



Magna International Inc.
Report on Fighting Against Forced Labour and
Child Labour in Supply Chains
May 2025

#### About this Report

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

This Report summarizes the steps that Magna has taken in the financial year ended December 31, 2024 to prevent and reduce the risk of forced labour or child labour within our operations and supply chain. The terms "we," "our," "us," "Company," and "Magna" used in this Report refer collectively to Magna International Inc. and the applicable controlled entities, unless otherwise noted.

#### **Contact Us:**

If you have any inquiries concerning this Report, please contact <a href="mailto:sustainability@magna.com">sustainability@magna.com</a>

### 1. About Magna International Inc.

#### a. Our Structure & Activities

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

We are one of the world's largest suppliers in the automotive space. We are a mobility technology company built to innovate. As of the date of this Report, our global network includes 341 manufacturing operations and 106 product development, engineering, and sales ("PDE&S") centres in 28 countries.<sup>1</sup> We have a global, entrepreneurial-minded team of over 170,000 employees.<sup>2</sup>

With over 65 years of expertise, our ecosystem of interconnected products combined with our complete vehicle expertise, uniquely positions us to advance mobility in an expanded transportation landscape. Our business is managed under four operating segments which have been determined on the basis of technological opportunities, product similarities, as well as market and operating factors, as follows:

- Body Exteriors & Structures
- Seating Systems

■ Power & Vision

■ Complete Vehicles

A more detailed description of our company, products and activities can be found in our Annual Information Form, which is available on Magna's website <a href="https://www.magna.com">www.magna.com</a>.

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

<sup>&</sup>lt;sup>2</sup> Number of employees includes over 158,000employees at our wholly owned or controlled entities and over 12,000employees at certain operations accounted for under the equity method.

#### b. Our Supply Chain

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

In 2024, we had approximately 9,700 direct materials/goods suppliers (representing approximately 6,600 supplier parent entities), with approximately 1,300 such suppliers providing goods/commodities directly to Canada. Our top categories of materials/goods purchased in Canada for the fiscal year ended 2024 were: complete modules (14%); steel (approximately 13%); electronics (approximately 13%); stampings (approximately 10%); resins/plastics (approximately 9%); die castings (approximately 4%); and aluminum (approximately 4%).

# Our Policies and Processes to Combat Forced/Child Labour

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

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

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

#### b. Governance

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

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

- Magna's global Procurement and Supplier Management function is responsible for directing due diligence processes within the supplier base. The Supplier Management team leads a cross-functional working group that includes representation from legal, ethics and compliance, human resources, sustainability and other functions that determines Magna's standards for its suppliers and oversees global implementation of key due diligence and other supply chain activities;
- our Ethics and Compliance function oversees our ethics and compliance program, updates to key policies such as our Code of Conduct, and Supplier Code (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
- overall support for ESG policy, practices and initiatives is also provided by our global Sustainability team.

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

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

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

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

#### c. Key Policies Supporting Our Commitment

Magna maintains a policy framework that clearly and unequivocally prohibits forced/child labour, promotes socially responsible business practices, and is designed to protect and recognize the fundamental rights of workers as key stakeholders in our business. While we operate in a number of jurisdictions with a range of different laws, Magna's policy framework applies equally to all our operations across the globe to establish a common and consistent baseline for the fair

treatment of our own employees, as well as those in our supply chain. The key policies supporting our commitment to human rights are Magna's:

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

#### Agencies, Recruiting Firms and Labour Brokers ("Staffing Agency Policy"):

terms; and verification processes related to contract workers' employment conditions.

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

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

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

We identify, evaluate and prioritize risks based on the likelihood of the risk occurring, severity of the impact should the risk materialize, and the extent of our contribution to the risk, if any. We believe that the risk of forced/child labour is generally lower in our own operations due to our: robust policy framework and practices; well-established Human Resources program, including HR due diligence/audit programs; and compliance-oriented values, including our long-standing philosophy of fairness and concern for our people and respect for the inherent rights of workers.

Within our supply chain, prioritization of certain risks may include considerations relating to our proximity to the risk and our ability to influence mitigation of risk by a supplier. We have identified certain areas of our supply chain that carry the potential risk of forced/child labour, based on a range of sources, including:

- expertise from internal functional experts;
- regulatory guidance or legislation (e.g. The Uyghur Forced Labor Prevention Act (UFLPA) in the United States);
- publicly available non-governmental external data sources;
- information learned through our participation in industry associations;
- third-party supplier risk assessment tools, such as our live alert risk monitoring platform;
   and
- supplier-specific information from self-assessment questionnaires and audits.

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

the high-priority sectors identified by the U.S. Department of Homeland Security's Forced Labor Enforcement Task Force.

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

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

In 2024 and to date in 2025, Magna has taken the following steps to prevent and reduce the risk that forced labour or child labour is used at any step of the production of goods in Canada or elsewhere by Magna or of goods imported into Canada by Magna:

# Policy • Enhancements:

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

# Employee • Training:

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

# HR-Related • Audits/Due Diligence:

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

 Magna Hotline – which allows employee's and other stakeholders to report concerns or suspected violations of Magna's policies or practices

#### Third Party • Labour/Staffing Management:

- We maintain oversight and due diligence practices with respect to third party labour/staffing agencies including service agreement templates for use with third party labour suppliers to ensure that contingent workers are subject to the same ethical standards applicable to Magna's regular full-time employees. The service agreement templates include, among other things, requirements to adhere to ethical labour standards, express prohibition on forced or child labour related practices, and robust audit and investigation provisions
- We maintain a system for reporting non-compliant third-party labour suppliers which is designed to help ensure that we do not conduct business with prohibited suppliers. As a result, we terminated business relationships with a number of temporary staffing/labour agencies that did not meet the requirements of our Staffing Agency Policy
- We conducted 'manpower' audits of labour related suppliers for all of our facilities, in all regions in which we operate
- We have implemented an annual global Labour and Employment (LEA) 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

# Supplier • Engagement:

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

# Supply Chain • Management, including Suppler Ratings & Audits: •

- Our Supplier Management function uses a third-party supply chain risk monitoring and mapping tool, which monitors and provides real-time alerts regarding a number of ESG-related categories, including human rights (i.e., forced/child labour) and poor working conditions
- We conduct analysis of specific risk areas through bottom-up mapping using the third-party monitoring tool. In 2024, we performed targeted supply chain mapping related to key commodities, semiconductors and aluminium), as well as entities identified on the UFLPA Entity List
- We monitor updates to the UFLPA Entity List of entities suspected of using Uyghur forced labor and integrate such updates into our third-party monitoring tool.
- We require selected suppliers to complete ESG self-assessment questionnaires (SAQs) that cover, among other things: working conditions, human rights and health and safety. In 2024, we invited approximately 4,800 suppliers (representing approximately 75% of procurement spend) to complete an SAQ.
- In 2024, we initiated six (6) on-site audits of suppliers through the Responsible Supply Chain Initiative (RSCI) in connection with our risk assessment process
- We use a scorecard process to provide ongoing monitoring and assessment of suppliers with an ESG component (S-ESG rating) that includes forced/child

- labour as a critical flag. No production suppliers needed to be terminated in 2024 as a result of a violation of working conditions or human rights
- The results of supplier SAQs and on-site audits are reviewed internally and generate corrective action plans for suppliers to complete
- The Supplier Management function maintains an investigation and case management system to gather information and execute control and oversight of any necessary mitigating activities

# Reporting • Mechanism: •

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

# Transparency & • Reporting:

We publicly report on our efforts to combat forced/child labour in our annual Sustainability Report and a number of regulatory reports, including this Report which increases transparency and further amplifies the importance of our activities to stakeholders

#### f. Mechanisms for Reporting Concerns

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

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

#### g. Employee Awareness and Training

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

employees complete annual Code of Conduct training, as well as specific training covering subtopics addressed by the Code. In 2024, our Code of Conduct and Ethics training course was completed by over 47,000 Magna employees.

In addition to the Code of Conduct training, in 2024, we rolled out mandatory enhanced compliance training for employees on responsible sourcing and global supply chain laws, covering such issues such as child labour, human trafficking, forced labour, and the responsible use of third party labour brokers. The training 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. During 2024, the training modules were completed by Magna employees, as follows:

Module 1: Introduction to Global Supply Chain Laws	~24,000 trainees
Module 2: Third Party Service Providers, Staffing Agencies & Labour Brokers – Reducing Forced Labour Risk	~23,500 trainees
Module 3: The Ethical Employment of Young Workers & Preventing Child Labour	~23,700 trainees

# 3. Assessing the Effectiveness of Our Actions

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

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

- Effectiveness assessments conducted at least annually by a cross-functional internal working group;
- Participation in a number of industry associations that allows us to benchmark best
  practices regarding activities to prevent forced/labour and identify opportunities for
  continuous improvement. For example, we are a founding member of the RSCI, an
  association of automotive OEMs, Tier 1 Suppliers and industry associations, which has
  established an assessment program for due diligence in the automotive supply chain
  relating to social compliance, occupational safety and environmental protection;
- Engagement with key stakeholders, such as investors and customers, as well as suppliers through mechanisms such as our Supplier Roundtables;
- Feedback from our risk-based audits described in this Report, such as our Employee Opinion Surveys and other HR audit programs;
- Feedback received from our Board of Directors and its standing committees;
- Interactive tests included in our employee training modules which give us indicative feedback on the effectiveness of our training activities;

- Monitoring and analysis of existing and emerging regulatory requirements globally;
- Monitoring of non-governmental and other public reports related to forced/child labour;
- Assessments of Magna and/or its Divisions from third-party ESG rankings and customer-required self-assessments or audits;
- Assessments of the extent to which our suppliers are improving in self-assessment questionnaires or on-site audits or implementing corrective actions; and
- Ongoing monitoring of reports received through the reporting mechanisms described in this Report, including the Magna Hotline.

#### 4. Remediation Measures

We did not identify any reportable matters in the reporting year. Accordingly, no remediation activities were required.

## 5. Approval and Attestation

This Report was approved by Magna's Board of Directors on May 1, 2025. In accordance with the requirements of the Act, and in particular section 11 thereof, I attest that I have reviewed the information contained in the report for the entity or entities listed above. Based on my knowledge, and having exercised reasonable diligence, I attest that the information in the report is true, accurate and complete in all material respects for the purposes of the Act, for the reporting year listed above.

Seetarama (Swamy) Kotagiri

Chief Executive Officer and Board Member

Magna International Inc.

On behalf of the Board of Directors of Magna International Inc.

May 1, 2025

# Appendix A Reporting Entities Covered By this Joint Report

#### **Parent Company**

Magna International Inc.

#### **Controlled Subsidiaries**

- Magna Closures Inc.
- Magna Electronics Canada, Inc.
- Magna Exteriors Inc.
- Magna Powertrain Inc.
- Magna Seating Inc.
- Magna Seating of America, Inc.
- Magna Services of America, Inc.



# Forward. For all.