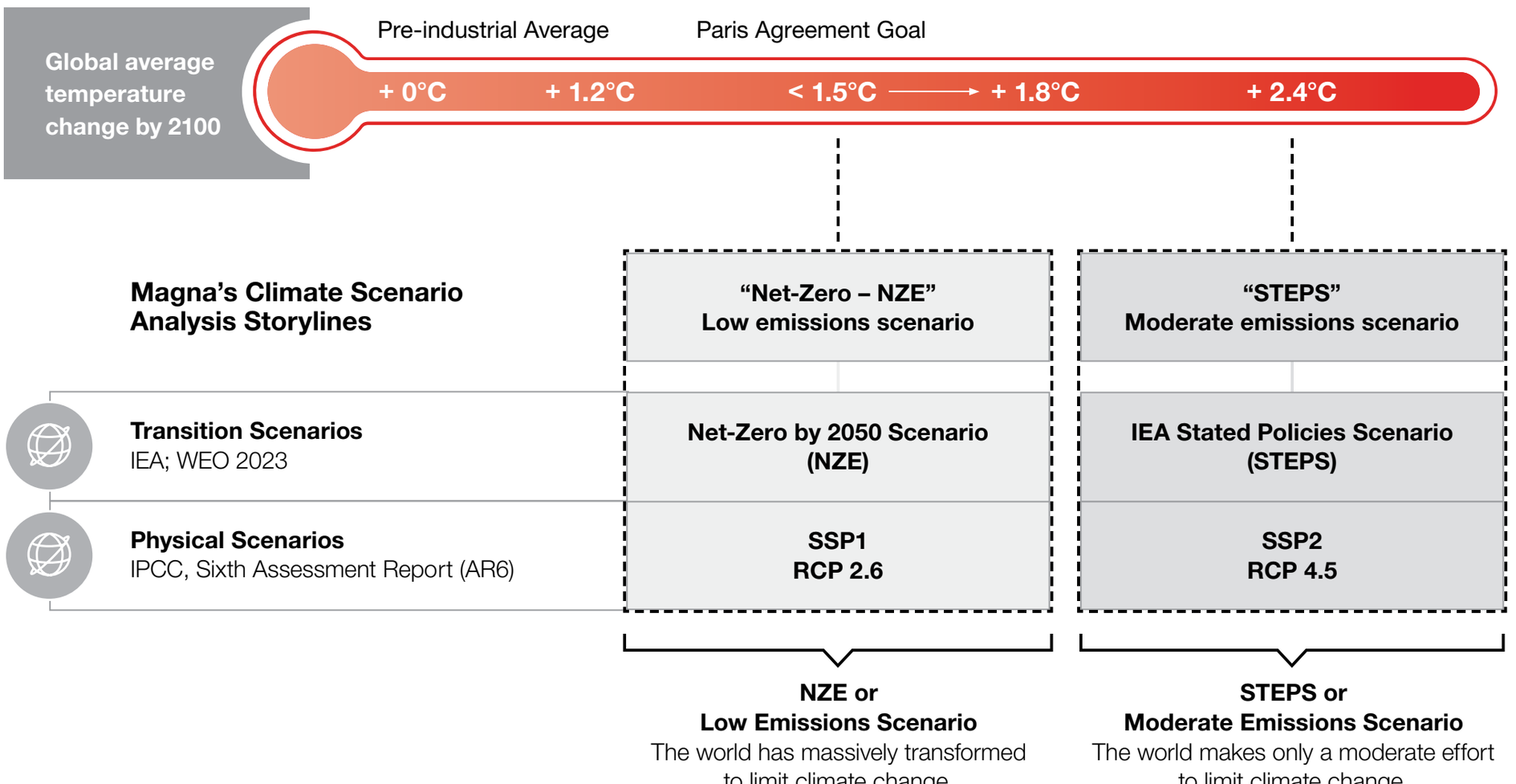
Each supply chain partner is required to develop time-bound emission reduction goals that address Scope 1-3 emissions. Additionally, a clear glide path for decarbonization should be established, outlining the steps and timeline for achieving these goals. These programs and roadmaps are critical to ensuring that all stakeholders are collectively advancing toward emission reduction targets, mitigating associated risks, and fulfilling stakeholder requirements.

Transparency, Surveys and Audits

Supply chain partners are expected to respond to any surveys or audits related to carbon emissions and decarbonization efforts. Magna places a strong emphasis on transparency, requiring partners to disclose information about their own emissions as well as those within their upstream value chain. When requested, partners should use life cycle assessments following the ISO 14040 framework and ISO 14044 requirements and guidelines to report emissions data comprehensively and consistently.

Climate Scenario Analysis

The scenario analysis uses storylines comprised of a transition and physical scenario each selected to align with a specific climate outcome (i.e., temperature rise).



2.1.3 Climate Scenario Analysis

In 2024 we conducted detailed qualitative and quantitative Climate Scenario Analysis to identify our risks & opportunities to help manage uncertainty, test business resilience, and inform our strategy. This analysis aligns with the CSRD, and ISSB's IFRS S2 climate-related disclosure standards. The Climate Scenario Analysis identified key climate risks and opportunities that could impact Magna's operations and value chain and will help Magna align its climate initiatives to relevant risks and opportunities to drive sustainable growth.

The Climate Scenario Analysis involved evaluating two "storylines" or scenarios comprising both physical and transition risks:

Net-Zero (NZE) Storyline: This represents a low emissions scenario consistent with a 1.5°C rise in temperature above pre- industrial levels in 2100. In this scenario, the world has massively transformed to limit climate change. The storyline derives transition scenarios from the International Energy Agency's ("IEA") World Energy Outlook ("WEO") Net-Zero by 2050 Scenario, and uses physical scenarios based on the IPCC SSP1-RCP 2.6 scenario from their 6th Assessment Report.

STEPS Storyline: This represents a moderate emissions scenario where current measures continue but fall short of limiting warming, and the global temperature rise is on track for 2.4°C above pre-industrial levels in 2100. In this scenario, the world makes only a moderate effort to limit climate change. The storyline is based on the IEA's WEO Stated Policies Scenario (STEPS) for transition scenarios, and on the IPCC SSP2-RCP 4.5 scenario from their 6th Assessment Report for physical scenarios.

These storylines were selected for the following reasons:

Regulatory Compliance	Satisfy framework and regulatory requirements.
Industry Alignment	Aligned to the industry we operate in.
Transparency and Relevance	Provide transparent and relevant data, as they are based on scenarios developed by globally recognized authorities.
Practical Future Trajectories	STEPS offers a status quo based on current global environment policies, while NZE represents an ambitious outlook capturing steps to achieve Net-Zero emissions by 2050.

Going forward, we are working with key internal stakeholders to identify opportunities to integrate our climate scenario analysis into our existing risk management framework.

2.1.4 Sustainable Materials and Life Cycle Assessments

We are committed to advancing sustainability through the strategic use of sustainable materials and comprehensive LCAs. During 2025, we completed 120 LCAs and Product Carbon Footprints ("PCFs") for our products at the request of our OEM customers with approximately 33% third-party verified. Our approach is designed to support our engineering and other departments in processing sustainable materials, setting internal targets, and meeting OEM customer requirements.

LCAs are a growing part of our sustainability efforts, providing a comprehensive evaluation of the environmental impacts associated with all stages of a product's life. This includes raw material extraction, manufacturing, distribution, use, and end-of-life disposal. By conducting thorough LCAs, we can identify opportunities for improvement, reduce our carbon footprint, and enhance the overall sustainability of our products.

At Magna, we are also part of the Catena-X initiative and are launching initiatives and pilot projects together with customers specifically for the Catena-X PCF use case to standardize and obtain high-quality data from our supply chain in support of our decarbonization goals to calculate a more accurate carbon footprint for our products.

This strategy involves the development and implementation of a roadmap that guides our organization in making informed decisions about sustainable materials. By leveraging our collective expertise, knowledge, and innovation, we aim to accelerate the transition to a low-carbon economy.

Our **Sustainable Materials Strategy** is built around **four key pillars:**

01 Circular Materials / Recycled Content In Products

- Increase the recycled content of the input material of top commodities in our products

02 Renewable Materials

- Increase the use of renewable materials in our products
- Exploring renewable materials such as biomethane or bio-naphtha, bamboo in various applications

03 Products / design supporting vehicle efficiency

- Fully implemented eco-design and environmental compliance activities in our complete vehicle applications to drive fuel efficiency and overall vehicle sustainability

04 End-of-Life Recyclability

- Improving product recyclability for easier dismantling at the end of the life cycle
- Increasing recyclability of other material groups like plastics, rubber, glass and textiles

Emissions Across the Value Chain

CO_2 CH_4 N_2O HFC_S PFC_S SF_6

Scope 3
Indirect Emissions

- Purchased Goods and Services
- Employee Commuting
- Business Travel
- Capital Goods
- Transportation and Distribution
- Fuel and Energy Related Activities
- Waste Generated in Operations
- Leased Assets

Scope 2
Indirect Emissions

- Purchased Electricity
- Steam
- Heating and Cooling for Own Use

Scope 1
Direct Emissions

- Company Facilities
- Company Vehicles

Scope 3
Indirect Emissions

- Use of Sold Products
- Processing of Sold Products
- Investments
- Franchises
- Transportation and Distribution
- End-of-Life Product Treatment
- Leased Assets

Upstream Activities — **Magna** — **Downstream Activities**

☐ Most Significant ■ Not Relevant

2.1.5 Addressing Scope 3 Emissions

Magna has established near-term energy saving goals (details in Section 2.2.3) and renewable electricity goals (details in Sections 2.1.2 and 2.2.3) to address our Scope 1 and 2 emissions. For Scope 3 emissions, our near-term and net-zero targets are reductions of 25% by 2030 and reductions of 90% by 2050, respectively, taking into account all 15 emissions categories (only 12 of which are relevant to Magna). While Magna intends to work on reducing the impact in all relevant categories; there will be significant focus on category 1 (Purchased Goods and Services) and category 11 (Use of Sold Products) which account for approximately 92% of our Scope 3 emissions based on our current Scope 3 emissions inventory.

Scope 3 Category 1: Purchased Goods and Services

Magna is pursuing Scope 3 Category 11 emissions reduction as part of our broader sustainability and decarbonization strategy. Purchased goods and services represent approximately 52% of our carbon footprint; and in pursuit of our SBTi targets Magna has embedded supply chain decarbonization into our operational planning and strategic decision-making. The company has set ambitious science-based targets, verified by the SBTi, with the goal of achieving net-zero emissions by 2050. To address Scope 3 Category 11 specifically, Magna is increasing supply chain transparency, refining our approach to responsible sourcing, and launching the Energy Optimization Playbook as part of the SP working group to engage suppliers in emission reduction efforts. These initiatives are designed to optimize resource use, enhance energy efficiency, and foster collaboration across the value chain, helping to integrate environmental stewardship into manufacturing and procurement processes.

Scope 3 Category 11: Use of Sold Products

Magna's approach to reducing Scope 3 Category 11 emissions focuses on supporting product electrification, improving data transparency, and collaborating across the value chain. These emissions are generated during the use phase of our sold products and account for approximately 40% of our carbon footprint. The tactics used to support our approach include mapping product sales to EV, ICE, and hybrid platforms, prioritizing electrified powertrain systems, where possible, and leveraging lifecycle assessments to identify high-impact components. Magna is also implementing AI supported dashboards for emission forecasting and scenario modeling. We are also engaging suppliers to provide auditable emissions data in 2026, this will include a requirement for certain suppliers to meet ISO 14067, which requires verification. These efforts align with Magna's commitment to achieve a 25% reduction in Scope 3 emissions by 2030 and support the decarbonization efforts across the automotive industry.

We maintain two working groups — Sustainable Materials, and Supply Chain Sustainability — that focus on supply chain decarbonization. In 2025 these cross-functional groups continued to contribute in-depth knowledge on commodities and technologies that will be instrumental in executing our net-zero strategy.

We took a number of actions to assist our suppliers in their decarbonization efforts:

Scope 3 Data Collection

We are committed to reducing carbon emissions and improving the impact of our products. These efforts cannot be achieved without the significant involvement of our supply chain. To assist our suppliers in improving their own environmental performance, we have introduced an environmental disclosure requirement for our supply base. We expect all our key suppliers to submit an Environmental Performance Disclosure. A failure to provide the disclosure could negatively impact the supplier's rating.

Transform: Auto Initiative

As a founding member of the Transform: Auto initiative, Magna has collaborated with OEMs across the automotive industry to support decarbonization. This initiative is designed to support the automotive sector in its transition to renewable energy and it supports Magna's decarbonization goals, given that our supplier's Scope 2 emissions make up a significant portion of Magna's Scope 3 emissions.

The Transform: Auto initiative is a comprehensive program aimed at promoting renewable energy adoption and sustainability practices among automotive suppliers. The initiative focuses on several key areas, including (i) community solar projects — to provide an opportunity for suppliers to access renewable energy without the need for on-site installations; (ii) green tariff programs; (iii) utility-scale renewable energy procurement such as power purchase agreements; and increasing decarbonization education throughout the supply chain in the form of webinars, learning pathways, and courses. By engaging with suppliers and stakeholders, Magna aims to create a collaborative environment that fosters innovation and sustainable development.

2.2 Climate-Related Opportunities

2.2.1 Corporate Strategy

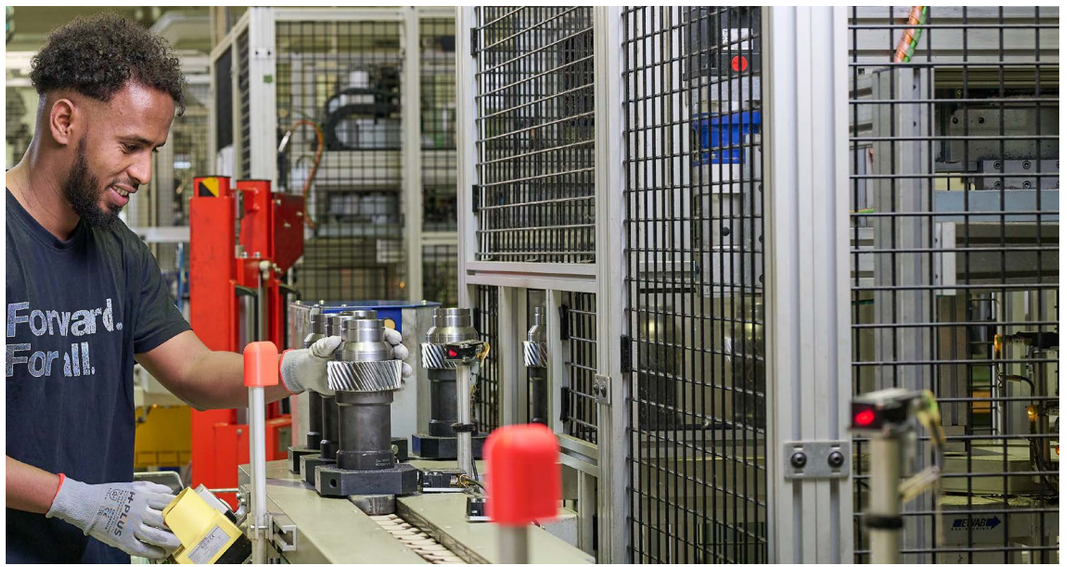
To drive long-term success, Magna is focused on a number of key areas as part of its corporate strategy. One strategic area critical to climate-related opportunities is Magna's product portfolio.

Magna's approach to product involves viewing our portfolio through the lens of a long-term owner. As a starting point for this approach, each of our businesses must meet the following requirements:

- operating in meaningful or growing markets with significant profit opportunities;
- having strong market positioning and profitable growth, or a path toward both;
- possessing sustainable competitive advantages.

These requirements for our product portfolio have already delivered scale and market leading positioning across a number of different businesses and markets. For example, our portfolio reflects:

- global leadership in body and chassis, all-wheel drive/front wheel-drive, transmissions, latches, mirrors and contract vehicle assembly;
- top five global positioning in ADAS;
- North American leadership in exteriors and top three market positioning in seating; and
- top five European market positioning in both exteriors and seating.



Employing strategic portfolio management, we seek to achieve strong performance in leading markets. Practically, this involves managing all our businesses for continuous improvement, while deploying capital investments to areas that are most aligned with our long-term portfolio priorities.

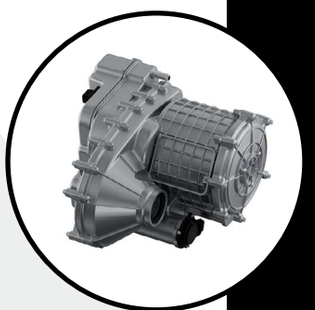
One such priority has been to focus on businesses that can deliver profitable growth while remaining agnostic to the vehicle's method of propulsion.

However, we believe that electrification provides growth opportunities, even though the pace of adoption may not be linear. As the proportion of vehicles on our roads transitions from ICE to EV, Magna is strategically positioned to increase the content and value we can deliver to our customers.

For a detailed description of Magna's corporate strategy, see the "Our Corporate Strategy" in our Annual Information Form.

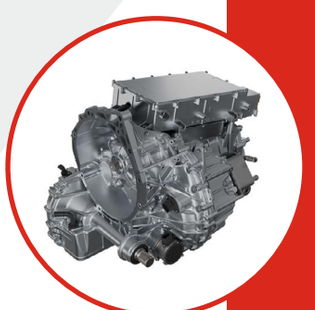
2.2.2 Markets & Products

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



Next Generation 800V Electric Drive

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



Dedicated Hybrid Drive System

Magna continues to accelerate hybrid innovation with its first dedicated hybrid drive system award, designed to meet the evolving needs of global automakers. This innovative system combines electric motor technology with internal combustion engine efficiency, delivering a seamless transition between electric and hybrid modes. The system, which includes Magna's DHD Duo System (a longitudinal front drive solution featuring an advanced dual e-motor and multi-speed design), offers enhanced performance, improved fuel efficiency, and reduced emissions, making it an adaptable solution for multiple vehicle platforms without the need for structural modifications. By leveraging advanced engineering and design, the dedicated drive system underscores Magna's commitment to providing scalable and flexible powertrain solutions for the hybrid market.

2.2.3 Resource Efficiency

Energy

Our aggregate global energy spend in 2025 amounted to approximately $477 million broken down by type as follows:

$394M
Electricity

$62M
Natural Gas

$21M
Other[1]

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.

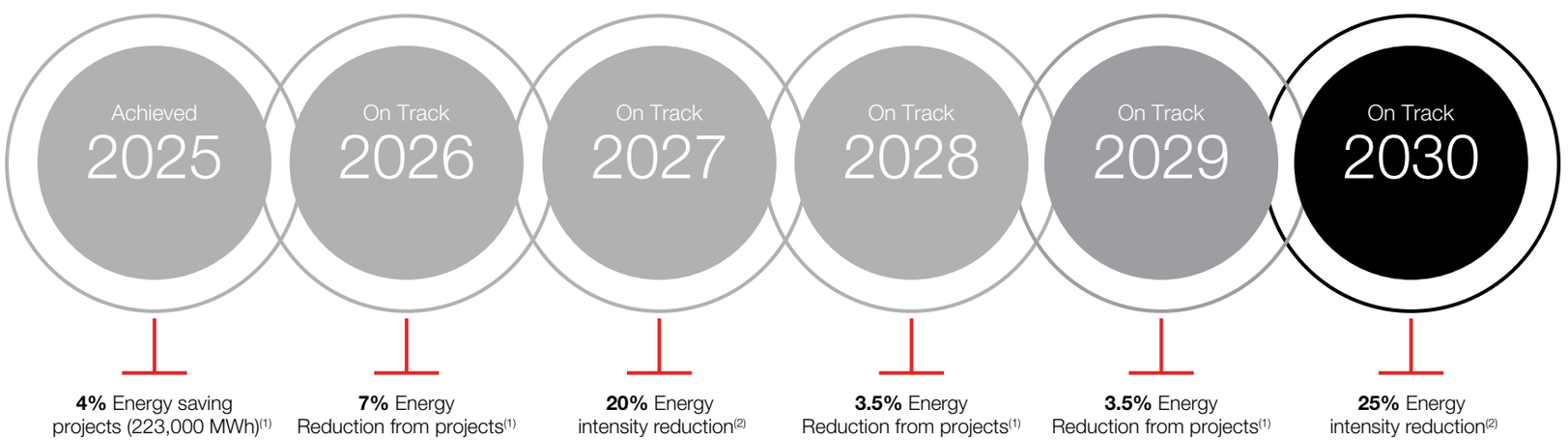
In connection with our efforts to promote energy efficiency and to continue to make progress on our science based targets (which have a 2021 baseline year), we periodically establish short term energy reduction targets for each of our Operating Groups, as illustrated below.

In 2025 we achieved a 4% energy reduction from our 2023 operating year, marking the first milestone toward our broader science based reduction targets through 2030. We are continuing this trajectory with planned energy reductions of 7% in 2026 and 3.5% in 2027. From 2028 to 2030, we aim to sustain an annual reduction of 3%. Together, these targets demonstrate our ongoing commitment to lowering our environmental impact and driving continuous improvement in energy performance across all operations.

Our phased-in renewable energy strategy focused on Europe first (now 100% renewable electricity usage), followed by Canada, and then the other markets in which we operate. In 2025, 38.6% of our global electricity consumed was from renewable energy sources evidenced by renewable Energy Attribute Certificates (“EACs”) or from on-site generation from photovoltaic (solar panel) or solar thermal systems, where feasible. At the end of 2025, 192 of our facilities use renewable electricity in some form, with 132 such Divisions using 100% renewable electricity.

Renewable Electricity Purchases

In 2025, we purchased approximately 1,190,000 MWh of renewable electricity, an approximately 159 percent increase since 2021. In the near — and medium terms, adoption of renewable energy may increase our overall energy costs, but we are working to offset the impact of such increases through energy use reductions. Our renewable electricity efforts are bolstered by strategic partnerships, such as our agreement with Ontario Power Generation to have 100% renewable electricity in our Canadian facilities by 2028.



[1] Energy savings projects value in MWh is based on comparison to the two years prior [2] Energy intensity reduction goals are calculated against a 2022 baseline

[1]Propane; Liquid Petrol; Diesel; District Heat; Steam; Coal Gas

On-Site Renewable Electricity

We generated 81,595 MWh of on-site solar energy in 2025 — a ~53% increase compared to 2024. Our renewable energy self- generation has grown over time, however, self-generation represents a more limited opportunity for us compared to the purchase of EACs, since the vast majority of our facilities are leased, as well as other factors such as, footprint constraints for solar panels at certain owned facilities, and/or facilities in locations with relatively clean electrical grids that may make self- generation economically unfeasible.

To support the acceleration of our renewable energy transition, Magna is actively integrating renewable electricity solutions across its global Divisions, reinforcing our commitment to sustainability and operational excellence. In addition to cutting carbon emissions and air pollution, we view renewable electricity as a smart investment — lowering operational costs and leading to long-term cost savings. In 2025, we achieved 100% renewable electricity in Europe, including Türkiye and the UK. Looking ahead, we are committed to achieving 100% renewable electricity in Canada by 2028, and globally by 2030.

Energy Efficiency Activities

Nearly all of our Divisions — approximately 99% — maintain active energy teams dedicated to driving efficiency improvements. These teams work in close collaboration with our Global Energy Team, which provides strategic support through training programs, regional benchmarking sessions, newsletters, an internal collaboration platform, and best practice sharing to accelerate energy redction initiatives.

Our Divisions continue to implement a wide range of measures to reduce energy consumption and improve operational efficiency, including:

- Installation of LED lighting and integration of lighting controls into building management systems (BMS);
- Optimized equipment start-up, shut-down, and idling procedures to minimize energy use during downtime;
- Compressed air leak detection and repair programs;
- Ceiling fans to balance air temperatures across production areas;
- Computer-controlled utility and HVAC systems for improved performance and reduced energy demand;
- Energy metering and monitoring systems, now standard across all manufacturing facilities;
- Door and dock seal repairs to prevent 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 retrofits;
- Deployment of solar panels at selected facilities;
- Insulation mattresses on equipment and heating units;
- Waste heat recovery from high-temperature processes for reuse in other areas;
- Variable frequency drives on motorsand pumps; and
- Participation in utility-sponsored energy savings and incentive programs.
- Launch of AI pilot projects to optimize infrastructure systems and enhance energy data analytics for improved efficiency.

After introducing the Global Energy Efficiency Tracker in 2024, we enabled real-time visibility into improvement activities across all sites and implemented a scoring system to drive continuous progress.

Our efforts to reduce energy consumption and operate facilities on a more energy efficient basis forms part of our formal MAFACT system — the primary operational assessment audit tool used to support our operational excellence. The MAFACT system establishes standards for achieving operational efficiencies, identifies benchmarks and promotes best practice sharing among Divisions in Magna. The integration of energy management elements into a core operational assessment tool such as MAFACT is intended to reinforce the importance of energy management throughout the organization and help realize potential cost savings. In 2025, we implemented 1,270 energy saving projects across all of our Operating Groups which saved approximately 249,000 MWh and resulted in approximately 67,144 tons of Carbon Dioxide Equivalent ("CO_2e") in annual savings using the location-based method.

Recognizing the critical role of energy optimization in achieving our net-zero targets, we created a dedicated approval category for energy efficiency and sustainability-related capital investments. In parallel, we launched the ECO50 initiative in 2024, targeting $50 million annual energy costs avoidance through energy reduction projects and on-site renewable generation. By October 2025, ECO50 successfully achieved its goal. Building on this momentum, we initiated Phase 2, aiming for an additional $50 million annual energy costs savings by the end of 2026.

To further accelerate progress, we introduced two global campaigns in 2025:

- Downtime Challenge: Engaging all plants to reduce energy consumption during non-production hours.
- ZERO Cost Case Study Campaign: Sharing and evaluating innovative projects from across our network that deliver measurable savings without requiring monetary investment.

Recent project highlights include:

- Implementation of a smart retrofit solution for compressed air leaks, saving 1.65 million kWh annually in a U.S. Division.
- Introduction of a tubular daylighting system in the workshop in one of our Chinese Divisions, replacing daytime LED lighting with natural light. The system, combined with sensor-controlled switching, saves 14,400 kWh per year and provides uniform, glare-free illumination, improving both energy efficiency and working conditions.
- Deployment of machine idle shutdown and monitoring alarms on injection molding machines at a Canadian Division, reducing energy waste by 1,134,388 kWh per year.

These initiatives reflect our commitment to embedding energy efficiency and sustainability into every aspect of our operations and driving continuous improvement toward our long-term goals.

2.3 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" 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 "Risk Factors" in our AIF.

2.3.1 Transition Risks and Risk Mitigation

Regulatory Policy Actions

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

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

European Union: E.U. regulations generally require OEMs to achieve E.U. fleet-wide average emissions of 93.6 g CO_2/km for cars from 2025 to 2029 (153.9 g CO_2/km for vans), and 49.5 g CO_2/km (90.6 for g CO_2/km vans) from 2030 – 2034, each based on the Worldwide Harmonized Light Vehicles Test Procedure ("WLTP"). As part of the E.U.'s approved "Fit for 55" legislation, the target is a 100% reduction from 2035 onwards, meaning 0g CO_2/km for both cars and vans. In April 2025 the European Commission proposed a one-time flexibility measure allowing car and van manufacturers to meet 2025–2027 CO_2 targets over a three-year average rather than annually. 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. Penalties levied on non- compliant OEMs may be passed on to vehicle-buying consumers, which could impact demand for such vehicles and thus demand for Magna products supplied for such programs.

Additionally, E.U. regulations contain incentives aimed at promoting the development of Zero- and low-emission vehicles ("ZLEVs"). The CO_2 emissions targets applying to any particular OEM will be relaxed if its share of ZLEVs registered within the E.U. in any year exceeds 25% from 2025 to 2029; however, such incentives will be eliminated under the Fit for 55 legislation from 2030 onwards.

China: China has maintained stringent (China VI) emissions regulations addressing particulate emissions since 2021. In 2023, a new phase of China's emission standards, known as China VI-B, was implemented whereby non-compliant vehicles are no longer allowed to be produced, imported, or sold in China (subject to a 6-month grace period that ended December 31, 2023). China is accelerating the development of the China VII vehicle emission standards, with the official standards expected to be released in 2026. These standards are expected to drastically reduce vehicle NOx, particulate matter, and CO_2 emissions.

United States: U.S. Environmental Protection Agency ("EPA") vehicle emissions standards for passenger cars and light- duty trucks with model years 2023 – 2026 would result in a fleetwide average fuel economy of approximately 40 mpg (miles per gallon) in 2026. In March 2024, the EPA issued its new emissions standards that would increase in stringency each year from model year 2027 to model year 2032. If maintained, the new standards would result in an industry-wide average target of:

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

In addition, in June 2024, the U.S. National Highway Traffic Safety Administration announced the final corporate Average Fuel Economy ("CAFE") standards — regulating how far vehicles must travel on a gallon of fuel for 2027 to 2031 model year vehicles. The standards would effectively bring the average light-duty vehicle fuel economy up to approximately 50.4 miles per gallon by model year 2031. However, in December 2025, under the current U.S. administration, a proposal was unveiled by the U.S. Department of Transportation to relax fuel economy standards by setting the industry-wide average for light-duty vehicles at roughly 34.5 miles per gallon through the 2031 model year. The proposed standards will also eliminate the CAFE credit trading program starting in model year 2028, which previously allowed auto makers to trade compliance credits.

The current U.S. administration has also taken steps to roll back policies supporting electric vehicles ("EVs"). In addition to the proposed roll back of tailpipe emissions standards discussed above, the administration has eliminated EV purchase incentives, revoked the prior administration's executive order targeting 50% of new vehicle sales to be zero-emission by 2030, and halted funding for EV infrastructure that had been earmarked in the U.S. Inflation Reduction Act of 2022 and the Infrastructure Investments and Jobs Act. The EPA has also recently rescinded its 2009 Endangerment Finding for greenhouse gases, which forms the basis for the regulation of motor vehicle emissions standards.

Globally, the EV market continues to grow, with nearly one in five cars sold in 2025 being electric. China and certain countries in Europe are leading the charge with strong government support and incentives. Norway is a global leader in EV adoption with 92% of total passenger vehicle sales being EV in 2024. China was a leader in volume of EVs sold based on 48% of vehicle sales being EVs in 2024. Meanwhile, United States lags other major markets with EVs comprising approximately 10% of total car sales in 2024. At a global level, tightening emissions standards are intended to promote the transition to ZEVs. OEMs have been spending significant sums in R&D in order to meet the higher regulatory standards. Although production of ZLEVs/ ZEVs is accelerating due to regulatory requirements, to the extent that ZLEVs/ZEVs do not sell at the levels expected, including as a result of governmental policy reversals, production volumes may need to be reduced. Lower than forecast production may impact our ability to recover various pre-production, tooling, engineering, and other costs incurred in advance of production, or to recover them within the timeframe initially contemplated in our business plan. Additionally, we may experience production inefficiencies, including as a result of unutilized or underutilized production capacity and/or disruptions to our workforce plans at affected facilities.

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

The United Kingdom introduced new regulations (the Zero Emission Vehicle ("ZEV") Mandate) in January 2024 requiring 22% of all new cars and vans sold by OEMs in the UK to be zero emission. However, some flexibilities were introduced which effectively brought down the target to 18%, and which the auto industry met with 19.6% EV sales

in 2024. For 2025, the headline target is 28% but with flexibilities this works out to just over 22%, with the percentage rising to 80% by 2030, and culminating in the complete ban on the sale of new ICE vehicles by 2035.

In North America, Canada is advancing vehicle electrification through a revised regulatory and industrial strategy announced in February 2026. The federal government is repealing the Electric Vehicle Availability Standard and replacing it with greenhouse gas emissions standards for light-duty vehicles. These standards are intended to place Canada on a pathway toward approximately 75% electric vehicle sales by 2035 and 90% by 2040, while providing manufacturers flexibility to comply using a range of technologies, including battery-electric vehicles, plug-in hybrids, and other high-efficiency vehicles. Complementary measures include investments in domestic vehicle and battery manufacturing, clean electricity and charging infrastructure, and renewed consumer incentives to support affordability and accelerate zero-emission vehicle adoption.

In the U.S., the State of California's, California Air Resources Board ("CARB") had adopted the Advanced Clean Cars II regulations in 2022. The regulations ban ICE-powered vehicles in California by 2035, and include progressive targets for ZLEVs in the intervening years. Several U.S. States and the District of Columbia have existing laws that require state emissions policies to mirror those of California. Currently 17 U.S. states have adopted all or part of California's low-emissions or zero- emission vehicle regulations. In addition, the following U.S. states have adopted California's Advanced Clean Cars II regulations: Colorado; Delaware; Maryland; Massachusetts; New Jersey; New Mexico; New York; Oregon; Rhode Island; Vermont; Washington and the District of Columbia. In May 2025, the EPA waivers granted to California were rescinded, including the Clean Air Act waiver underpinning the Advanced Clean Cars II regulations. California has challenged the revocation and it is currently under judicial review.

Given the lead times for vehicle development such regulation and proposed regulation are expected to increasingly impact OEM and automotive supplier product planning and development this decade, and have led to several OEM establishing EV targets for specific brands or their complete vehicle offerings. Although the number of EVs sold globally continues to grow, the rate of growth has moderated in some markets due to consumer hesitancy related to issues such as: vehicle affordability; reduced availability of government rebates for the purchase of EVs; concerns regarding evolving battery technologies; anxiety regarding driving range; inadequacy of charging infrastructure; new EV OEMs and models with little or no operating and warranty history; and rapid depreciation and deterioration in residual values for EVs. As a result, Certain OEMs, primarily in North America, continue updating their EV strategies by deferring or cancelling planned EV programs and/or reducing production volumes below the levels at which we previously quoted. Where possible, we are pursuing commercial recoveries from our customers as a result of these actions, but we may be unable to fully recover various pre-production, tooling, engineering, and other costs incurred in advance of production, or unable to recover them within the timeframe originally contemplated in our business plan. We may also experience production inefficiencies, including as a result of unutilized or underutilized production capacity. Despite the current pace of EV adoption and the program deferrals discussed above, each of our top six customers maintains targets for greater EV production by the 2030-2035 period. BEVs accounted for approximately 16% of total of global light vehicle production in 2025, and are projected to reach 28% by 2030 (41% by 2035) based on current S&P Global (Autobase) light vehicle production forecasts.

Vehicle Restrictions in Congested Urban Centres: municipal governments in a number of cities around the world have introduced restrictions on personal-use vehicles in congested urban centres, in an effort to reduce CO_2 emissions and improve urban air quality. Examples of the types of restrictions include: car-free zones; toll charges; and use restrictions by license plate. Continued expansion of such initiatives could reduce the demand for personal-use vehicles, which could affect our profitability.

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

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

In terms of direct policy actions affecting our operations, we anticipate continued strengthening of environmental regulations related to industrial emissions and discharge of pollutants to air, water and ground. We currently face strict environmental regulations in the countries where we operate and have developed a global environmental management program in order to comply with or exceed regulatory standards. Our environmental management program is regularly updated to address changing environmental laws and regulations. Refer to "Section 2.5.1 — 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 "Risk Factors" in our AIF:

- Geopolitical Crises and Military Conflicts
- Threats to Free Trade Agreements
- International Trade Disputes
- Pace of EV Adoption
- North American Electric Vehicle Program Deferrals, Cancellations and Volume Reductions
- Regional Volume Declines
- Deteriorating Vehicle Affordability
- Consumer Take Rate Shifts
- Evolution of the Vehicle
- Evolving OEM Competitive Landscape
- Restructuring Costs and Impairment Charges
- Changes in Laws
- Market Shifts
- Customer Purchase Orders
- Customer Pricing Pressure / Contractual Arrangements
- Environmental Compliance

Over the medium-to long-term, carbon pricing initiatives may present a risk to our profitability. According to the World Bank, in 2025 there were 113 carbon pricing initiatives including Emissions Trading Scheme ("ETS"), Carbon Tax, and Governmental Crediting mechanisms, implemented or scheduled for implementation in 55 countries and 44 sub-national jurisdictions, which would cover emissions representing 28% of global GHG emissions.

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

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

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

Customer-Driven Policy Actions

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

Climate-Related Litigation

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

Technology

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

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

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

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

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

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

- Intense Competition
- Consumer Take Rate Shifts
- Evolving OEM Competitive Landscape
- Deteriorating Vehicle Affordability
- Pace of EV Adoption
- Evolution of the Vehicle
- Customer Purchase Orders
- Restructuring Costs and Impairment Charges
- Technology and Innovation
- Changes in Laws
- Market Shifts
- Dependence on Outsourcing
- Customer Pricing Pressure/ Contractual Arrangements
- Investments in Mobility and Technology Companies
- Intellectual Property

Market

Some of the risks impacting the market for our products in the transition to a lower carbon economy are described above under "Regulatory Policy Actions" and "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 behavior, we conduct our own analysis of various factors that are expected to drive future personal and shared mobility trends, including through:

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

We do not currently anticipate long-term supply constraints on key commodities required by us in our business, including steel, aluminum or resin. However, production processes for steel and aluminum are carbon intensive, with relatively scarce supply of low-carbon alternatives. As the entire industry's decarbonization and net-zero efforts increase, the price of low- carbon steel and aluminum may increase in the near- and medium-terms until the supply of low-carbon product is sufficient to meet growing demand. In the near- and medium-term, the increasing production of ZLEVs may also strain supplies of the rare earth minerals and other metals required for vehicle battery systems, which we do not supply, including nickel, cobalt and lithium used in EV batteries, copper for EV charging infrastructure and rare earth metals for EV motor magnets. Geopolitical events and trade disputes, can also significantly impact the supply of rare earth minerals by creating uncertainties and volatility in global markets. Such disputes often result in tariffs, export restrictions, or other measures that can strain supplies of critical materials. 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 "Risk Factors" in our AIF:

North American Electric Vehicle Program Deferrals, Cancellations and Volume Reductions

- Interest Rates
- Intense Competition
- Consumer Take Rate Shifts
- Pace of EV Adoption
- Evolution of the Vehicle
- Deteriorating Vehicle Affordability
- Evolving OEM Competitive Landscape
- Supply Chain Disruptions
- Quote/Pricing Assumptions
- Commodity Price Volatility
- Technology and Innovation
- Market Shifts
- Dependence on Outsourcing
- Customer Pricing Pressure/ Contractual Arrangements
- Investments in Mobility and Technology Companies

Reputation

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

2.3.2 Physical Risks and Risk Mitigation

Acute Physical Risks

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

An acute climate event that significantly damages one of our facilities, could disrupt our production and/or prevent us from supplying products to our customers. Such an event could lead to us incurring a number of costs, many of which may be unrecoverable, including: costs related to the physical repair of any damage to our facility; costs related to premium freight or re-sourcing of supply; penalties or business interruption claims by our customers; loss of future business and reputational damage; and higher insurance costs going forward. Extreme climate events could also disrupt supply chains for the entire industry over the near-, medium- and long-term. The National Centers for Environmental Information, a U.S. federal agency, estimates that the number of billion-dollar weather and climate disasters in the United States has risen significantly to an annual average of 23 in the last five years, from an annual average of three per year in the 1980s. In recent years, a number of supply disruptions resulting from extreme weather have occurred around the world, including:

- A hurricane in the U.S. Gulf Coast that caused delays in automotive component deliveries and production halts.
- Typhoons in Southeast Asia that damaged infrastructure and logistics networks in Vietnam and Thailand, impacting the supply of automotive components.
- Flooding in India and Bangladesh that disrupted production and delivery of raw materials needed for automotive manufacturing.
- Flooding in Brazil that halted production of major automotive OEMs.
- Low water levels on major water ways causing disruption in shipments critical to German automotive parts suppliers.

Such events can cause shortages of critical materials, which in turn drives prices higher. Efforts to mitigate the impact of such events often result in higher near-term costs until disruption of the affected material has been resolved, due to factors such as premium freight costs for substitute materials. As the frequency of such events increases, we may be forced to maintain higher inventories of various materials and components required for production, to minimize potential disruptions.

We maintain a global property risk control (“PRC”) program to support our efforts to mitigate risks to our employees’ safety, physical property risks and potential for business interruption due to extreme weather events. The program, which includes risk engineering with support from a third party property risk engineering consulting firm, includes the following elements to promote the physical resiliency of our facilities and minimize the risk of disruption to our operations: pre-screening of facility site selection; acquisition risk assessments; periodic facility inspections; facility construction and improvement design review and recommendations; training and education. Our third party risk engineering consultant typically engages in over 170 physical on-site assessments annually to evaluate various risks, including those relating to natural hazards and also conducts targeted analysis of areas of concern. Using the Swiss Re CatNet and Munich Re natural catastrophe databases, the advisor has analyzed over 400 unique Magna locations, including our 330 manufacturing Divisions, to assess climate related exposures, including: flood, wind, storm surge, wildfire, tornado, tsunami, hailstorm, lightning, temperature change, precipitation, sea level rise risk and water security. The results of the analysis form the basis of discussions with our PRC group regarding potential risk control recommendations to be implemented in our facilities.

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

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

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

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

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

Chronic Physical Risks

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

- **Property Risk Concentrations:** The top ten geographic regions in which we have large concentrations of property/asset risk, meaning multiple locations within a 35 km radius, comprise approximately 44% of the total insured value (“TIV”) under the property risk program. These geographic regions are located in Austria, Canada, Germany, Mexico and the U.S. 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:** Scientific research is increasingly linking the effects of climate change on seismic activity. More specifically, it is believed that changes in climate that alter ice and water loads could lead to more frequent fault movements and earthquakes due to rapidly changing stress conditions. We have operations in Austria, Morocco, Portugal, India, Türkiye, Japan, Italy, Romania, North Macedonia, Serbia, China, the U.S., and Mexico comprising approximately 5.5% of the TIV under our property risk program, which are located in regions of “moderately high” or greater seismic hazard. There are no Magna operations in regions where the seismic hazard is considered “Very High” or “Extreme”.
- **Tropical Cyclone Zones:** Operations in certain parts of Mexico, Japan, China, India, and the U.S. comprising approximately 4.2% of the TIV under our property risk program are located in hurricane risk Zone 1 to Zone 5, with 2 locations in Mexico, 1 location in China, 1 location in India and 1 in the U.S. falling in Zone 3, as per Munich Re’s Natural Hazards Assessment Network (NATHAN) categorization. TIV by Tropical Cyclone Zones are as follows:

Munich Re (NATHAN) Tropical Cyclone Zone	Proportion of TIV
Zone 5: > 300 km/h	NIL
Zone 4: 252-300 km/h	NIL
Zone 3: 213-251 km/h	0.5%
Zone 2: 185-212 km/h	0.3%
Zone 1: 142-184 km/h	3.4%
Zone 0: 76-141 km/h	23.5%
No hazard: < 76 km/h	72.3%

- **Flood Zones:** Flood risk is typically categorized as 50-year, 100-year, 200-year and 500-year flood risks. Definitions of these categories based on Swiss Re's CatNet Global Flood Zone (GFZ) categorization showing the number of our locations and the proportion by TIV for each category are as follows. The information provides insights into possible flood hazards across the property portfolio. Site specific flood hazard determination requires highly precise geocoding, digital local authority flood maps, site finished floor elevation and other related construction details. In many cases, site-level review and validation were completed to confirm the exposure:

Category	Flood Probability	Number of Locations	Proportion of TIV
50 year	1 in 50 (2%) chance of occurring in a year	17	1.4%
100 year	1 in 100 (1%) chance of occurring in a year	65	9.2%
200 year	1 in 200 (0.5%) chance of occurring in a year	58	11.2%
500 year	1 in 500 (0.2%) chance of occurring in a year	32	2.8%
Outside	Outside recognized flood zones	518	75.4%

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

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

Two of such Divisions, one in Türkiye and one in China, representing less than 0.1% of TIV are located within one kilometre of a coastline.

- **Wildfires:** One division located in Brazil and one in the United States, representing less than 1% of TIV, are considered as being exposed to significant wildfire risk. All other wildfire risk is considered moderate to negligible. Wildfire risk is reviewed based on proximity to forests and grasslands with consideration of topography and climate conditions.

- **Tornados:** The review of tornado hazard is based on the historical occurrence and the intensity of F2 to F5 (see F-Scale below) events based on meteorological data. Approximately 81% of property values fall within the moderate to "no tornado observed" categories, based on Swiss Re's hazard data. The other 19% fall within the significant, high and very high categories, and represent various locations in the U.S. and one location in Canada.

Fujita Scale (F-Scale)

F0	< 73 MPH
F1	73 to 112 MPH
F2	113 to 157 MPH
F3	158 to 206 MPH
F4	207 to 260 MPH
F5	261+ MPH

Category	F2 – F5 Tornados per year (per 2,500 sq km)	Number of Locations	Proportion of TIV
Very High	> 0.75 Tornados per year	1	< 1%
High	> 0.5 to < 0.75 Tornados per year	22	7.7%
Significant	> 0.35 to < 0.5 Tornados per year	71	11.9%
Moderate	> 0.2 to < 0.35 Tornados per year	110	17.0%
Low	> 0.1 to < 0.2 Tornados per year	20	2.0%
Very Low	< 0.1 Tornados per year	432	53.9%
No Observation	Not in tornado zones	34	7.5%

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

  Increasing temperature in addition to changes in precipitation patterns can cause drier weather conditions and more intense and frequent water scarcity and drought events.

  As part of our Property Risk Management program, we conducted an assessment of water scarcity risk in 2025. Water scarcity suggests the absence of a reliable or acceptable quantity and quality of water. Water is a critical input in many production processes as well as the lifeblood of sprinkler protection systems. A reduction or failure of water supply could cause a significant impact on operations in the affected region. The methodology for determining water scarcity exposure was based on the Coupled Model Intercomparison Project Phase 6 (CMIP6) of the IPCC. CMIP6 models make use of climate change scenarios based on "Shared Socioeconomic Pathways" ("SSPs"), which include, socio-economic factors. The SSP framework provides a set of detailed narratives/scenarios describing different paths society could take during the 21st century in response to climate change, with regards to economic, technological, social and geopolitical factors. These narratives/ scenarios can help organizations anticipate risks to their businesses in an integrated, holistic manner.

  The water scarcity index resulting from the assessment describes the hazard of a location facing a deficit in the availability of freshwater supply on a scale of 1 (very low) to 5 (very high). Of the locations assessed in 2025, there are currently 21 Magna locations with a high or very high exposure to water scarcity, this number represents approximately 7% of the portfolio assessed and includes locations in China, India, Italy, Mexico, Spain, and Morocco. Mexico represents the most significant region in terms of exposure to water scarcity risks, as approximately 50% of the affected locations currently exposed are in Mexico. Using the SSP1 (Sustainability) scenario, the number of Magna locations with a high or very high water scarcity exposure increases to 27 in 2030 with locations in Canada and Turkey added. When reviewing the water scarcity variables (such as water stress, water depletion and interannual variability), certain Magna Divisions in Mexico consistently appear in the analysis, confirming the high exposure to water scarcity in these regions. While we currently attempt to mitigate the impact of water scarcity risks through water reduction and re-use activities, including the use of treated waste water for irrigation of green areas on a site, the water scarcity analysis is used for additional discussions with specific Divisions and our risk engineering consultant, including potential additional recommendations for action plans to mitigate water scarcity risks in the affected regions.

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

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

2.4 Water, Waste & Biodiversity

2.4.1 Water

We have implemented a 1.5% per year water reduction target, with the aim of reducing water use 15% by 2030, in each case referencing 2019 as the baseline year. To date, we have met this target, having achieved a reduction of over 18% at the end of 2025. 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. This strategy reflects our dedication to responsible water management across operations and the supply chain. The components of the strategy are the following:

Risk Assessment

Magna has completed a water risk assessment using the WWF Water Risk Filter. The 30 sites with the highest risk scores were identified as an entry point to our water stewardship strategy, with the intention to expand the strategy to other Magna sites.

Sites with the highest water risk scores are located mostly in: India, China and Mexico. As a risk score sub-category, the WWF Water Risk Filter assesses Water Availability. For Magna, Mexico has the most divisions with High Risk and Very High Risk scores in this sub-category.

Water Stewardship

Magna's water strategy is to reduce impact on water resources in our local communities and contribute globally to a resilient, sustainable water future through water conservation, water quality, supply chain, and transparency. Building upon a foundation of strong environmental performance, Magna will continue its commitment to water conservation with a 1.5% annual water reduction target, aiming to reduce water use by 15% by 2030, with 2019 serving as the baseline year. We achieved an over 18% reduction at the end of 2025.

Targets & Actions

We maintain the following targets with respect to water:

1.5%
Annual Reduction

15%
Overall Water Reduction by 2030 V. 2019 Baseline

All Magna Divisions must meet Magna's Global Effluent Guideline

Magna's water stewardship strategy is aligned with Magna's Environmental Principles ("MEPs"). Additionally, Divisions with programs aligned with Magna's water stewardship strategy will see higher MAFACT operational assessment scores.

Progress toward the goals and water conservation plans is continually monitored. Divisions are directed to use the Water Use Inventory and Management Plan which is aligned to Magna's MEPS and MAFACT assessment process. Divisions are required to follow Magna's Global Effluent Guidelines for sanitary (including process) and stormwater, found in the MEPs, emphasizing commitment to water quality.

Support is offered to the divisions by the Corporate Sustainability team through water-saving idea sharing and through Suppliers Partnership water stewardship resources, including Core Water Metrics for Automotive Operations, the Water Stewardship Strategy Framework, and a Water Stewardship Action Matrix.

Supply Chain

Magna is committed to water stewardship along the supply chain. Magna utilizes a third-party platform to record supply chain water reduction targets and metrics. Additionally, the mandatory NQC SAQ for key suppliers indicates a supplier's CDP Water score, and whether a supplier has a commitment to water quality, consumption, and management within their CSR/Sustainability requirements. As Magna continues to enhance its water stewardship activities, we intend to implement a supplier water risk assessment and follow similar steps to the internal practices to promote water stewardship among suppliers.

2.4.2 Waste

We have also implemented a zero waste to landfill ("ZWTL") target. Waste sent to landfill bears both an economic cost borne by Magna, and an environmental cost borne by society as a whole. Although achievement of our ZWTL target will help reduce or eliminate the economic cost, we do not anticipate any such savings will be material. In 2025 we diverted 96.7% of waste generated away from landfill.

In 2025, Magna introduced a comprehensive waste strategy to minimize waste generation across our operations and product lifecycle. The strategy focuses on minimizing waste generation across our operations and product lifecycle, increasing recycling and reuse, and integrating sustainable materials throughout the product lifecycle. It also strengthens engagement with our supply chain and emphasizes transparency in reporting. Building on our progress toward Zero Waste to Landfill and alignment with Magna's Environmental Principles, the strategy sets targets and actions to drive continuous improvement across operations and products. Centered on four key pillars: Operational Waste, Product Circular Economy, Supply Chain, and Transparency, the components of the strategy are the following:

Targets & Actions: Operational Waste

We maintain the following targets with respect to operational waste:

- 95% ZWTL[1] by 2030
- Increase recycling with a reduction in landfill/incineration

Magna's waste strategy is aligned with Magna's MEPs. Divisions aligned with Magna's waste strategy will see improvement in MAFACT scores. MAFACT assessments require divisions to report waste reduction projects and metrics and to utilize the Waste Inventory and Reduction Planning Guidance and the Waste Balance Tracking Sheet Template & Waste Reduction Plan Checklist. These resources are aligned with Magna MEPs focused on waste inventory, reduction planning, and waste disposal.

Targets & Actions: Circular Economy

The Magna Sustainable Materials Roadmap is structured under four pillars: Circular Materials/ Recycled Content in Products, Renewable Materials, End-of-Life Recyclability, and Products/Design Supporting Vehicle Efficiency. The roadmap references the OEM Material and Recycled Content targets. These targets serve as a guide for groups and divisions to align with targets and become leaders in automotive material sustainability.

Support will be offered from the Sustainability team on Product Carbon Footprint and Life Cycle Assessment, leading to long- term waste reduction for Magna products. Additionally, Suppliers Partnership Circular Economy resources will be made available to the divisions on topics such as Sustainable Materials and Sustainable Packaging. Suppliers Partnership has also published Core Waste Metrics for Automotive Operations, which will be provided for use by the divisions.

Supply Chain

Magna is committed to waste reduction along the supply chain. Magna uses a third-party platform to monitor waste metrics and utilizes the mandatory NQC SAQ for key suppliers to determine if suppliers have a waste reduction plan included in their CSR/Sustainability requirements. As Magna progresses on its own waste reduction journey, similar best practices and resource sharing will be made available to suppliers.

2.4.3 Biodiversity

In 2025, Magna completed a biodiversity risk assessment using the Integrated Biodiversity Assessment Tool ("IBAT"). This report identified Magna sites located within the boundaries of Key Biodiversity Areas and Protected Areas. The IBAT report assigns two biodiversity significance scores to the sites. These scores provide an understanding of the potential for biodiversity restoration and the reduction of threats to species by location. Following this report, a working group within the Sustainability and Environmental teams has begun to develop a strategy and potential targets for biodiversity.

Magna will also continue to contribute to the SP Nature-Based Solutions Working group to aid in the development of industry- wide biodiversity guidance and resources.

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 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.

2.4.4 Packaging and Shipping

Enhanced in 2025, Magna's Global Packaging and Shipping Guidelines are designed to promote safe and efficient packaging and shipping of materials to Magna facilities worldwide. These guidelines emphasize part quality, ergonomic considerations, and the use of sustainable materials to minimize environmental impact. Our suppliers are responsible for complying with

[1] The current definition for ZWTL used by Magna includes energy from waste. In line with the 2028 MEPs update, the ZWTL definition will be updated to 90% waste diversion NOT including energy from waste.

these standards and ensuring material quality throughout the shipping process. The guidelines detail the development and approval process for packaging, outlining the responsibilities of both Magna and its suppliers. This includes defining preferred packaging systems, approving packaging plans, and ensuring compliance with local regulations. Specific requirements cover pricing, design, container selection, ergonomic considerations, and testing. Sustainability is a key focus, with guidelines promoting the use of recyclable materials and reducing waste. Magna encourages the use of resin identification codes for plastic packaging to facilitate recycling and discourages wasteful, excessive, or non-recyclable packaging. The guidelines follow a hierarchy of waste elimination: reduce, reuse, and recycle. Suppliers are expected to continuously identify and correct wasteful packaging practices, ensuring that all materials used are recyclable and contribute to a circular economy.

As a member of SP, Magna worked alongside other SP member companies to create a voluntary guidance document- Automotive Packaging Materials Collection and Handling Practices-designed to advance sustainable packaging practices in the automotive industry. Building on previously published SP Sustainable Packaging Guidelines and related resources, this new guidance, released in July 2025, represents the latest in a series of initiatives aimed at promoting packaging circularity across the sector.

Magna collaborated with the industry in development of this guidance document by:

- Co-chairing the collaborative process with Toyota Motor North America.
- Inviting input for the guidance document from leading OEMs — including Ford Motor Company, General Motors, Honda Development & Manufacturing America, Stellantis, and Toyota — along with tiered suppliers, packaging providers, and recyclers.
- Communicating, building and expanding shared solutions that carry the potential for impact across the value chain.
- Supporting RecycleMax with drafting the guidance document which offers practical recommendations for material-specific handling and sorting, space planning, signage design, and implementation strategies.

The best practices discussed in the resource help OEMs and suppliers maximize recyclable material recovery, reduce landfill waste, and minimize contamination in recycling streams. Spearheaded by RecycleMax and shaped by feedback from automakers, suppliers, packaging companies, and recyclers, the guidance emphasizes operationally tested solutions that can be adapted to facilities of varying sizes and locations — supporting industry-wide goals for circularity and sustainability.

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 above in “Section 2.3 — Climate-Related Risks and Risk Mitigation” and initiatives to realize opportunities discussed in "Section 2.2 — Climate-Related Opportunities" of this Sustainability Report are expected to promote our ability to adapt and succeed in a lower carbon economy.

2.5 Environmental Compliance

2.5.1 Environmental Stewardship

280

Facilities ISO 14001 Certified

25+

Facilities ISO 50001 Certified

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

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

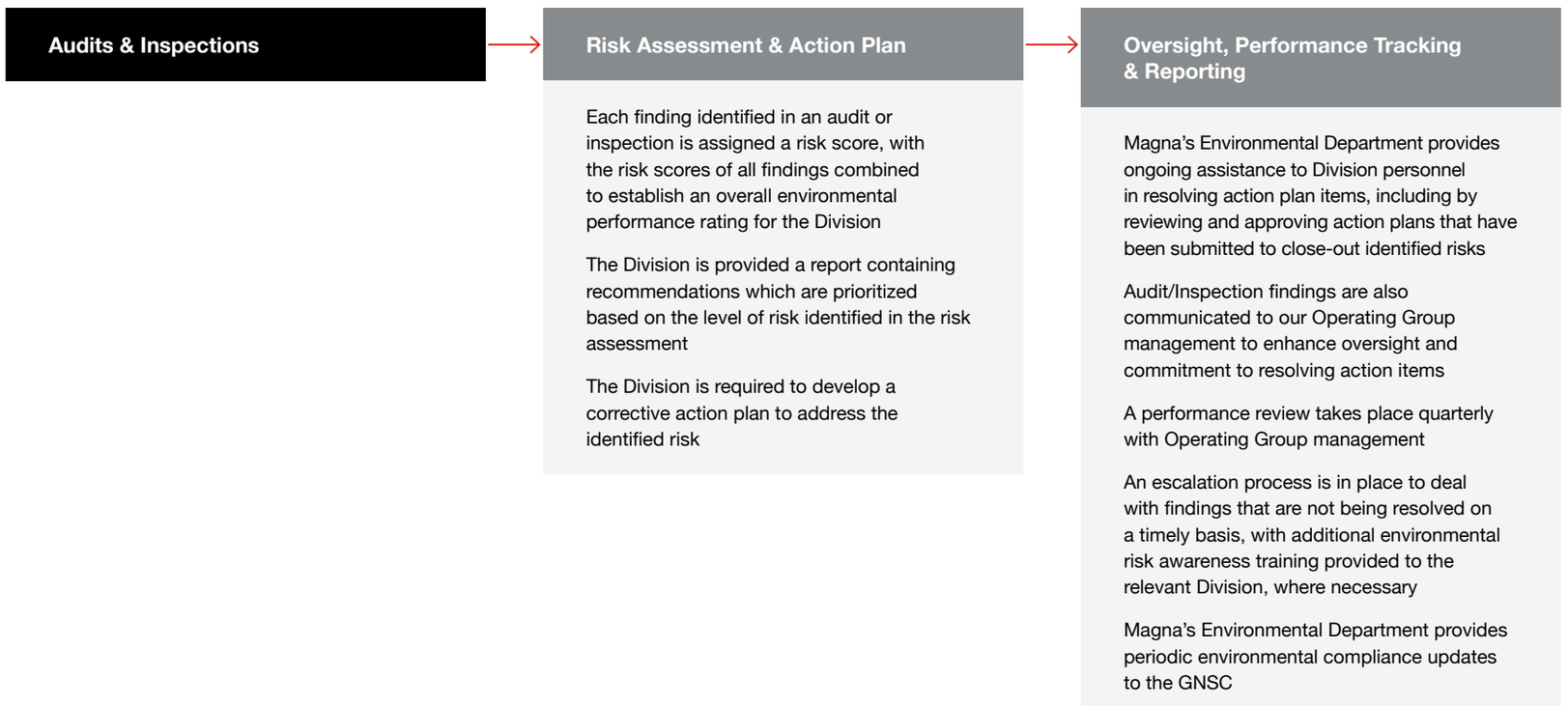
The full text of the HSE Policy is located on Magna's website (www.magna.com).

In August 2025, the Division HSE Peer Support Network program was launched to strengthen Magna's Health, Safety, & Environmental (HSE) culture through a collaborative and supportive peer network. The goals of the program are to:

- Foster connection & collaboration
- Support Professional Growth & Employee Retention
- Optimize HSE Effectiveness

2.5.2 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:



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. Health and Safety Trainings are regularly completed in each Magna facility by both office staff and divisional staff, based on relevant regulation, identified risk and Magna HS Standards, and their completion is verified through a system of regular compliance audits and inspections This training covers among other topics:

- Health and safety orientation
- Ergonomics awareness
- Health & safety responsibilities,
- Lockout/tagout procedures
- Workplace violence & harassment
- Forklift safety
- Crane safety
- Workplace hazard awareness

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

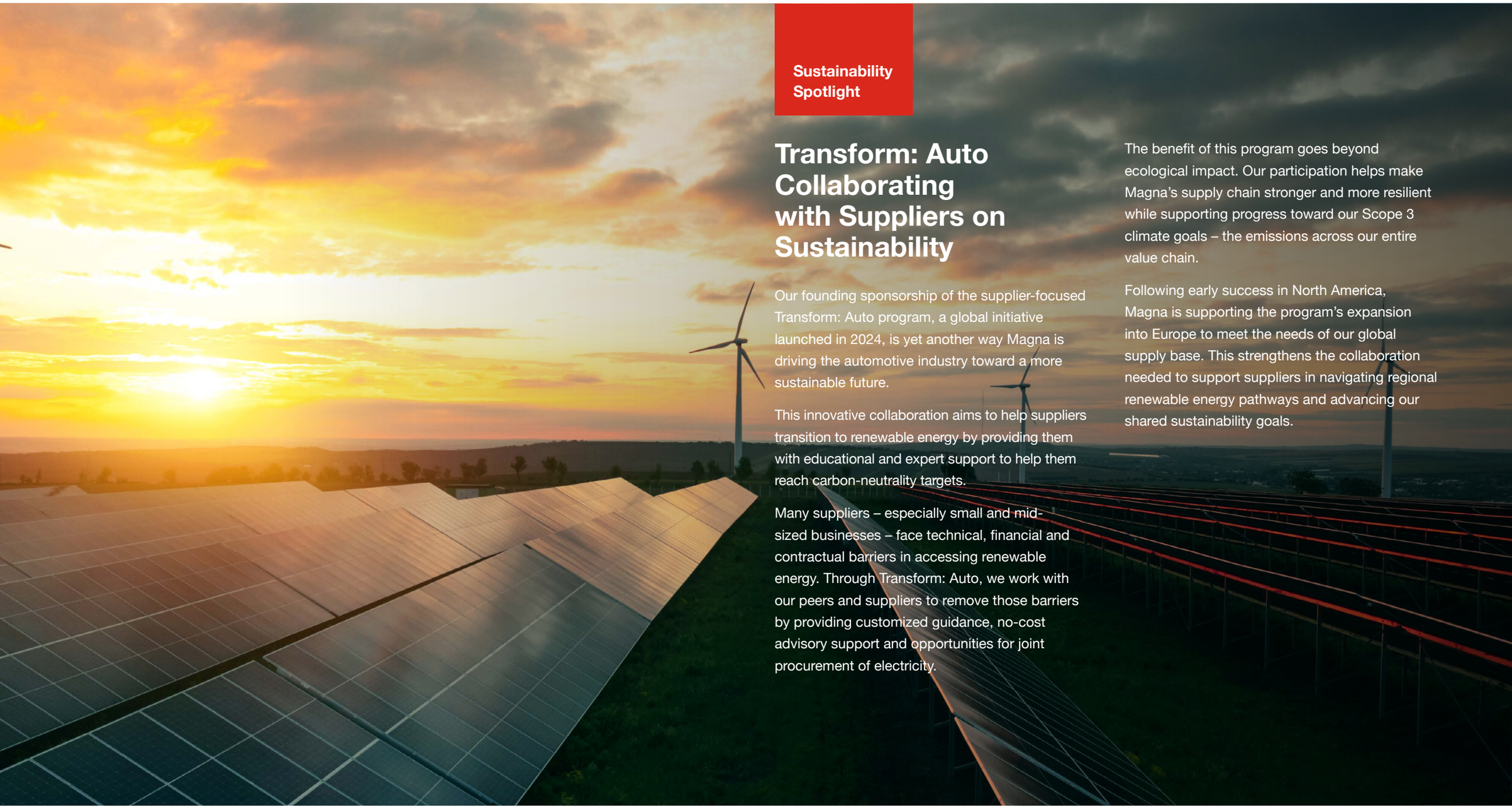
- reinforce Magna's commitment to environmental responsibility;
- communicate changes in local and regional regulations; and
- share best practices with respect to environmental protection, compliance and sustainability initiatives.

2.5.3 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 five percent of the aggregate waste generated by Magna in 2025 was hazardous, similar to 2024. We attempt to reduce the amount of hazardous waste that ends up in secure landfills through: recycling, reuse or energy recovery initiatives. Approximately 92% of the hazardous waste generated by Magna in 2025 was diverted from secure landfills through such initiatives.

2.5.4 Air Emissions Management

Air pollutants are tracked and managed at the Divisional level in accordance with the Magna Environmental Principles. Each Division maintains an inventory and layout of emission sources, including roof plans identifying emission points, their type and characteristics, and associated airborne pollutants. In addition, Divisions implement air quality management plans aimed at limiting emissions of pollutants of concern including noise. These plans include annual reviews of emission inventories, identification of uncontrolled processes, and evaluation and implementation of technically and economically feasible controls. Compliance is verified annually, with any deviations addressed by Corporate Environmental.



Sustainability Spotlight

Transform: Auto Collaborating with Suppliers on Sustainability

Our founding sponsorship of the supplier-focused Transform: Auto program, a global initiative launched in 2024, is yet another way Magna is driving the automotive industry toward a more sustainable future.

This innovative collaboration aims to help suppliers transition to renewable energy by providing them with educational and expert support to help them reach carbon-neutrality targets.

Many suppliers – especially small and mid-sized businesses – face technical, financial and contractual barriers in accessing renewable energy. Through Transform: Auto, we work with our peers and suppliers to remove those barriers by providing customized guidance, no-cost advisory support and opportunities for joint procurement of electricity.

The benefit of this program goes beyond ecological impact. Our participation helps make Magna's supply chain stronger and more resilient while supporting progress toward our Scope 3 climate goals – the emissions across our entire value chain.

Following early success in North America, Magna is supporting the program's expansion into Europe to meet the needs of our global supply base. This strengthens the collaboration needed to support suppliers in navigating regional renewable energy pathways and advancing our shared sustainability goals.

3. Social Responsibility

3.1 Human Rights & Working Conditions In Our Operations and Supply Chain

3.1.1 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 labour and other laws in all jurisdictions in which we operate. While such jurisdictions have a range of different laws, Magna's policy framework applies equally to all our operations across the globe to establish a common and consistent baseline for the fair treatment of our own employees, as well as those in our supply chain. 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 Magna personnel and suppliers to 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 do so can result in the termination by Magna of the supply relationship.

3.1.2 Governance

In addition to setting the "tone from the top" regarding our commitment to human rights and working conditions, Executive Management approves the implementation of the policies, procedures, systems, and tools described in this Sustainability Report, including through the Magna Compliance Council, which provides regular and ad-hoc updates on measures implemented to comply with relevant laws and regulations covering social risks.

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, including those described in Section 3.5;
- a Human Rights Officer ("HRO") oversees our compliance with the German Supply Chain Due Diligence Act (Lieferkettensorgfaltspflichtengesetz (LkSG)) (the "German Act"). We also have a global advisory board comprised of senior Magna leadership that provides guidance and receives periodic reports on the activities of the HRO and the German Act compliance team;
- Magna's global Procurement and Supplier Management function is responsible for directing due diligence processes within the supplier base, as described below. 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 (each discussed below), 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
- our global Sustainability team that provides overall support for ESG policy, practices and initiatives.

We maintain cross-functional working groups to coordinate implementation of activities to meet obligations under laws and regulations addressing human rights and social risks, including the German Act, Canadian Forced Labour Act, the U.S. Uyghur Forced Labor Prevention Act, the E.U. Corporate Sustainability Due Diligence Directive ("CSDDD"); and E.U. Regulation on Prohibiting Products Made with Forced Labour on the Union Market.

Magna's Compliance Council supervises our ethics and compliance program, by satisfying itself that the required elements of our compliance 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 its standing committee, the GNSC (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.

We annually report our activities with respect forced labour/child labour pursuant to Canada's Fighting Against Forced Labour and Child Labour in Supply Chains Act (the "Canadian Forced Labour Act"). The report is available on our website (www.magna.com).

3.1.3 Our Policy & Supplier Contracting Framework

We maintain a number of policies designed to reinforce our rigorous expectations regarding, among other things, ethical behaviour and respect for human rights and working conditions for both our employees and our suppliers. These include:

- Our Code of Conduct and related policies which are discussed in greater detail in Section 4.1.1
- Our Global Labour Standards. 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, International Labour Organization ("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 of Conduct ("Supplier Code").
- Our Human Rights & Environmental Statement (the "Human Rights Statement"), a comprehensive summary of Magna's values and commitment regarding human rights and environmental standards, and internal and supply chain requirements. The Human Rights Statement outlines our human rights and environmental risks identification and assessment processes, as well as the manner in which we control, prevent, and if necessary, remediate issues.
- Our Supplier Code — a foundational document in our business relationships with suppliers. It outlines the principles we apply internally at Magna through our Code, as well as expectations we have for every company that supplies goods or services to Magna, relating to, among other things:
  - ethical business conduct, such as compliance with antitrust/competition, anti-corruption/bribery and export controls laws; conflict minerals reporting; avoidance and reporting of conflicts of interest; and protection of Magna intellectual property and confidential information;
  - employee rights, including those rights set out in our Employee's Charter, Global Working Conditions and Global Labour Standards Policy; and
  - environmental responsibility and compliance.

Our Supplier Code is a mandatory contractual requirement for all of our suppliers. This aligns our suppliers with Magna's core values and ethical standards, reinforcing our shared responsibility for sustainable business practices. This policy framework forms an integral part of our overall contractual relationship with our suppliers. It articulates our fair enterprise culture and serves as a general endorsement of the human rights and international labour standards reflected in the United Nations Universal Declaration of Human Rights, ILO Fundamental Conventions, and ILO Declaration on Fundamental Principles and Rights at Work. The framework also reflects an express and unequivocal prohibition on the use of forced or child labour — both internally and by suppliers. Pursuant to these policies, as well as applicable Purchasing Terms and Conditions, our suppliers are required to cooperate with audit and investigation activities to validate their adherence to these standards. In accordance with the Supplier Code, suppliers should also require the establishment of similar policies in their own supply chains to facilitate a consistent commitment.

We expect the standards set out in the Supplier Code, Global Labour Standards, and Human Rights Statement 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 texts of these policies are available on our website (www.magna.com).

3.1.4 Oversight & Due Diligence

We maintain a number of oversight and due diligence practices relating to suppliers. With respect to our own operations, we maintain:

- a global policy on "Doing Business with Staffing Agencies and Third-Party Service Providers" that sets out best practices when doing business with Third-Party vendors supplying labour-related services to Magna, including: due diligence requirements; prohibition on the use of fees or worker debt arrangements that might result in conditions leading to debt bondage; requirements for transparent employment terms; and conducting checks on contract workers for the purposes of verifying ethical and legally compliant employment conditions;
- service agreement templates for use with Third-Party labour suppliers so that contingent workers are subject to the same ethical standards applicable to Magna's regular full-time employees. The service agreement templates include, among other things, robust audit and investigation provisions;
- a system for reporting non-compliant suppliers designed to help prevent business with prohibited suppliers;
- a program of 'manpower' audits of labour related suppliers;
- a global Labour and Employment Audit program designed to assess HR compliance-related issues, policies, and practices at the local Divisional level and adherence to both Magna policy and local laws, in a variety of areas, including fair working conditions and prevention of forced and child labour.

With respect to our production suppliers, we maintain a robust supplier risk assessment and monitoring program that includes and supply chain mapping, supplier reviews, supplier ratings, and where necessary, supplier audits, as detailed in Section 3.5 of this Sustainability Report.

3.1.5 Training & Capacity Building

Given the importance of human rights, we implemented mandatory enhanced compliance training for designated categories of 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 is 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. Additional detail regarding each training module, as well as number of trainees who completed the training in 2025, can be found in Section 3.2.5.

To aid effective implementation of our sustainable procurement practices, Magna provides targeted training to buyers across all locations. In the reporting period, 1,500 buyers were identified, with 30% having completed training on sustainable procurement. This training equips our teams to make informed, responsible sourcing decisions.

3.2 Fairness and Concern for Our Employees

3.2.1 Our Commitment to Magna Employees

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

- **Job Security** — Being competitive by making a better product for a better price is the best way to enhance job security. Magna is committed to working together with employees to help protect their job security. To assist employees Magna will provide job counselling and training, as well as employee and family assistance programs.
- **A Safe & Healthful Workplace** — Magna is committed to providing employees with a working environment which is safe and healthful.
- **Fair Treatment** — Magna offers equal opportunities based on an individual's qualifications and performance, free from discrimination or favouritism.
- **Competitive Wages & Benefits** — Magna provides employees with information which enables them to compare their total compensation, including wages and benefits, with those earned by employees of their direct competitors and local companies their Division competes with for people. If total compensation is found not to be competitive, it will be adjusted.
- **Employee Equity & Profit Participation** — Magna believes that every employee should share in the financial success of the company.
- **Communication & Information** — Through regular monthly meetings between management and employees, continuous improvement meetings and through various publications and videos, we keep our employees informed about company and industry developments. We also conduct regular employee opinion surveys to help facilitate employee engagement and to receive valuable feedback from employees to help drive continuous improvement.
- **The Hotline** — Should an employee have a problem, or feel the above principles are not being met, we encourage them to contact the Hotline to register their complaint(s). Those using the Hotline do not have to give their name, but if they choose to do so, it will be held in strict confidence. Hotline Investigators will respond to those using the Hotline. The Hotline is committed to investigating and resolving all concerns or complaints and must report the outcome to Magna's Global Human Resources Department. We also maintain a confidential and anonymous whistle-blower hotline for employees and other stakeholders that is overseen by our Audit Committee. See Section 4.1 — "Corporate Ethics and Compliance" below for further details.

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

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

We publish a Slavery and Human Trafficking Statement setting out the steps Magna has taken to address the risk of slavery and human trafficking in our operations and supply chain. The statement can be found in the "Financial Reports & Public Filings" section of our website, at www.magna.com.

Our commitment to our employees continued to garner industry and customer recognition, as shown on Page 12.

3.2.2 Collective Rights

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

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

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

3.2.3 Magna's Open-Door Process

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

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

3.2.4 Leadership Development / Talent Management

Our talent management strategy is closely aligned with our current business objectives and the ongoing transformation in the automotive industry. Recognizing the increasing need for a lean and digitally adept workforce, we focus on building such an employee base through targeted attraction and recruitment, professional development and succession planning.

Central to our talent management strategy is our continuously evolving Leadership Development System designed to identify, train and develop future leaders with the skills and expertise needed to manage a rapidly transforming, complex, global business. This development framework is built on best practices in the business and manufacturing environment that includes multiple levels of programs, including our flagship Operations Management Accelerator ("OMA") program.

The OMA program is designed to cultivate a talent pool of future General Managers and Assistant General Managers for our Divisions. The year-long program integrates instruction from university faculty with practical learning opportunities led by Magna's leadership team. Participants, who must meet stringent acceptance criteria, engage in comprehensive modules covering finance, manufacturing, and supply chain management, each consisting of virtual, in-person, and self-directed study components. The program also includes immersive in-plant learning sessions, providing hands-on experience in real-world settings. A key feature of the OMA program is the capstone project, where participants address a realistic problem or opportunity within their Division, ensuring that their learning is applied to tangible business challenges.

3.2.5 Employee Training & Learning Ecosystem

The training modules in the table below represent required baseline, Corporate-led training completed in 2025 by designated categories of employees — generally white collar employees with computer/email access — representing approximately 32% of our total workforce:

Course	Course Objective	Trainees
Ethics & Legal Compliance: Code of Conduct & Ethics	Reinforce the importance of Magna's Code of Conduct and Ethics and related policies, including scenarios based on working with customers, vendors and colleagues.	~39,800
Ethics & Legal Compliance: Compliance Training	Topics are updated annually and cover such topics as Conflicts of Interest, Speaking Up, Debunking Compliance Myths and other compliance relevant topics.	~43,400
Labour, Human Rights and Environmental Compliance in the Global Supply Chain: Introduction to Global Supply Chain Laws	Provide overview of global supply chain laws and the implications for managing operations and global supply chains, as well as responsible sourcing related risk management practices and legal and regulatory risks associated with doing business with non-compliant suppliers.	~24,000[1]
Labour, Human Rights and Environmental Compliance in the Global Supply Chain: Third Party Service Providers, Staffing Agencies & Labour Brokers — Reducing Forced Labour Risks	Review potential risks associated with in-sourcing contingent workers from third-party service providers, staffing agencies and labour brokers, as well as understanding of non- compliant labour practices, how to structure such arrangements in a lawful manner, and recognizing the warning signs of forced labour scenarios.	~23,500[1]
Labour, Human Rights and Environmental Compliance in the Global Supply Chain: The Ethical Employment of Young Workers & Preventing Child Labour	Understanding international treaty and regulatory requirements surrounding the lawful employment of young workers, including the legal framework and obligations associated with employing young workers, ensuring compliance with appropriate terms of employment and conditions for training, apprenticeship, and educational programs.	~23,700[1]
Information Security Risk: Mid-Year Training	Reinforces employees' role in securing Magna's information, including handling, classification and sharing of sensitive information and data privacy and protection	~45,900
Information Security Risk: Think Before You Trust	Reviews, risks, policies and best practice relating to cybersecurity such as strong passwords, software compliance, electronic business communication guidance, and data privacy and protection	~42,500

[1] Training completed during 2024 and partially during 2025

In addition to the foregoing training, we continue to promote a culture of sustainability through dedicated training that focused on our sustainability objectives and priorities. The Sustainability training was completed by ~4,800 employees in 2025. We have also developed a carbon literacy webinar series to help educate Magna employees on carbon emissions as detailed in Section 1.3. In addition, we conducted dedicated Scope 3 emissions accounting training to help Magna Divisions globally better understand how Scope 3 emissions are quantified and calculated so that they can better understand strategies for reducing such emissions.

All new employees are required to receive compliance on-boarding training on the Code and related topics as part of their on- boarding process when joining the company and all new people managers receive advanced ethics training. All customer- facing employees receive advanced antitrust training upon hiring.

Based on the training modules currently tracked in our Learning Management System, Magna employees completed over 487,593 hours of training in 2025 (an average of 8.3 hours per tracked employee). However, the vast majority of training provided to Magna employees occurs at the plant level through Operating Group/ Divisional personnel or members of Magna's departmental subject matter experts. Although this plant-level training is not currently tracked globally, we aim to improve such tracking going forward as more of our training activities are centrally recorded in our Learning Management System. This plant- level training generally consists of, among other topics:

- Industrial hygiene;
- Use of equipment and compliance with safety protocols;
- General safety and awareness;
- Quality and product safety;

Current and emerging legal requirements;

- Sustainability;
- Energy efficiency; and
- Employee health and wellness.

We also:

- Maintain continuous learning opportunities supported by a global team, with localized resources in our major footprint locations in the following areas for employees on the shop floor to senior management:
  - Manufacturing operations, technical skills, and apprenticeships;
  - Business and functional knowledge and skills;
  - Leadership skills, interpersonal skills, mentoring, and coaching.
  - provide a Leadership Excellence Program targeted to each level of leadership, built on best practices in the business and manufacturing environment

In addition to the structured training described above, Magna's training and development ecosystem makes available a vast range of on-demand training and development resources for employees to enhance and future proof their technical and other skills through self-customized learning. Employees have access to a centralized learner dashboard which gives them access to different types of learning content, including mobile access for flexible learning; and provides personalized learning recommendations based on the employee job profiles. Over 83,000 items of learning content, in multiple languages, are available in Magna's Learning Hub catalogue covering: Culture and Engagement, Diversity & Inclusion, Engineering & R&D, Environment and Sustainability, Ethics, Legal and Compliance, Finance, Healthy & Safety, Human Resources, IT & Software, Leadership, MAFACT, Manufacturing, Professional Skills, Quality, Sales & Business Development and Supply Chain & Purchasing.

3.3 Diversity and Inclusion in our Workplaces

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

Our key D&I priorities are accelerating diversity, cultivating an inclusive culture, ensuring talent fairness, and being a company of choice as discussed below:

3.3.1 Accelerating Diversity

Our Executive Management continues to reinforce the importance of an inclusive and diverse organization. We continue to roll out facilitated workshops to all leadership levels to better equip leaders with tools and resources to drive inclusive behaviour. We have provided D&I training for employees and have made various D&I tools and resources available for all employees. To further advance our D&I progress, we have implemented three employee-led, volunteer resource communities: Race & Ethnicity (EDGE); LGTBQ+ and Allies (PRIDE); and the Women's eXchange. These communities support the execution of Magna's D&I strategy, raise awareness and help foster a more inclusive environment. The employee resource communities provide, among other things, opportunities for mentoring and career development.

3.3.2 Cultivating an Inclusive Culture

All of our employees are critical stakeholders in our business. We also recognize that the diversity of our employees helps us drive operational excellence. 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 of Conduct documentation and training, which all Magna employees must complete. Building on the foundation of awareness, education, and constructive dialogue established at Magna, we continue to prioritize inclusion programs to support our employees along additional dimensions of diversity.

3.3.3 Talent Fairness

Our goal is to provide all employees with equal opportunities to join and grow in the organization, as promised in our Employee's Charter. To drive progress, we seek to embed relevant inclusion practices through our talent attraction and management processes. As part of our succession planning program, we continue to identify high-potential candidates and equip them with development plans to support their progression to advanced roles. We have put in place guidance for talent and succession discussions with the goal of providing succession-eligible candidates receive proper focus. We also provide relevant D&I training for employees and have made various D&I tools and resources available.

3.3.4 Company of Choice

We are focused on being a company of choice and key contributor to society, communities and the planet. We are advancing our initiatives in this area through strategic partnerships, and by working with D&I thought leaders, associations and non-profit organizations dedicated to the advancement of women, racial minorities, and employees of diverse backgrounds; promotion of inclusive work cultures; as well as strategies and actions to address the needs of a diverse workforce. These partnerships help us to benchmark our activities and progress, as well as provide insight into best practices and emerging topics for our D&I agenda. Recognizing the importance of improving gender diversity within key technical career streams and to support the development of the next generation of the talent in science, technology, engineering, and mathematics (STEM), we have formed strategic partnerships with a number of organizations that promote gender diversity in technical career streams. Our current strategic partnerships include: Automotive Women's Alliance; Build a Dream; Centre for Automotive Diversity, Inclusion & Advancement (CADIA); Catalyst; FIRST Robotics — Girls in STEM; her Career; Institute of Electrical and Electronic Engineers (IEEE); Indspire; Inforum; KnowledgeStart; National Society of Black Engineers (NSBE); Queen's University Engineering Society; Society of Hispanic Professional Engineers; Society of Women

Engineers (SWE); WISE (Women in Science and Engineering); and Women in Manufacturing. We also participate in various automotive advisory groups to help keep the focus on Diversity and Inclusion in the industry strong. We are leveraging the experience of organizations focused on inclusion so that Magna continues to be positioned as a company of choice.

3.3.5 Gender Diversity

We are continuing to progress our agenda to increase the number of women in Magna. On a global basis, 29.4% of the employees in our wholly owned operations are women. A total of approximately 9,523 employees in our wholly owned operations occupy critical roles with 2,043 of such employees, or 21.5% being women. While the percentage of women in our wholly owned operations remained relatively flat, women in critical roles increased by 250 bps compared to the previous year.

Underrepresentation of women in our workforce is most pronounced in IT, operations, and product engineering career streams, which is a consistent trend throughout the automotive industry. We recognize that there are improvements to be made and we are pursuing strategies to accelerate the progression of women, in director and managerial level roles, and in our most critical operational and technical roles, where there is the greatest level of underrepresentation.

In addition, the Board as a whole continues to advocate for improved gender representation and other diversity in leadership and other critical roles, as well as STEM career streams. In addition to their strong advocacy, the female directors of the Board, currently representing 38% of our Board of Directors, have also sought opportunities to mentor and share their experiences with the company's high-performing female employees. Recognizing the important example set by the Board with respect to its own composition, the Board maintains a Board Diversity Policy (located in the Board Charter). Consistent with the recommendations of the Canadian Coalition for Good Governance, gender parity is achieved if the balance between male and female directors ranges between 40% and 60% over a rolling three-year time frame. Assuming election of all Board nominees at Magna's annual meeting of shareholders on May 4, 2026, the percentage of women on the Board will be 33% (40% three-year gender parity average as of 2025). In addition to the Board gender representation discussed above, 25% of nominees for election at Magna's annual meeting of shareholders are diverse nominees (self-identifying as members of the LGBTQ+ community or as an underrepresented minority in their home country).

3.4 Occupational Health and Safety

3.4.1 Health and Safety Standards and Compliance

201

Facilities ISO 45001 Certified

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

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

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.

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	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
	The Division is provided a report containing recommendations which are prioritized based on the level of risk identified in the risk assessment	Audit/Inspection findings are also communicated to our Operating Group management to enhance oversight and commitment to resolving action items
	The Division is required to develop a corrective action plan to address the identified risk	A performance review takes place quarterly with Operating Group management
		An escalation process is in place to deal with action items that are not being resolved on a timely basis, with additional health and safety risk awareness training provided to the relevant Division, where necessary
		Magna's Health and Safety Department provides periodic health and safety compliance updates to the TOCC

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

3.4.2 Ergonomics Program

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

Requirements for transparent, sustainable, and responsible supply chains are rapidly evolving. More rigorous laws and regulations have been, and continue to be, introduced in jurisdictions around the world. The evolving regulatory landscape includes more extensive obligations regarding due diligence, supply chain mapping, commodities/product tracing, and reporting.

Magna is committed to responsible and ethical sourcing in its supply chain, and aims to implement sustainable, long term sourcing strategies. Magna's commitment is supported by its governance structure, comprehensive policy/contractual framework, supplier engagement activities, and supplier risk monitoring and analysis through live monitoring, supplier self-assessment questionnaires ("SAQs"), and where necessary, supplier audits.

Magna communicates the standards expected of its suppliers through a variety of mechanisms, including: supplier conferences/ roundtables; direct buyer interactions; correspondence with suppliers; our Corporate website and Supplier information portal; and corrective action plans generated from self-assessment questionnaires or audits we request suppliers to complete (as discussed in Section 3.5).

The corrective action plans address key sustainability areas, including company management, human rights and working conditions, health and safety, business ethics, environment, responsible supply chain management, and responsible sourcing of raw materials. In 2025, 7% of our assessed suppliers engaged in corrective actions.

Magna actively engages suppliers through targeted ESG awareness and capacity-building initiatives. We host webinars and launched training sessions focused on SAQ completion and ESG compliance. These programs aim to strengthen suppliers understanding of sustainability requirements and improve overall performance.

We also 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 and compliance with regulatory standards and compliance with regulatory standards and compliance with regulatory standards and Magna's core values. For example, we are a member company of the German automotive industry dialogue ("Branchendialog Automobilindustrie"), a multi-stakeholder forum consisting of relevant participants from the automotive industry as well as civil society with expertise on human rights risks in automotive supply and value chains. As an active member of SP, Magna contributes to the development and dissemination of industry-aligned resources that support suppliers in meeting evolving sustainability expectations. Notably, SP's recent collaboration with the MEMA Center for Sustainability has resulted in the release of practical tools and educational materials designed to streamline supplier sustainability reporting and engagement, reducing administrative burdens and promoting consistent disclosure practices. Magna has also played a leadership role in the creation of the SP Energy Optimization Playbook, which provides step-by-step guidance and real-world case studies, including examples from Magna facilities, to empower manufacturers in identifying, prioritizing, and implementing impactful energy optimization projects. These collective efforts, developed through SP's cross- industry working groups, reinforce Magna's commitment to fostering transparency, efficiency, and measurable progress on environmental objectives throughout our supply chain.

3.5 Supply Chain Responsibility

3.5.1 Supply Chain Management

Our supply chain management system is designed to to improve the supply chain resilience; enhance transparency into our supply chain; improve supplier sustainability performance; and meet regulatory requirements.

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

General

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

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

Supply Chain Governance

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

Policies

- Supplier Code
- Global Labour Standards
- Human Rights and Environmental Standard
- Terms & Conditions
- Sourcing Requirements

Engagement

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

Assessment & Monitoring

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

Investigation & Remediation

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

Risk Assessment, Monitoring and Supply Chain Mapping

We identify, evaluate and prioritize risks based on the likelihood of the risk occurring, severity of the impact should a risk materialize, and the extent of our contribution to the risk, if any. Within our supply chain, prioritization of certain risks may also include considerations relating to our proximity to the risk and our ability to influence mitigation of the risk by a supplier. Our analysis and prioritization of supply chain risk incorporates a number of inputs, including: expertise from internal function experts; information and trends derived from due diligence tools we utilize, such as our third-party live alert risk monitoring platform; regulatory areas of focus, including regulations/enforcement activity aimed at specific entities, geographies and/or commodities; supplier-specific information from SAQs and audits, and public sources, such as independent reports or databases (i.e., human rights indices).

Our risk analysis and due diligence activities are informed by global or industry standards and frameworks, including: the UN Guiding Principles for Business and Human Rights, the UN Universal Declaration of Human Rights, the OECD Due Diligence Guidelines for Multinational Enterprises, the ILO conventions/declarations referenced in our Global Labour Standards; and the AIAG/ Drive Sustainability's Automotive Industry Guiding Principles to Enhance Sustainability Performance in the Supply Chain (its Automotive Sustainability Practical Guidance).

We have implemented a third party supply chain risk monitoring and mapping tool (Prewave), which monitors and provides real- time alerts affecting supply chains covering 34 categories, including: human rights risks (i.e. forced/child labour), operational issues, financial or legal issues, CSR incidents (i.e., environmental incidents, poor working conditions), industrial accidents, product incidents (i.e., recalls), cyber risks, natural disasters, governance risks (i.e., corporate wrongdoing), labour unrest, and political unrest. Through the tool's supply chain mapping capabilities, Magna is able to conduct a periodic analysis of specific risk areas through bottom-up mapping over and above the day-to-day live supply chain risk monitoring conducted through the platform. In 2025 we expanded on our 2024 activities and implemented standard routines for supply chain mapping. We carried out a specific supplier engagement activity for entities identified on the UFLPA Entity list and we furthermore expanded our supply chain mapping activities and initiated mapping related to identify potential exposure to U. S. "Country Group D" list.

Mapping activities covering key commodities (e. g. semiconductors) continued in 2025 and rare earth metals were included in the analysis during the year.

To evaluate and improve the sustainability performance of our suppliers, Magna regularly conducts sustainability assessments on suppliers targeted by Prewave. During the reporting period, 8,047 suppliers were targeted for assessment, with 100% having a sustainability assessment. These assessments help identify strengths and areas for improvement, supporting our continuous improvement approach.

Supplier Reviews

Magna's review process for production suppliers is designed to assess their overall operational, performance and financial health. We use a scorecard to provide ongoing monitoring and assessment of suppliers, which tracks (among other things) whether suppliers have certain industry- recognized environmental and health and safety certifications, such as ISO 14001 and ISO 18001. In 2025 the supplier review scorecard was enhanced to include a mandatory S-ESG rating. This fourth rating pillar establishes key ESG elements as a minimum requirement for future business with Magna. The S-ESG rating is based on supplier scores received in the industry-aligned third party SAQs (discussed in detail below) and MMRs for human rights and working conditions. The S-ESG assesses our suppliers' environmental impact and commitment to sustainability, including evaluating suppliers' labour practices, human rights, and occupational health and safety standards, as well as corporate governance structures, compliance with global regulations, and responsible supply chain management. The S-ESG score is mandatory for all existing and potential new direct material suppliers.

Additionally, in 2025, disclosure of environmental performance (such as emissions, waste and water consumption) will become an essential prerequisite for participation in RFQ processes and awarding of future business. This represents a critical step to enhancing our Scope 3 emissions inventory and facilitating Magna's activities for reducing Scope 3 emissions in order to meet our near-term and net-zero science-based targets.

Suppliers that do not achieve a sufficient S-ESG rating, or with deviations or violations are required to undertake a number of steps, including, among other things: providing additional information to Magna to verify findings; participation in an onsite audit; and/or implementing corrective action plan/timeline for improvement. A deviation from the MMRs can result in termination of the supply relationship. No production suppliers were terminated in 2025 as a result of a violation of working conditions or human rights.

Assessing and Auditing Suppliers

In support of our new S-ESG rating, we invited approximately 5,800 suppliers (representing approximately 80% procurement spend) to complete the NQC SAQ, a third party supply chain management and auditing organization that collects and analyzes supplier responses and grades their overall performance via their SupplierAssurance platform. The self-assessment questionnaires (currently SAQ 5.0) is a standard automotive industry sustainability questionnaire developed by global OEMs.

The SAQ which Magna Divisions also complete for requesting OEM customers annually, requires information, including documentation, relating to several topics, including, among other things: sustainability management; working conditions and human rights; health and safety; business ethics; environmental compliance; supplier management; and responsible sourcing of raw materials, as well as questions specifically addressed to compliance with specific legislative requirements, such as the German Act. In addition to requiring supplier completion of the SAQ, each of Magna's own operating Divisions complete the self- assessment.

In addition to the SAQ scoring process, all of Magna's production suppliers are included in our Prewave third party risk monitoring and mapping tool. Each supplier has a risk scorecard that includes an overall rating and ratings for each of the 34 categories monitored in the platform.

With respect to audits, Magna is a founding member of the Responsible Supply Chain Initiative ("RSCI"), an association of automotive OEMs, Tier 1 Suppliers and industry associations, which has established a standardized assessment program for due diligence in the automotive supply chain relating to social compliance, occupational safety and environmental protection. Thirteen (13) suppliers completed the full RSCI initial audit in 2025. Three suppliers received an Interim Label, one supplier achieved a Full Label, and the remaining suppliers did not qualify for a label. Magna is working closely with these suppliers to implement and close corrective action plans and to conduct the follow-up audits throughout 2026. Magna expects to continue growing its audit program in 2026, with a focus on key commodities and critical geographies.

Supplier Grievance Mechanism

We maintain a whistleblower mechanism, the Magna Hotline (discussed in detail in section 4.1.3). The Hotline includes a separate submission tier for our supply chain. Following investigation, corrective measures to eliminate and remediate would be initiated if a violation is confirmed.

3.5.2 Responsible Materials

Magna is focused on responsible raw materials sourcing, and management of substances of concern to comply with applicable regulations, meet customer and industry specifications, and reduce environmental and social risks associated with raw materials extraction/processing. To this end, we have implemented due diligence and reporting practices aimed at meeting obligations relating to responsible sourcing of raw materials, as well as responsible management of chemical substances in our products.

Raw Materials Compliance

Conflict Minerals / Extended Minerals

Pursuant to U.S. Securities and Exchange Commission ("SEC") rules, we are required to report annually regarding our due diligence activities relating to "conflict minerals" (tin, tantalum, tungsten and gold, also known as 3TG) that originated in the Democratic Republic of Congo or an adjoining country. Consistent with the approach taken by our customers, suppliers and other industries, we are engaged in an annual process of determining whether any products which we make or buy contain such "conflict minerals". We request all relevant suppliers to report to us using a standardized Conflict Minerals Reporting Template, including identifying smelters and refiners of 3TG in our supply chain. Our suppliers are requested to cascade the same requirement throughout their supply chain.

We have designed our conflict minerals activities in accordance with the OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas. In 2025, our conflict minerals program was enhanced with the introduction of a new process supported by the Magna Conflict Minerals to improve supplier response rates and further enhance our red flag analysis and remediation capabilities. Our activities with respect to extended minerals currently include collecting information regarding Cobalt and Mica. Our Extended Minerals dilligence program has been extended in 2025 to include collecting information regarding copper, natural graphite, lithium and nickel.

The full details of our Conflict Minerals Program can be found in our latest conflict minerals report, 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.

E.U. Deforestation Regulation ("EUDR")

The EUDR aims to prevent products consumed within the E.U. from contributing to deforestation or forest degradation globally. The Regulation prohibits the placing on the E.U. market, the supply and export of certain raw materials and related products unless such commodities/products are "deforestation-free", and comply with the relevant legislation of the production country. For Magna, the most relevant commodities/products covered by the EUDR are leather and natural rubber, as well as, potentially timber.

Magna is currently working on implementation of systems and processes aimed at compliance with the EUDR's stringent risk assessment, due diligence, traceability and reporting requirements which become effective December 2026.

Responsible Management of Substances in Products

REACH and Other Chemicals Legislation

Magna has implemented a comprehensive program aimed at compliance with the E.U.'s REACH (Registration, Evaluation, Authorization, and Restriction of Chemicals) regulation and other global chemicals regulation, including the E.U. End-of-Life Vehicle Directive, the Stockholm Convention on Persistent Organic Pollutants, US Toxic Substances Control Act (TOSCA), the Canadian Chemicals Management Plan, Japan Chemical Substances Control Law, US Proposition 65). This program focuses on identifying and managing the use of chemicals in products and processes, and ensuring that they meet the stringent requirements set forth by chemicals management regulations. Magna's approach to chemicals management, includes risk assessments, continuous monitoring, and collaboration with suppliers and OEM customers for the safe use of chemicals in automotive products.

PFAS

Per- and polyfluoroalkyl substances ("PFAS") (also known as "forever chemicals") are a group of approximately 10,000 synthetic chemicals with unique properties (low friction, heat resistance, chemical/fuel stability, low permeation and durability). Such chemicals do not break down easily, and stay in the environment for long periods of time. As a result, they can pose significant risks to human health and ecosystems. PFAS regulations vary significantly across different countries, reflecting diverse approaches to managing the risks associated with these persistent chemicals. Some jurisdictions, such as Canada has imposed stringent reporting requirements for PFAS with a view to establishing baseline data to support future regulatory actions. Other jurisdictions such as the US and Europe have, or have proposed, regulations banning or phasing-out PFAS in certain products. In addition to compliance with existing reporting obligations, Magna currently monitors current and emerging PFAS regulations, and is developing tools and processes to allow our Operating Groups to assess and address the potential impact of PFAS regulations on its product portfolio and to commence substitution activities in cooperation with our supply chain, where alternatives are available.

3.5.3 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:

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

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

3.6 Contributing to Communities in Which We Operate

3.6.1 Commitment to Communities and Society

In 2025 we updated our Corporate Social Responsibility ("CSR") Policy which governs Magna's global CSR initiatives, including but not limited to all donations, sponsorships, community investment initiatives, employee volunteering programs, or other activities that are charitable in nature. We believe in creating a better world of mobility, responsibly; and are committed to supporting the basic fabric of society through charitable activities in the communities in which we operate, to support our long-term goal of becoming a key contributor to society, communities, and the planet.

Our approach is guided by Magna's three Strategic Giving Priorities:

Industry & Innovation

Funding that fuels innovation and develops the next generation of talent by supporting educational institutions (ex: universities, colleges), robotics teams and competitions, research projects, and mobility-related technologies or charitable initiatives that help move people and ideas forward.

Operational Excellence

Funding that drives operational excellence by promoting sustainability, responsible resource use, workforce development, skilled trades competitions, and workplace safety to build stronger, more resilient communities.

People & Culture

Funding to care for people who need it most, by fighting food insecurity and poverty, promoting well-being and healthcare, and championing fairness and inclusion, so we thrive together as a company and community.

3.6.2 UN Sustainable Development Goals

We have identified seven United Nations Sustainable Development Goals that most directly relate to our business. Examples of Magna's activities and accomplishments with respect to each relevant Development Goal are as follows:

SDG	Magna Strategic Giving Priority	Key Activities
	People & Culture	Magna has contributed over $25M toward medical infrastructure and over $1M to the Red Cross and other organizations to aid with global disaster relief efforts. Magna's Employee Disaster Relief Fund provides financial assistance to eligible employees and their families in the event they are victims of a disaster. In 2025, the program helped 35 employees in Austria, Canada, China, Czech Republic, France, Germany, Italy, Japan, Mexico, Poland, Serbia, Slovakia, Türkiye, and the United States.
	Operational Excellence; Industry & Innovation	• Magna contributes to the advancement of skilled trades by sponsoring global skills competitions and organizations like WorldSkills, Skills USA, and Skills Ontario, as well as partnering with universities and technical institutions around the world like Instituto Tecnológico Salesiano, Hefei University of Technology, and Technische Universität Graz to develop a robust talent pipeline. • We also enhance STEM learning through our support of Relay Education's Renewable Energy workshops, which provide hands-on experiences to over 7,000 students across 7 countries Magna operates in, inspiring the next generation of environmental leaders. • Magna promotes STEM learning, engineering excellence, and robotics innovation through a wide range of global programs that engage students from middle school through university, such as FIRST Robotics, Baja SAE, Formula Student, and VEX Robotics. Capstone research projects at institutions like University of Waterloo, Massachusetts Institute of Technology, and Instituto Tecnologico de Estudios Superiores de Monterrey that drive industry-aligned advancements. • In addition to these partnerships, Magna invests directly in the academic growth of employees' families through two scholarship programs: the FIRST Robotics Fund, which encourages early interest in STEM and robotics among high school students connected to Magna employees, and the Don Walker Scholarship Program, which supports children of Magna employees pursuing post-secondary education in STEM and skilled trades. In 2025, 273 scholarships were awarded across both programs.

SDG	Magna Strategic Giving Priority	Key Activities
	People & Culture	• Magna's Women's eXchange Employee Resource Community strives to empower, develop and recognize its female employees and encourage students to pursue STEM careers. In 2025, members of Wx were more likely to be promoted and more likely stay with Magna than their peers. • Magna's Board maintains a Board Diversity Policy targeting gender parity (achieved if the balance between male and female directors ranges between 40% and 60%, assessed over a three-year timeframe). Currently, 38% of our Board members are women (33%, assuming election of all Board nominees at Magna's annual meeting of shareholders on May 4, 2026; 40% three-year gender parity average as of 2025). • Since 2016, Magna has spent more than $2.63 billion with women-owned businesses/suppliers as part of its overall supplier diversity program. • Magna celebrates and honours the many contributions of women around the world, including annually celebrating International Women's Day through live global events for employees to connect with and honour outstanding women in the company.
	Industry & Innovation; Operational Excellence	• Since 2017, more than $2.3M has been raised from employee donations and Magna's Match program through annual participation in the World Vision Global 6K for Water, which implements water infrastructure systems to bring life-changing clean water to communities in need. • Magna completed 1,270 energy saving projects in 2025, resulting in significant and ongoing energy, emission, and costs savings throughout its global operations. • In 2025, we implemented approximately 249,000 MWh of energy saving projects. • We also sponsored the development of The Scanlon Creek Nature Centre in Ontario. Based on universal design and net-zero carbon principles, construction of this new building will create a community hub where people of all ages and abilities can access award-winning, innovative programming that connects them to nature while building environmental knowledge and awareness.
	People & Culture	• Magna's race and ethnicity-focused (EDGE), LGTBQ+ and Allies (PRIDE) Employee, and Women's eXchange Resource Communities, support employee- led learning opportunities to foster open dialogue and understanding, as well as opportunities for mentoring and career development. • 25% of Board nominees for election at Magna's annual meeting of shareholders are diverse nominees (self-identifying as members of the LGBTQ+ community or as an underrepresented minority in their home country). • Since 2016, Magna has spent more than $4.52 billion with Minority-owned businesses/suppliers as part of its overall supplier diversity program. • Magna partners with various organizations around the world to support poverty-reduction, alleviate food insecurity, and provide vital services for people experiencing homelessness.

SDG	Magna Strategic Giving Priority	Key Activities
	Operational Excellence	Magna: • has implemented a “zero waste to landfill” target. Approximately, 94% of total waste outputs from operations in 2025 were diverted from landfills through recycling or reuse. This number rises to approximately 97% if energy recovery is included. • consumed 38.6% of its global electricity from renewable electricity sources (approximately 23% of our global energy purchase was renewable). • achieved 4% energy savings based on implemented energy projects or Low-Carbon on-site technology compared to 2023 energy usage • met its long-term (2030) water use reduction target, having achieved a 18% reduction in water withdrawals in 2025 against our 2019 baseline. • has received Performance Standard certification from the Aluminum Stewardship Initiative (ASI) for six of its Divisions in Europe. ASI is the only voluntary sustainability standard for the aluminum value chain. ASI’s independent third-party certification focuses on material stewardship, including as it relates to product design, life cycle assessments, management of process scrap, and recycling of products at end-of-life.
	Industry & Innovation; Operational Excellence; People & Culture	Magna: • has approved near- and long-term science-based emission reduction targets with the SBTi, and the SBTi has verified our net-zero science-based target by 2050. • has achieved 100% renewable electricity usage in its European operations. • is committed to achieving 100% renewable electricity usage by 2028 in its Canadian operations, and by 2030 in its global operations. 192 Divisions currently use renewable electricity, with 132 such Divisions at 100% renewable electricity. • is a financial sponsor of the Technical Office of the International Sustainability Standards.

Sustainability Spotlight

Sustainable Door Carrier Product Overview

Magna's Sustainable Door Carrier demonstrates how material and process innovation can work together to significantly reduce the environmental impact of a high-volume vehicle component without compromising performance, quality, or manufacturability.

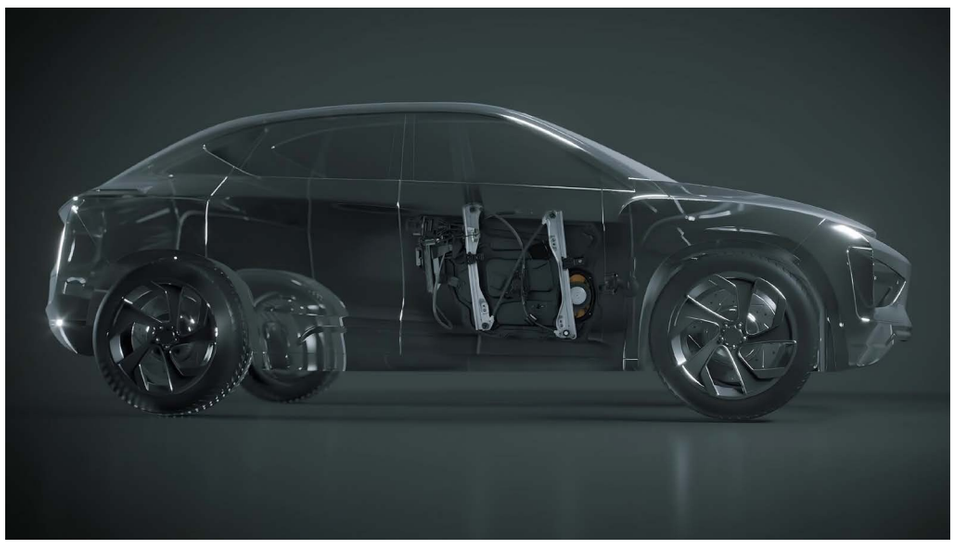
Traditionally, door carriers are produced using glass-fiber-reinforced polypropylene (GFPP), a material that delivers strong mechanical performance but carries a high environmental footprint. Magna's alternative replaces conventional GFPP with a combination of natural and plant-based fibers, including flax, hemp, basalt, and bamboo, reinforced with a plant-based polyurethane spray. This approach enables a lighter, lower-emissions structure while maintaining structural integrity and durability.

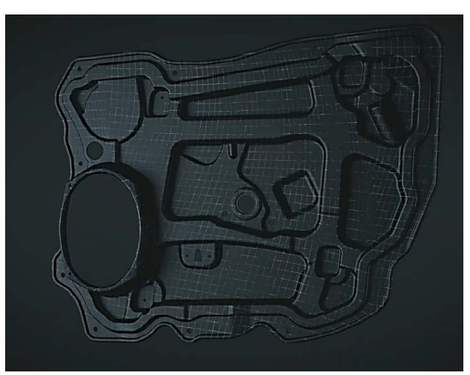
Early development results show the potential for up to 65% lower CO_2 emissions and a 40% weight reduction compared to conventional GFPP door carriers. In parallel, Magna's embedded mesh inlay design has delivered up to 400% improvement in impact resistance, demonstrating that sustainability gains can be achieved alongside enhanced performance.

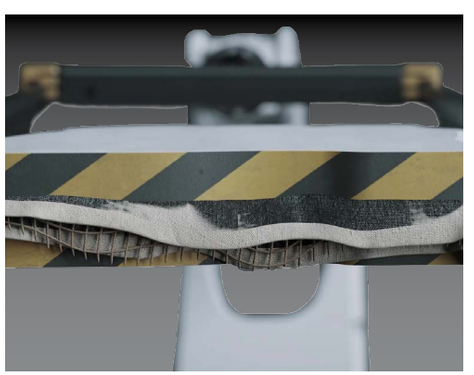
The sustainability benefits extend beyond materials. Magna's low-tonnage, single-stage molding process replaces traditional high-tonnage injection molding, reducing energy consumption by up to 50% and enabling simpler, more cost-efficient tooling. The process is designed to support scalable production while lowering overall manufacturing complexity.

Magna is also advancing circularity as part of the solution. Ongoing development includes integrating recyclable content and evaluating the reuse of end-of-life materials, such as textile waste and composite byproducts, to further reduce lifecycle emissions and material waste.

By combining renewable materials, low-energy manufacturing processes, and circular design principles, Magna's Sustainable Door Carrier illustrates how component-level innovation can deliver meaningful environmental impact at scale.







4. Good Governance & Corporate Responsibility

4.1 Corporate Ethics and Compliance

4.1.1 Code of Conduct and Ethics

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

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

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

The Code, which is disclosed on the "For Employees" section of our website (www.magna.com) and posted on our employee intranet in 28 different languages, is reviewed regularly with all amendments approved by the Board. We have also supplemented the requirements of the Code through the adoption of policies covering specific topics, including: bribery and improper payments, tooling practices, gifts and entertainment, anti-retaliation, careful communication, conflicts of interest, sanctions and trade embargoes, antitrust and competition, data privacy, and the conduct of internal ethics investigations (all of which are also available on our website (www.magna.com)).

4.1.2 Global Compliance Program

In order to help our employees understand the values, standards and principles underlying our Code, we have implemented a global compliance program (the "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. We also provide specialized compliance training modules which target specific functional audiences and high-risk regions. In addition to providing training on compliance and ethics topics generally, these specialized modules are designed to be interactive and incorporate real-life scenarios and exercises, which we believe amplify our Compliance Program expectations and resonate more powerfully with participants.

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

In 2026, for the fifth year in a row, Magna was selected as a World's Most Ethical Companies Honoree® by Ethisphere, a global leader in defining and advancing standards of ethical business practice.

~39,800
employees completed annual Code of Conduct e-learning in 2025

~100%
of customer facing employees completed antitrust training since 2015

~100%
of new or recently promoted people managers completed advanced ethics training since 2015

4.1.3 Magna Hotline

We maintain a confidential and anonymous whistle-blowing line known as the Magna Hotline. The Hotline is confidential and reporters can remain anonymous (except where local law requires disclosure of a reporter's identity), and is available for employees and other stakeholders such as customers and suppliers at all levels of our supply chain to make reports by phone or online at any time in 29+ languages. Reports are received and tracked by an independent third party service provider. Reports to the Magna Hotline (other than reports of an HR nature) are reviewed by our Internal Audit Department and, when appropriate, an investigation is conducted in accordance with our Policy on Internal Ethics Investigations. Investigations are conducted by Magna's Internal Audit Department, Corporate Security team, In-House lawyers and/or external counsel (where applicable). We maintain an Investigations Oversight Committee, a sub-committee of the Compliance Council, which meets quarterly (and on an ad hoc basis, as needed) to review such investigations to maintain consistency of discipline and promote early awareness and oversight. The Audit Committee receives quarterly presentations from the Vice-President, Internal Audit regarding Magna Hotline activity and details of compliance, fraud, financial reporting, and other investigations (other than HR-related investigations).

4.2 Product Quality and End User Safety

4.2.1 Our Ambition

Magna's ambition is to lead the automotive industry in product quality and end user safety. We are committed to delivering innovative, reliable and safe products that exceed customer expectations and contribute to a sustainable future. Our integrated management system aims to embed quality and safety in every stage of our product lifecycle, from design and development to manufacturing and delivery.

Our overarching goal is to achieve zero recalls. We aim to eliminate product defects and enhance the reliability of our products through continuous improvement, rigorous testing, and proactive risk management. By focusing on quality and safety, we strive to protect the end user and maintain our customer's trust in our brand.

4.2.2 Product Compliance

Our product design and development processes incorporate all relevant local, national, and international regulations and standards. Our commitment to compliance is reflected in our continuous monitoring and improvement efforts, where we regularly evaluate and update our compliance measures to incorporate the latest technological advancements and industry best practices.

Maintaining certifications such as IATF 16949, ISO 9001, and ISO 45001 is part of our commitment to high-quality standards. At the end of 2024, all Divisions that supply products to OEMs were IATF certified. We also work closely with our suppliers to support their adherence to our stringent compliance requirements.

4.2.3 Integrated Product Management System

Ensuring the safety of our products is paramount at Magna. Our comprehensive approach to product safety includes:

- **Safety Management Systems:** Implementing proactive and robust systems that include risk assessment, hazard identification through error proofing, and mitigation strategies to prevent accidents and promote product safety throughout its lifecycle. In support of our ambition we use the following systems:
  - Error proofing technology to proactively identify issues;
  - Crisis management systems are in place and supported by appropriate senior management oversight;
  - Our Global Warranty Management System (GWMS) identifies customer claims data to monitor trends, anomalies, and potential field escapes. We work collaboratively with our customers on end user safety.
- **Incident and Recall Management:** Establishing efficient incident and recall management processes to swiftly address any safety concerns, minimize risk to end users, and prevent recurrence via benchmarking, read across and lessons learned activities.
- **Annual Employee Training:** Providing ongoing training for employees and suppliers on safety standards to support a thorough understanding and consistent application of best practices. Every year we train over 100,000 employees on risk mitigation and safety compliance.
- **Customer Engagement:** Actively engaging with customers on product safety and performance, and then using this information to drive continuous improvement and innovation. We continuously track our performance against customer- specific requirements. The strength of our engagement program is demonstrated by the 109 customer awards focused on delivery quality that we received last year.

4.3 Lobbying & Political Engagement

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

4.3.1 Core Commitments

Our core commitments in this area are:

- **Lobbying:** to comply with applicable law and uphold the highest levels of integrity in all lobbying efforts. Our lobbying strategies and practices are designed with the best interests of our stakeholders in mind. We are committed to honest and ethical engagement with policymakers.
- **Political Engagement:** a commitment to being a responsible corporate citizen, which includes ensuring compliance with applicable law regarding political contributions and expenditures.

Our commitment to integrity in lobbying is holistic, encompassing all areas of our business and supported by senior management. A dedicated governance structure supports adherence to this strategy, with accountability assigned at the corporate level.

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

4.3.2 Implementation Measures

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

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

Magna aims to comply with all applicable laws and regulations governing campaign finance, political contributions, and other related expenditures, including reporting and disclosure requirements. Magna regularly consults internal and external legal counsel regarding compliance of its political expenditures and other political and lobbying activities with applicable law. Magna's lobbying strategy is subject to regular review and updates to reflect changes in legal requirements, and industry best practices.

4.4 Data Security, Cybersecurity and Privacy

4.4.1 Enterprise Cybersecurity

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

We are committed to working with our customers and other stakeholders so that appropriate cybersecurity standards and requirements are continually monitored and implemented as required. In addition, we aim to comply with all governmental rules and regulations regarding cybersecurity or privacy regulations (such as those discussed in Section 4.4.3), which directly affect cybersecurity requirements. Our selection process for third party (e.g. Cloud-based) services includes a due diligence approach so 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.

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 against cybersecurity risk and continue to deliver critical services.

Detect

Internal and external 24 × 7 for malicious activites, including identity/data theft, malware, etc.

Respond

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

Recover

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

Magna has developed and implemented centralized enterprise cybersecurity policies, compliance measures, as well as training and awareness programs designed to support execution of our cybersecurity strategy to minimize our exposure.

Day-to-Day 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 for upgrading our IT systems, including patching and other protective measures, in a timely manner.

In alignment with our enterprise-wide commitment to safeguarding data, ensuring operational resilience, and supporting responsible technology adoption, we have introduced Magna's new Responsible AI Policy and Framework. This policy reinforces our cybersecurity strategy by establishing clear standards for the ethical, secure, and transparent use of artificial intelligence across our global

operations. As AI becomes an increasingly integral part of our digital ecosystem, these guidelines provide strong governance and oversight, respect for people, and robust protection of Magna's information assets. The policy emphasizes responsible data handling, human accountability in all AI-supported decisions, and adherence to applicable laws and Magna policies, including confidentiality, data privacy, and intellectual-property requirements. Alongside secure use, the policy encourages innovation through approved AI tools while ensuring that employees are equipped with the training, resources, and governance structure needed to apply AI safely and effectively. By embedding these principles into our cybersecurity and risk-management practices, Magna supports a culture of continuous learning, secure adoption of emerging technologies, and proactive management of AI-related risks.

4.4.2 Product-Embedded and Solution Software Cybersecurity

The ISRC facilitates industry standard processes and tooling for risk management for embedded software in Magna products. This standards-based approach assists our Operating Groups in continuously assessing their respective product cybersecurity risk and maturity. 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.

4.4.3 Privacy

Magna is committed to preserving the privacy of our stakeholders in accordance with applicable laws. 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.

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

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

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

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

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

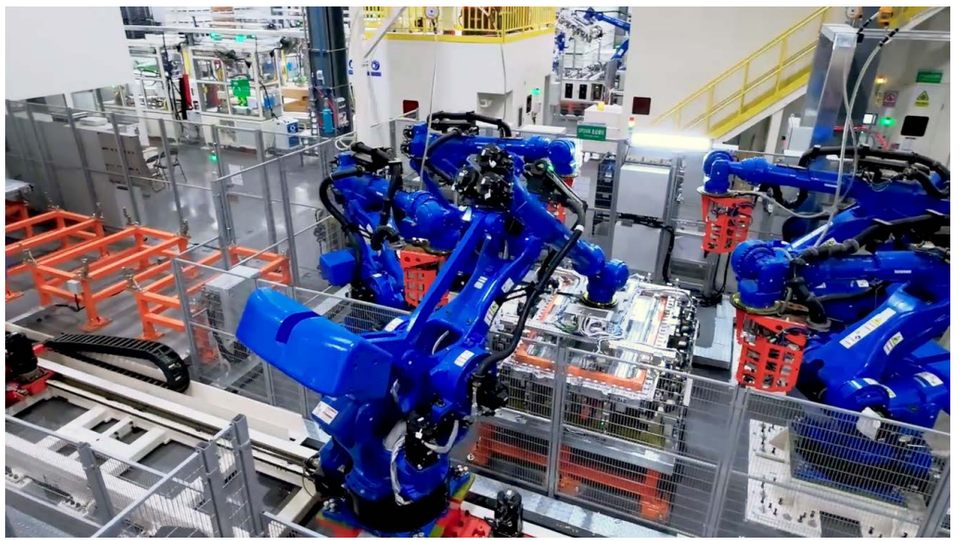
Sustainability Spotlight

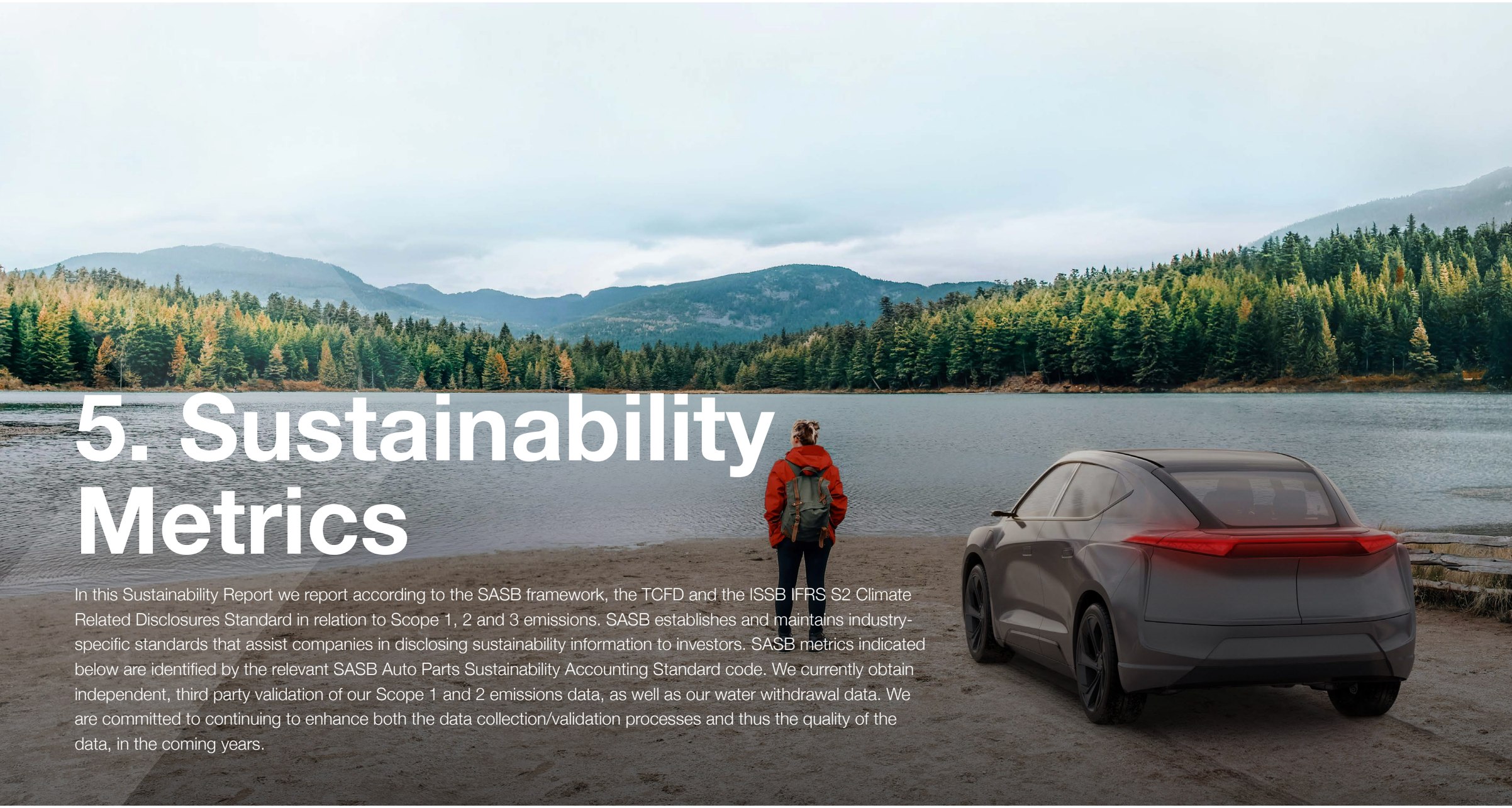
Cosma Changchun Levels Up Downtime Energy Savings

Millions of dollars and kilowatt-hours were saved during the first phase of Magna's ECO50 initiative, which connects energy efficiency directly to operational performance. More than 2,200 projects across the global network helped Magna surpass its goal of cutting $50 million (USD) in annual energy costs in just the first eight months of 2025. Among all divisions, Cosma Changchun in China stood out with the strongest improvement in downtime energy savings. By focusing on reducing energy use during non-production periods, the team lowered the facility's baseload from 23.3% to 15.3%, cutting 3,240,000 kWh of energy—enough to power over 300 homes for a year—and saving nearly $327,000 (USD).

The effort began with a detailed review of energy and production data, which revealed multiple sources of waste, from outdated equipment and furnace insulation issues to excessive lighting and inefficient work habits. In response, the team refined start-up and shutdown procedures, deployed automated equipment controls, reduced standby furnace temperatures, consolidated scheduling, and launched an awareness campaign to help employees understand how their daily actions influence energy use. Seeing immediate, measurable results motivated the workforce to continue building on these improvements.

Cosma Changchun's success illustrates how a unified approach to downtime energy management strengthens competitiveness, supports profitability, and reinforces operational excellence. As Magna advances toward net-zero, the company aims to generate an additional $50 million in savings by the end of 2026 through the next Downtime Energy Reduction challenge, focused on installing energy sensors and replicating Changchun's model for cutting energy during production pauses.





5. Sustainability Metrics

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

5.1 Energy Management and Emissions

5.1.1 Energy

Energy management data is set out below.

SASB Accounting Metric (TR-AP-130a.1)	2025[1]	2024	2023
Aggregate amount of energy consumed by Magna	19,854,065 GJ / 5,515,018 MWh	20,243,182 GJ / 5,623,106 MWh	20,077,657 GJ / 5,577,127 MWh
Percentage of energy consumed by Magna that was supplied from grid electricity	58.2%	58.8%	59.0%
Percentage of energy consumed by Magna that is renewable energy	23.0%[2]	14.0%[2]	12.9%[2]

Notes:

[1] Preliminary data.
[2] The percentage of renewable electricity used in 2025 was ~39% (23% in 2024; 22% in 2023).

Energy intensity relative to Sales is as follows:

Description	2025	2024	2023
Energy Intensity (MWh/Sales (USDm))	131 MWh/USDm	131 MWh/USDm	130 MWh/USDm

In connection with our efforts to promote energy efficiency, we developed the energy reduction targets as detailed in Section 2.2.3 above.

5.1.2 Emissions

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

ISSB S2, 29(a)(i)	2025	2024	2023
Scope 1 Emissions (metric tons)	415,416	418,963	424,561
Scope 2 Emissions (metric tons)(1)	889,810	1,158,907	1,150,656
Scope1&2 Emissions (metric tons)(2)	1,305,226	1,577,870	1,575,217
Sales (USD, millions)	42,010	42,836	42,797
Sales Intensity (CO_2 metric tons/$ Sales)	0.0000311	0.0000368	0.0000368
Employees	156,000	170,000	179,000
Employee Intensity (metric tons/employee)	8.4	9.3	8.8
Square Footage (million sq. ft)	85.8	85.3	83.8
Square Footage Intensity (metric tons/sq. ft.)	0.0152	0.0185	0.0188
Scope 3 Emissions (metric tons)	—[3]	55,969,512	57,842,606

Notes:

[1] Market-based emissions calculation method.
[2] Sales Intensity, Employee Intensity and Square Footage Intensity are calculated based on combined Scope 1 and 2 Emissions.
[3] 2025 Scope 3 emissions inventory not available at time of preparation of this Sustainability Report. These emissions will be reported in our annual CDP submission.

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

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

5.2 Water and Waste Management

5.2.1 Water

We have implemented a 1.5% per year water reduction target, with the aim of reducing water use 15% by 2030, in each case referencing 2019 as the baseline year in which we withdrew 7,740 ML of water. Our water withdrawals in 2025 represent a 18.2% reduction from our 2019 baseline, exceeding our overall 2030 target. Water withdrawal data is verified annually by an independent third party verification firm.

Water withdrawal data is set out below:

Description	2025	2024	2023
Water withdrawals (ML)	6,236	6,409	6,571

5.2.2 Waste Management

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

Waste data is set out below:

SASB Accounting Metric (TR-AP-150a.1)	2025(1)	2024	2023
Aggregate amount of waste generated from manufacturing by Magna	1,211,227 t	1,520,274 t	1,365,712 t
Percentage of waste generated by Magna that is hazardous	4.6%[2]	4.0%[2]	3.9%[2]
Percentage of waste generated by Magna that was recycled	89.7%[3]	89.2%[3]	91.8%[3]

Notes:

[1] Preliminary data.
[2] Approximately 93% of such hazardous waste was diverted from secure landfills through recycling, reuse, or energy recovery initiatives in 2025 (94% in 2024; 92% in 2023).
[3] For 2025, this figure would be 96.7% if waste reused and energy recovery were also included as a category of recycled waste (96.1% in 2024; 96.2% in 2023).

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	2025	2024	2023
Annual remediation expenses	<$1.5m	<1.5m	<$1.0m
Aggregate remediation balance for known events	$21.2m	$20.0m	$18.8m
Environmental Violations > $10,000 USD	0	0	1
Amount paid (in USD) as a result of such Environmental Violations	N/A	N/A	$30,000

5.4 Product Safety

Magna is at risk for product warranty, product liability and recall costs, and is currently experiencing increased customer pressure to assume greater warranty responsibility. Certain customers seek to impose partial responsibility for warranty costs where the underlying root cause of a product or system failure cannot be determined. For most types of products, we only account for existing or probable product warranty claims. However, for certain complete vehicle assembly, powertrain systems and electronics contracts, Magna also records an estimate of future warranty-related costs based on the terms of the specific customer agreements and/or Magna's warranty experience. Product liability and recall provisions are established based on Magna's best estimate of the amounts necessary to settle existing claims, which typically take into account: the number of units that may be returned; the cost of the product being replaced; labour to remove and replace the defective part; and the customer's administrative costs relating to the recall. Where applicable, such provisions are booked net of recoveries from sub-suppliers and along with related insurance recoveries. Due to the uncertain nature of the net costs, actual product liability costs could be materially different from our best estimates of future costs. In 2025, our warranty expense (net) increased by $10 million compared to 2024. See Note 16 of our consolidated financial statements for the year ended December 31, 2025, which have been filed on SEDAR+ www.sedarplus.ca and are on Magna's website (www.magna.com). For a description of our activities relating to quality and end user safety, see Section 4.2.

5.5 Fuel Efficiency

Our product strategy, which is discussed in “Our Business & Strategy — Our Corporate Strategy” of our 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 are currently examining the requirements using the E.U. Taxonomy for environmentally sustainable economic activities, in connection with upcoming reporting obligations under the E.U. CSRD reporting regime. Our preliminary analysis indicates that the potentially relevant categories under the E.U. Taxonomy are: (i) 3.18: “Manufacture, repair, maintenance, retrofit, reuse and upgrade of mobility components for zero-emission personal mobility aids”. This would include components we produce that are “essential for providing and improving the environmental performance of the vehicle”, namely our electrified powertrains produced by our Magna Powertrain operating Group. Our high voltage portfolio covers the entire range for pure electric vehicles, from single components to complete systems — from eAxles and e-Drive transmissions up to highly integrated e-Drives; (ii) 3.3: “Production of low-carbon technologies for transport”, which could include complete Electric Vehicle assembly by our Magna Steyr operating Group; and (iii) 3.4: “Manufacture of batteries”, which could include manufacture of respective components such as battery casings/enclosures via our body and chassis group. Our current efforts are concentrated on evaluating eligibility and alignment for the three activities above, which represent the most material aspects of our sustainability impact.

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 “Description of the Business — Manufacturing & Engineering — Key Components and Raw Materials” of our AIF.

We address strategic risks regarding critical materials with more limited supply and key commodities/raw materials in a number of ways, including: diversification of suppliers; carrying excess inventory, where appropriate; and, designing and engineering our products to minimize the use of scarce/limited materials, where not constrained by customer specifications.

We are a member of the Aluminum Stewardship Initiative (“ASI”), and six of our Divisions have received certification under ASI’s Performance Standard, which supports responsible aluminium supply chains by among other things: providing a common standard for assessing ESG performance in the aluminium value chain, and establishing requirements that can be independently audited to provide objective evidence for meeting the criteria for certification, including product design, life cycle assessments, management of process scrap, and recycling of products at end-of-life. Additionally we are exploring certification against the ASI Chain of Custody standard, which represents a higher level of commitment, and we are part of Catena-X, a collaborative initiative aimed at implementing standardized processes for sustainable materials across our supply chain.

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 RMI supporting continuing cross-industry efforts to identify conflict-free smelters and refiners. We also report to requesting OEM customers with respect to Cobalt and Mica.

5.7 Competitive Behaviour

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

SASB Accounting Metric (TR-AP-520a.1)	2025	2024	2023
Total amount of monetary losses incurred as a result of legal proceedings associated with anti-competitive behaviour regulations	$100,000[1]	NIL	NIL

[1] In order to avoid the additional expense and disruption of litigation, in July 2025, Magna elected to settle a Canadian class action lawsuit alleging anti-competitive conduct in the market for door latches and closure systems. Magna made no admissions of guilt or wrongdoing through the settlement.

5.8 Health & Safety

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

Description	2025[1]	2024	2023
Accident Frequency Rate[2][4]	0.40	0.52	0.56
Accident Severity Rate[3][4]	8.82	13.34	14.10

Notes:

[1] Preliminary data.
[2] Frequency 1.0 translates to 1 injury or illness per 100 employees working 40 hours/week, 50 weeks/year.
[3] Severity 10.0 translates to 10 lost work days per 100 employees working 40 hours/week, 50 weeks/year. Severity Rate is reported as of February 13, 2026, but could change, including as a result of employees who continue to accrue lost work days in relation to an accident.
[4] Global production facilities and certain engineering locations.

The occurrence of injuries and fatalities is a matter of significant concern for both management and the Board. The TOCC reviews the circumstances related to significant injuries and all fatalities of employees or third parties on Magna properties and reports same to the Board. There were no employee fatalities at Magna facilities in 2025.

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	2025	2024	2023
Percentage of global employees who are women (wholly owned operations)	29.4%	29.0%	28.0%
Women in critical roles	21.5%[1]	19.0%	18.0%
Women on the Board of Magna	38.0%	42.0%	38.0%

Notes:

[1] 2,043 women in critical roles out of 9,523 such roles.

5.10 Other Sustainability Reporting

In addition to this Sustainability Report, other key sustainability-related public reports, include an:

- Annual CDP report which provides investors and customers with information relating to corporate GHG emissions, water use, deforestation risk and perceived corporate risk due to climate change.
- Annual conflict minerals report, in accordance with SEC requirements,
- Annual report on fighting against slave labour and child labour in supply chains.

Each of these reports is available on our website, at www.magna.com.

Magna also provides ESG information 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) or third party platforms such as Ecovadis and NQC's Self-Assessment Questionnaire.

We also continue to prepare for the ESRS and CSRD which will include extensive ESG reporting requirements for Magna based on our DMA.

Annex I: Sustainability Accounting Standards Board (SASB) Alignment Index

Topic	Metric	Category	Unit of Measure	Code	2025 Value	SR Page	Notes
Energy Management	Total energy consumed, percentage grid electricity and percentage renewable	Quantitative	Gigajoules (GJ), Percentage (%)	TR-AP-130a.1	(1) 19,854,065 GJ (5,515,018 MWh), (2) 58.2%, (3) 23%	10, 89	13.8% reduction vs 2019 baseline (Scope 1 + 2). Target: ≥4% energy savings in implemented energy projects (compared to 2023 absolute energy usage). See Environmental, Health & Safety Policy.
Waste Management	Total amount of waste from manufacturing, percentage hazardous, percentage recycled	Quantitative	Metric tonnes (t), Percentage (%)	TR-AP-150a.1	(1) 1,211,227 t, (2) 4.6%, (3) 94.01%	10, 91	96.7% diverted from landfill (≥ 95% target achieved). See Environmental, Health & Safety Policy. The percentage of waste recycled, as reported on page 91, was 89.7%. When waste that is recycled and reused is included — consistent with the SASB definition, the figure increases to 96.7%.
Product Safety	Number of vehicles recalled	Quantitative	Number	TR-AP-250a.1	Not Applicable	—	Magna supplies components to OEMs.
Design for Fuel Efficiency	Revenue from products designed to increase fuel efficiency or reduce emissions	Quantitative	Presentation currency	TR-AP-410a.1	Not Tracked	—	Products such as e-drive and lightweight systems support OEM fuel efficiency; revenue not currently quantified.

Topic	Metric	Category	Unit of Measure	Code	2025 Value	SR Page	Notes
Materials Sourcing	Description of the management of risks associated with the use of critical materials	Discussion and Analysis	n/a	TR-AP-440a.1	Critical materials include aluminum, magnesium, and rare earths used in EV and lightweight systems. Magna Conflict Minerals & Critical Raw Materials Policy and Magna Conflict Minerals & Critical Raw Materials Standard enforce responsible sourcing; due diligence conducted through the Responsible Minerals Initiative (RMI) and enterprise-risk reviews.	93	Managed through Magna Conflict Minerals & Critical Raw Materials Policy and Magna Conflict Minerals & Critical Raw Materials Standard; due diligence via RMI and internal risk reviews.
Materials Efficiency	Percentage of products sold that are recyclable	Quantitative	Percentage (%)	TR-AP-440b.1	Not Tracked	—	Not Tracked — Recyclability considered in product design.
Materials Efficiency	Percentage of input materials from recycled or remanufactured content	Quantitative	Percentage (%)	TR-AP-440b.2	Not Tracked	—	Not Tracked — Recycled and remanufactured content used where feasible and permitted by Customer Specifications.
Competitive Behaviour	Total amount of monetary losses as a result of legal proceedings associated with anti-competitive behaviour regulations	Quantitative	Presentation currency	TR-AP-520a.1	$100,000(1)	11, 94	Magna's Code of Conduct and Legal Compliance Policy govern fair competition; all relevant employees receive annual training and certify compliance with the Code.

Notes:

[1] In order to avoid the additional expense and disruption of litigation, in July 2025, Magna elected to settle a Canadian class action lawsuit alleging anticompetitive conduct in the market for door latches and closure systems. Magna made no admissions of guilt or wrongdoing through the settlement.

Annex II: ISSB Standards & TCFD Alignment Index

Disclosure Topic	Recommended disclosure	SR page
Governance: The organization's governance around climate-related risks and opportunities.	G(a.) Board's oversight of climate-related risks and opportunities.	19-20: Sustainability Governance: Board Oversight
	G(b.) Management's role in assessing and managing climate-related risks and opportunities.	21-22: Sustainability Governance: Management
Strategy: The actual and potential impacts of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning where such information is material.	S(a.) The climate-related risks and opportunities the organization has identified over the short, medium, and long term.	39-52: Climate Related Opportunities, Climate Related Risks and Risk Mitigation
	S(b.) The impact of climate-related risks and opportunities on the organization's businesses, strategy, and financial planning.	39-52: Climate Related Opportunities, Climate Related Risks and Risk Mitigation
	S(c.) The resilience of the organization's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario.	34-36: Climate Scenario Analysis, Sustainable Materials and Life Cycle Assessments
Risk Management: How the organization identifies, assesses, and manages climate- related risks.	RM(a.) The organization's processes for identifying and assessing climate-related risks.	34-35: Climate Scenario Analysis
	RM(b.) The organization's processes for managing climate-related risks.	26-55: Environmental Stewardship & Climate Action
	RM(c.) How the processes for identifying, assessing, and managing climate-related risks are integrated into the organization's overall risk management.	19: Board Oversight, 21: Management

Disclosure Topic	Recommended disclosure	SR page
Metrics & Targets: The metrics and targets used to assess and manage relevant climate-related risks and opportunities where such information is material.	M(a.) The metrics used by the organization to assess climate-related risks and opportunities in line with its strategy and risk management process.	5: Magna's Decarbonization and Energy Targets, 41: Energy Reduction Targets, 89: Energy Management and Emissions, 91: Water and Waste Management, 92: Environmental Remediation, 93: Fuel Efficiency
	M(b.) Disclosure on Scope 1, Scope 2 and, if appropriate, Scope 3 greenhouse gas (GHG) emissions and the related risks.	43: Climate Related Risks and Risk Mitigation, 89: Energy Management and Emissions
	M(c.) The targets used by the organization to manage climate-related risks and opportunities and performance against targets.	5: Magna's Decarbonization and Energy Targets, 41: Energy Reduction Targets, 89: Energy Management and Emissions, 91: Water and Waste Management, 92: Environmental Remediation, 93: Fuel Efficiency

Magna International Inc.
337 Magna Drive,
Aurora, Ontario
Canada L4G 7K1
Telephone: 905 726 2462

CONNECT WITH MAGNA

magna.com