

MAGNA People

a Fair Enterprise publication
2017 • 1

Magna at 60



Great **Culture**,
Great **Company** and
Great **People!**



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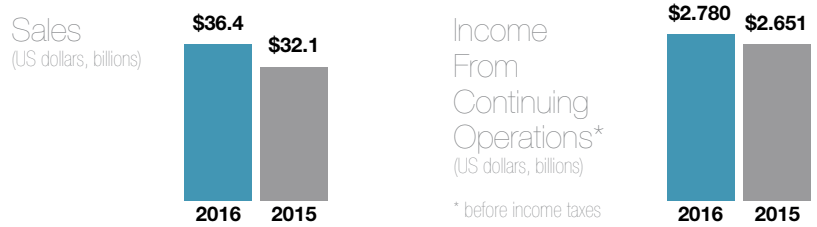


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2016 Year-End Financial Results

The following chart summarizes Magna's financial results for the year ended December 31, 2016.



Magna Update

Magna's Innovative Car of the Future Experience at CES 2017



Magna demonstrated its future mobility capabilities during the 2017 CES (Consumer Electronics Show) using Microsoft's HoloLens mixed-reality experience. Using these self-contained, holographic computers, more than 1,000 attendees personally experienced the Car of the Future and learned about future vehicle technologies: cameras, sensors, LiDAR, and radar systems that enable autonomous driving; seat sensors that provide continuous feedback to the driver; active aerodynamic fuel efficiency technology; and various powertrain architectures from multiple hybrid variants to full electrification. We also showcased our latest ADAS (Advanced Driver Assistance Systems) innovations and how they are helping automakers reach various autonomous driving levels today and for the future.



Magna Official Partner for the Special Olympics World Winter Games 2017



Copyright: GEPA pictures/Special Olympics

Magna was proud to serve as an official partner of the **Special Olympics World Winter Games** March 14-25, 2017, in Graz, Ramsau and Schladming, Austria. Magna also supported the travel and accommodations for athletes representing the teams from Canada and Mexico, and provided backpacks for more

than 3,000 volunteers. "We are honored to be involved with such a noteworthy organization that's purpose is all about inclusion and community," said **Marc Neeb**, Magna's Chief Human Resources Officer.

Magna makes Glassdoor list for Best Places to Work!



Magna International Inc. was named among the winners of the **Glassdoor Employees' Choice Award**, recognizing the Best Places to Work in 2017 in Canada. The Employees' Choice Awards program relies solely on input from employees who

elect to provide feedback on their jobs, work environments and companies via Glassdoor, a global employer review website. "We are honored to be ranked as one of the best places to work," said **Don Walker**, Chief Executive Officer. "We are committed to being an employer of choice and providing a culture of fair enterprise, professional growth and equal opportunity to our employees."



A Message From Don Walker

Magna at 60 – a great culture, a great company and great people!

It has been sixty years since Magna's truly remarkable story began in a one-man tool shop in Toronto, Canada. To celebrate our six decades of business, throughout 2017, Magna People will be highlighting some key milestones that help illustrate the ongoing impact of our unique culture, our innovative company and our dynamic people.

In this issue, we focus on our **great culture**. Since 1957, the world, the auto industry and Magna have changed but one constant at Magna has been our inclusive and employee-focused culture. From the outset, Frank Stronach, our company founder, recognized that his business would be more productive, competitive and successful if he could win the hearts and minds of his employees and have them work as partners in the business. He called his operating philosophy "Fair Enterprise" to represent sharing in the success of the business as well as the ongoing effort to balance the needs of the business with the needs of our employees, our customers and our investors.

Magna is well-positioned for future success, in large part because our great culture is so firmly entrenched. As in the past, Fair Enterprise will continue engaging and motivating great people like you who drive our great company's ground-breaking achievements each and every day in every Magna facility around the globe.

I would like to take this opportunity to thank you for your ongoing efforts and commitment.

Don Walker
Chief Executive Officer



Fair Enterprise Supports Continuous Improvement

Continuous improvement and business success are natural consequences of Magna's Fair Enterprise culture where employees care about their work and approach it as partners in the business. These are a few of many examples of employees like you who are helping Magna meet the challenges of the global automotive industry through continuous learning, shared knowledge and ideas, and constant efforts to improve our products and processes.

Magna Electronics Holly

Holly, Michigan, United States

Heather Diehl, a third shift Team Lead at Magna Electronics Holly, identified an opportunity for improvement in their Packout area where cameras are tested and packed for shipment to customers. The layout was hindering materials management, preventing good product flow and limited space was causing damage to walls. A Kaizen event was conducted with the facility's Lean Manufacturing Team: **Mike Masar**, Lean/Six Sigma Global Manager; **Heather Diehl**, Team Leader; **Misty O'Briant**, Team Member; **Tim Robbins**, Team Member; **Charlene Gillean**, Team Member; **Kim Davidson**, Team Member; **Curtis Schnieder**, Team Member; **Andy Green**, Maintenance; **Stacy Mason**, Materials; **Jeff Calhoun**, Shift Supervisor; **Ulysses Allen**, Team Member from another area (fresh eyes); **Tim Tipton**, Materials Supervisor; **Derek Manssur**, Maintenance; and **Nick Herkner**, Quality. An Action Item list was developed with information collected on the floor using A3 methodology and tools like a Spaghetti diagram; Time Studies/Video; Cardboard City; Standard Work; Time Observation Form and a VSM (Value Stream Map). A new layout and new racks were implemented to increase open floor space by 37 percent, to accommodate 40 percent more materials, and create a steady and more efficient supply of materials to the line. This eliminated the need for an additional materials operator per shift and steadily increasing parts production may eventually eliminate one operator over the three-shift packout operation.



Some of the employees who participated in the Kaizen: **Derek Manssur**, **Heather Diehl**, **Misty O'Briant**, **Andrew Green** and **Tim Tipton**.

Cosma Changsha Automotive

Changsha, Hunan Province, China

When Cosma Changsha decided to improve their logistics and pull system, a team of six set out to use Kaizen to optimize the production line layout; the management for WIP (Work In Process) and the logistics distribution route. They also wanted to build a

pull system that would indicate what to build and when. The team divided the tasks into four steps and by using Kaizen tools and seeking best practices by visiting other divisions, they devised and implemented an action plan. They worked with all employees in the plant and achieved overall improvement of working order and standardized work as well as a better Mafact score. In the process, employees learned more about Lean manufacturing and, seeing the success, are motivated to conduct more Kaizen!



From left to right: **Andy Liu**, Electrical Engineer; **Cheney Chen**, Electrical Engineer; **Sarah Shu**, Logistics Engineer; **Tina Lao**, Lean Engineer; **Dylan He**, Logistics Supervisor; and **Edward Deng**, Warehouse Supervisor.

Magna Mirrors Espana

Polinya, Spain

Nuria Pla, the Quality Manager at Magna Mirrors Spain, saw an opportunity to improve their inefficient QRQC (Quick Response Quality Control) process. There was poor visibility of open customer claims, no clear timeline, it was difficult to see the priority of the concern and the team's workload, and it lacked a sense of urgency. She and a small team defined the system with Value Stream Mapping of the customer complaint process and defined their objectives for a new system. Three weeks later they implemented a new, very visual system

based on the Kanban philosophy. The new QRQC board is a 30-day timeline with each incident or claim represented by an individual card that physically moves across the board a day at a time. The team works with the QRQC board daily and can easily see the red, yellow or green status of existing claims as well as any new claims. There is also a box for each customer where the leader keeps the A3-PPS (Practical Problem Solving) form where they include all documentation about the incident. The new QRQC board has improved the lead time to close incidents and helps identify and eliminate repeat incidents. Improved efficiency was also achieved by focusing on delayed tasks and supporting blocking points.



Daily meeting participants from left to right: **Sebastian Sarret**, Customer Quality; **David Cano**, Technical Manager; **Daniel Losada**, Focus Factory Manager; Nuria Pla, Quality Manager; **German Ortega**, SQA Manager; **Isuard Dosaiguas**, Customer Quality; **Inigo Imaz**, Operation Manager; and **Sebas Fosalba**, Quality Production.

Qualtech Seating Systems

London, Ontario, Canada

Every quarter, **Samir Khaled**, Global Continuous Improvement Manager for Seating, brings together Magna Production Systems (MPS) Kaizen Leaders from around the world to share experiences, train MPS concepts, and work on Kaizen activities together. At their recent MPS event at Qualtech Seating Systems, they conducted Kaizen projects in five model areas to identify and implement opportunities for improvement and cost savings. Their



shop floor problem solving activities, group discussions and A3 report outs addressed issues on two wire harness installs, the front seat cushion area, the lineside presentation of the front line head rest, as well as defective products from a supplier. Their Kaizen activities included the creation of Standardized Work to improve overall quality in one area. In another, they reduced non-value added work, rebalanced work elements, and optimized the floor layout which led to floor space gains. When a Pull System was implemented in another area, they realized significant WIP

reductions. Successful trials improved the supplier performance and eliminated wire harness tangles, cuts, bad connections and trim damage. **Kurt Windibank**, Qualtech's General Manager, commented on the A3 reports conducted by the teams, "All were very impressive with great data and some great opportunities for us to fix some areas that were not meeting target. We would be happy to host them anytime!"

Magna Powertrain Ilz

Ilz, Austria

When Magna Powertrain Ilz had to bring in a shaft cell from another plant, they had to overcome floor space and funding limitations. They challenged the team - **Siegfried Hofer**, Supervisor; **Gabor Horvath**, CI-Team Member; **Jürgen Lackner**, Lean/Mafact Coordinator; **Daniel Lesitschnig**, Teamleader ITC Shaft Cell; **Bernhard Nagler**, Layout Planning Manager; **Michael Schandor**, CI-Team Member; **Hermann Wachmann**, Area Manager; and **Thomas Schön**, Layout Planner - to optimize the shaft cell layout as the first one-piece flow concept in the facility. First they developed two scenarios and assessed them both using a cardboard simulation for one-piece flow, time study Standardized Work documents and waste analysis. The team decided on the best approach and implemented it including TWI (Training Within Industry) Job Instruction.



The project was a success and resulted in an efficiently trained operator, a 25 percent space savings and it freed up three direct operators for another important project.



DO YOU HAVE THE NEXT BREAKTHROUGH
IN AUTOMOTIVE SAFETY?

EMPLOYEE INNOVATION CHALLENGE

Safer Mobility for the Future

Results from Magna's 2016 Employee Innovation Challenge



From left to right: TechTank judges **Jim Tobin** – Chief Marketing Officer, Magna; **Lindsay Brooke** Editor-in-Chief Automotive Engineering Magazine; **Anne Cascadden** Trade Commissioner, Canadian Consulate General; **Joel Gibson** Vice President, Business Development and Strategy, Magna Electronics; and **Swamy Kotagiri** Chief Technology Officer, Magna.

Magna's **Safer Mobility for the Future** contest challenged employees to find ideas to improve the automotive industry and help make the world a safer place for all who share the road. An enthusiastic response from employees brought in 544 submissions from 21 countries! Each participant submitted a description of a specific innovation that could help us get closer to reaching zero: zero accidents, zero injuries and zero deaths. Judging panels narrowed submissions down to five finalists who participated in the second annual TechTank event last November.

The finalists had the opportunity to work for two days with Magna's industrial design department and a global Magna team to help develop their idea and to hone their presentation skills. On the final day, each finalist pitched their innovation to an elite panel of judges, from inside and outside of Magna. Their ideas were evaluated based on the following criteria:

- Most realistic for automotive production by 2030;
- Alignment with current industry trends and issues which need solving; and
- Biggest impact on automotive technology.

Swamy Kotagiri said, *"This process is important because not only are we trying to address the gaps and needs of the automotive industry but the important thing is we are also engaging the employees in the organization."*

The overall results from the employee innovation challenge demonstrate what a wealth of knowledge and innovative thinkers we have in our company. Thank you to everyone who participated and watch for the next employee challenge coming soon in 2017!

CONGRATULATIONS TO OUR FIVE FINALISTS!

1st Place \$6,000 USD prize

Intelligent System to Accurately
Assess Vehicle Capacity Weight (ISAAC)

Lukas Wechselberger, Senior Project Engineer –
Vehicle Safety/ES, Magna Steyr, Austria

ISAAC actively monitors the vehicle's weight and alerts the driver.



2nd Place \$3,000 USD prize

V2Me Beacon

Kevin Smith – Product Line Engineering Director – Fascia and Exterior
Trim, Magna Exteriors, USA

Portable V2Me Beacon alerts for pedestrians and/or disabled vehicles.



3rd Place \$2,000 USD prize

Magna CONTACT

Jose Luis Uson – Process Engineer, Magna Mirrors and Closures, Spain

A unique approach to tire monitoring.



4th Place \$1,000 USD prize

Magna LOOKOUT

Daniel Biasi da Silva – Senior Product Engineer, Magna Closures/Mirrors, Brazil

A solution to decrease bike versus car door crash incidents.



5th Place \$1,000 USD prize

Safety Angel

Bernhard Schadler – Engineering Development,
Magna Mirrors Auteca, Austria

A child safety system that integrates various safety
features once a child is detected in the vehicle.



Fair Enterprise

MAGNA'S GREAT AND EVOLVING CULTURE

When he opened his one-man tool and die shop in 1957, Frank Stronach did not have a fully formed concept of Fair Enterprise but his personal belief system, experiences and vision laid the groundwork for an employee relations culture based on the powerful premise that each employee matters and is deserving of fair treatment and recognition. Fair Enterprise also means a demonstrated appreciation and respect for our customers, our investors, our suppliers and the communities where we live and work. In a Fair Enterprise workplace, we all work hard every day to ensure the success of the business and personal achievement without losing sight of the ethics and principles on which our company is built.



1957

Frank Stronach opened tool and die shop

1970s

Employee Equity and Profit Participation Program introduced



1970s

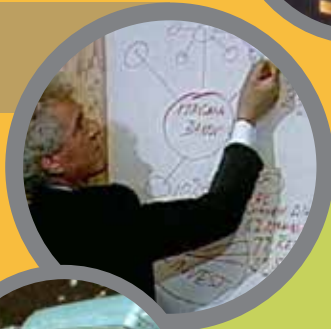
Company name changed to Magna International Inc.

In 1973, with plans to expand beyond Canada, the company changed its name to Magna International Inc. and adopted a bold new logo.

1970s

Evolving decentralized structure

Fair Enterprise includes a decentralized company structure to minimize bureaucracy and maximize responsiveness to customers and employees. Frank Stronach drew diagrams such as this to explain this unique approach to business leaders, politicians, educators and potential investors.



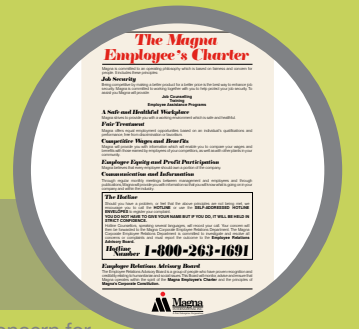
Fair Enterprise is based on the belief that, if employees have a stake in the business, they are more motivated to produce a better product for a better price. In 1975, Magna's Employee Equity and Profit Participation Program was established to give employees the opportunity to share in the success of the company.



1980s

Employee's Charter formally introduced

To ensure his vision of fairness and concern for people was ingrained in Magna's culture, Frank Stronach introduced the Magna Employee's Charter in 1988. Its six simple, common-sense principles address what every employee needs and wants from their employer, regardless of their country, their culture, their age or their gender. These same principles are now applied in 29 countries around the world!



1980s

Corporate Constitution formally adopted

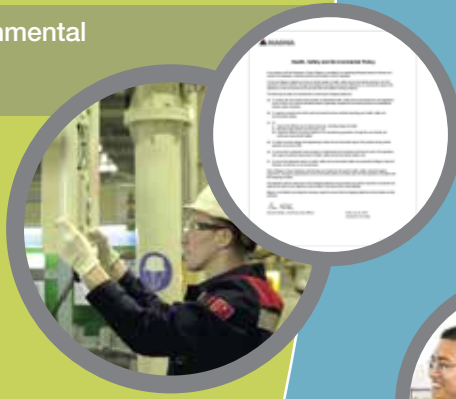
The Corporate Constitution, formalized in 1984, provided the disciplined approach to allocating and reinvesting profits that was needed to grow the company. Although the Constitution is now a heritage document, it represents a critical building block in our culture and history. Its intent and objectives continue to be upheld by Magna's Board of Directors and are reflected in our Employee's Charter and Operational Principles.



1980s

Health, Safety and Environmental Policy formalized

Magna's global Health, Safety and Environmental Policy sets the standard by which we strive to protect people, as well as the environment, everywhere we operate around the world. It is upheld by Environmental, Health and Safety committees and also by regular audits and inspections.



1990s

Open Door process formalized

Magna's Open Door is a proactive, problem-solving process. It is structured with you at its center surrounded by multiple options that can help you address, and quickly resolve, work place issues. You are encouraged to speak to whomever you are comfortable with, in any order, and Magna will protect you from retaliation or reprisal. You can also use the Open Door to ask questions, express opinions, make suggestions and support our innovation efforts.



1980s

Employee Hotline launched

The Hotline supports all six principles of the Employee's Charter. It is there for you to use if you have an issue that you haven't been able to resolve in your facility using Magna's Open Door process or if you think you have been treated unfairly. You have a right to use the Hotline and will be protected from reprisal and retaliation.



1990s

Health and Safety audit developed

The Health and Safety Audit was developed early in the 1990s and has become a world class standard that is reviewed regularly by executive management and Magna's Board of Directors.



1990s

Division Employee Continuous Improvement Suggestion Programs expanded



1990s

Employee Opinion Survey launched

Fair Enterprise relies on your involvement and the Employee Opinion Survey is an audit tool that gives you the opportunity to anonymously let Magna know how well you think the Employee's Charter is being managed in your facility. As part of Magna's Open Door process, Employee Opinion Surveys are conducted in Magna facilities every 12 to 18 months.



1990s

Competitive Wages and Benefits / Total Compensation Survey introduced

The Competitive Wages and Benefits principle of the Employee's Charter commits to providing you with information so you can compare your total compensation to what employees make at other local or competitor companies. It is a regular, formal survey process that assesses the total value of your wages plus your benefits. The results are analyzed and shared with you in employee meetings.



1990s

Monthly Employee Meetings became Magna standard

Effective, two-way communication is essential to our success and monthly employee meetings help us stay connected with you and keep you informed so you can work as a partner in the business.



1990s

Employee Disaster Relief Fund introduced



Established in 1999, the Employee Disaster Relief Fund provides needed financial assistance to employees and their family members in the event they become victims of a disaster. To date, over \$800,000 US has been provided to assist 157 employees in 15 countries.



2000s

Good Business Line launched

Magna has always been committed to open and fair business practices and in 2005 launched the toll-free, anonymous and confidential Good Business Line for employees to report suspected violations of Magna's Code of Conduct and Ethics.



2000s

Code of Conduct and Ethics formalized

The core values and business principles of Magna's Fair Enterprise culture are reinforced by our Code of Conduct and Ethics. It acts as a guide to help us maintain the highest ethical standards.



2010s

Leadership Development System implemented

One of Magna's top global priorities is to attract, develop and retain our greatest asset - our people. Our PD&T (People, Development and Training) teams around the world work to support the alignment between our business strategy and our people strategy; to attract, develop and retain talent; to achieve excellence in leadership development; to support the development of people through various PD&T programs; and to establish Magna as the employer of choice in every region where we operate.



2010s

Employee Hotline and Good Business Line became available online globally



2010s

Magna People newsletter expanded globally



2010s

Magna Matching Program launched

Magna and Magna employees take social responsibility seriously. For over 40 years, Magna has allocated up to two percent of pre-tax profits to support communities where we live and work. By matching qualifying donations raised by groups of Magna employees, the Magna Matching Program further aligns our charitable giving with the causes our employees are most passionate about.

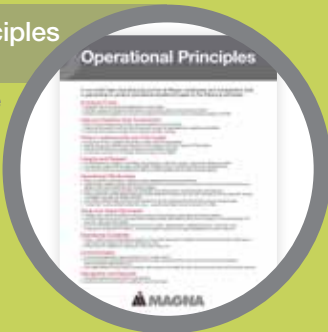


Magna committed 1.15M EUR in support of the refugee crisis in Europe.

2010s

Operational Principles formalized

Launched in 2010, the Magna Operational Principles outline our global standards of business excellence. Focusing on nine key areas, they provide a consistent, global roadmap for Magna's operating systems and processes.



Message from Ethics and Legal Compliance



No Benefit in Cheating the System

As employees, we know that Magna is a world-class company and a great place to work. Magna is committed to an operating philosophy based on fairness and concern for people, so it provides a great range of employee benefits. In return, employees are expected and trusted to act with honesty and integrity when they use Magna benefits. If they don't, there are very serious consequences.

For example, when some employees were recently suspected of filing false benefits claims, an internal investigation was launched. It was eventually confirmed that they had claimed expenses for Magna benefits for medical services which they had never received. These employees had purchased false receipts from unscrupulous businesses for a fraction of face value and then filed the receipts with Magna's insurer and were reimbursed for the full amount. By doing so, they committed fraud. As a result, Magna was forced to terminate their employment and is seeking repayment of the money from them through the legal system.

Unfortunately, when employees like these cheat the system, it makes it more expensive for Magna to continue to offer good benefits to employees. It is also against the law and could result in serious legal consequences, including criminal charges. Insurance fraud hurts the entire company and all of us.

We wanted to share this situation with you as a reminder to always Drive Integrity in everything you do. If you suspect a misuse of Magna benefits, or any other unethical behavior, we encourage you to use the Open Door process or contact Magna's Good Business Line (www.magnagbl.com).



MAGNA

Our People

have the right attitude



Aldo Isaia Focareta, a Logistic Accountant at **Magna Powertrain Italia srl** in Benevento, Italy, was nominated by a co-worker who thinks he is trustworthy and focused on his job. Magna is like Aldo's family and, even under pressure, he has a positive attitude and a

smile for everyone. Aldo says, *"Working for Magna is a great challenge. Having the right attitude enables you to acquire specific knowledge and abilities to improve working activities and to maintain high status of the results achieved. I work with highly qualified people and cooperation with other departments is a top priority. I will always do my best to have the right attitude."*



Rocío Leon Miramontes, a Human Resources Chief Leader at **Sonora Forming Technologies** in Hermosillo, Sonora, México, was nominated by a co-worker who thinks she is helpful, professional and intelligent with a gift for leadership and teamwork. Rocío

says, *"Magna allows me to develop personally and professionally through daily challenges that test my abilities and keep me motivated to continue improving. I meet wonderful people who are an example to me and I am proud to be part of the Magna family."*



Donna Waller, a Production Control Scheduler at **Nascote Industries** in Nashville, Illinois, United States, was nominated by a co-worker who is impressed with Donna's work ethic, friendly personality, and knowledge of the logistics/scheduling process. They have seen Donna resolve difficult situations with remarkable patience and tact and think she has a great rapport with our customers

and others. Donna says, *"I will have been with Magna for 30 years this coming August and feel very blessed to work for Nascote. I have great co-workers and we strive to make quality parts and get them out the door on time"*.



Terry Wasilishin, the Facilities Manager at the **Cosma Group Office** in Brampton, Ontario, Canada, was nominated by a co-worker because Terry is the first one there every morning and keeps the place running. He is a wealth of practical knowledge and is always quick with a joke and a smile. Terry says, *"The phone is always ringing and, because my*

office is everywhere, I'm on my second pair of work boots in six months! Magna gives me the opportunity to grow my abilities and challenges me on a daily basis. I consider myself lucky to be a member of such a great team."



Maria Ortiz, a Team Member – IMM Production at **Decostar Industries** in Carrollton, Georgia, United States, was nominated by a co-worker who says Maria is a hard worker, innovative, dedicated, responsible, open-minded and more. Maria says, *"It makes me happy to work at Magna where I meet and work with people from all over the world. I guess my co-workers see that in me*

and it makes them happy too!"



Nominate a co-worker

who has the right attitude!

Do you work with someone who is helpful, positive, creative, responsible, open-minded, innovative, dedicated, passionate, hardworking or energized? You can nominate them for a chance to be randomly selected and featured on this page in a future issue of Magna People! Send your name, your division, your coworker's name and a brief explanation (up to 150 words) of why you think he or she demonstrates the right attitude to lori.mcdowell@magna.com.



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