

Magna International Inc. UK Tax Strategy

(in accordance with Schedule 19 of the Finance Act 2016
for the financial year ended December 31, 2022)

Introduction

In order to meet the requirements of Schedule 19 of the Finance Act 2016, this document sets out the tax strategy of the UK-based entities within the Magna International Inc. Group (“Magna”). The UK-based entities covered by this tax strategy are shown in Appendix 1 and referred to as the “Magna UK sub-group”. This tax strategy applies to all UK taxes applicable to the Magna UK sub-group for the December 31, 2022 financial year and will be reviewed and updated annually. The ultimate parent company of the Magna UK sub-group is Magna, a global automotive parts manufacturer with its headquarters in Aurora, Ontario, Canada. Magna is a public company that is listed on both the Toronto Stock Exchange (“TSX”) and the New York Stock Exchange (“NYSE”).

The principles governing the management of the Magna UK sub-group’s tax affairs are fully aligned with Magna’s strong corporate governance practices. Magna’s approach to corporate governance is described under “Corporate Governance” in its most recent management information circular/proxy statement. It is also set out in its Board Charter, which can be found under “Corporate Governance Documents” on the Magna website (<https://www.magna.com/company/company-information/leadership-and-governance/corporate-governance-documents>). Magna’s Board Charter is reviewed at least annually and updated as needed to reflect evolving best practices in corporate governance. Magna believes that strong corporate governance practices are essential to fostering stakeholder trust and confidence, management accountability and long-term shareholder value.

Magna is committed to ensuring that the Magna UK sub-group complies with and pays the appropriate amount of tax based on applicable tax laws, rules, regulations, and disclosure requirements. The Magna UK sub-group will utilise available tax incentives and tax reliefs to minimise the tax cost of conducting business in a manner that is not contradictory to the intent of legislative requirements. The Magna UK sub-group is also committed to maintaining an open and honest relationship with HM Revenue & Customs (“HMRC”), which is based on collaboration and integrity.

How the Magna UK sub-group manages tax risks

Magna employs a global group of tax professionals who are based in the jurisdictions in which it has major operations. The head of the Magna global tax group is the Vice-President, Taxation who reports to the Executive Vice-President and Chief Financial Officer (“CFO”) of Magna. Directors of Taxation, who report directly to the Vice-President, Taxation, are responsible for managing the tax affairs in Magna’s major operating jurisdictions. A Manager of UK Taxes is responsible for the Magna UK sub-group and reports directly to Magna’s Director, European Tax.

The Magna UK sub-group’s approach to tax risk management and governance is based on the principles of reasonable care and materiality. Within the Magna group, a culture of continual application of governance with strong internal controls is promoted, which helps to reduce tax risk to acceptable levels from a materiality standpoint. The Magna UK sub-group also complies with the Senior Accounting Officer (SAO) measure that was enacted in the Finance Act 2009 as Schedule 46. In accordance with this measure, the Magna UK sub-group maintains appropriate tax accounting arrangements that support the basis of the various UK tax filings and are designed to ensure

compliance with new tax laws and requirements. All tax related processes are maintained by the UK Tax Manager and controls have been implemented for key tax risk areas. These processes and controls are tested and reviewed regularly and improvements are implemented if any weaknesses are identified.

When significant business transactions occur, such as acquisitions and/or disposals of companies or business lines, the Magna tax group needs to be able to respond appropriately in order to identify and manage the tax risks arising from such transactions. While such events cannot always be predicted or anticipated, the Magna tax group continually communicates with Magna's operating groups to ensure timely identification of the tax issues and tax obligations related to transactions. Approval from the Vice-President, Taxation, and the CFO on any significant business transaction is required before the transaction can be implemented.

The Magna UK sub-group and its tax risks

The management of the Magna UK sub-group's tax affairs is a complex process impacted by many functional areas and different operating groups. There may be risks of error or omission within those processes, which may result in errors in tax returns. It is not reasonably possible to completely eliminate these tax risks. The Magna UK sub-group's approach towards the required level of control(s) over tax processes, is aimed at minimizing the likelihood of occurrence of errors and ensuring the impact of any tax risk is not material. HMRC's business risk review in 2016 granted the Magna UK sub-group low risk status for a 3-year period and this rating was reaffirmed by HMRC at the 2019 review. Since 2019, an assessment has not been initiated by HMRC. One of the primary objectives of the Magna UK sub-group is to maintain this rating. The Magna UK sub-group aims to achieve this objective through:

- 1) The submission of its UK tax returns on a timely basis;
- 2) Paying the appropriate amount of tax on or before the due dates;
- 3) Maintain tax accounting procedures which are robust, accurate and comply with the SAO measure;
- 4) Ensuring that all departments involved in tax processes are adequately resourced, supported and trained; and
- 5) Ensuring that all tax filing positions are supported with appropriate documentary evidence.

The Magna UK sub-group's attitude to tax planning

Magna maintains a Code of Conduct and Ethics (the "Code of Conduct"), which applies to all employees, officers, directors, and those acting on Magna's behalf. Magna expects all employees to read and understand the Code of Conduct and to always act in an ethical and honest way and in accordance with applicable law. Following the principles of the Code of Conduct, Magna, and in particular, the Magna UK sub-group will not engage in artificial transactions where the sole purpose of the transaction is to reduce UK taxes. Tax planning will be undertaken when it is aligned with the business and commercial objectives of a transaction and complies with the relevant UK tax legislation. Tax is one of many factors considered when making business decisions to achieve targets and a balanced tax position. The Magna UK sub-group aims for certainty on the tax positions it takes. Where the tax law is unclear or subject to interpretation, external tax advice is routinely sought, as appropriate, to ensure that the Magna UK sub-group's tax position is robust and supportable.

Working with HMRC

The Magna UK sub-group has had an HMRC Customer Compliance Manager (“CCM”) since 2010. The role of the CCM is to act as a liaison and communication point for the Magna UK sub-group. Every year the Magna UK sub-group’s Tax Manager meets with the CCM for an update on current business initiatives and to discuss the business risk review that the CCM has carried out. We expect that any enquiries will be handled in a courteous, timely and professional manner. The Magna UK sub-group’s aim is to be open, honest, and transparent in its dealings with HMRC and the annual meeting is part of the process of working collaboratively with HMRC. Our expectation is that we will seek to resolve issues in real time and before returns are filed, whenever possible. Where appropriate, the Magna UK sub-group will seek pre-transaction clearance from HMRC, to minimise the risk of challenge and avoid unnecessary disputes. When a disagreement arises, it is our intention to work with HMRC to resolve the issue by agreement.

Appendix 1

The Magna UK sub-group comprises the following companies:

Magna International Holding (UK) Ltd

Magna Seating (UK) Ltd

Cosma Casting UK R.E. Ltd

Magna Exteriors (Banbury) Ltd

Magna Exteriors (Liverpool) Ltd

Stadco Automotive Ltd

Acertec UK Ltd

Acertec Engineering Ltd

Stadco Ltd